Annual Review 2007.

TietoEnator

Contents

TietoEnator also provides a printed Financial Review containing the official financial statements. The Financial Review 2007 is available on TietoEnator's Internet pages at www.tietoenator.com and it can be ordered by:
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TietoEnator.

- TietoEnator is an IT service company that develops and hosts digital businesses and provides consulting for its customers.
- TietoEnator holds a leading position as a full-scale IT services provider in its home market in the Nordic countries and the Baltic Rim. In the international market, TietoEnator focuses on selected competence areas, aiming to bolster its leadership as the partner for telecom R&D services and its good market position in the forest and oil & gas industries.
- The company's leadership hinges on customer intimacy, knowledge of the customer industries and robust expertise in managing wide-scale changes in business and IT.
- TietoEnator works with many internationally leading companies and grows in step with them in their main markets.

FULL-SCALE SERVICE PROVIDER
IN THE HOME MARKETS

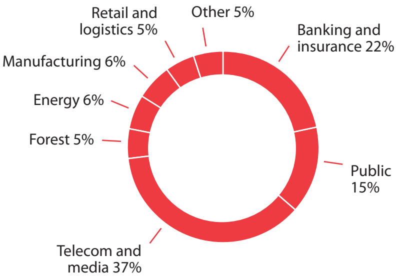
Banking, Energy, Forest, Government, Healthcare, Insurance, Manufacturing, Media, Retail, Telecom, Welfare

HIGHLY SPECIALIZED SOLUTIONS FOR
SELECTED INDUSTRIES

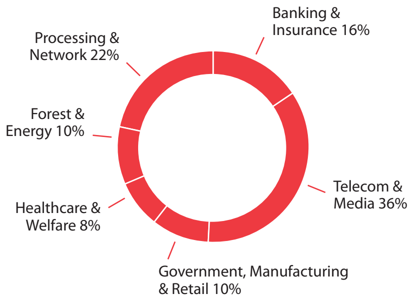
Telecom R&D, Forest, Oil & Gas

Year of focusing.

NET SALES BY
INDUSTRY SEGMENT

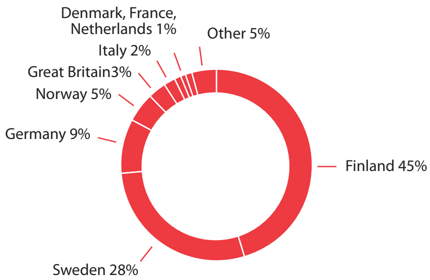


NET SALES BY
BUSINESS AREA



Share of business areas' combined net sales. Group eliminations not included in the calculation of figures.

NET SALES BY
COUNTRY



- The market situation remained positive in 2007. The Nordic IT services market that is relevant to TietoEnator grew by 6–7%.
- TietoEnator's net sales grew organically by 9%. The strongest growth was seen in Telecom&Media.
- Operating profit was burdened by several loss-making delivery projects and the challenges faced in the product-based solution business. Additionally, high personnel costs coupled with price pressure, had a negative impact on profitability.
- In October, the company revised its strategy. The new strategy includes separate regional and global strategies, repositioning the product-based solutions and the Performance Improvement Programme.
- Related to the programme, TietoEnator will book restructuring costs, provisions and impairments totalling EUR 160 million. One-off costs of EUR 104.7 million materialized in 2007. The rest will be booked in 2008 and 2009.
- The Performance Improvement Programme is expected to improve TietoEnator's profitability significantly. The company estimates that the plan will generate annual cost savings of more than EUR 100 million as from the end of 2009.
- According to the revised strategy, the target is to accelerate global sourcing. In three to five years from now, 40% of personnel will be located in offshore countries. At the end of 2007, 19% of personnel worked in offshore countries.
- In December, Hannu Syrjälä was appointed as the Group's new President and CEO.

KEY FIGURES	2007	2006
Net sales, EUR million	**1 772.4**	1 646.5
Operating profit excl. goodwill impairment and one-time capital gains and losses, EUR million	**42.9**	112.0
Margin, %	**2.4**	6.8
Operating profit (EBIT), EUR million	**1.3**	127.7
Operating margin, %	**0.1**	7.8
Profit before taxes, EUR million	**-8.6**	124.5
Earnings per share, EUR	**-0.44**	1.15
Equity per share, EUR	**6.67**	8.51
Dividend per share, EUR	**0.50**	1.20
Investments, EUR million	**87.7**	77.9
Return on equity, %	**-5.7**	15.5
Return on capital employed, %	**7.8**	18.7
Gearing, %	**34.4**	14.9
Equity ratio, %	**40.2**	48.4
Personnel on average	**15 588**	14 414
Personnel on 31 Dec	**16 324**	14 597

CEO'S REVIEW

Need for change acknowledged

2007 was a very significant year of changes for TietoEnator. The rapid deterioration of profitability led the company to substantially revise its strategy and operations. The upside was that we acknowledged and accepted the need for changes and have now analyzed the situation thoroughly.

In general, there are two main reasons for the poor profitability. First of all, pressure on our prices, coupled with cost increases, creates a situation that is not sustainable. Competition from Asia and the overheated labour market cut our profitability. The other challenge we have faced is delivery problems and poor judgement in certain projects, especially in the product-based solution business. We have sought to expand our business in new geographies, but our investments have not been sufficient to make us successful.

In the near future, one of our main tasks is to work on issues that burden our profitability the most. The Performance Improvement Programme has been geared towards this end. TietoEnator is fully committed to following through the implementation of the planned actions. Re-evaluating our offerings and countries of operations, improving quality and upgrading risk management are part of this programme. We will also rationalize our administration and improve utilization. In the longer run, we need to optimize our global sourcing so that our cost base reflects the requirements of the different operating environments. In addition to the cost factors, changes in our customers' businesses require us to expand our operations outside our home markets.

The Performance Improvement Programme will help us to strengthen the confidence of our customers, personnel and investors towards TietoEnator. The programme will unfortunately also mean personnel reductions, but these need to be implemented efficiently and without delay. A company like TietoEnator, whose success is dependent on the skills and motivation of employees, cannot afford prolonged uncertainty. As one part of the Performance Improvement Programme, we have decided to double the number of employees in our global offshore centres during the

coming three to five years. Adding new international centres to our current platform poses its own challenges. Managing this process requires special attention from us, and recruiting new employees in areas where TietoEnator is not known calls for different means than in the home markets. We are fully aware of these challenges and have started actions accordingly.

Although our near-term efforts will focus on improving profitability, we want to ensure sufficient investments into future growth. By focusing on fewer markets, where we can achieve a leadership position, we are one step closer to our targets.

Our strong position in the home markets and excellent customer base are both based on our industry-specific knowledge and on the trust we have earned from our customers. In future we will continue to tap these strengths and core competences in growing our business. Managing large, complex IT projects and supporting customers in their business transformation are our core competencies. These strengths have not been given enough attention during the past few challenging years.

We have refocused our strategy with separate global and regional strategies. This will help us in developing our business to cater to specific needs in different market areas. In the home markets, the country that offers the most potential for growth and profitability improvement is Sweden. In the global arena, we have chosen a few sectors to drive our growth – these include fast-growing fields such as telecom R&D and oil & gas as well as the forest industry, in which we already are among the top IT providers worldwide thanks to our Nordic expertise.

There is still great potential for stepping up the use of IT in many sectors. We want to provide our customers with IT services that enable them to create innovative new services for their clients and at the same time help them to streamline their own business operations and enhance profitability. We maximize customer benefit by combining innovation with lower cost of production.

TietoEnator is well-poised to be the preferred choice for its customers in selected industries. Our aim is to develop our strengths, continue to grow and address the issues that have negatively impacted our profitability.

The two most important factors in our business are our customers and employees. Understanding customer needs is the cornerstone of our operations. The competencies and motivation of our employees are of key importance for achieving the set targets. Together, we will develop TietoEnator into the top IT company. TietoEnator will be recognized by customers for high quality of services and will provide its employees with the best opportunities for career development and personal growth. Working together is the key to our success.

Espoo, Finland, February 2008

Hannu Syrjälä
President and CEO

STRATEGY

Revised regional and global strategies.

STRATEGY

Focusing on the company's strongest suits

- TIETOENATOR AIMS TO FURTHER STRENGTHEN ITS LEADING POSITION AS A FULL-SCALE IT SERVICES PROVIDER IN THE HOME MARKETS. INTERNATIONALLY, THE COMPANY SEEKS TO CONSOLIDATE ITS LEADERSHIP IN FEW SELECTED INDUSTRIES. TO THIS END, TIETOENATOR HAS REVISED ITS REGIONAL AND GLOBAL STRATEGIES.
- THE COMPANY FOCUSES ON THE SERVICES THAT REPRESENT ITS CORE COMPETENCE - OFFERING SOLUTIONS THAT ENABLE NEW SERVICE MODELS AND SUPPORTING CUSTOMERS WITH THE RELATED BUSINESS TRANSFORMATION AND THE DEVELOPMENT OF INFORMATION TECHNOLOGY.
- THE DOMESTIC MARKET SHARE IS PARTICULARLY STRONG IN FINLAND. MARKET SHARE CAN BE STEPPED UP IN OTHER COUNTRIES. THE COMPANY HAS LAUNCHED A SPECIFIC INITIATIVE TO ENHANCE THE COMPETITIVENESS OF ITS SWEDISH OPERATIONS.

Setting sights on ensuring profitable growth

TietoEnator's strategy seeks to improve the company's profitability and lay a sustainable basis for future growth. TietoEnator's Board of Directors decided on new long-term financial objectives in July 2007 – one of these objectives is to achieve an operating profit margin of 10%.

TietoEnator aims to further strengthen its leading position as a full-scale IT services provider in the home markets in the Nordic countries and the Baltic Rim. Internationally, the company seeks to consolidate its leadership in telecom R&D and its strong position in the forestry and oil & gas industries. To this end, TietoEnator has revised its regional and global strategies.

FINANCIAL TARGETS

- TO GROW ORGANICALLY AT A HIGHER RATE THAN THE RELEVANT MARKET. GROWTH STRATEGY IS SUPPORTED BY ACQUISITIONS
- OPERATING MARGIN (EBIT%) OF OVER 10%

TARGETS FOR THE EQUITY STRUCTURE AND DIVIDEND PAYOUT

- LONG-TERM GEARING TARGET OF 40%
- DIVIDEND PAYOUT RATIO OF AROUND 50% OF NET INCOME INCLUDING ONE-TIME ITEMS. HOWEVER, THE ANNUAL DIVIDEND PAYOUT RATIO WILL DEPEND ON THE FINANCIAL POSITION AND THE MAJOR INVESTMENT NEEDS OF THE COMPANY

Regional strategy builds on the company's strong position in the Nordic countries

TietoEnator has defined the Nordic countries and the Baltic Rim as its home market. In addition, the company serves its domestic core customers in their main markets worldwide. In the home markets, the company intends to bolster its leadership as a provider of end-to-end IT services.

TietoEnator boasts extensive offerings, from the development and implementation of IT in support of the business processes of customers to the operation of e-business. Thanks to this, customers can turn to TietoEnator for service packages that fulfil their needs. TietoEnator's strengths in its home market are its excellent customer base, closeness to customers, local operations and a strong brand.

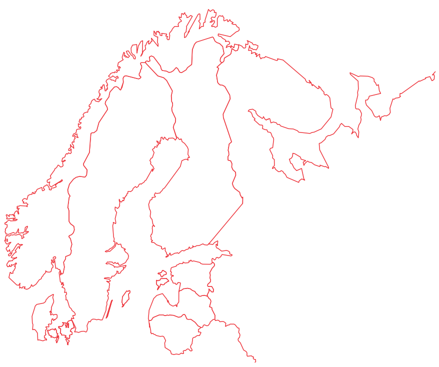
Partner to strong customers in the international market

In line with its global strategy, TietoEnator streams the bulk of its investments into the business sectors that are deemed to have the greatest growth potential. TietoEnator already occupies a strong position in the spearhead sectors of its international operations. It is the leading company in telecom R&D in Europe, and an international leader in certain niche areas in the forestry and oil & gas industries. As the partner to internationally leading and growing players, the company is well-poised to keep leading the way in its selected competence areas and remain on a growth track.

Part of TietoEnator's international operations are built on product-based solutions that represent the company's most advanced industry expertise. By combining its products and services, TietoEnator can maintain a competitive stance while specializing in catering to the specific needs of its customers.

REGIONAL STRATEGY

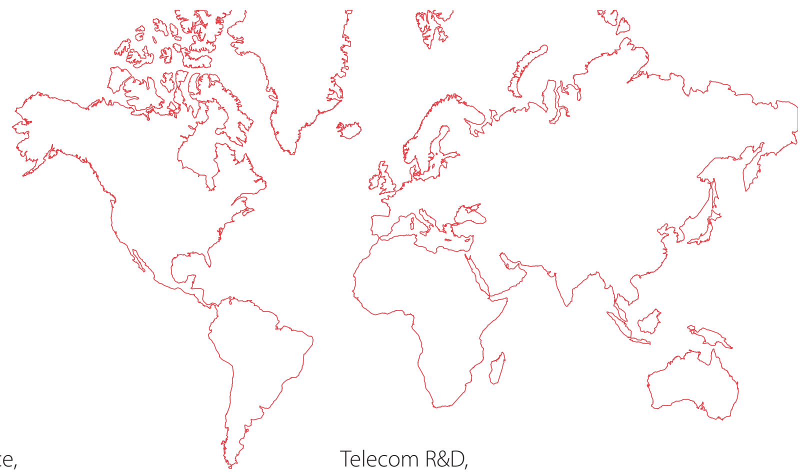
Full-scale IT services provider in the home market



Banking, Energy, Forest, Government, Healthcare, Insurance, Manufacturing, Media, Retail, Telecom, Welfare

GLOBAL STRATEGY

Highly specialized solutions for selected industries



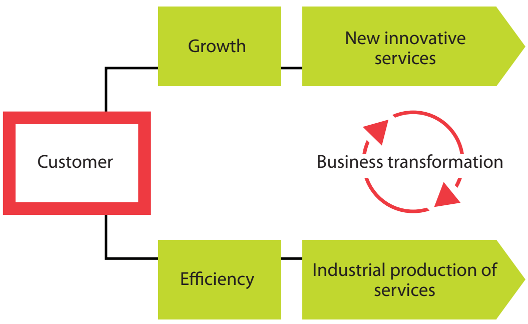
Telecom R&D, Forest, Oil & Gas

NEW SERVICES ARE BEING INTRODUCED BY TIETOENATOR´S CUSTOMERS IN THE COMING YEARS. DIGITALIZED SOLUTIONS CAN BE DEPLOYED MORE FULLY IN BUSINESS PROCESSES IN MANY SECTORS. INNOVATIVE SOLUTIONS THAT TAP INTO THESE OPPORTUNITIES ARE A KEY SOURCE OF GROWTH FOR TIETOENATOR.

Growth from the rise in digitalized solutions and improving market shares

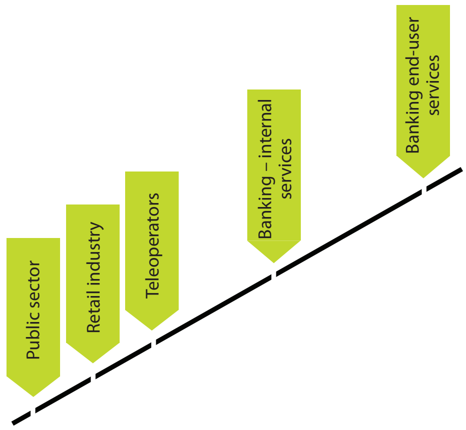
TietoEnator's customers operate in a highly competitive environment where innovative new services often comprise a key success driver and most services are IT-based. As efficiency demands are also riding high, industrial service production plays a key role in service provision.

CUSTOMERS' CHALLENGE



Service sectors that are close to consumers, such as banking, have been among the first to transform their operations in line with this trend and launch e-self-services. In these sectors, certain areas of operations have been digitalized to a great extent. Accordingly growth in IT services is based on venturing into new services and forms of service. Moreover, there is a great deal of untapped potential in sectors where digitalization has not as yet gained much ground, such as the public sector and retail. In these sectors, IT will be deployed in business processes in which it has not previously been used.

EXAMPLES OF THE DEGREE OF DIGITALIZATION



The business environment has opened up this opportunity for TietoEnator, because its customers are in the business sectors that will be the most affected by the next wave of digitalization. Digital services for the migration of business to digitalized solutions in fact comprise one of the company's key sources of growth.

TietoEnator seeks to achieve growth especially in services that yield high value-added for customers. The company offers innovative solutions that boost sales and enable new service models, and helps customers with industrial service production. Supporting customers with the related business changes and the development of IT is one of TietoEnator's core competences.

Value-adding services include the outsourcing of business processes and services that bundle the offerings of TietoEnator's business areas to meet the customers' needs. These include vertical business areas, Processing & Network and Digital Innovations. These service packages combine innovation and efficiency by catering to the specific needs of each customer.

Repositioning in Sweden

Given the large size of TietoEnator's business in Sweden and the market potential of the Swedish ICT sector, the company has launched a specific initiative to enhance the competitiveness of its Swedish operations. This initiative aims at repositioning TietoEnator as a profitable market leader in IT services on the Swedish market.

> BACKGROUND BUSINESS MIGRATES ONLINE

A large share of products and services is already produced, distributed and consumed digitally – and the role of IT is still growing. Services currently account for over 65% of European GDP and that share, too, is on the rise. Only a few years from now, electronic services will represent more than half of the value of all services. Furthermore, digital processes are increasingly used to control the production and distribution of many physical products.

This trend will gather momentum in the next few years, when the "digital natives" join the corporate world. This is the generation that has used digital media for all transactions since childhood. The digital natives demand continuous service and user-friendliness without time or place restrictions – regardless of whether their needs have to do with consumer services, business-to-business transactions or internal processes. This generation will lead the next wave of digitalization, ushering in more economical, secure and environmentally friendly services and processes for both corporate and public sector customers.

This trend has been spearheaded by many business sectors that are strong in the Nordic countries – such as banking, telecommunications and forestry. The Nordic countries could be dubbed the "e-laboratory" of electronic business.

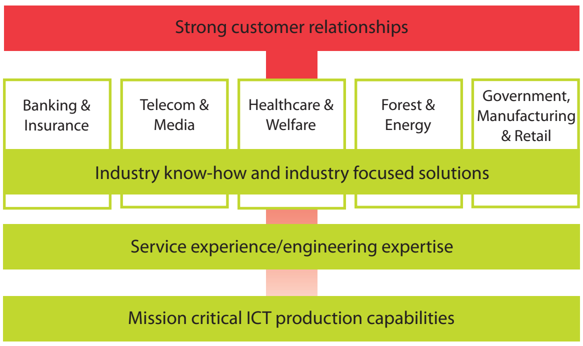
TietoEnator has a long track record in close cooperation with leading international companies – thanks to these partnerships, the company has gained experience of the development of new business models and IT utilization in numerous industries. This experience is still one of TietoEnator's strategic strengths.

AS THE INFORMATION TECHNOLOGY INDUSTRY MATURES AND GOES GLOBAL, INDUSTRIAL PRODUCTION OF SERVICES PLAYS AN INCREASINGLY IMPORTANT ROLE. EXPERTISE IS HARNESSED ACROSS BUSINESS SECTORS AND GEOGRAPHICAL AREAS.

Harnessing expertise across business sectors and geographical areas

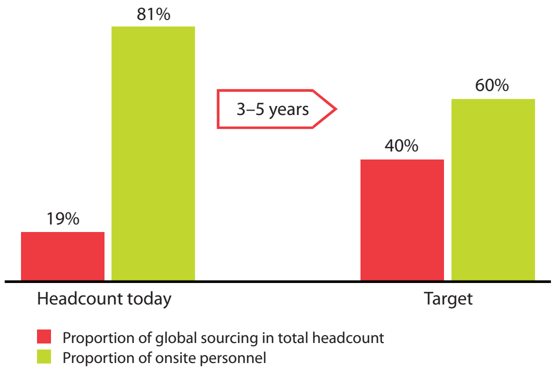
TietoEnator's offerings are based on services and product-based solutions – and, frequently, on combining them. Solutions and components for specific sectors are sourced from other IT companies or, in selected competence areas, are in-house solutions. TietoEnator invests in its own solutions when they are deemed to be sufficiently competitive. In areas where this is not the case, TietoEnator cooperates with other IT companies.

HORIZONTAL EXPERTISE AND VERTICAL EXPERTISE



In order to ensure the availability of the right kind of expertise and the company's price competitiveness, TietoEnator is stepping up its global production. The company's goal is to increase the number of personnel in offshore locations to account for 40% of all employees in three to five years. Expansion will mainly be carried out by enlarging the current centres of excellence, but focused acquisitions and opening new centres are also possible. Expansion by means of acquisitions is an option when the acquiree would supplement TietoEnator's current expertise, the acquisition would ensure sufficient resources or bring new customer accounts.

LONG-TERM TARGET FOR GLOBAL SOURCING



2008 – Focusing on the Performance Imrovement Programme

The Performance Improvement Programme announced in October 2007 is expected to improve TietoEnator's profitability significantly. TietoEnator estimates that the plan will generate annual cost savings of more than EUR 100 million as from the end of 2009. The programme consists of three components

> Increase the quality of services
> Improve utilization of staff and facilities, reduce administrative costs and increase global sourcing
> Restructure, discontinue or divest low-performing businesses.

Related to the programme, TietoEnator will book restructuring costs, provisions and impairments totalling approximately EUR 160 million, of which about EUR 100 million have a cash flow effect. One-off costs of EUR 104.7 million materialized in 2007. The rest will be booked during 2008 and 2009.

> BACKGROUND **IT MATURES AND GOES GLOBAL, SIGNIFICANCE OF PARTNERSHIPS INCREASES**

As the IT industry matures, the division of the market into value-adding IT services and commodity services will accelerate, and the significance of efficiency and service provision will rise. It is vitally important for companies to solve how and where services are to be produced.

GLOBALIZATION IS MAKING ITSELF FELT IN BOTH IT SERVICES AND THE SOLUTIONS BUSINESS.

Globalization is making itself felt in both IT services and the solutions business. Standardized products are increasingly valued the world over. Companies that make these products enjoy a strong position, especially at large corporations. Global software vendors intend to bolster their position among medium-sized companies, too, and this might in the future transform operations in the industry. Products will be more frequently offered in the form of a service (SAAS – software as a service) and it will be increasingly important to forge partnerships with locally operating companies.

TietoEnator is a strong player in this trend – thanks to its industry expertise, it can serve as a partner that integrates solutions into its customers' IT systems.

OFFERINGS

Differentiation hinges on developing offerings

TietoEnator has defined an offering as a commercialized product or service package that provides a solution to the requirements of a certain customer group or market segment. Another essential aspect of the concept is to ensure that both the offering's content and its production and delivery models are sufficiently replicable in all markets.

TietoEnator's offering consists of services, its own or partners' products, and the production, sales and delivery models employed in providing them. An offering can also be based entirely around services.

Any company that wants to be competitive on an international level must stand out from the crowd. Offerings are unique models for creating the added value customers need to stand out from their competitors. The product and service packages that can be sold, produced and delivered in the same way in all main market areas are the ones that each business area chooses as its key offerings. Business areas may also provide highly developed, local offerings to meet the needs of their smaller, local customers. The demand factors guiding development vary between business areas.

Broader offerings with partners

Although TietoEnator's 2007 strategy update aims at both reducing the company's product-based operations and revising its product and service range, this will not reduce the importance of offering development. Customers want to buy packaged solutions, and so TietoEnator will continue to direct systematic efforts towards developing its offerings both locally and in the global business areas.

OFFERINGS ARE UNIQUE MODELS FOR CREATING THE ADDED VALUE CUSTOMERS NEED TO STAND OUT FROM THEIR COMPETITORS.

TietoEnator will continue its product operations in areas where it has a globally competitive product offering, or where it is able to invest sufficiently in creating one. As the proportion of products developed by technology and software partners increases, the importance of TietoEnator's own products as a basis for international growth is diminishing. In these partnerships, TietoEnator can draw on its industry expertise through joint product development.

OUTSOURCED SERVICES FOR THE APOTEKET PHARMACY CHAIN IN SWEDEN

Swedish pharmacies process around 24 million e-prescriptions annually. Customers make about 90 million visits to pharmacies each year. IT provides essential support in the drive to shorten queuing times and hone customer service efficiency.

TietoEnator will provide an extensive suite of IT application management, development, integration and ICT infrastructure services to Apoteket, the pharmacy chain owned by the Swedish State. IT application management and development are geared towards upgrading services. Apoteket processes the largest number of e-prescriptions in the world. The integration of applications enables faster processing and electronic self-service for customers.

Apoteket has over 10 000 employees. Some of them will be equipped with digital workplaces. This solution enables staff to log on to other IT systems regardless of place or time, ensuring continuous customer service. TietoEnator has taken on end-to-end responsibility for workstation-related services.

Infrastructure services include application and server management with extremely high demands on accessibility and disaster support. In fact, the high calibre of TietoEnator's services was a key reason why Apoteket chose the company as its outsourcing partner.

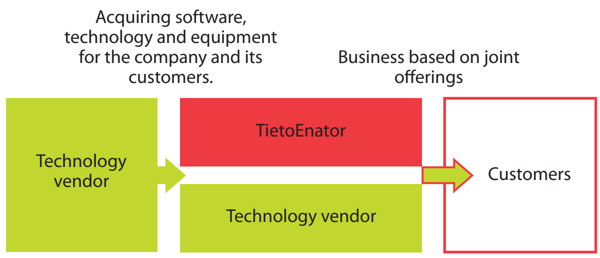
Photo: Håkan Lindgren

Greater cooperation with global technology vendors

TietoEnator has proactively developed and firmed up its cooperation with selected technology vendors over numerous years and partnerships have been taken to the highest level. Large vendors have allocated greater resources to their partnerships with TietoEnator.

Vendor relations management in all of TietoEnator's business countries has been aligned with the key vendors in order to achieve global terms and conditions. This has put TietoEnator on the map of the technology vendors all over the world, ensuring that the company and its customers enjoy maximum attention. The companies also engage in joint R&D projects as well as strategic vertical go-to market planning and marketing actions.

COOPERATION WITH TECHNOLOGY VENDORS



Cooperation with technology vendors yields cost savings in TietoEnator´s procurements and generates more business with key customers based on joint offerings.

Added value for all parties

Partnerships have yielded clear benefits for TietoEnator, vendors and customers. By centralizing procurements, TietoEnator has achieved substantial savings in software and technology costs. The company seeks to harness shared technological expertise faster and more effectively in the development of the business operations of customers – this has increased competitiveness and generated more business with key customers based on joint offerings.

Focus on building reusable software

TietoEnator is stepping up its cooperation with key global vendors of software platforms and the internal administration of vendor relations will from now on be handled through one production centre. In addition to developing services, the company focuses on the development of reusable software to supplement these platforms.

STRATEGIC PARTNERSHIP WITH MICROSOFT

TIETOENATOR IS STEPPING UP ITS COOPERATION WITH KEY GLOBAL VENDORS OF SOFTWARE PLATFORMS AND VENDOR RELATIONS WILL BE HANDLED THROUGH ONE PRODUCTION CENTRE.

Over the past years, Microsoft and Tieto-Enator have actively upgraded their cooperation. Microsoft's role has evolved from that of technology vendor to strategic partner. Both parties have made sizeable investments in their partnership. For instance, TietoEnator has harnessed Microsoft software platform and product solutions such as Unified Communication, Information Worker and Dynamics to develop its service offerings.

For Microsoft Corporation cooperation with Tieto-Enator is one of their major focuses in European partnership operations.

GLOBAL SOURCING

From low-cost sourcing to global value chains

Global sourcing – geographically distributed IT service delivery – has become an integral part of TietoEnator's everyday operations. Geographically distributed production enables the company to deliver services and solutions that meet customers' quality and cost expectations. TietoEnator's strategic target is to accelerate its global sourcing – three to five years from now, 40% of personnel will be located in countries with favourable cost structures.

In 2007, TietoEnator continued to aggressively expand its production volume at its global sourcing sites – centres of excellence - in Europe and Asia. Today, the company has a number of production sites in Europe and Asia that provide an excellent platform for further expanding these operations. A diversified multi-site strategy provides TietoEnator with access to talent and resource pools in a wide geographical area.

Focusing on the customer

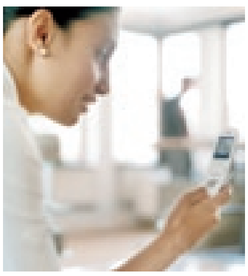
The business areas' specialists, who are located close to the customers, guide production at the global sourcing sites. They are also responsible for managing customer relationships, pricing, keeping their own specialist expertise up to speed, and knowing the local language and culture. Relying on both experts close to the customer and specialists at the remote sites combines the benefits of customer and market expertise with cost-effective service delivery.

TietoEnator has established growing offshore relationships with most of its key customers.

GLOBAL SOURCING IS AN INTEGRAL PART OF TIETOENATOR´S OFFERINGS

Global sourcing plays an integral role in all of TietoEnator's offerings. The company gains a significant competitive edge from its ability to offer global sourcing for a full range of IT services, including IT and business consulting, application development, R&D services, testing and integration, application and operations management and vertical BPO (Business Process Outsourcing).

MOBILE VIRTUAL NETWORK OPERATOR SERVICES FOR BLYK



Blyk is the first mobile phone operator to link young people with their favourite brands. Funded with ad revenue, Blyk provides free text messaging and talk time. Now, thanks to TietoEnator's Mobile Virtual Network Operator services, Blyk can focus on serving its end customers. The services provide end-to-end coverage of the management of applications and business processes and a flexible IT infrastructure.

Mobile Virtual Network Operators require a variety of services for their business functions. These include hosting services, end-user portals and gateways as well as billing solutions for value-added services. Operators often source these from different providers. By drawing on its expertise in Telecom & Media, Processing & Network, and Digital Innovations, TietoEnator can provide a full IT service package that covers all the needs of operators.

TietoEnator also handles the complex suite of third-party software integrated into Blyk's business systems as well as user and support services. A multilingual call centre is part of the service package.

Turnkey services in support of Blyk's future expansion are provided by TietoEnator teams in Latvia, the Czech Republic and Finland.

Selected locations with selected competence profiles

TietoEnator's global sourcing strategy has been to build an extensive European presence consisting of several centres of excellence in different countries. This provides both physical and cultural closeness to customers. The European facilities have then been boosted with selected Asian locations.

In addition to closeness to customers, the multi-site strategy has several other advantages. It reduces the risks related to dependency on any single market, such as skills shortage, cost inflation or labour disturbances. It also guarantees flexible scalability.

The driver for building a sourcing network is to gradually move from hunting for cost arbitrage to competence sourcing. This is due to the increase in competence levels in emerging countries, the narrowing gap in the cost difference of IT specialists in the developed and emerging countries, and the limited availability of IT competence in Western Europe. As a consequence, the added value provided by the sourcing network is increasing and low-cost sourcing is evolving towards building global competence chains.

Global Delivery Model enables reproducibility and increases productivity

An essential element common to all of TietoEnator's key offerings is the Global Delivery Model. This model is a delivery chain that combines the resources available in countries with varying cost levels in order to produce a certain offering for the customer.

Instead of simply using the local resources available in each market, Global Delivery Model enable sufficient reproducibility in our offerings. The productivity, cost-effectiveness and production capacity required to be internationally competitive can only be achieved with the aid of these models.

TietoEnator's goal is to create Global Delivery Model that can be employed as standard in the production of as many offerings as possible. However, the varied requirements of our business areas and units mean that we are unlikely to reach a single, completely comprehensive model that will cover the entire Group.

Expansion of global sourcing is strategically important

The aggregate number of employees at TietoEnator's global centres of excellence saw further growth in 2007, totalling roughly 3 270 people or 19% of the workforce at the year-end. The largest centre is the facility in Ostrava which had approximately 1 100 employees at the end of the year.

It is strategically important for TietoEnator to further expand its global sourcing in order to ensure cost competitiveness and competence availability for the company. TietoEnator will thus intensify its efforts to increase global production capacity. Expansion will be primarily organic, but focused acquisitions and further alliances are also possible.

TIETOENATOR'S SOFTWARE CENTRE LOCATIONS AND THEIR SPECIAL FIELDS:

TietoEnator has established several multi-industry and multi-competence sites providing a scalable platform for all of TietoEnator's business areas and customers. In addition to these multi-purpose sites, TietoEnator has industry-specialized sites. These sites comprise a global competence network.

Ostrava, Czech Republic

- full competence and services portfolio: application services, solution development, operation management; a wide range of domain competencies

Pune, India

- solutions development, banking and healthcare competence centres

Vilnius, Lithuania

- application services for Scandinavian customers

Minsk, Belarus

- application services for the telecom and banking sectors

Industry-specific production sites include:

Szczecin, Poland

- product development services for telecommunications

Beijing and Chengdu, China

- product development services for telecommunications

Hyderabad, India

- product development services for telecommunications

Group review & business areas.

Group review

IT services market

The market situation remained positive in 2007. According to Pierre Audoin Consultant's (PAC) estimate, the Nordic IT services market grew by 6–7%. The areas that saw the strongest growth were application management and application-related outsourcing. In most areas, prices were either stable or slightly higher than the year before. Price pressure persists in some segments, such as infrastructure services.

Investments in IT solutions that help customers to innovate new services comprise one of the main growth drivers. In order to grow, businesses must innovate new services that provide superior service experiences and leverage customer-created information and service usage data for new and richer service content. However, it is vital to industrialize service provision processes. First, this ensures efficiency and sustains the expected level of service and experience quality. Second, more and more mission-critical processes are IT platform-dependent and we are seeing the rise of fully digital services. The key challenge facing every industry and business is to adopt a service business model, overhauling their old business models, processes and IT infrastructure.

THE IT SERVICES MARKET RELEVANT FOR TIETOENATOR IS EXPECTED TO SEE ANNUAL GROWTH OF 6–7% IN THE YEARS AHEAD.

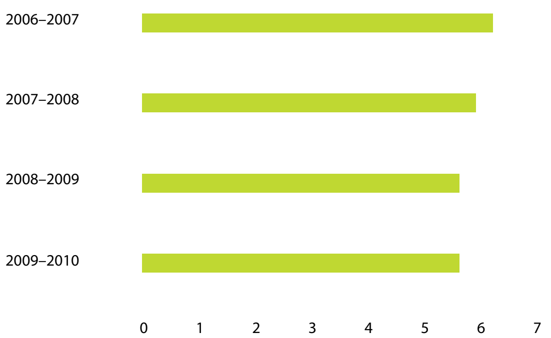
The IT services market relevant for TietoEnator is expected to see annual growth of 6–7% in the years ahead, with outsourcing experiencing the highest growth, 7.9% (CAGR 2007–2011). Volume growth is clearly outpacing price development. Application-related outsourcing is expected to be the strongest growing area (PAC, 2007).

Competition

TietoEnator's competitors in different customer industries, service types and regions vary greatly. 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 major competitors are international IT services providers such as Accenture, HP and IBM. Indian IT services companies have become strong competitors in some specific areas, like telecom R&D services.

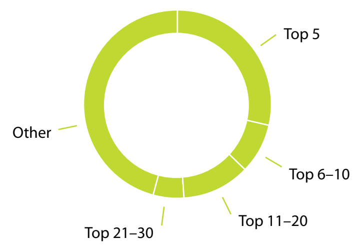
Among local players in the Nordic countries, TietoEnator is the leading IT service provider (PAC, 2007). Only IBM, an international supplier, ranks higher than TietoEnator. In Finland,

NORDIC IT SERVICES MARKET
annual growth, %



Source: Pierre Audoin Consultants, 2007

KEY CUSTOMERS´ SHARE OF TIETOENATOR´S NET SALES



TietoEnator is the market leader. More than half of the Nordic IT services market is accounted for by project services. In that area TietoEnator ranks number one. The company is the leader in several vertical sectors as well.

Strong growth in 2007

Net sales for continuing operations increased by 8% to EUR 1 772.4 (1 646.5) million. Organic growth totalled 9%.

The strongest growth was seen in Telecom & Media thanks to the good market situation and several new, larger contracts landed during 2007. The business area bolstered its position among its key customers as well. Net sales of Government, Manufacturing & Retail declined by 22% mainly due to the divestment of government businesses in Denmark, Norway and Sweden in 2006. Good market conditions in the energy sector were the main driver of Forest & Energy's healthy growth.

TietoEnator's full-year growth was 9% in Sweden, 7% in Finland and 8% in Norway. In Germany, net sales grew by 23%, thanks mainly to new outsourcing contracts. Net sales in Denmark declined by 49%, mainly due to the divestment of government business in October 2006. In the UK, growth was strong at 15%.

Telecom and media posted strong growth, increasing its share of consolidated net sales to 37% (31). The banking and insurance sector generated 22% (23) of net sales, whereas the public sector's share declined to 15% (18). The forest sector's contribution was 5% (5) and the energy sector's 6% (5).

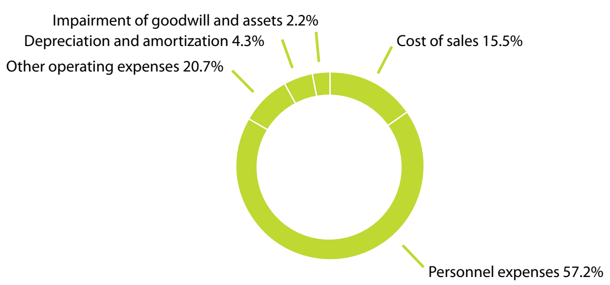
The order backlog, which only comprises services ordered with binding contracts, amounted to EUR 1 058.1 million (1 244.7) at the end of the period. A few large contracts with current customers have ended and some of them are to be renegotiated. Processing & Network's share of the order backlog is 33%. In total 61% (51) of the backlog is expected to be invoiced in 2008.

Profitability weakened

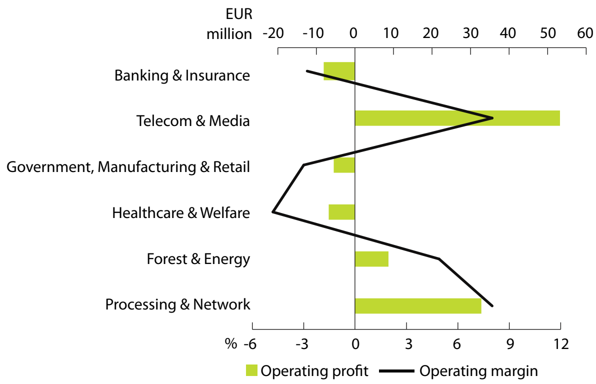
Operating profit for continuing operations totalled EUR 1.3 (127.7) million. Net capital losses were EUR 1.6 (net gains 15.7) million. Operating profit excluding capital gains or losses was EUR 2.9 (112.0) million representing a margin of 0.2% (6.8).

Operating profit was burdened by several loss-making delivery projects and the challenges faced in the product-based solution business, especially in Banking & Insurance and Healthcare & Welfare. Additionally, high personnel costs and

COST STRUCTURE



OPERATING PROFIT AND MARGIN BY BUSINESS AREA



subcontracting costs, coupled with price pressure, had a negative impact on profitability.

In October, TietoEnator decided to start an accelerated Performance Improvement Programme. TietoEnator booked programme-related one-off costs totalling EUR 104.7 million in 2007.

The business areas that were most heavily impacted by the one-off items were Banking & Insurance (EUR 49.6 million), Government, Manufacturing & Retail (EUR 16.4 million) and Healthcare & Welfare (EUR 9.8 million).

Full-year restructuring expenses amounted to EUR 30.7 (12.4) million of which EUR 22.1 million was booked in the fourth quarter and was related to Performance Improvement Programme.

The full-year operating margin, excluding capital gains or losses, in TietoEnator's main markets was 12% (15) in Finland and 1% (2) in Sweden. Compared to 2006, profitability was weaker in all markets due to loss-making projects, restructuring, impairment losses and unfavourable development of pricing and costs. Operating margin outside Finland and Sweden was negative in 2007.

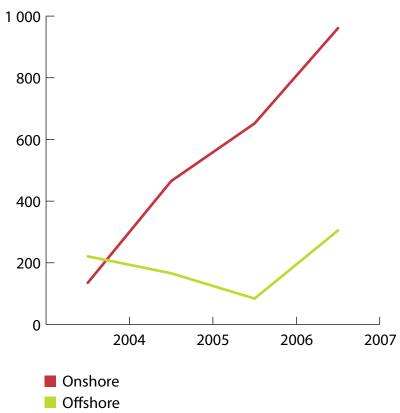
Global sourcing playing a greater role

The number of full-time personnel totalled 16 324 (14 597) at the end of 2007. The average number of employees during 2007 was 15 588 (14 414). TietoEnator hired 3 066 (2 090) new employees in 2007. The highest increase in personnel occurred in offshore countries. The average growth in salaries of IT services employees was around 4% in Finland and Sweden. In 2008, the salaries in Finland and Sweden are expected to increase on average by 4–5% year on year.

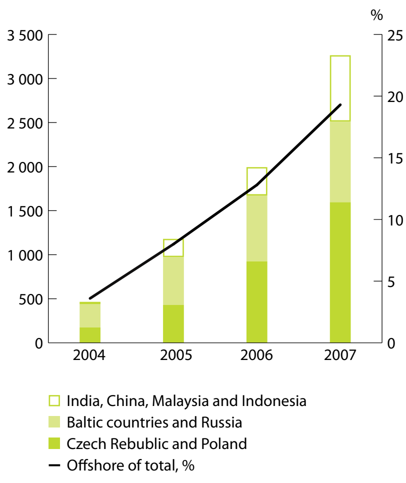
Large projects for major customers, especially those subject to global competition, are still experiencing price pressure. Global sourcing is playing a greater role. IT services are produced more often in countries with favourable cost structure, not only to achieve a beneficial cost structure, but also to meet needs in certain competence areas as well.

At the end of 2007, the number of people in countries with favourable cost levels totalled about 3 270 (2 000), or 19% (13) of the total headcount. In January 2007, TietoEnator recruited

NET RECRUITMENT



PERSONNEL BY COUNTRY



140 people who had formerly worked for the Taiwan-based BenQ's R&D centre in Wroclaw, southern Poland. In September, TietoEnator signed an agreement to acquire Fortuna Technologies Pvt. Ltd. in India. The company has approximately 300 employees. Additionally, the company established a new global sourcing site in Minsk, Belarus in the autumn 2007 and opened a telecom R&D site in Chengdu, China. In October, TietoEnator decided to accelerate its offshoring with the target of reaching a 40% share in the coming 3–5 years.

Revised strategy and the Performance Improvement Programme

In October 2007, TietoEnator's Board of Directors approved the company's revised strategy, which aims at restoring the company's profitability and securing a sustainable basis for future growth. The elements of the new strategy include separate regional and global strategies, repositioning the repeatable solutions business and a Performance Improvement Programme.

The new Performance Improvement Programme covers all of TietoEnator's business areas, horizontal units and group operations, all of which have committed to specific targets, activities and a rapid implementation timeline.

> THE NEW PERFORMANCE IMPROVEMENT PROGRAMME IS EXPECTED TO IMPROVE TIETOENATOR'S PROFITABILITY SIGNIFICANTLY.

The actions are expected to improve TietoEnator's profitability significantly. TietoEnator estimates that the programme will generate annual cost savings of more than EUR 100 million as from the end of 2009. The benefits are expected to materialize with an over 50% run-rate effect from the end of 2008 and in full from the end of 2009.

Related to the programme, TietoEnator will book restructuring costs, provisions and impairments totalling approximately EUR 160 million of which about EUR 100 million have a cash flow effect. One-off costs of EUR 104.7 million materialized in 2007. The rest will be booked during 2008 and 2009.

MANUFACTURING EXECUTION SYSTEMS (MES) FOR STORA ENSO'S MILLS IN ASIA

Asia is on the rise as a paper industry market. The continent is taking on greater importance both as a consumer and producer of paper. The global company Stora Enso has two mills in Asia. Uniform information systems are required at the mills to keep them running efficiently.

TietoEnator and Stora Enso have made a framework agreement on the delivery of Manufacturing Execution Systems for Stora Enso's mills in Asia. One of the major goals of uniform MES is to support the harmonization of mill functions. The MES template is based on the TIPS (TietoEnator Paper Solution) system, which incorporates production planning and tracking, warehousing and quality control features.

TietoEnator's highly advanced MES facilitates production optimization. Automated work planning speeds up operations and reduces human error. Electronic connections to the major service partners will automate data transfer, making work run smoother. Stora Enso expects MES deployment to yield cost-savings thanks to lower maintenance costs and consistent operating methods at the mills.

TietoEnator is responsible for MES implementation. The system was launched at Stora Enso Huatai Dawang mill in December 2007. Implementation was rapid and progressed as expected. The system has performed well and user experiences are positive.

BUSINESS AREAS

Banking & Insurance

FOCUS ON THE HOME MARKETS

The Banking & Insurance business area offers banking, finance and insurance sector IT services and solutions. In 2007, Banking & Insurance redefined its strategy to focus more clearly on its strongest area of expertise, that is, service operations and close customer partnerships in its home market areas, the Nordic and Baltic countries.

Banking & Insurance

> Offers high value added IT services and solutions to banks, insurance companies and financial services providers in the selected markets.
> The leading partner and vendor of services to the customers in the home market, the Nordic and Baltic countries and the UK.
> One of the leading product-based solution vendors in the selected countries.

Products and services

> End-to-end partnership services
> Outsourcing services
> Banking, Payment, Card, Capital Market and eBanking Solutions
> IT system development, maintenance and integration

Customers include

> Handelsbanken
> If P&C Insurance
> Ilmarinen
> Nordea
> Royal Bank of Scotland
> Danske Bank/Sampo Bank
> Swedbank

Banking & Insurance's major investments will now be streamed into enhancing operations in its home markets. Operations will be more clearly demarcated and Banking & Insurance will concentrate on its key competence area – service operations. Operations outside the Nordic countries will continue in those businesses where they are deemed especially profitable. The proportion of product-based solutions will remain significant.

In home markets, the overhauled business strategy will mean a greater focus on existing customers and enhancing co-operation with them. Banking & Insurance has already attained an extremely solid position in both its service and product operations in the Nordic countries.

Current operating methods are being reviewed, especially in territories outside the home markets. The primary basis for operations in non-home markets will now be partnerships and proactive efforts to benefit from centres of expertise in offshore countries. The number of operating countries outside the Nordic and Baltic countries will decrease.

In recent years, Banking & Insurance's growth strategy has been largely based on acquisitions outside Northern Europe. In the coming years, the majority of growth investments will be earmarked for the Nordic countries, where Banking & Insurance aims to grow its operations by both bolstering its current market position and offering new products and services to meet customers' changing requirements. Growth outside the Nordic countries will now be sought organically through cooperation with partners.

FOCUSING OPERATIONS ON THE NORDIC COUNTRIES.

Demand for IT services remains high

Extremely favourable economic trends have been seen in Banking & Insurance's customer industries in recent years. This is evident from companies' investments, which have been geared towards maintaining competitiveness. A significant proportion of these investments have been earmarked for IT and IT services, which has kept demand high.

Changes in EU regulations drive developments in the banking and insurance sector's operational environment. For example, SEPA (Single European Payments Area) regulations, MiFID (Markets in Financial Instruments Directive) and the Basel 2 directive require banks and investment service companies to make numerous changes to their operations and processes. EU regulations therefore affect the timing and allocation of companies' IT investments.

Although their business operations have developed favourably, customers have become more cost aware. One major reason for this is the increased use of IT professionals working in offshore countries, especially in IT product development projects. Banks are systematically seeking to reduce their IT costs by making use of these experts, either internally or through service providers.

For finance sector players, a customer-oriented approach has become a more important factor in standing out than technology. This means that companies must be able to commercialize and release new solutions quickly.

Laying a new foundation

During the first half of 2008, Banking & Insurance will simultaneously boost existing operations and allocate developmental resources to new growth areas, especially in its home markets. Focusing operations on the Nordic countries means, for example, efforts to develop joint ventures with companies with Finnish backgrounds, so as to provide customers with better, more efficient and more versatile services.

During the past year, several notable Nordic banks have chosen TietoEnator's SEPA credit transfer solution to achieve compliance with SEPA credit transfer regulations and the EBA (European Bank Association) clearing service.

In its capital market solutions, TietoEnator broke new ground, making several major deals in the Nordic countries. The largest deals were made with Swedish and Norwegian companies. Card operations were successful in countries building their banking infrastructure, that is, primarily in Russia and Eastern Europe.

Global projects increasing

Demand for banking and insurance sector IT services in the Nordic countries is forecast to remain good in the coming years. Companies are investing both to maintain their competitiveness and to comply with new regulations.

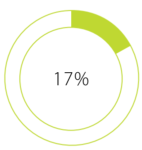
In the finance sector, the proportion of production carried out in offshore countries remains relatively small. However, it is growing rapidly as companies' cost awareness increases.

TietoEnator's aim is to serve its customers more cost-effectively and increase the use of global production centres, especially in product development. For example, product development associated with SEPA is already being carried out almost entirely at the Pune production centre in India. Projects requiring intensive customer service will continue to be carried out close to customers.

BANKING & INSURANCE IN NUMBERS

	2007	2006
Net sales, EUR million	**293**	284
per employee, EUR 1 000	**131.4**	129.5
Operating profit, EUR million*)	**-8.1**	20.1
Margin %	**-2.8**	7.1
per employee, EUR 1 000	**-3.6**	9.2
Full-time employees (average)	**2 229**	2 189

*) Excl. capital gains/losses and impairment losses



Share of the Group´s net sales 2007

BUSINESS AREAS

Telecom & Media

R&D SERVICES REMAIN THE SPEARHEAD OF INTERNATIONAL GROWTH

Telecom & Media has a broad service portfolio covering R&D services, IT system development and integration and consulting. The business area provides services to leading telecom operators, equipment manufacturers and media companies. In 2007, the market situation in the telecom and media sectors was good: the accelerating convergence in telecom services was driving up demand for IT services and operators were looking for new IT solutions to boost their competitiveness and revenue growth.

Telecom & Media

- The largest European supplier of R&D services to the telecom industry and one of the largest globally.
- Provides high-value-added IT and R&D services to leading telecom operators, equipment manufacturers and media companies.
- Has a unique position in the emerging digital media ecosystem, enabling market players to create new revenue streams in their new roles based on industry-wide expertise.

Products and services

- Consulting
- System development and maintenance
- System Integration
- R&D services
- Outsourcing services

Markets

- Operations in 15 countries globally, including Asia. Main market area is Europe
- Collaborates globally with international customers.

Largest customers

- Alcatel-Lucent
- Ericsson
- NokiaSiemens Networks
- Nokia
- Siemens
- SonyEricsson
- Telecom Italia
- Telenor
- TeliaSonera

Through acquisitions and organic growth TietoEnator has gradually strengthened its market position in telecom R&D services and now ranks as the leading supplier in Europe and one of the largest ones globally. The customer base for these services includes both network equipment providers and mobile device manufacturers. Telecom R&D services will remain the spearhead of international growth for TietoEnator also in the future as it aims at global market leadership.

In its home markets, in the Nordic countries and Central Europe Telecom & Media offers a full-scale service portfolio for the entire telecom and media value chain. It works in close collaboration with its customers assisting them in the development of their products and business processes.

Telecom & Media's differentiation and competitive advantage are based on its superior industry expertise originating from deep, long-term customer relationships. In response to cost pressures faced by its customers, the business area increasingly uses a global delivery model, combining resources from different geographic locations into services that meet the customers' needs for both industry expertise and a beneficial cost-structure.

Favourable development in all customer industries

All segments of the telecom and media industry have been developing positively during the past year. In the mobile device area, demand is strong and manufacturers are investing heavily in the development of smart phones, phones equipped with new software applications. Large European operators claim that more than 10% of their subscribers today use mobile mail and calendar functions, a trend driven by the business segment. In mobile device R&D growth will especially take place in application development.

Operators are renewing their infrastructure to be able to provide the services needed for new applications. At the same time, European operators are facing big challenges as restrictions on competition are gradually being lifted in many countries. In the Nordic countries, a similar development took place already in the early 2000's, and operators have by now adapted their functions accordingly. As a close partner for the Nordic operators, TietoEnator is well positioned to help the European operators with the adaptation process.

The telecom R&D market is being restructured and relocated. Customers are outsourcing their R&D responsibilities to strong partners for added efficiency and flexibility. Due to cost considerations both customers and IT service providers are increasing their presence in countries with favourable cost-structures.

A successful year for Telecom & Media

As a result of determined and systematic work and favourable market conditions, 2007 was a very good year for Telecom & Media.

In its home markets, the business area was able to further strengthen its leading market position. One of the significant new transactions was the agreement to broaden co-operation with Nokia Siemens Networks. TietoEnator incorporated parts of Nokia Siemens Networks' Finnish R&D operations for mobile networks and took on the R&D responsibilities for certain parts of its product portfolio.

In Europe, TietoEnator strengthened its presence by signing a major telecom agreement with Siemens IT Solutions and Services in Italy. The agreement covers the streamlining of business critical and customer-related processes and services for mobile telephony.

Telecom & Media continued to build its global delivery model and its use of offshore resources increased notably. In some areas of the mobile device R&D services, over 50% of the work is done in offshore locations. For the entire business area, the figure is above 20%. In addition to utilizing the existing centres of excellence to a greater extent, TietoEnator signed an agreement to acquire Fortuna Technologies Pvt. Ltd. in India. The acquisition gives Telecom & Media a solid basis for future growth in India and other parts of Asia and is a strategic addition to its global delivery model. A new R&D site was opened in Chengdu, China in January 2008.

Consumer internet services an important growth area

The major on-going trend in the telecom and media sector is the increasing focus on new consumer services delivered and consumed through the internet. Equipment manufacturers, telecom operators and media companies are all looking for new growth opportunities and new business models in the consumer internet services area, and this is creating profound changes in the value chains of the industry. A new digital media ecosystem is forming where the roles of each of the industry players change as companies redefine their earnings logics, making the industry landscape fluid. A good example of this development is Blyk, the first mobile operator to offer free calls and short messages for young people.

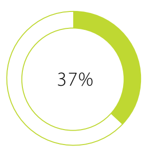
TELECOM R&D IS THE GLOBAL GROWTH DRIVER.

Telecom & Media sees the consumer internet services as one of its future growth areas, and is building its expertise and service portfolio to answer to its customers' needs. To drive the development in this area, Telecom & Media has started a digital media competence centre. It focuses on mobile and online services as well as on content production management and multi-channel delivery. The interactive on-line services of Digital Media cover for example IPTV and internet TV services.

TELECOM & MEDIA IN NUMBERS

	2007	2006
Net sales, EUR million	**664**	542
per employee, EUR 1 000	**119.1**	111.1
Operating profit, EUR million*)	**53.2**	38.7
Margin %	**8.0**	7.2
per employee, EUR 1 000	**9.6**	8.0
Full-time employees (average)	**5 563**	4 869

*) Excl. capital gains/losses and impairment losses



Share of the Group´s net sales 2007

BUSINESS AREAS

Healthcare & Welfare

ADVANCED SOLUTIONS FOR ALL STAGES OF LIFE

Healthcare & Welfare's core mission is the digitalization of healthcare and welfare services. Business trends were good in both healthcare in Finland and welfare services in all the Nordic countries in 2007. However, growth and profitability were weakened by the difficulties encountered in certain healthcare product areas in the Scandinavian and German markets. The business area revised its strategy: the offering was downscaled and the business area will from now on focus on regional operations.

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 around 1 300 experts for healthcare and welfare IT services in seven countries: Netherlands, India, Norway, Sweden, Germany, Finland and Denmark.

Products and services

- Product-based IT solutions and related services for hospitals, primary healthcare, laboratories, dental care, private medical clinics, homecare, social services and education.
- Customized application management and integration services.

Markets

- Main market area is Northern Europe
- Leading provider in the Nordic countries, one of the largest providers in Europe

Largest customers

- Denmark: The Capital Region, Region South, National Board of Health
- Finland: Helsinki and Uusimaa Hospital District, Päijät-Häme social and healthcare association, Medi-IT Oy, the City of Espoo
- Germany: The hospitals of Bundesknappschaft, Marienhaus GmbH and Rhön-Klinikum AG
- Norway: Central Region Health Authority, Southern and Eastern Region Health Authority , the City of Oslo
- Sweden: counties of Skåne and Stockholm, Apoteket AB, the City of Stockholm

In recent years, demand for IT services has focused on broader and more highly integrated application suites. This trend gathered momentum in the report year, as customers need to set up service concepts that span basic healthcare, medical treatment and homecare as seamlessly as possible. Process digitalization means that demand for different types of mobile and self-services is expected to rise substantially in the next few years. In this business environment, system providers must also work in very close cooperation to build solutions and ensure continuous service. After all, the integration of extensive systems calls for considerable resources. Many large-scale system projects have been delayed precisely due to a shortage of the necessary resources – both at the supplier's and customer's end.

Healthcare & Welfare's operating strategy was adapted to its evolving business environment, particularly in the Scandinavian healthcare market, where the customers are large players and the system environments are extensive and complex. The focus of operations is being shifted from a product-based operating model towards customized services. In addition, the offering is being built in greater cooperation with TietoEnator's other business areas and third parties.

The implementation of the National Health Programme in Finland has kept demand for IT services riding high. The programme seeks to compile standardized and digitalized patient information in a central archive. TietoEnator is Finland's market leader in product-based solutions for private and public healthcare.

Product-based solutions have not thrived in the Scandinavian healthcare market. Rather, demand has focused increasingly on application management and integration services. With the acquisition of Provisio AB, which specializes in operating room information systems, TietoEnator assumed leadership of the market for these systems in Sweden. The company's laboratory information system also consolidated its position during the report year. At the end of 2007, it was in use at close to 100 Scandinavian hospitals.

Operations in Germany have focused on merging the functions of three acquired companies and building a joint offering.

The offering development programme has been well-received by customers. Towards year's end, the new web-based version of iMedOne was brought to market and the first deliveries were approved. The system came out on top in the German Clinical Documentation Challenge.

The trend in the welfare services business was favourable in all the Nordic countries and TietoEnator held on to its market leadership. Demand for product-based homecare solutions has been brisk – TietoEnator has been chosen as the homecare service partner of the City of Stockholm, for instance. This delivery includes the Laps Care planning system. Laps Care has won Swedish awards for its innovation and is now one of two European finalists for the Franz Edelman Award 2008, a competition open to companies from around the world. The nomination is based on the substantial financial and quality benefits the solution provides.

Self-service and mobile solutions improve service and save time

Self-service and mobile solutions are gradually gaining ground in healthcare and welfare services, too. In 2007, TietoEnator implemented numerous such solutions for its customers.

In cooperation with the North Karelia and Päijät-Häme Central Hospitals and the Ministry of Social Affairs and Health in Finland, TietoEnator developed text messaging services to upgrade efficiency in booking appointments and access to care. The time savings achieved with the system at a hospital equal the annual work input of many care staff.

TietoEnator supplied a digital self-service solution for the City of Turku's dental care services. Patients can now use the Internet or an SMS to check their bookings and either reschedule or cancel their dental appointments. This shortens dental queues and speeds up access to care. A similar interactive solution was developed for the City of Lahti. The city won the Finnish Quality Innovation of the Year award for this solution.

TietoEnator will provide the City of Stockholm's homecare services with an interactive mobile solution. Integrated into other operating systems, this solution will both improve the quality of homecare services and upgrade the staff working environment and operational efficiency.

Favourable outlook for the future

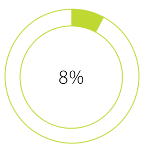
The ageing of the population, new care options and the shortage of care and service staff add up to a mounting need to improve productivity and service quality. The structures of the healthcare and welfare sectors are shifting. Service providers are merging and networking in new ways. Care for the elderly is an increasingly important issue in the welfare sector. IT can be used to support homecare services for the elderly and help them to cope safely at home.

TietoEnator believes there will be growth in the IT investments of the healthcare and welfare sectors. The company will press on with its outlays on the development of solutions that support the entire value chain and will also offer operating and maintenance services to ensure uninterrupted and hitch-free system operation.

HEALTHCARE & WELFARE IN NUMBERS

	2007	2006
Net sales, EUR million	**141**	144
per employee, EUR 1 000	**128.5**	140.8
Operating profit, EUR million *)	**-6.8**	12.5
Margin %	**-4.8**	8.7
per emloyee, EUR 1 000	**-6.2**	12.2
Full-time employees (average)	**1 095**	1 020

*) Excl. capital gains/losses and impairment losses



Share of the Group´s net sales 2007

BUSINESS AREAS

Forest & Energy

A GLOBAL IT SERVICES AND SOLUTIONS PROVIDER

Forest & Energy provides high-value-added IT solutions and services for the forest, oil & gas and utilities industries. The business area develops IT solutions covering its customers' entire value chains, from procurement to customer relationship management. Its global growth is based on an in-depth knowledge of its customers' businesses, world-class solutions for digital forest and energy chains, and enterprise software developed by the world's leading vendors. In 2007, all customer industry areas of Forest & Energy developed favourably.

Forest & Energy

- The world's largest concentration of IT professionals for the forest industry offering IT services and solutions worldwide.
- Produces IT services and solutions for utility and oil & gas companies.

Products and services

- World-class information solutions along the entire value chain of the pulp, paper, paperboard, tissue, wood products industry and other forest operations companies.
- Globally leading products for the upstream oil & gas industry.
- Leading products for the utility industry in the Nordic countries.
- Value added IT services for leading european energy companies.

Markets

- TietoEnator Forest has a global scope of services.
- Strong market position in Europe and North America, expanding in South America, Asia and Russia.
- TietoEnator Energy is a global IT supplier to both utility and oil & gas companies and has a leading position among Nordic utility companies.

Five largest customers

- Fortum
- Shell
- StatoilHydro
- Stora Enso
- UPM

TietoEnator is the global leader in IT solutions and services for the forest industry, and most of the world's largest paper and board companies are its customers. TietoEnator holds a strong position in Europe and North America, and is focusing its expansion efforts on the growing South American, Asian and Russian markets.

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.

In the utility sector, TietoEnator has a leading market position and a large customer base in the Nordic countries. Following TietoEnator's regional strategy, the business area aims to further strengthen its leading position as a full-scale IT service provider to Nordic-based, large and mid-sized utility customers in all of their operating countries.

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.

Strategic co-operation with SAP

In the forest sector, there is steady demand for investments to harmonize IT systems and infrastructure. Customers are replacing their separate mill systems with integrated IT systems covering several or all of their mills. They are also looking for cost benefits and improved tools for business development by integrating their mill production systems seamlessly with the corporate business systems. To help them to do that, TietoEnator and SAP have formed a collaboration to provide comprehensive enterprise resource planning (ERP), supply chain management and manufacturing execution packages (MES). TietoEnator aims at creating the market's best combination of industry expertise and SAP solutions, and is working to expand the joint solution development to the energy sector as well.

In 2007, TietoEnator won several harmonization deals based on SAP solutions, and was able to increase its market share. One of these deals is the harmonization and unification of the Finnish Myllykoski's IT Systems on ERP and MES level. With a step-by-step approach Myllykoski's business functionality will be transferred to a new central SAP system.

In addition to SAP, TietoEnator also co-operates with several other globally leading vendors of standard software systems.

An other example of the harmonization trend is Ahlstrom, a global Finnish-based high-quality fiber materials' producer, that now uses TietoEnator's Optimill operations management system covering sales administration, production, shipping operations, warehousing and billing in 26 different sites all around the world.

In addition to the harmonization of IT systems and infrastructure, TietoEnator also sees good business opportunities arising from structural changes in the forest industry. Consolidation will continue in the industrialized countries while operations are expanding in South America and other emerging markets as well as in Russia.

Strong growth in the oil & gas business

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 Hydro rely on Energy Components solutions in their installations around the world.

TietoEnator's oil & gas business developed very positively in 2007. Growth was particularly strong in the Nordic countries, where the merger of Statoil and the oil and gas part of Hydro increased its demand for IT services and solutions.

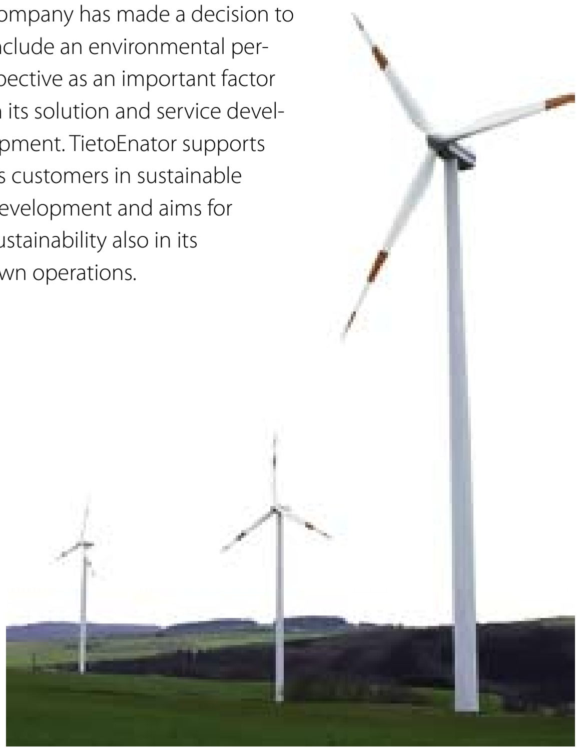
Automatic meter reading the big driver for utility industry

The whole utility sector is undergoing major changes. The development of automatic meter reading and management are playing a major role in this development. 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. As the leading provider of IT services and software for the utilities industry in the Nordic countries, TietoEnator is in a good position to act as a full end-to-end provider of automatic meter reading and management solutions.

In the energy sector, the market situation remains favourable for both the oil & gas and the utility segments. Larger investments in finding new oil reservoirs and utilizing old ones, growing demand for energy and the good economic situation of energy companies ensure IT investments in the coming years.

Green IT becoming increasingly important

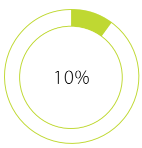
As TietoEnator's customers are increasingly concerned about environmental issues, the company has made a decision to include an environmental perspective as an important factor in its solution and service development. TietoEnator supports its customers in sustainable development and aims for sustainability also in its own operations.



FOREST & ENERGY IN NUMBERS

	2007	2006
Net sales, EUR million	**178**	161
per employee, EUR 1 000	**138.6**	128.1
Operating profit, EUR million *)	**8.7**	7.8
Margin %	**4.9**	4.9
per emloyee, EUR 1 000	**6.8**	6.3
Full-time employees (average)	**1 285**	1 251

*) Excl. capital gains/losses and impairment losses



Share of the Group´s net sales 2007

BUSINESS AREAS

Government, Manufacturing & Retail

LEADING PROVIDER OF IT SERVICES IN THE BALTIC RIM

Government, Manufacturing & Retail operates in the Baltic Rim, offering a complete portfolio of IT services to local and central government, the manufacturing industry, and retail and logistics. The business area's operations are founded on deep industry expertise, key customer strategies and the use of products supplied by global technology leaders. Demand was stable in all of the business area's customer sectors in 2007.

Government, Manufacturing & Retail

- Offers IT services for local and central government, the manufacturing industries, and retail and logistics.
- 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.
- RERP, 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
- Defence Administration
- Rautaruukki
- S Group
- National Board of Taxes

Government, Manufacturing & Retail is the leading supplier of IT services for its customer sectors in the Baltic Rim, its home market. The business area's success is driven by in-depth knowledge of selected customer sectors and excellence in harnessing state-of-the-art technologies and both in-house and international solutions in the digitalization of customers' core functions.

The business area seeks to further consolidate its market position as a provider of end-to-end IT services for its key customers. Currently, the Russian market is particularly appealing to many retail and manufacturing industry customers, and the business area is honing its readiness to serve them in this market. Support is provided to international customers in all their countries of operation. Close cooperation with the Processing & Network business area and Digital Innovations enables Government, Manufacturing & Retail to offer IT services with full coverage of the customer's value chain.

Boosting operational efficiency and digitalizing service chains increase demand

Market demand remained good in all of the business area's customer sectors in 2007. Local and central government intend to digitalize their service chains in line with the needs of citizens and organizations. In the manufacturing industry, customers' business operations are shifting from traditional production to service and solutions. This trend progressed in line with expectations. Boosting the efficiency of supply chains in networked business operations and ensuring process functionality are key objectives. E-service solutions are gradually taking on a greater role in the development of retail IT services. E-services make it even easier for customers to find products and services, compare prices and quality, and make their purchases.

In spite of good demand, price competition remained heated in all customer sectors. In the central government, this was evident in the new framework arrangement for the sourcing of technical IT consulting. The arrangement was established by Hansel Ltd, the central procurement unit of the State of Finland, and covered eight sub-segments. An open call for tenders was held for each of the sub-segments to select contract suppliers and set cap for prices. Tenders were evaluated both on the basis of the supplier's ability to fulfil the needs of the central government and the cost-effectiveness of the solution. TietoEnator was chosen as the contract supplier in all eight sub-segments.

Moving ahead with the packaging of services and expansion of global sourcing

The business area continued to package its services in 2007. One of the major new solutions was Manufacturing Excellence ERP. Based on SAP All-in-One, this solution focuses on the manufacture of machinery and equipment. It covers all the key functions and expands TietoEnator's offerings for industry.

The development and packaging of Application Service Management (ASM) continued. ASM ensures the availability of the customer's systems over their whole lifecycle. TietoEnator made an ASM agreement with Kesko Agro, covering all of the company's business territories in Finland, Estonia, Latvia and Lithuania. TietoEnator is responsible for Kesko Agro's application management as well as capacity and infrastructure services.

In order to improve its cost-effectiveness, Government, Manufacturing & Retail is further expanding its global sourcing. The business area mainly relies on the services of TietoEnator's production centres in the Baltic countries and Ostrava in the Czech Republic. At the beginning of 2007, it opened an ERP Software Centre at the Ostrava production centre. As ERP systems play a key role in the business area's service offering, it seeks to build up strong ERP expertise in both its home market and countries with favourable cost levels.

The business area is on board the operations of the customer service centre TietoEnator opened in St Petersburg. The service centre provides ICT operations management, project and application management services and expertise in digital customer service development to TietoEnator's current customers in Russia. New business opportunities are being sought in this market.

Tietokarhu Oy, the joint venture of TietoEnator and the Finnish Government, marked its tenth year in business in 2007, as the partner to the Finnish Tax Administration. The company has measured up to all the high targets set for it, successfully ensuring smooth and error-free tax processes and attending to the development and maintenance of large-scale IT systems.

SOLID DEMAND EXPECTED ALSO IN THE FUTURE.

Competitiveness relies on deep industry expertise

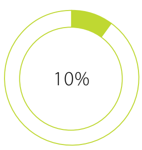
Demand in Government, Manufacturing & Retail's market is expected to remain solid as customers are seeking to streamline their operations and productivity. Public sector customers will kick off many extensive development projects in the next few years. Retail sector customers are in the market for IT systems that enable new means of managing customer needs and changes in purchasing habits as the number of sales channels rises. Favourable trends are also expected to hold steady in manufacturing industry.

Deeper understanding of the customer sectors and their business processes, concept building for products and services, and ensuring the cost-effectiveness and high quality of customers' operations will be key factors for the competitiveness of the business area in the future as well.

GOVERNMENT, MANUFACTURING & RETAIL IN NUMBERS

	2007	2006
Net sales, EUR million	183	236
per employee, EUR 1 000	117.2	123.9
Operating profit, EUR million *)	-5.5	18.0
Margin %	-3.0	7.6
per emloyee, EUR 1 000	-3.5	9.5
Full-time employees (average)	1 565	1 904

*) Excl. capital gains/losses and impairment losses



Share of the Group´s net sales 2007

BUSINESS AREAS

Processing & Network

END-TO-END SERVICES ENSURE SMOOTH BUSINESS PROCESSES FOR CUSTOMERS

Processing & Network provides operations management services for ICT infrastructure to ensure the availability and development of customers' IT systems and improve the efficiency and quality of their business operations and services. The business area establishes close, long-term partnerships with its customers. The trend in the market for ICT operations management was good in 2007. The business area grew, bolstering its position in its market in the Nordic and Baltic countries.

Processing & Network

> Offers ICT infrastructure management services.
> Service portfolio aimed primarily at TietoEnator's vertical business areas.
> Services secure the continuity and development of customers' operations.

Products and services

> ICT operations management services.
> Efficient and uninterrupted infrastructure management to support customers' business processes.
> Transition services to support IT changes.
> Consulting services.

Markets

> The Nordic and Baltic countries. One of the leading suppliers in the region.
> Works with its global customers in Continental Europe and the USA.

Five largest customers

> Danske Bank/Sampo Bank
> If P&C Insurance Company Ltd
> Kesko
> Saab Group
> TeliaSonera

In recent years, TietoEnator has developed its offerings into broader service packages. By tapping the services of the vertical business areas, Processing & Network and the Digital Innovations unit, the company can provide full service coverage for the business processes of its customers. From the customer's perspective, TietoEnator appears as a unified company that provides end-to-end service. One element in this total service offering is Application Service Management (ASM), which ensures uninterrupted business processes for customers by anticipating and preventing error situations.

Growth and stepping up efficiency are challenges

Services are migrating online in all fields of business – and this means companies must ensure that these services are run smoothly and without downtime around the clock. Unreliable services can very quickly lead to great losses and taint the company's image.

In order to ensure undisturbed IT, companies must make sizeable investments in the maintenance and development of their main services. Companies also face challenges in ensuring growth, often through IT-based innovations. The cornerstone of Processing & Network's operations is a cost-effective service model that provides customers with high-calibre services at a competitive price and supports them in their ICT service maintenance and development as well as helps them with their IT challenges.

Growing demand for project and transition management services

In 2007, Processing & Network concentrated on improving the quality of its continuous services and honing the expertise of its personnel.

Project and transition management services are increasingly important. Customers require these services when dealing with proliferating IT projects for starting up new business operations or retooling existing operations – projects that need to be carried through both quickly and efficiently. One example of these services is the large-scale MNVO (Mobile Virtual Network Operator) solution TietoEnator provided to the advertising revenue-funded mobile phone operator Blyk. The innovative nature of Blyk's business model meant that the solution had to be implemented on a very tight schedule (for more information on the Blyk project, see page 14).

PACKAGING OF SERVICES WILL CONTINUE.

Processing & Network has continued to package its services. Its new service packages include unified communications and collaboration services as well as consolidation and optimization services. Unified communications and collaboration services comprise enterprise e-mail services, integrated telephone systems (Business Voice), collaboration services and enterprise portals. Consolidation and optimization services help customers through changes in business functions and ICT infrastructure.

Stable demand for outsourcing services

The trend in the market for infrastructure outsourcing services was good in 2007. Customers are seeking flexible solutions and service agreements that cover the entire business process.

During the report year, TietoEnator signed major outsourcing agreements, such as with the Apoteket pharmacy chain that is owned by the Swedish state and with the Finnish company Sodexho Oy. TietoEnator provides Apoteket with ICT infrastructure, application integration and management, and workstation services (for additional information on the Apoteket partnership, see page 12). Sodexho Oy, which is part of the world's largest food and facilities management company, chose TietoEnator to handle its IT infrastructure services in Sweden, Norway and Finland.

TietoEnator and Unisys signed a cooperation agreement on offering outsourcing services and solutions to selected customers. Under the agreement, the partners will cooperate in service-based solutions, and Unisys will serve as a TietoEnator subcontractor in countries where TietoEnator does not have its own operations.

Need for end-to-end services is on the rise

Customers will need more end-to-end services in the future. They will turn to an IT service provider to purchase total services that ensure business process availability. To this end, TietoEnator will step up joint product and service development.

Purchasing software as a service is a new service model that is expected to gain ground fast. In this model, the customer no longer buys software – rather, the customer uses the service provider's software online and is billed on a time or transaction basis. The new operating model significantly changes the traditional value chains of customer companies and service providers.

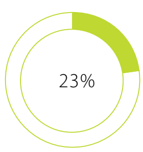
Environmental responsibility to the fore

Environmental considerations are increasingly important in IT design and choices. TietoEnator's ICT operations management services help customers to cut their energy consumption and meet the mounting requirements of environmental norms. In the years ahead, TietoEnator will keep stepping up its efforts to minimize the environmental footprint of IT and provide services that support customers' in their environmental efforts.

PROCESSING & NETWORK IN NUMBERS

	2007	2006
Net sales, EUR million	**409**	374
per employee, EUR 1 000	**196.1**	189.4
Operating profit, EUR million *)	**32.8**	39.5
Margin %	**8.0**	10.5
per emloyee, EUR 1 000	**15.7**	20.0
Full-time employees (average)	**2 086**	1 977

*) Excl. capital gains/losses and impairment losses



Share of the Group´s net sales 2007

BUSINESS AREAS

Digital Innovations

CONSUMERS DRIVE CHANGE

The Digital Innovations unit develops user-friendly, multichannel digital services for end-users. By working in close cooperation with TietoEnator's industry experts, the unit increases the synergy between different customer industries and speeds up the productification and realization processes for digital service innovations

Nordic companies and organizations in the forefront of digitization, such as banks, teleoperators and healthcare service providers, have created solutions that have quickly increased consumers' readiness to embrace a variety of web services. After becoming accustomed to using and trusting digital channels in the consumer sphere, they increasingly expect to be able to use similar services in other areas of their lives as well. This trend will pick up speed in the coming years, as a new generation of digital natives who've used digital channels for services and leisure since early childhood, start using these services.

For years, companies have boosted their operational efficiency by developing electronic self-service channels. In these channels, the customer is often forced into a process that does not necessarily conform to his individual needs. For this reason, people often only use digital channels to look for product information or request contact. Only a small share of customers use the Internet for taking care of real business, such as shopping, transferring over to a new telephone or network operator or negotiating a bank loan. This is due to the lack of authentic customer service in the digital channel – that is, an understanding of the customer's situation and the ability to provide a solution that is right for his needs.

Situation oriented service design

Digital Innovations' solution to this need is situation oriented service design that seamlessly guides customer interactions into different service channels without interrupting the service situation. This is achieved by identifying key service situations in advance and by focusing on their management in design.

This is how an efficient customer interaction management system works – it processes a customer's request promptly, prioritizes it and sends it on to the right person at the company. The system provides the employees working on the case with information on the customer's background and transaction history. Thanks to this, the service situation is not interrupted, and a solution to the customer's needs can be found rapidly.

Consumer-centric development entails new devices and functionalities for the use of internal services. That said, investments only start generating actual benefits when the new solutions help employees to solve day-to-day problems.

Digital customer solutions and services

Digital Customership

> Digital service design
> Enterprise content management
> Customer interaction management
> Unified desk for customer service agents and salespeople
> Programme and project management

Future Office

> Portal services
> Business intelligence
> Enterprise search

Financial Value Chain

> E-invoicing and other financial value chain transactions
> Presentment and archiving of business documentation

TietoEnator's Future Office offering looks at information worker services from a new perspective – the situations that are faced daily by users of internal services.

Today's project workspaces facilitate communication and feature useful functions such as document management and distribution, shared calendars, and presentation of financial information. Harnessing these functions to the organization's project practices imparts real benefits for project members.

Digitalization of the financial value chain

The digitalization of the financial value chain focuses on transactions between business partners, from orders to e-invoices and payments, taking the needs of both customers and suppliers into account. The functions cover self-service solutions for both consumers and small organizations, and electronic data interchange between large organizations. Solutions are provided both as services that banks can then sell on to their customers and as elements in larger integrated solutions for companies. TietoEnator has won many international innovation awards for work done in digitalizing financial value chain.

Software Centres

COST-EFFECTIVENESS COMBINED WITH INDUSTRY AND TECHNOLOGY COMPETENCIES

Software Centres are technology and production facilities that provide customers with professional IT production services with optimal cost-effectiveness. Software centres operate in close and seamless cooperation with TietoEnator's business areas, offering TietoEnator's customers a unique combination of customer proximity, industry competencies and global opportunities.

Globalization of the provision of IT services is gaining momentum. The need for greater operational efficiency and flexibility is driving the IT sector to transfer production to countries where well-educated employees are readily available at a favourable cost. Responding to this trend, TietoEnator is building production chains over national borders, combining cost-effective production in favourable locations with the deep market and industrial expertise of TietoEnator's business areas. Globally distributed production is concentrated at cross-industry professional production sites – Software Centres.

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. By combining the cost-effectiveness of the Software Centres with the business areas' presence close to customers, the company can provide services with optimal quality and cost. Software Centres in Europe provide high-quality production services cost-effectively for European customers, whereas the Asian centres are geared towards serving global customer enterprises and TietoEnator's own product development. Maintaining software production in a number of countries also reduces both operational risks and the risks associated with the availability of skilled labour.

The services offered by the global centres are integral to all of TietoEnator's offerings and cover all services that can be produced and distributed over digital networks. This total service concept – ranging from product development and testing to production and user support – is a major competitive advantage for TietoEnator. All of TietoEnator's business areas tap into the services of the Service Centres. This sharpens their competitive edge and releases resources for providing high-value-added services.

It is expected that demand for distributed services will continue to grow. TietoEnator is committed to ensuring that its customers can harness the full potential of global production.

HIGH QUALITY PRODUCTION SERVICES CLOSE TO CUSTOMERS

With its approximately 1 100 employees in 2007, Czech Software Centre (CSC) in Ostrava is the largest of TietoEnator's software centres. Ostrava has proven to be an excellent choice for growth, as the four universities nearby provide a steady stream of highly educated people. Ostrava's proximity to TietoEnator's main markets gives an advantage of being close both physically and culturally to the majority of TietoEnator's clients – most TietoEnator's main customers have already visited the centre.

CSC provides a full service and competence portfolio. Services include solution deliveries as well as application and operations management. Wide varieties of domain and technical competencies are available, for instance Telecom, Forestry and Energy industry centres and competencies such as ERP, Business Intelligence, testing and process consulting. With its globally competitive production services and competitive cost structure, CSC helps the business areas to deliver their services in a manner that meets the customers' quality and price expectations.

An example of successful gross border co-operation is the application services provided by CSC, to Application Service Management Centre in Sweden, which is a team that handles all TietoEnator's application maintenance services for TeliaSonera. These two teams have created a combination that brings together the strengths of a local customer interface and cost efficient service production to meet the customer's expectations.

CORPORATE RESPONSIBILITY

Fully committed.

HR supports the organization in times of change

The Human Resource (HR) organization has twofold tasks in facilitating the implementation of the changes called for by TietoEnator's revised strategy. Firstly, HR will provide special support to those areas of the organization that will undergo the most thorough overhaul. Secondly, it will continue to carry out regular HR processes to attract, develop, motivate and retain competencies necessary to meet the strategic targets.

The elements of the new strategy that have the most direct bearing on the HR organization are the acceleration of offshoring, the Performance Improvement Programme to improve staff utilization and the implementation of the newly defined global and regional growth strategies that will result in restructuring within certain parts of TietoEnator. The HR organization will give all the necessary support to these measures to maximize positive outcomes and minimize negative ones.

Despite the Performance Improvement Programme that are in effect at TietoEnator, regular HR processes remain on track in full gear to ensure TietoEnator's competitiveness in the employee markets. In 2007, a new people strategy was established for the next three years. The main issues addressed by the strategy are

> Competence sourcing and career path development
> Leadership development
> Compensation & benefits issues and
> Actions to achieve preferred employer status, both in-house and externally.

Aiming at matching competencies with business needs

Under the revised strategy, TietoEnator will accelerate its offshoring, aiming at a 40% share in the coming three to five years. Offshore operations will be expanded both organically and through focused competence-based acquisitions. The cost gap between the onshore and offshore sites is narrowing and this, coupled with the long-term shortage of IT competence in Western Europe, means that the driver for building offshore sites will gradually change from the lowering of costs to competence sourcing.

In the coming years, the major part of TietoEnator´s technical production will be done at offshore centres of excellence. Employees in high-cost countries are thus faced with the challenge of transferring their competencies towards the production of services with higher value-added. One of the means TietoEnator uses to facilitate this process is to strongly promote career guidance services that boost the internal mobility of employees. These services are intended to support employees who wish to further their careers and take on new roles.

In 2007, TietoEnator's Talent Centre service, established the previous year, was developed further to cover a broader range of measures in support of internal mobility and career development. Renamed Career CHOICE, it seeks to increase the availability of talented individuals for managerial and expert positions, attach staff to projects faster and step up the utilization rate. When TietoEnator downsizes business functions, Career CHOICE will also help employees to find job opportunities in other parts of the company.

A global career path framework was established in 2007 to further advance the competence and career development of TietoEnator's employees. It is a high-level framework providing a general overview of career possibilities within TietoEnator. A career path describes the main responsibilities as well as the required experience, education and competencies on different career levels. At TietoEnator, the main career paths are IT professional, project manager, line manager, sales professional, business consultant and functional support specialist.

Honing leadership to establish a balance between management and leadership

In 2006, an extensive process was initiated at TietoEnator to define and develop good leadership. The process started out by defining what good leadership means at TietoEnator. A formula for good leadership was defined to give employees a deeper understanding of what constitutes 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.

TietoEnator has a very strong management legacy and culture. The company also has a long tradition of investing in management development. In the area of leadership, on the other hand, there is still room for improvement. Both excellent management and strong leadership are needed to reach the desired growth and profitability goals in TietoEnator's increasingly demanding market conditions.

Within the next few years, TietoEnator's goal is to systematically develop leadership to a level where good leadership is a competitive edge for the company.

Performance-based compensation to create a win-win situation

TietoEnator's objective is to offer its employees competitive compensation & benefits in the markets it operates in. To ensure that compensation & benefits are mutually beneficial to the employees and the company, they are wholly based on performance. In 2007, the main focus areas in TietoEnator's continuous process to improve its compensation & benefits programmes have been to investigate and prepare for the renewal of compensation & benefits tools and to develop and implement sales incentive models.

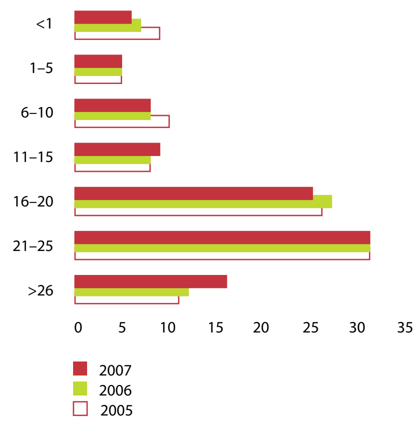
Focus on preferred employer status

During 2007 TietoEnator focused on strengthening its preferred employer status - especially in the strategic growth markets in India, Czech Republic, Lithuania, Latvia and Poland. Internally, TietoEnator aims to make its employees proud ambassadors of the company by continuously improving the leadership skills of the managers and by providing them tools to support the growth of the individuals. The external employer branding activities have been targeted to build the awareness and attractiveness of TietoEnator among the IT professionals in markets where the company is not widely known.

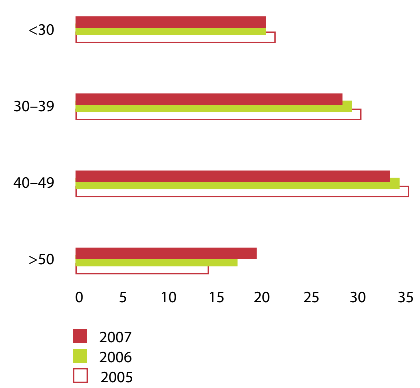
Recruitment increased

The number of TietoEnator's full-time employees totalled 16 624 (14 597) at the end of the year. Acquisitions and new outsourcing contracts added around 834 employees during the year. Personnel adjustments, on the other hand, reduced staff by 210. Recruitment increased from the previous year: a total of 3 066 (2 096) employees were hired. The net number of new hires in offshore sites, 961, was clearly greater than in high-cost countries, 305. Employee turnover totalled 11.3% (9.0) in 2007, with large variations between different operating countries.

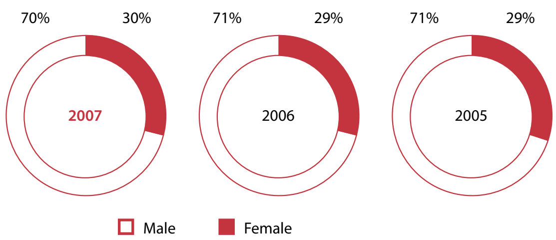
LENGTH OF EMPLOYMENT (YEARS), %



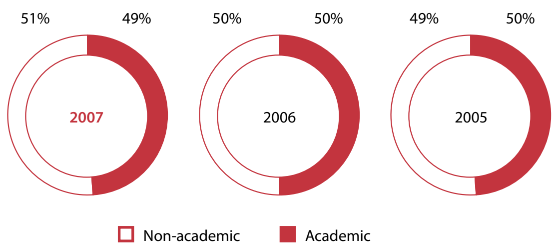
PERSONNEL BREAKDOWN BY AGE, %



PERSONNEL BY GENDER



PERSONNEL BY ACADEMIC EDUCATION



Corporate responsibility

DIGITALIZATION LOWERS THE BURDEN ON THE ENVIRONMENT

TietoEnator supports sustainable development in its operations and meets the ethical, legal and economic requirements set by society. However, the company makes its greatest contribution to the development of a society with less strain on the environment by deploying IT solutions in its customers' businesses. Now that climate change is a clear and present threat, green IT has become increasingly important. TietoEnator prioritizes environmental compliance in its service development.

The Corporate Responsibility Framework and management

TietoEnator's Corporate Responsibility Framework complies with the principles of the UN Global Compact initiative and Social Accountability International, SA 8000.

TietoEnator's Corporate Responsibility Steering Group comprises the executives who are 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 business operations. Corporate Responsibility themes are also included in the annual action plans of the functions.

In all its management operations, TietoEnator is committed to compliance with good corporate governance and the Finnish Corporate Governance Recommendation for Listed Companies. From the environmental perspective, the implementation of Corporate Responsibility focuses on maximizing the use of digital tools and processes in all operations. TietoEnator zeroed in on the development of risk management in 2007. Corporate Responsibility issues were also integrated into risk management.

Code of Conduct

In 2006, TietoEnator adopted a reviewed Code of Conduct comprising the company's values and business principles. In all of its business countries, TietoEnator abides by local laws and regulations and promotes fair competition in accordance with applicable legislation. In situations where law does not provide guidance, the company applies its own standards based on its corporate values and culture.

As part of the adoption of the Code of Conduct, the company launched a Group-wide campaign. The aim of the campaign was for all personnel to sign the Code of Conduct electronically and thus confirm their acceptance of it. By the

ELECTRONIC INVOICING ON THE VERGE OF A BREAKTHROUGH

Electronic invoicing can massively reduce environmental strain resulting from paper consumption, treatment of waste paper and postal deliveries, for instance. The number of invoices processed electronically is on the rise and, at the same time, the European payment traffic market is opening up. As an IT partner for Nordic banks and companies that are pioneers in electronic invoicing, TietoEnator has a solid foothold in supporting this development.

TietoEnator's solution is the basis for TNT's invoicing. Until now, TNT Express has been sending out 2.5 million invoices a year by post to its customers. TietoEnator's solution was used as the basis for TNT's customer-friendly electronic invoicing.

TIETOENATOR SPECIALIZES IN IT'S CUSTOMERS' DIGITAL BUSINESS SYSTEMS. A MORE DEVELOPED INFORMATION SOCIETY PLACES A LOWER BURDEN ON THE ENVIRONMENT.

end of 2007 approximately 74% of personnel had signed the Code of Conduct. New employees accept the Code of Conduct when they sign the employment contract. The Code of Conduct is included in all of TietoEnator's management training programmes.

Environment

TietoEnator specializes in developing and managing its customers' digital business systems. It helps them in building the information society – a society where a great share of all products and services are produced, distributed and consumed digitally via data networks. This enables customers to receive their products and services faster, with greater economy and security, and with less impact on the environment. A more developed information society places a lower burden on the environment.

TietoEnator supports a preventative approach to environmental challenges and a responsible way of conducting its own business operations. The company's environmental burden is mainly related to running its office premises, data centres and business travel and is thus lower than that of companies with physical production facilities. TietoEnator is monitoring the environmental indicators in the Group's reporting system.

Facilities, working

TietoEnator operates in leased facilities. The company concludes lease agreements based on its anticipated need for facilities in order to maintain the occupation rate of the premises at as high a level as possible. The company has monitored its investments in facilities on a centralized basis since the beginning of 2005 to evaluate the efficiency of facility solutions. In 2007 the occupation rate of facilities was 0.9.

TietoEnator monitored the efficiency of the use of facilities with Group-wide sampling in all its business countries in 2007. Efficiency is measured by square metre costs, workspace-specific costs and the utilization rate of working facilities. Electricity consumption is measured in terms of the number of square metres. The aim of annual monitoring is the optimal use of facilities and energy with a view to minimizing the environmental burden.

TietoEnator harnesses digitalization in its operations and thereby attempts to reduce the environmental burden. Digitalization simplifies and accelerates many internal processes. TietoEnator also attempts to increase process digitalization in its contacts with customers and partners by using electronic documentation and invoicing, for example.

Energy

TietoEnator measures the energy-efficiency of its premises with Group-wide sampling, and monitors trends on a monthly basis at the unit level and annually at the Group level.

TietoEnator's average electricity consumption per person was 4.9 megawatt hours in 2007, based on a sample of 26 facilities in 14 countries. In Sweden, the consumption per person was 5.5 megawatt hours, while consumption in Finland was 4.4 megawatt hours. Climatic conditions, cultural factors and the occupation rate of the facilities explain the large variations in energy consumption between the different countries.

Waste

TietoEnator collects and sorts waste paper in every office, and delivers it to recycling. Ink cartridges and various other computer wastes are also recycled. Biodegradable waste is mainly generated in locations where TietoEnator has a personnel restaurant (in Finland) and is separated from other waste. Elsewhere biowaste is disposed of as part of mixed waste. In other business countries, TietoEnator follows applicable waste management regulations. So far, it has not been possible to measure how large of a share of the waste material is actually being recycled.

Travel

According to TietoEnator's travel directive, work travel should be based on immediate needs and take place using the most

MOBILE EMERGENCY CALL SERVICE EXPEDITES THE CARE OF CEREBRAL STROKES

TietoEnator has developed a mobile service that summons a neurologist to Päijät-Häme Central Hospital in the city of Lahti, Finland, outside office hours. When a person has a stroke, the critical window for saving his life or preventing permanent disability is three hours. Before that window closes, the patient must be transported to the hospital, examined, and thrombolytic therapy started.

The emergency call service is a hotline for assembling the care team. The ambulance crew contacts the acute primary care unit as soon as they suspect a disturbance in cerebral circulation. The nurse or doctor on duty sends an alarm to the neurologists by text message and ensures that it is acknowledged. Primary care can be started sooner, as no time is wasted on trying to track down an available neurologist.

Every minute before treatment is started affects the prognosis, the patient's disability and the costs of healthcare and rehabilitation

The emergency call system can also be used in surgical emergencies, consulting medical specialists from other hospitals and contacting the national remote statement service where a medical specialist provides a real-time radiology reading.

affordable means. The company strives to reduce travel costs and environmental strain. Travel costs and the savings targets are monitored at the Group level. To enable alternatives for travel, TietoEnator has invested in various technologies such as video and teleconferencing hardware and software.

TietoEnator has expanded its monitoring of air travel. The company monitored travel within Finland and Sweden, its largest business countries, and travel to/from other countries throughout the year. The report includes the number of trips and flight kilometres itemized by destination. In 2007, the number of kilometres flown by Finnish employees was about 12.9 (13.7) million. For the Swedish employees, the number of kilometres was 13.2 (14.2) million.

Social responsibility

Employees

As TietoEnator is a provider of professional services, its business is based on the skills, creativity and motivation of its employees. The wellbeing of employees is thus fundamental to the way TietoEnator conducts its business. The company makes significant commitments to its human resources. Personal growth is one of the Group values. Broad training and career management practices have been established for all employee groups. Employee satisfaction is measured annually with a Group-wide survey. The results of the survey are used to guide further development. TietoEnator's human resources commitment also addresses all relevant human rights issues.

TietoEnator's growing operations in Eastern Europe and Asia pose new challenges for human resources management and development. The company wants to ensure the availability and high quality of all relevant human resources for the employees of these locations as well. In addition, the processes for transferring knowledge and company culture to and from the global sourcing sites and other countries must work smoothly. To this end, a prioritized action plan has been drawn up and its implementation kicked off.

Social sponsoring

TietoEnator's social sponsorship includes financial and other support to non-profit organizations and training projects in accordance with the Code of Conduct. TietoEnator strives to bear its corporate responsibility in a balanced and sustainable manner and implement sponsorship on a long-term basis, not merely as one-off investments. The Nordic countries have highly evolved social welfare systems; consequently there are fewer charities than in the Anglo-Saxon countries or Asia. TietoEnator currently supports the work of the Save the Children organization in Ethiopia and the charitable trust Identity Foundation in India.

TietoEnator among 100 most sustainable corporations in the world

In January 2008, Innovest Strategic Value Advisors (www.innovestgroup.com) launched its fourth Global 100 list of the most sustainable corporations in the world. The Global 100 includes companies that were evaluated according to how effectively they manage environmental, social and governance risks and opportunities, relative to their industry peers. In 2008, TietoEnator was included in the list for the first time.

TietoEnator is a member of the sustainable development indices of four research bodies: the Dow Jones Sustainability Index STOXX, the Ethibel Sustainability Index (ESI), and the FTSE4Good and Kempen SNS Smaller Europe SRI Index. According to these research bodies, TietoEnator addresses the economic and environmental dimensions of Corporate Responsibility through appropriate policies and programmes. In the social dimension, there is still room for improvement in the company's community involvement. This is partly due to the robust social security networks of the Nordic countries.

The complete presentation of TietoEnator's Corporate Responsibility Framework, including the Code of Conduct as well as human resources, environmental and occupational health and safety policies, is available on the corporate website at www.tietoenator.com.

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 Nordic Helsinki Stock Exchange, 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 AGM 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% of the shares and votes.

In 2007, the AGM convened on 22 March at TietoEnator's office in Espoo, Finland. Altogether 247 shareholders and 7 605 933 shares (10.26% of the total outstanding shares) were represented at the meeting. All decisions were made unanimously without voting. No EGMs were held in 2007.

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 applicable Finnish legislation in effect from time to time, in particular the stipulations of the Companies Act and the Securities Market Act, and the regulations of the Stock Exchanges on which the company's shares are listed. The Board forms a quorum when more than half of its members are present. Decisions are made by a simple majority of votes. In the event of a tie, the Chairman shall have the decisive vote. The Board also draws up an annual plan of action.

Composition and election

The Board's Compensation and Nomination Committee prepares a proposal on the composition of the Board, which is then presented to the AGM for its decision. Shareholders may also propose Board members to be elected by the AGM. TietoEnator's Board of Directors shall consist of no less than six and no more than twelve members and each of these members has a term of office of one year. Board members shall be professionally competent and a 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 amongst its members.

Following the 2007 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 had a service contract with the company until the end of June 2007 when he reached his retirement age of 60 years. He is the TietoEnator Group's previous President and CEO and, therefore, not independent for corporate governance purposes.

The 2007 AGM re-elected Mariana Burenstam Linder, Bengt Halse, Kalevi Kontinen, Matti Lehti, Olli Riikkala and Anders Ullberg. In addition, the meeting elected Bruno Bonati, MSc., as a new member. Anders Eriksson and Jari Länsivuori stayed on as personnel representatives. The Board of Directors and their share ownerships in TietoEnator are presented on pages 48–49.

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 next annual action plan. The latest assessment of the Board's performance was carried out by an external expert in late 2007.

Tasks of the Board

It is the Board's general obligation to safeguard the interests of the company and its shareholders. In 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:

- determines 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
- directs the planning and evaluation activities of its committees
- 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 2007, it convened 15 times and the average attendance was 94%. The Board met three times during the year without the executive management present. With the auditors the Board met once, and this meeting took place without the executive management.

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 at least two 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 President and CEO and his immediate subordinates, and the principles of personnel compensation

METSO – 24-HOUR MESSAGE COMMUNICATIONS GUARANTEED

TietoEnator's Ostrava service centre monitors Metso's information systems to ensure a trouble-free technical environment and uninterrupted, 24-hour, global message traffic. This guarantees that all of the company's units worldwide receive support when required, no matter which time zone they are in.

Reliable, 24-hour communications are an increasingly vital aspect of Metso's daily business processes. Operations require a continual stream of up-to-date information collated from a variety of sources. TietoEnator's service ensures, for example, problem-free order data transfer to ERPs even outside office hours.

TietoEnator's solution connects the systems used throughout the Metso Group and handles all the data changes between them. In accordance with the international ITIL service standard, the end-to-end service covers the management and monitoring of applications, databases, operating systems, servers and device capacity, as well as providing global customer support.

As the first step, Metso has connected its financial administration to the global system. Business requirements will determine the next step in the integration process.

- 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 in March 2007, the Compensation and Nomination Committee is composed of Kalevi Kontinen (Chairman), Mariana Burenstam Linder and Bengt Halse. In 2007 the committee met 6 times and the attendance was close to 100%. The main issues considered by the Compensation and Nomination Committee in 2007 were Board assessment, recruitment of a new CEO, development of Corporate Management Team, compensation for the Corporate Management Team and short-term and long-term incentive plans.

Audit and Risk Committee

The Audit and Risk Committee comprises at least 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), Bruno Bonati and Olli Riikkala. In 2007 the committee met 11 times and the average attendance was 90%. The main issues considered by the Audit and Risk Committee in 2007 were the reviews of the coverage of risk management and major risks, internal audit processes and reports and financial reports.

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 the management of 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 Group 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 executive vice presidents of Group functions are responsible for Group-level coordination 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.

On 16 October 2007, the Board of Directors decided to discharge the President and CEO Pentti Heikkinen. Åke Plyhm, Deputy CEO, was appointed as interim CEO. On 17 December, the Board of Directors appointed Hannu Syrjälä as the new President and CEO effective 15 February 2008. The executive management and their holdings of shares, warrants and options are presented on pages 50–52.

TietoEnator established a Development Management Team in the spring of 2004 to support the work of the executive management and to coordinate 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 Strategic Customer Operations, HR and Communications and IR, the General Counsel, the Chief Information/Technology Officer and the vice presidents of Strategic Offering and Global Sourcing.

Operative group structure

The Group's operative management consists of the President and CEO, the CMT, 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 that serve the same customer or customer sector or share the same business logic. Both business areas and units are assigned clear financial and operational targets. They typically take their own decisions and are responsible for their own operations within the guidelines and policies set by the Board and corporate management. They are also responsible for setting their own guidelines and policies to ensure that control reaches all levels of the organization. In matters of significance for the whole Group, decision-making is transferred to higher levels of the organization 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 and motivate key 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 on in Note 6 of the Financial Statements.

Risk management

At TietoEnator, risk management is not used solely as a control mechanism, but also as a means of developing business operations and their profitability. To this end, risk management cannot be treated as a separate activity – it must be integrated into business operations. This means that each and every TietoEnator manager must shoulder the risks related to his own area of responsibility. The Group's recently established risk management function is responsible for the continuous development of the established practices. 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 at TietoEnator. It is supported by the risk management framework, which consists of structured processes and practices integrated into the business systems in order to systematically identify, analyze, evaluate, treat, monitor and communicate risks. Risks handled within the processes of the business systems can be categorized as strategic, operational and financial risks.

In the development of the strategies, risk management is used to refine the strategies and identify the risks arising from the non-achievement of the strategic objectives. The strategic risks are related to TietoEnator's desired position and the resulting threats. In the management of strategic risks, the company seeks to mitigate changes in the market conditions, demand and competitor behaviour. Some of the identified strategic risks are: changes in general or local economic trends, maturing and greater commoditization of the markets and new competition from offshore countries – which put more pressure on prices – and new business models launched by competitors. The Audit and Risk Committee of the Board has reviewed the strategic risks.

Operational risks are identified in the core business activities. In order to remain competitive, the company needs to continuously develop and improve its 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 assessing which business opportunities should be pursued, while ensuring deliveries and profitability. Examples of operational risks are efforts by customers to shift their own risks onto their suppliers as well as shortcomings in the company's ability to perform deliveries to customers profitably.

TietoEnator's financial risks consist of foreign exchange risk, interest rate risk, credit risk and liquidity risk. TietoEnator hedges these 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 page 45 of the financial statements.

Certain business-critical operations, such as the continuity of operations and corporate security, have separate risk management plans and programmes.

Major risks and their management

The company's Board of Directors regularly monitors changes in strategic factors having a bearing on the development of the business environment. In addition to these factors, these company-specific factors constitute major risks for TietoEnator.

Personnel and expertise play a significant role

TietoEnator's success hinges largely on innovation and expertise: understanding the operations of customers, IT expertise, developing new services that meet market needs, sales expertise and the ability to manage demanding deliveries. At competence-focused companies, management also plays a key role. For many years, TietoEnator has invested in processes that support managerial appointments and development. Likewise, the company has invested substantially in developing expertise and offering challenging tasks and career opportunities. HR programmes are described in greater detail in the human resources section of the Annual Review.

Different areas of expertise must be harnessed in the optimal manner. For instance, TietoEnator must be able to assemble teams of experts representing different areas of expertise and coordinate large-scale projects across competence boundaries and national borders. In addition, the company must have the capability to develop its offerings on the basis of its market knowledge and successfully sell new services.

Failure in a single area of expertise might have a knock-on effect on sales and the earnings trend, even in the short term. Furthermore, failures in key areas jeopardize the company's brand. To ensure that TietoEnator can fully deliver on its pledge to customers, the company makes substantial outlays on developing employee work practices and processes through the W2E business system (Way to Excellence) for process management.

It is of paramount importance to attract the right skilled employees to TietoEnator and retain the talents. Expanding the operations of the global centres of excellence is a particular challenge, as awareness of the company in these growth areas is considerably lower than in its home market. This might make it harder to hire new employees. In 2007, TietoEnator kicked off the Employer Branding project with a view to creating, maintaining and improving the company's image as a preferred employer, both in-house and externally. Project resources will be increased and the targeting honed in 2008. In addition, particular attention has been paid to employee compensation. For more information, see the section entitled "Compensation principles".

Personnel expenses comprise a major share of TietoEnator's expenses. Consequently it is difficult to downscale expenses in the short term. In a highly competitive market, salary increases cannot always be transferred to prices. Rising costs thus put pressure on margins. One way to reduce this risk is to decentralize service provision to various centres of excellence in countries with favourable cost structures.

Consolidation of customer companies

The business environment is in constant flux. Most changes occur gradually, which facilitates adaptation. However, changes can also be sudden – for instance, acquisitions among the company's customer base. A newly merged company seeks synergies and often makes new decisions regarding its partners. In such cases, the continuation of cooperation with old partners might hang in the balance, and customer satisfaction with TietoEnator as a service provider is a decisive factor.

In line with its strategy, TietoEnator aims to be the market leader – as a provider of end-to-end IT services in the home market and as a global provider in niche competence areas in selected customer industries. When there is consolidation in an area where TietoEnator is the market leader, both of the merging companies might already be TietoEnator customers.

Intangible rights

TietoEnator services often comprise different types of components, which may be developed by the company itself or by its partners – or the customer might provide the components. Greater use of software components increases the risk of a violation of intangible rights. As the supplier, it is TietoEnator's responsibility to ensure that neither the company nor its customers violate the intangible rights of third parties.

Acquisitions

Acquisitions involve many opportunities, but also many kinds of risks, which may be related to matters such as the target´s customer commitments, legal obligations or employee loyalty. In addition, actual synergy benefits might fall short of estimates, or the integration of functions might fail.

TietoEnator thoroughly analyzes the financial standing, accumulated expertise, customer relations and commitments of potential target companies before going ahead with the transactions. TietoEnator's track record in acquisitions is long and active. On the basis of the experience gleaned from these acquisitions, TietoEnator has specified the processes that must be utilized in the different stages of future acquisitions.

Cooperation with subcontractors

Under all circumstances, TietoEnator must ensure the success of its deliveries and carry them out in a financially profitable manner. If a delivery requires technological or application expertise that TietoEnator does not have at its disposal, the company uses subcontractors. Subcontracting involves the risks that the subcontractor might not satisfy the customer's requirements or the project profit margin might fall short of estimates.

In the case of long-term commitments, TietoEnator strives to increase its own resources. To ensure successful deliveries, the company seeks to combine its internal resources with those of the subcontractors in these commitments. For sourcing competences that are not in line with its strategy the company uses subcontractors.

Internal control

Internal control is part of TietoEnator's management systems. Specifying and monitoring decision-making responsibilities and authority within the Group form the basis of internal control. Internal financial audits are based on thorough financial monitoring, comparing the actual figures 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

Planning and reporting systems are used in the control and management of the Group's business operations. The steering system is based on balanced scorecard principles – accordingly, in addition to the financial targets and metrics, targets and indicators are also specified for customer, personnel and internal processes. 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 earnings per share (EPS). These are used in the planning and follow-up reports of the steering system and also in investment calculations. Economic value added (EVA) 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 sound out its customers' opinions. The maturity, efficiency and performance of internal business processes are monitored at the business unit level.

Insiders

TietoEnator's insider policy is based on the insider guidelines issued by the OMX Nordic Helsinki Stock Exchange. TietoEnator's insider policy defines insider information and prohibits its abuse, defines different categories of insiders, and sets out instructions on 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. The 2007 AGM re-elected the firm of authorized public accountants PricewaterhouseCoopers Oy as the Company's auditor. The 2007 financial statements of TietoEnator Corporation, including the Group accounts, were audited by PricewaterhouseCoopers Oy and the Group companies' financial statements were, with few exceptions, audited by its member firms.

The parent company's auditors are responsible for planning, coordinating and supervising the audit of the entire Group. The audit plan is revised annually in cooperation 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 2007, TietoEnator Group paid the auditors a total of EUR 1.2 million for auditing and EUR 0.7 million for consulting (EUR 1.4 and 0.6 million in 2006).

Communications

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.

TIETOENATOR – THE SEPA PARTNER

The Single Euro Payments Area (SEPA) was launched in Europe at the beginning of 2008. Consumers, companies and associations can now pay and receive euro payments within SEPA countries at the same prices and terms as in their home country. A solution is required to ensure the SEPA compliance of credit transfers.

SEPA aims to usher in harmonized practices and standards for retail payment services. This facilitates transactions such as cash withdrawals, card payments and the payment of invoices to a beneficiary in another country. SEPA also widens the range of options in the choice, purchase and sale of products and services.

For companies, the harmonization of payment transfer practices and standards enables cost-effective international business, as payments are transferred flexibly and in the same way in most European countries.

Three Nordic banks have opted for TietoEnator's solution for SEPA Credit Transfers: Handelsbanken, Nordea and Swedbank. The solution is a strategic building block for TietoEnator's Payment Framework and lays the foundation for other SEPA-compliant functions, such as direct debit processing.

Board of Directors

Chairman (from 1 January 2006) **Matti Lehti**, born 1947, nationality Finnish
Non-executive, dependent Board member

Board member since 1988

PhD (Econ.)

Chancellor of Helsinki School of Economics
Chairman of the Foundation for Economic Education
Deputy Chairman of Helsinki School of Economics Foundation
Board Member of Fortum Corporation, Pöyry Plc, Technology Industries of Finland, Finnish Information Industries and Technology Industries of Finland Centennial Foundation

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

TietoEnator shares: (12 Feb 2008): 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 Boliden, Eneqvistbolagen and Studsvik
Member of the Board of Atlas Copco, Beijer Alma and Sapa Holding
Chairman of the Swedish Financial Reporting Board
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 (12 Feb 2008): 5 000

Bruno Bonati, born 1949, nationality Swiss
Non-executive, dependent Board member

Board member since 2007
Member of the Audit and Risk Committee

MSc. (Econ.)

Independent Consultant with focus on Banking and IT
Chairman of the Board of Zürcher Schauspielhaus and Save the Children Switzerland
Board member of BestPractice, Cordys Industry Advisory and Capco Journal Editorial Board

Executive Board member, Technology & Operations, Credit Suisse Financial Services; 2002–2004
Chief Financial Officer, Technology & Services; Credit Suisse, 2000–2001
Head of department IT & Operations, Retailbanking, Credit Suisse, 1997–2000
Management positions in sales and logistics Credit Suisse Group, 1986–1996

TietoEnator shares (12 Feb 2008): 0

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

Board member since 2005
Member of Compensation and Nomination Committee

MSc. (Econ.)

Managing Partner and financial advisor at Burenstam & Partners Ltd
Member of the Board of Säkl Ltd, BTS Group Ltd, Kontanten Ltd and Burenstam & Partners

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

TietoEnator shares (12 Feb 2008): 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 minor assignments

CEO, Saab AB, 1995–2003
Various positions in the Ericsson Group, 1974–1995

TietoEnator shares (12 Feb 2008): 12 000

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.)

Member of the Board of the Sibelius Academy Foundation
Deputy Member of the Board of the Sibelius Academy

Director and Principal Fellow in Nokia and Nokia Siemens Networks 2000–2007
Executive Vice President and Member of the Group Executive Board of MeritaNordbanken, 1995–2000
Member of the Board of Union Bank of Finland, 1984–1995

TietoEnator shares (12 Feb 2008): 3 000

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,
Board member of Instrumentarium Science Foundation

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 (12 Feb 2008): 1 000

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

MSc. Computer Engineering and Computer Science

Software Designer, TietoEnator Telecom & Media

TietoEnator shares (12 Feb 2008): 0

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

Fire safety supervisor
Real estate manager, TietoEnator Corporation

TietoEnator shares (12 Feb 2008): 0

Corporate Management Team

Hannu Syrjälä, born 1966, nationality Finnish, MSc. (Econ.)
Joined the company in 2008

President and CEO
Member of the Corporate Management Team

Vice President and General Manager, Life Support Solution Business, GE Healthcare, USA 2003–2008
President, Datex-Ohmeda Division/Instrumentarium, Oximetry, Supplies and Accessories Business Area, Finland 2001–2003
Managing Director, Datex-Ohmeda, Australia 1998–2001
Sales Director, Datex-Ohmeda Division, Finland 1996–1998
Group Treasurer, Instrumentarium Corp., Finland 1993–1996
Financial Analyst, Instrumentarium Corp., Finland 1990–1993

TietoEnator shares (12 Feb 2008): 2 400
Right to subscribe for 75 000 shares and right to 16 000 shares

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, 1989

TietoEnator shares (12 Feb 2008): 290
Right to subscribe for 32 185 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 (12 Feb 2008): 0
Right to subscribe for 18 700 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

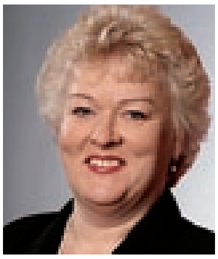
TietoEnator shares (12 Feb 2008): 600
Right to subscribe 28 500 shares

Juhani Kaisanlahti, , born 1948, nationality Finnish, Education MSc.
Joined the company in 1995

Executive Vice President and President of Healthcare & Welfare (acting)
Member of the Corporate Management Team

Deputy President, Business Area Operations, Healthcare & Welfare, July 2005 – August 2007
Senior Vice President in Public & Healthcare Business Area, 2004–2005
Vice President in Public & Healthcare Business Area, 1999–2003
General Manager in Public Administration, 1998–1999
Managing Director in Regional Government Service, 1995–1997
Director of local govermnet sector in the Finnish State Computer Centre (VTKK), 1988–1995
IT Manager in the City of Kuopio, 1982–1987
Manager of the planning department in the Kuopio University Hospital, 1975–1982
System analyst in Tietotehdas, 1974–1975

TietoEnator shares (12 Feb 2008): 3 200
Right to subscribe for 7 000 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

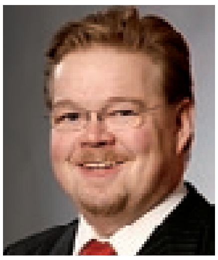
TietoEnator shares (12 Feb 2008): 0
Right to subscribe for 24 200 shares

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 (12 Feb 2008): 6 710
Right to subscribe for 43 100 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 (12 Feb 2008): 649 447
Right to subscribe for 25 000 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

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

TietoEnator shares (12 Feb 2008): 0
Right to subscribe for 16 400 shares

Reeta Kaukiainen, born 1964, nationality Finnish, Education MSc. (Pol.)
Joined the company in 2007

Executive Vice President, Communications and Investor Relations
Member of the Corporate Management Team

Vice President, Communications and Investor Relations, Elcoteq SE, 2004–2007
Manager, Investor Relations, Elcoteq SE, 2000–2004
Communications Manager, Communications Specialist, Metsä Tissue Oyj, 1998–2000
Communications Officer, Internal Auditor, oy Shell ab, Finland, 1989–1998

TietoEnator shares (12 Feb 2008): 0
Right to subscribe for 0 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 (12 Feb 2008): 36 800
Right to subscribe for 17 450 shares

Monica Ek-Lindblom, born 1957, nationality Finnish, Education MSc. (Econ.)
Joined the company in 1989–1994 and again 1996

Acting Chief Financial Officer (CFO) since 18 February 2008
Member of the Corporate Management Team

Seppo Haapalainen, born 1961, nationality Finnish, Education MSc. (Econ.)
Joined the company in 1990

Acting President, Banking & Insurance since 18 February 2008
Member of the Corporate Management Team

Financial Information & Shares and Shareholders.

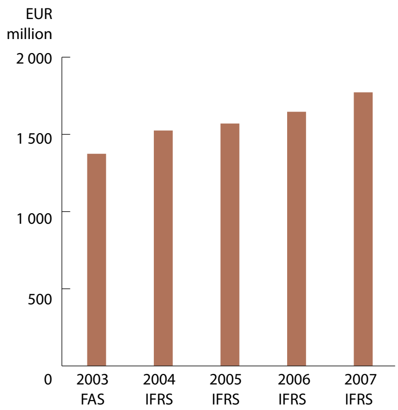
Five-year figures

	2007 IFRS	2006 IFRS Continuing operations	2005 IFRS	2004 IFRS	2003 FAS [1]
Net sales, EUR million	**1 772.4**	1 646.5	1 570.4 [2]	1 525.1	1 374.3
Operating profit (EBIT), EUR million	**1.3**	127.7	169.1 [2]	162.7	102.7
Operating margin, %	**0.1**	7.8	10.8 [2]	10.7	7.5
Profit before taxes, EUR million	**-8.6**	124.5	171.2 [2]	158.1	100.6
% of net sales	**-0.5**	7.6	10.9 [2]	10.4	7.3
Total assets, EUR million	**1 282.7**	1 374.7	1 312.0	1 087.7	807.7
Return on equity, % [3]	**-5.7**	15.5	27.3	45.9	14.1
Return on capital employed, % [3]	**7.8**	18.7	29.7	32.6	23.1
Equity ratio, %	**40.2**	48.4	39.8	48.8	60.8
Gearing, %	**34.4**	14.9	39.1	6.1	1.4
Investments, EUR million	**87.7**	77.9	267.3 [2]	166.4	61.6
% of net sales	**5.0**	4.7	17.0 [2]	10.9	4.5
Average number of employees	**15 588**	14 414	13 213	12 527	11 836

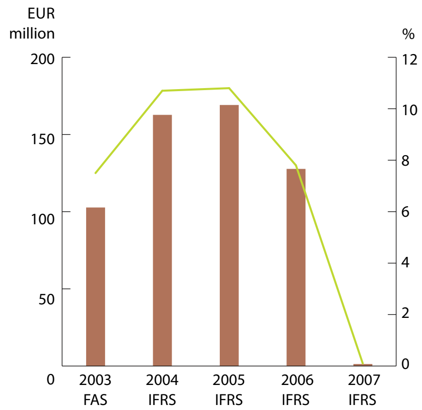
[1] FAS = Finnish accounting standards
[2] Represented for continuing operations
[3] When calculating the 2004 return on equity and return on capital employed, the 12 month averages for 2003 used in the denominator comply with FAS and not IFRS.

Per share data for 2003–2007 on Financial Review page 66.

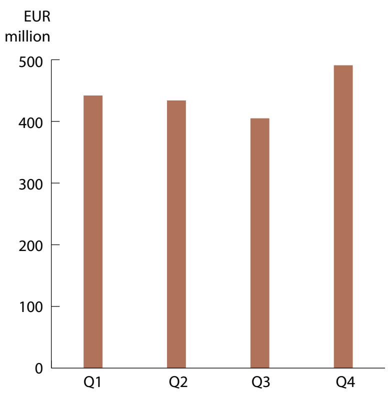
NET SALES



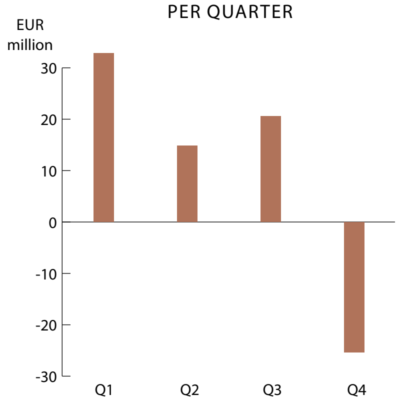
OPERATING PROFIT AND MARGIN



NET SALES PER QUARTER



OPERATING PROFIT (EBIT) PER QUARTER



excl. capital gains/losses and impairment losses

Income Statement (IFRS)

EUR million	Note	**1 Jan–31 Dec 2007**	1 Jan–31 Dec 2006
Continuing operations			
Net sales	1	**1 772.4**	1 646.5
Other operating income	2	**13.3**	25.1
Cost of sales		**276.7**	232.1
Employee benefit expenses	5, 6	**1 021.3**	938.5
Depreciation and amortization	10, 11	**77.0**	59.4
Impairment of goodwill	10	**40.0**	-
Other operating expenses	3	**369.5**	314.1
Share of associated companies' results		**0.1**	0.2
Operating profit		**1.3**	127.7
Net interest expenses	7	**-7.1**	-2.1
Net exchange losses and gains	7	**-0.7**	-0.6
Other financial income and expenses	7	**-2.1**	-0.5
Profit before taxes		**-8.6**	124.5
Income taxes	8	**-22.6**	-37.2
Net profit for the period from continuing operations		**-31.2**	87.3
Discontinued operations			
Net profit for the period from discontinued operations	31	**-**	159.7
Net profit for the period		**-31.2**	247.0
Net profit for the period attributable to			
Shareholders of the parent company		**-32.3**	243.9
Minority interest in continuing operations		**1.1**	1.0
Minority interest in discontinued operations		**-**	2.1
		-31.2	247.0
Earnings attributable to the shareholders of the parent company per share (EUR)	9		
Basic		**-0.44**	3.25
Diluted		**-0.44**	3.25
Basic from continuing operations		**-0.44**	1.15
Basic from discontinued operations		**-**	2.10
Average number of shares (1 000 shares)			
Basic		**72 941**	74 964
Diluted		**72 941**	74 998

Balance Sheets (IFRS)

EUR million	Note	**31 Dec 2007**	31 Dec 2006
ASSETS			
Non-current assets			
Goodwill	10, 14, 15	**415.7**	448.4
Other intangible assets	10	**66.4**	82.6
Property, plant and equipment	11	**76.8**	87.9
Deferred tax assets	17	**66.4**	75.2
Investment in associated companies	12	**1.6**	2.3
Other non-current assets	13	**1.5**	1.4
Total non-current assets		**628.4**	697.8
Current assets			
Trade and other receivables	18	**560.2**	503.0
Current income tax receivables		**9.9**	22.3
Interest-bearing		**11.3**	12.7
Cash and cash equivalents	19	**72.9**	138.9
Total current assets		**654.3**	676.9
Total assets		**1 282.7**	1 374.7
EQUITY AND LIABILITIES			
Share capital	20	**75.8**	75.8
Share issue premiums and other reserves	20	**39.6**	68.8
Retained earnings		**358.2**	477.8
Parent shareholders' equity		**473.6**	622.4
Minority interest		**4.0**	4.0
Total Equity		**477.6**	626.4
Non-current liabilities			
Finance lease liability	24, 25	**1.4**	13.5
Shareholders loan	25	**-**	0.8
Other interest bearing loans	25	**150.5**	153.6
Deferred tax liabilities	17	**23.4**	20.0
Pension obligations	22	**22.0**	46.4
Provisions	23	**35.9**	3.4
Other non-current liabilities		**1.7**	3.2
Total non-current liabilities		**234.9**	240.9
Current liabilities			
Trade and other payables	26	**461.7**	410.6
Current income tax liabilities		**11.6**	19.7
Interest bearing loans	25	**96.9**	77.1
Total current liabilities		**570.2**	507.4
Total equity and liabilities		**1 282.7**	1 374.7

Statement of Cash Flow (IFRS)

EUR million	Note	**1 Jan–31 Dec 2007**	1 Jan–31 Dec 2006
Cash flow from operations			
Operating profit		**1.3**	127.7
Adjustments to operating profit			
Depreciation, amortization and impairment		**117.0**	59.4
Profit/loss on sale of fixed assets and shares		**0.0**	-15.7
Share of associated companies' result		**-0.1**	-0.2
Other adjustments		**3.6**	3.5
Change in net working capital			
Change in current receivables		**-49.5**	-71.0
Change in inventories		**0.3**	0.5
Change in current non-interest bearing liabilities		**57.6**	32.7
Cash generated from continuing operations		**130.2**	136.9
Interest income received		**3.6**	7.4
Interest expenses paid		**-8.1**	-9.1
Other financial items net		**-0.1**	-1.1
Income taxes paid		**-9.9**	-24.8
Net cash flow from continuing operations		**115.7**	109.3
Net cash flow from discontinued operations		**-**	3.7
Total net cash flow from operations		**115.7**	113.0
Cash flow from investing activities			
Acquisition of Group companies and business operations, net of cash acquired	14	**-28.3**	-24.6
Capital expenditure		**-48.6**	-50.6
Disposal of business operations and associated company		**4.6**	30.4
Other investing activities		**8.0**	1.6
Net cash used in investing activities from continuing operations		**-64.3**	-43.2
Net cash used in investing activities from discontinued operations		**-**	-4.2
Total net cash used in investing activities		**-64.3**	-47.4
Cash flow from financing activities			
Dividends and donations		**-88.5**	-65.8
Repurchase of own shares		**-32.1**	-52.3
Proceeds from finance lease liabilities		**0.6**	0.6
Payment of finance lease liabilities		**-12.7**	-9.3
Change in interest-bearing liabilities		**17.1**	41.6
Change in loan receivables		**-1.2**	-3.0
Net cash change in other financing activities		**0.5**	-1.3
Net cash used in financing activities from continuing operations		**-116.3**	-89.5
Net cash used in financing activities from discontinued operations		**-**	63.0
Total net cash used in financing activities		**-116.3**	-26.5
Change in cash and cash equivalents		**-64.9**	39.1
Cash and cash equivalents at the beginning of period		**-138.9**	-99.8
Foreign exchange differences		**1.1**	0.0
Cash and cash equivalents at end the of period	19	**72.9**	138.9
		-64.9	39.1

Key Segment Tables

Net sales by business area, EUR million (primary segment) Continuing operations	2007 1–12	2006 1–12	Change %
Banking & Insurance	**293**	284	3
Telecom & Media	**664**	542	23
Government, Manufacturing & Retail	**183**	236	-22
Healthcare & Welfare	**141**	144	-2
Forest & Energy	**178**	161	11
Processing & Network	**409**	374	9
Group elimination incl. other	**-96**	-95	1
Group total	**1 772**	1 646	8

Internal sales by business area, EUR million Continuing operations	2007 1–12	2006 1–12	Change %
Banking & Insurance	**9**	8	6
Telecom & Media	**12**	12	-2
Government, Manufacturing & Retail	**11**	24	-53
Healthcare & Welfare	**10**	10	1
Forest & Energy	**5**	6	-12
Processing & Network	**56**	57	-3
Group elimination incl. other	**-7**	-24	-72
Group total	**96**	95	1

Internal sales are on arms length basis

Country sales, EUR million (secondary segment) Continuing operations	2007 1–12	Share %	Change %	2006 1–12	Share %	Change %
Finland	**802**	45	7	751	46	3
Sweden	**495**	28	9	454	28	-3
Germany	**152**	9	23	124	8	21
Norway	**88**	5	8	81	5	4
Great Britain	**55**	3	15	48	3	48
Italy	**31**	2	84	17	1	-
Denmark	**26**	1	-49	51	3	-1
France	**24**	1	32	18	1	-14
Netherlands	**23**	1	-7	25	2	61
Other	**78**	4	1	77	5	11
Group total	**1 772**	100	8	1 646	100	5

Net sales by industry segment, EUR million Continuing operations	2007 1–12	Share %	Change %	2006 1–12	Share %	Change %
Banking and insurance	**390**	22	4	374	23	23
Public	**273**	15	-7	292	18	4
Telecom and media	**650**	37	26	515	31	-6
Forest	**84**	5	-4	88	5	-1
Energy	**100**	6	27	79	5	6
Manufacturing	**99**	6	11	89	5	11
Retail and logistics	**89**	5	1	88	5	-9
Other	**87**	5	-29	122	7	21
Group total	**1 772**	100	8	1 646	100	5

Operating profit (EBIT), EUR million	**2007**	2006	Change
Continuing operations	**1–12**	1–12	%
Banking & Insurance	**-53.3**	20.1	-365.1
Telecom & Media	**53.2**	37.5	41.7
Government, Manufacturing & Retail	**-6.3**	31.2	-120.2
Healthcare & Welfare	**-5.2**	12.5	-141.5
Forest & Energy	**8.7**	7.8	11.3
Processing & Network	**32.8**	39.7	-17.5
Business areas	**29.9**	148.9	-80.0
Group Operations incl. other	**-31.5**	-24.7	27.2
Associated companies outside BAs	**0.0**	0.0	-
Group capital gain	**2.9**	3.5	-17.7
Operating profit (EBIT)	**1.3**	127.7	-99.0

Operating profit (EBIT), EUR million excl. capital gains/losses and impairment losses	**2007**	2006	Change
Continuing operations	**1–12**	1–12	%
Banking & Insurance	**-8.1**	20.1	-140.2
Telecom & Media	**53.2**	38.7	37.4
Government, Manufacturing & Retail	**-5.5**	18.0	-130.6
Healthcare & Welfare	**-6.8**	12.5	-154.2
Forest & Energy	**8.7**	7.8	11.3
Processing & Network	**32.8**	39.5	-17.1
Business areas	**74.4**	136.7	-45.6
Group Operations incl. other	**- 31.5**	-24.7	27.2
Associated companies outside BAs	**0.0**	0.0	-
Operating profit (EBIT) excl. capital gains/losses and impairment losses	**42.9**	112.0	-61.7

Operating margin (EBIT), %	**2007**	2006	Change
Continuing operations	**1–12**	1–12	
Banking & Insurance	**-18.2**	7.1	-25.3
Telecom & Media	**8.0**	6.9	1.1
Government, Manufacturing & Retail	**-3.4**	13.2	-16.7
Healthcare & Welfare	**-3.7**	8.7	-12.3
Forest & Energy	**4.9**	4.9	0.0
Processing & Network	**8.0**	10.6	-2.6
Business areas	**1.7**	9.0	-7.4
Operating margin (EBIT)	**0.1**	7.8	-7.7

Operating margin (EBIT) % excl. capital gains/losses and impairment losses	**2007**	2006	Change
Continuing operations	**1–12**	1–12	
Banking & Insurance	**-2.8**	7.1	-9.9
Telecom & Media	**8.0**	7.2	0.9
Government, Manufacturing & Retail	**-3.0**	7.6	-10.7
Healthcare & Welfare	**-4.8**	8.7	-13.5
Forest & Energy	**4.9**	4.9	0.0
Processing & Network	**8.0**	10.5	-2.5
Business areas	**4.2**	8.3	-4.1
Operating margin (EBIT), excl. capital gains/losses and impairment losses	**2.4**	6.8	-4.4

Shares and Shareholders

Share capital and shares

TietoEnator Corporation's issued and registered share capital on 31 December 2007 totalled EUR 75 841 523 and there were 73 958 173 shares.

During 2007 the number of registered shares increased by 61 new shares subscribed under the 2002 options and decreased by the cancellation of 1 883 350 repurchased shares. In December 2006 the Board of Directors decided to cancel the 1 745 000 shares repurchased in September 2006. The cancellation was registered in January 2007. In June 2007 the Board of Directors decided to cancel 138 350 own shares repurchased for the allocations in the three-year share based incentive plan. The changes in the number of shares were registered as follows:

		Shares	Total number of shares
On 25 Jan 2007	Cancellation	-1 745 000	74 096 462
On 30 Jul 2007	Cancellation	-138 350	73 958 112
On 8 Aug 2007	Options	+61	73 958 173

During 2007 TietoEnator executed one share repurchase programme. In August and September a total of 1 935 000 shares were repurchased to develop the company's capital structure. All these shares were cancelled by the Board of Directors in December. The registration of cancelled shared took place in January 2008. The number of outstanding shares (excluding the shares in the company's possession) was 71 661 523 at the end of 2007.

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

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

Stock options, warrants and share incentives

Based on the outstanding warrants and options on 31 December 2007, the total number of shares may increase, at the maximum, as follows:

	Maximum number of new shares	Subscription period	Exercise price, EUR
Stock option 2002 A/B	1 333 209	–30 Jun 2009	22.18
Stock option 2006 A	460 550	1 Mar 2009 –31 Mar 2011	28.52
Stock option 2006 B	546 800	1Mar 2010 –31 Mar 2012	20.29
Total	2 340 559		

In addition to these, TietoEnator Corporation still has 792 650 stock options from the 2006 stock option plan. The Board of Directors will decide about the allocation of these options during the year 2008. If all the option rights in the company's possession are taken into account, the number of shares could increase by a maximum of 3 133 209. 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 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 in December 2006 into options marked 2002 A/B. The 2002 A/B options are listed only on the OMX Nordic Helsinki Stock Exchange.

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 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 2007 was based on the TietoEnator Group's earnings per share (EPS) increasing 0–30% compared with 2006. As the 2007 financial targets were not met there will be no share allocation in 2008. The third performance period will be 2008. The allocation regarding 2008 will be made in 2009 and the target criteria for the third performance period will be decided by the Board of Directors during the first quarter of 2008.

The average price of the TietoEnator share in 2007 was EUR 19.97 on the OMX Nordic Helsinki Stock Exchange, which was lower than the exercise price of the 2002 A/B option programme, EUR 22.18.

Board authorizations

The 2007 Annual General Meeting authorized the Board of Directors to repurchase the company's own shares to the extent that does not exceed 10% of the company's aggregate number of shares. The authorization is to be used to develop the company's capital structure.

In July the Board of Directors decided to start a new share repurchase programme. The maximum amount to be used under this programme was EUR 80 million to purchase a maximum of 3.50 million shares. A total of 1 935 000 shares were repurchased in August and September at an average price of EUR 16.60. In October, the Board of Directors put the repurchase programme on hold.

The Board was also authorized to issue shares, option rights and convertible bonds. The authorization shall be in force until the close of the next Annual General Meeting, however, until 22 September 2008 at most. Based on this authorization the share capital may increase by at most EUR 14 819 292. 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 27 071 registered shareholders at the end of 2007. Based on the ownership records of the Finnish and Swedish central security depositories 33% of TietoEnator's shares were held by Finnish and 17% by Swedish investors. In total, there were 24 360 retail investors in Finland and Sweden and they held 13% of TietoEnator's shares.

At the beginning of July, Deutsche Bank AG announced that its holding in TietoEnator Corporation represented 5.01% of the shares and voting rights. Later in July, Deutsche Bank AG announced that its holding has decreased to 4.18%. In October Goldman Sachs Group, Inc. announced that its holding in TietoEnator Corporation had increased to 7 739 534 shares, which represents 10.46% of the shares and voting rights.

The Board of Directors and the Interim CEO together owned 0.08% of all the shares and votes at the end of 2007. Based on the bonds with warrants and options, they can increase their aggregate holding to at most 0.21% 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 the 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.

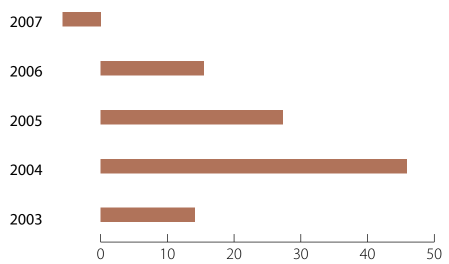
Share performance and trading

In 2007, the turnover of TietoEnator's shares totalled EUR 6 192.2 million (310 031 655 shares) in Helsinki and SEK 10 732.6 million (57 572 330 shares) in Stockholm. The total number of shares traded represented 504% of the average number of outstanding shares.

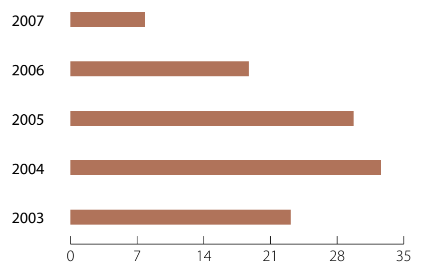
On OMX Nordic Helsinki Stock Exchange the average share price in 2007 was EUR 19.97. At the end of the year the share price was EUR 15.36. The highest price was EUR 25.20 and the lowest EUR 13.70. The market capitalization at the end of the year totalled EUR 1 136.0 million.

The TietoEnator share price fell 37.2% in Helsinki and 35.8% in Stockholm during the year. At the same time, OMX Helsinki All Share Index gained by 20.5% and the OMX Helsinki Cap Index by 3.8%. OMX Stockholm All Share Index fell 6.0% in 2007.

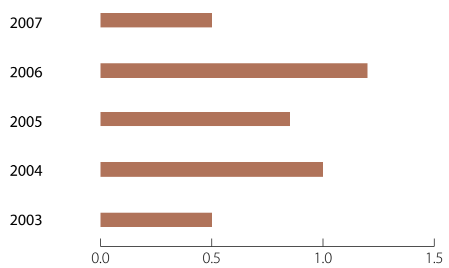
RETURN ON EQUITY, %



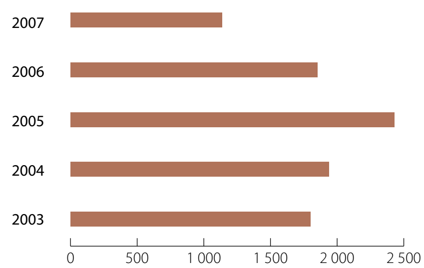
RETURN ON CAPITAL EMPLOYED, %



DIVIDEND / SHARE, EUR



MARKET CAPITALIZATION, EUR MILLION



	2007 IFRS	2006 IFRS	2005 IFRS	2004 IFRS	2003 FAS
SHARE INFORMATION					
Changes in share capital					
Share capital at year end, EUR	**75 841 523**	75 841 462	78 743 322	82 886 444	82 886 444
Number of shares	**73 958 173**	75 841 462	78 743 322	82 886 444	82 886 444
Adjusted number of shares at year end	**73 958 173**	75 841 462	78 743 322	82 886 444	82 886 444
Adjusted average for the year	**72 941 089**	74 963 658	78 063 022	81 977 804	82 886 444
Per share data					
Earnings per share, EUR					
- basic	**-0.44**	3.25	1.75	2.71	0.79
- diluted	**-0.44**	3.25	1.75	2.71	
Earnings from continuing operations per share, EUR [1]	**0.29**	1.18	1.64		
Equity per share EUR	**6.67**	8.51	6.60	6.49	5.74

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

	2007 IFRS	2006 IFRS	2005 IFRS	2004 IFRS	2003 FAS
Share price performance and trading volumes					
OMX Nordic Helsinki Stock Exchange					
Highest price of share, EUR	**25.20**	32.88	31.16	27.70	24.55
Lowest price of share, EUR	**13.70**	17.48	22.30	19.90	11.5
Average price of share, EUR	**19.97**	23.98	26.02	23.58	16.91
Turnover, number of shares	**310 031 655**	217 734 156	149 733 710	127 507 163	104 692 989
Turnover, %	**425.0**	290.5	191.8	155.5	126.3
OMX Nordic Stockholm Stock Exchange					
Highest price of share, SEK	**231.00**	307.00	292.00	254.00	220
Lowest price of share, SEK	**128.25**	160.50	202.00	184.00	107
Average price of share, SEK	**186.42**	218.30	241.20	216.71	153.58
Turnover, number of shares	**57 572 330**	41 054 225	26 454 896	11 205 872	15 257 580
Turnover, %	**78.9**	54.8	33.9	13.7	18.4
Market capitalization, EUR million	**1 136.0**	1 853.6	2 429.2	1 939.5	1 798.60
Dividends					
Dividend, EUR 1 000	**35 831**	88 316	64 464	78 742	41 443
Dividend per share EUR	**0.50**	1.20	0.85	1.00	0.5
Extra dividend paid 2004, EUR 1 000				39 371	
Dividend per share EUR				0.50	
Payout ratio, %	**-113.6**	36.9	48.6	47.0	63.3
Price-weighted ratios					
OMX Nordic Helsinki Stock Exchange					
Price per earnings ratio (P/E)	**-35**	8	18	9	28
Dividend yield, %	**3.3**	4.9	2.8	6.4	2.3
OMX Nordic Stockholm Stock Exchange					
Price per earnings ratio (P/E)	**-35**	8	17	9	28
Dividend yield, %	**3.3**	4.8	2.8	6.5	2.3

Major shareholders on 31 December 2007

		Shares	%
1	Didner & Gerge Aktiefond	2 335 000	3.2%
2	TietoEnator	2 296 650	3.1%
3	Swedbank Roburs funds	1 723 282	2.3%
4	Mutual Pension Insurance Company Ilmarinen	1 576 450	2.1%
5	Svenska Litteratursällskapet i Finland	1 298 000	1.8%
6	OP funds	1 272 754	1.7%
7	ABN Amro funds	1 083 804	1.5%
8	Danske funds	1 044 800	1.4%
9	The State Pension Fund	800 000	1.1%
10	Nordea funds	680 396	0.9%
	Remaining nominee registered	44 295 193	59.9%
	Others	15 551 844	21.0%
	Total	73 958 173	100.0%

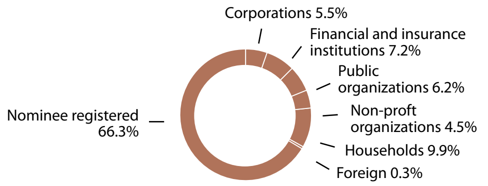
Based on ownership records of the Finnish and Swedish central security depositories.

The number of shares in TietoEnator's possession includes 361 650 shares repurchased in May 2006 for the three-year share-based incentive plan and 1 935 000 shares repurchased during the third quarter of 2007.

In October Goldman Sachs Group, Inc. announced that its holding in TietoEnator Corporation had increased to 7 739 534 shares, which represents 10.46% of the share capital and voting rights.

OWNERSHIP STRUCTURE ON 31 DECEMBER 2007

% of shares



Based on ownership records of the Finnish central security depository.

TietoEnator, trading codes

OMX Nordic Helsinki Stock Exchange	TIE1V
OMX Nordic 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

Division of shares on 31 December 2007

Number of shares	Shareholders		Shares	
	No	%	No	%
1–100	4 513	36.1	274 160	0.4
101–500	4 705	37.6	1 282 085	1.7
501–1 000	1 465	11.7	1 139 502	1.5
1 001–5 000	1 491	11.9	3 261 646	4.4
5 001–10 000	164	1.3	1 198 861	1.6
10 001–50 000	105	0.8	2 236 261	3.0
50 001–100 000	25	0.2	1 746 021	2.4
100 001–500 000	27	0.2	5 329 899	7.2
500 001–999 999 999 999	12	0.1	57 470 578	77.7
Joint book-entry account			19 160	0.0
Total	12 507	100.0	73 958 173	100.0
Nominee registered	17		49 033 871	66.3

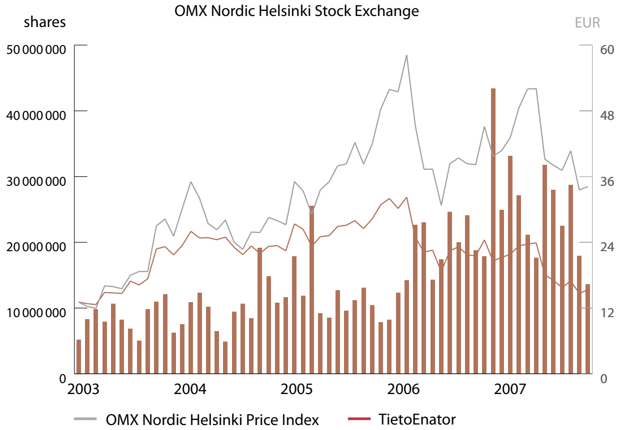
Based on ownership records of the OMX Nordic Helsinki Stock Exchange.

Changes in share capital

(1 share = 1 vote)	Shares	Share capital, EUR
Total on 31 December 2004	82 886 444	82 886 444
Nullifying of company's own shares, 7 April 2005	4 144 322	4 144 322
Bonds with options subscribed, registered on 16 Dec. 2005	1 200	1 200
Total on 31 December 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 April 2006	50	50
Nullifying of company's own shares, 10 April 2006	2 903 860	2 903 860
Bonds with options subscribed, registered on 13 June 2006	1 200	1 200
Total on 31 December 2006	75 841 462	75 841 462
Nullifying of company's own shares, 19 Dec 2006, registered 25 Jan 2007	1 745 000	0
Nullifying of company's own shares, 26 Jun 2007, registered 30 Jul 2007	138 350	0
Bonds with options subscribed, registered on 8 August 2007	61	61
Nullifying of company's own shares, 20 Dec 2007, registered 9 Jan 2008	1 935 000	0
Total on 9 Jan 2008	72 023 173	75 841 523

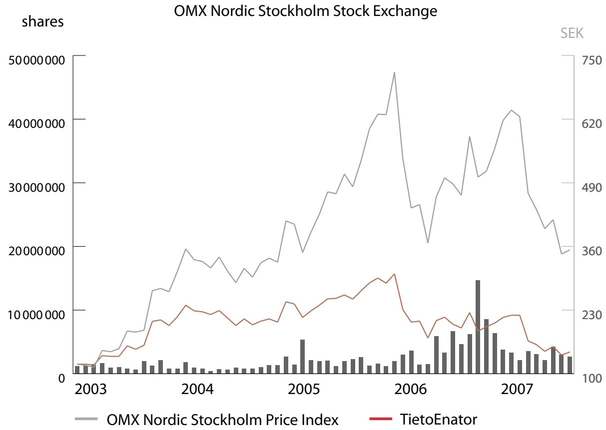
SHARE PRICE DEVELOPMENT AND TOTAL TURNOVER

OMX Nordic Helsinki Stock Exchange



SHARE PRICE DEVELOPMENT AND TOTAL TURNOVER

OMX Nordic Stockholm Stock Exchange



Information for Shareholders

Annual General Meeting

TietoEnator Corporation's Annual General Meeting (AGM) will be held at the Company's premises, Kutojantie 6–8, Espoo, Finland, on Thursday 27 March 2008 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 Monday 17 March 2008 and to notify their wish to attend the meeting not later than Thursday 20 March 2008 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 17 March 2008 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 12 March 2008 at 12.00 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 20 March 2008 either:

> at internet	www.tietoenator.com/agm
> by e-mail	agm@tietoenator.com
> by phone	+358 9 8626 2203
> by telefax	+358 2060 20232
> by mail	TietoEnator, Legal/AGM, 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 20 March 2008.

Dividend payment

The Board of Directors proposes to the AGM that a dividend of EUR 0.50 per share be paid on the financial year 2007. 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 1 April 2008. It is proposed that the dividend be paid on 15 April 2008.

Shareholders' calendar for 2008

> 6 February	Interim report for the fourth quarter and Financial Statement Bulletin 2007
> Week 7	Financial Review 2007, Annual Review 2007 (pdf)
> 5 March	Financial Review 2007, Annual Review 2007 (printed)
> 17 March	Record date for AGM
> 27 March	AGM
> 1 April	Record date for dividend
> 15 April	Dividend payment
> 24 April	Interim Report for the first quarter 2008
> 18 July	Interim Report for the second quarter 2008
> 28 October	Interim Report for the third quarter 2008

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

To order the printed Annual Review 2007 and Financial Review 2007:

- 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

The annual summary of TietoEnator's stock exchange releases and announcements in 2007 is available on the company's website at http://www.tietoenator.com/Press room.

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fax +358 9 862 63091
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 at www.tietoenator.com.

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Registered office: Espoo, Finland

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Fax +358 9 8626 2685
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www.tietoenator.com

TietoEnator

Financial Review 2007.

TietoEnator

Content

TietoEnator.

- TietoEnator is an IT service company that develops and hosts digital businesses and provides consulting for its customers.

- TietoEnator holds a leading position as a full-scale IT services provider in its home market in the Nordic countries and the Baltic Rim. In the international market, TietoEnator focuses on selected competence areas, aiming to bolster its leadership as the partner for telecom R&D services and its good market position in the forest and oil & gas industries.

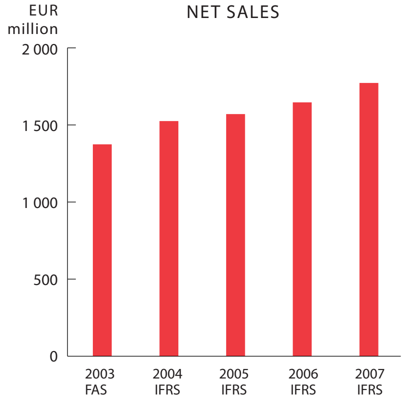
- The company's leadership hinges on customer intimacy, knowledge of the customer industries and robust expertise in managing wide-scale changes in business and IT.

- TietoEnator works with many internationally leading companies and grows in step with them in their main markets.

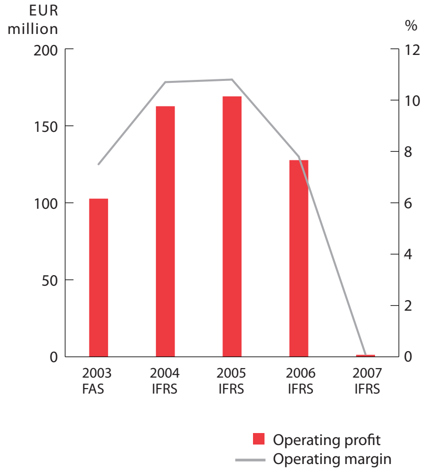
Key Figures

	2007	2006
Net sales, EUR million	**1 772.4**	1 646.5
Operating profit excl. goodwill impairment and one-time capital gains and losses, EUR million	**42.9**	112.0
Margin, %	**2.4**	6.8
Operating profit (EBIT), EUR million	**1.3**	127.7
Operating margin, %	**0.1**	7.8
Profit before taxes, EUR million	**-8.6**	124.5
Earnings per share, EUR	**-0.44**	1.15
Equity per share, EUR	**6.67**	8.51
Dividend per share, EUR	**0.50**	1.20
Investments, EUR million	**87.7**	77.9
Return on equity, %	**-5.7**	15.5
Return on capital employed, %	**7.8**	18.7
Gearing, %	**34.4**	14.9
Equity ratio, %	**40.2**	48.4
Personnel on average	**15 588**	14 414
Personnel on 31 Dec	**16 324**	14 597

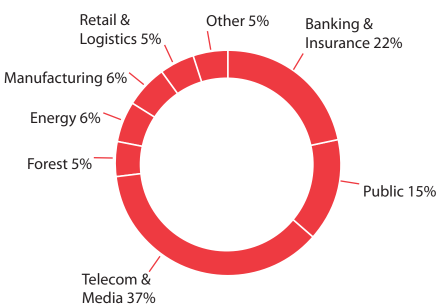
NET SALES



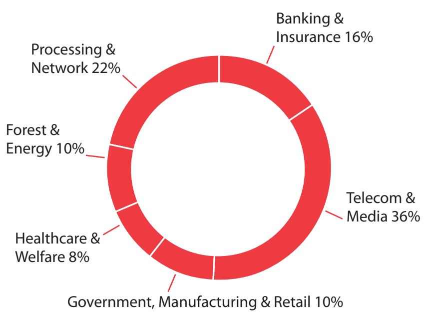
OPERATING PROFIT AND MARGIN



NET SALES BY INDUSTRY SEGMENT



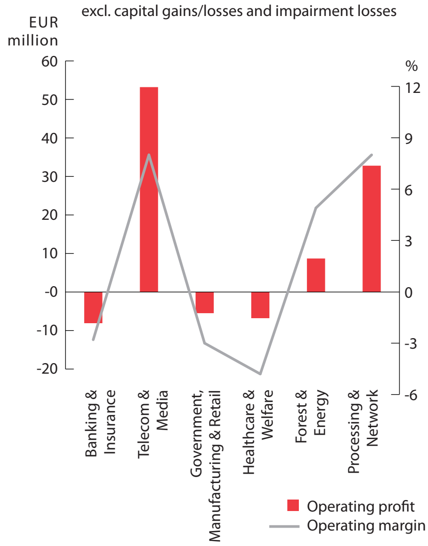
NET SALES BY BUSINESS AREA



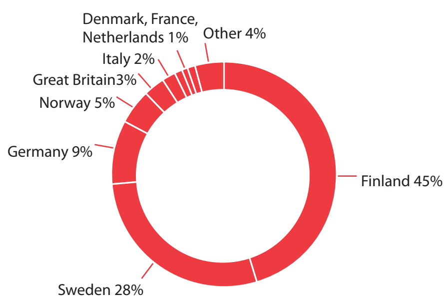
Share of business areas' combined net sales. Group eliminations not included in the calculation of figures.

OPERATING PROFIT AND MARGIN BY BUSINESS AREA

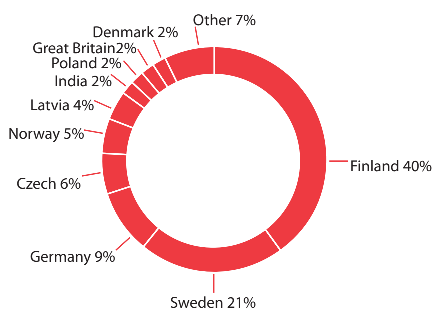
excl. capital gains/losses and impairment losses



NET SALES BY COUNTRY



PERSONNEL BY COUNTRY



Report by the Board of Directors

Revised strategy and Performance Improvement Programme

In October 2007, TietoEnator's Board of Directors approved the company's revised strategy, which aims at restoring the company's profitability and securing a sustainable basis for future growth. The elements of the new strategy include separate regional and global strategies, repositioning the repeatable solutions business and a Performance Improvement Programme.

The company has decided to expand its Profit 2007 programme, turning it into an accelerated performance improvement plan that covers all of TietoEnator's business areas, horizontal units and group operations, all of which have committed to specific targets, activities and a rapid implementation timeline.

The actions are expected to improve TietoEnator's profitability significantly. TietoEnator estimates that the plan will generate annual cost savings of more than EUR 100 million as from the end of 2009. The benefits are expected to materialize with an over 50% run-rate effect from the end of 2008 and in full from the end of 2009.

Related to the programme, TietoEnator will book restructuring costs, provisions and impairments totalling approximately EUR 160 million of which about EUR 100 million have a cash flow effect. One-off costs of EUR 104.7 million materialized in 2007. The rest will be booked during 2008 and 2009.

Market development

The market situation remained positive in 2007. The Nordic IT services market that is relevant to TietoEnator grew by 6–7%. Customers are investing in IT solutions that help them to launch innovative new services and boost profits. This was one of the main growth drivers. In most areas prices were either stable or slightly higher than the year before. Price pressure persists in some segments, such as infrastructure services. Coupled with increasing personnel costs, this has put pressure on margins. Personnel costs are increased not only by annual salary raises, but also by a high personnel turnover.

Banking and insurance

Overall demand in the financial services sector is at a healthy level, but very competitive in certain areas. Price pressure persists, partly due to offshore competition from territories such as India and Eastern Europe. Regulatory changes in the European Union are creating new demand in the payments and capital markets areas. Customers in the banking sector are becoming somewhat cautious about future economic development and its impact on IT expenditure. The subprime crisis has not had any material impact on the demand of TietoEnator's services.

Telecom and media

The overall market situation in the telecom and media sectors is good and TietoEnator's prospects for further growth are positive. The accelerating convergence in telecom services is driving up demand for IT services. Operators are also looking for new IT solutions to boost their competitiveness. The R&D market is being restructured and relocated as customers increase their presence in countries with favourable cost-structures. R&D responsibilities are outsourced to strong partners to secure continuity, and R&D spending in offshore countries is on the rise due to cost-efficiency considerations and the importance of new markets.

Government, manufacturing and retail

Overall demand is solid in all of these areas as customers are seeking to improve performance and productivity. Demand in the Finnish government sector is good. Government customers plan to start several large development projects in the coming years. However, the new framework arrangement for the sourcing of technical IT consulting has ushered in price pressures. The arrangement was established by Hansel Ltd, the central procurement unit of the State of Finland. The positive trend in the manufacturing industry is expected to continue. Retail customers are in the market for IT systems to help them provide new ways to manage customer needs and changes in customer behaviour towards multichannel buying.

Healthcare and welfare

Thanks to IT standardization and national development efforts to harmonize healthcare IT, demand in the Finnish healthcare market is good. That said, the market is competitive. In Sweden and Norway the market is fragmented and develops slowly. Many projects have been postponed and some projects have been scaled down to smaller deliveries. The finances of healthcare service providers are in a squeeze, which has made the market very challenging. The Central European market is dominated by big companies. The Nordic welfare market has shown a clear growth trend. Customers are waiting for the next wave of digitalized services.

Forest and energy

In the forest sector, there is steady demand for investments to harmonize IT systems and infrastructure. In the Nordic countries, the customers are restructuring their operations and closing down excess capacity, but they are interested in expanding business in Asia and Russia. Demand is stable in North America, while it is very brisk in South America and Asia.

In the energy sector, the market situation remains favourable for the oil and gas segment as well as for the utility segment. Larger investments in finding new oil reservoirs and utilizing old ones, growing demand for energy and the good economic situation of energy companies ensure IT investments in the coming years. In some competence areas there is a shortage of experienced resources.

Infrastructure outsourcing

The market for infrastructure outsourcing is good with a continuous flow of mid-sized tender requests. Customers are looking for more flexible solutions and request broader service agreements that provide coverage for entire business processes. Prices for traditional infrastructure services are under continuous pressure.

Changes in the corporate structure and major outsourcing agreements

The most significant changes in corporate structure took place in telecom. In October, TietoEnator acquired Fortuna Technologies Pvt. Ltd. in India. The company has approximately 300 employees

CHANGES IN STRUCTURE 2007

Company, country	% of shares	Business	Net sales	Employees	Date	Business Area
ACQUISITIONS / SHARE PURCHASES						
Abaris AB, Sweden	100	IT services for capital markets	EUR 10 million estimated in 2007	86	Jan 2007	B&I
Provisio AB, Sweden	100	IT services for healthcare industry	EUR 1.2 million estimated in 2006	7	Feb 2007	H&W
Fortuna Technologies Pvt. Ltd., India	100	Telecom R&D services	EUR 11 million expected in 2008	300	Oct 2007	T&M
OUTSOURCINGS / BUSINESS ACTIVITIES (organic growth)						
ÅF, Sweden		IT infrastructure services	EUR 12.4 million in 3 years	20	Feb 2007	P&N
Ericsson design centre, Denmark		Telecom R&D services	EUR 10 million estimated in 2007	86	Feb 2007	T&M
Nokia Siemens Networks, Finland		Telecom R&D services	Not announced	230	Jul 2007	T&M
Apoteket, Sweden		IT infrastructure services and IT services for healthcare industry	EUR 57 million expected in 4 years	-	Jun 2007	P&N, H&W , DI
DIVESTMENTS						
TietoEnator Libraries Oy, Finland	51	Library solutions in Finland	EUR 2.4 million in 2006	29	Apr 2007	H&W
TietoEnator GM&R AB, Sweden	100	IT services for retail and logistics industries	Not announced	23	Sep 2007	GMR
Reinsurance and leasing business, Germany		IT services for financial service industry	EUR 3 million in 2006	20	Nov 2007	B&I
Education business, Finland		Educational administration solutions in Finland	Not announced	-	Jan 2008	H&W

B&I = Banking & Insurance, T&M = Telecom & Media, GMR = Government, Manufacturing & Retail
H&W = Healthcare & Welfare, F&E = Forest & Energy, P&N = Processing & Network, DI = Digital Innovations

and provides R&D services and develops turnkey software solutions for major European and Asian mobile device manufacturers of 3G handsets. The impact on TietoEnator's net sales for 2008 is expected to be approximately EUR 11 million.

In January, TietoEnator agreed to acquire the Swedish company Abaris AB, which specializes in securities processing solutions. The company employs 86 people in Sweden, Finland and Norway and its net sales in 2007 were around EUR 10 million.

In February, TietoEnator assumed responsibility for Ericsson's design centre in Aarhus, Denmark, with 86 employees. The design centre supplies IP software building blocks for Ericsson products. Estimated net sales for the unit in 2007 were EUR 10 million.

In June, TietoEnator agreed on further co-operation with Nokia Siemens Networks. TietoEnator incorporated parts of Nokia Siemens Network's Finnish R&D operations for mobile networks and took on the R&D responsibilities for certain parts of Nokia Siemens Networks' product portfolio. Approximately 230 employees joined TietoEnator Telecom & Media at the beginning of July.

In February, TietoEnator concluded the acquisition of Provisio AB in Sweden. The company specializes in operation room information systems and has seven employees in Lund.

In January, TietoEnator and ÅF Group, a Swedish technical consulting company, agreed that TietoEnator would assume responsibility for ÅF Group's internal IT operations. Around 20 people transferred to TietoEnator Processing & Network. The contract will run for three years and is valued at around EUR 12 million.

In June, the Swedish state-owned pharmacy chain Apoteket AB chose TietoEnator as its new supplier of ICT operations management, applications integration, applications management and workstation management and support. The agreement consists of several contracts with an average term of close to four years. According to TietoEnator estimates, the total value of the order will be around EUR 57 million. In addition, the contracts can be extended by one to two years. Net sales from these contracts will be divided between Processing & Networks, Healthcare & Welfare and Digital Innovations.

In July, TietoEnator announced its plan to establish a new global sourcing site in Belarus during the autumn of 2007. Operations were set up with a local partner, with TietoEnator holding the majority ownership. The establishment of the sourcing site did not have a material impact on TietoEnator's financial performance in 2007. In the fourth quarter, a decision was made to open a telecom R&D centre in Chengdu, China.

TietoEnator made several small divestments during the year. In February TietoEnator divested its minority holding in S.E.S.A. Spa in Italy and in April its holding in TietoEnator Libraries Oy to AXIELL bibliotek AB. In September TietoEnator decided to sell TietoEnator GM&R AB in Sweden, which has 23 employees. In October, TietoEnator entered into an agreement to sell its reinsurance and leasing operations in Germany to the management under an MBO (management buyout) arrangement and in December TietoEnator decided to sell its education business in Finland to Nextime Solutions Oy.

New long-term financial targets

TietoEnator's Board of Directors decided on new long-term financial targets in July 2007. The new long-term targets are:

- To grow organically at a higher rate than the relevant market. Growth strategy is also supported by acquisitions.
- Operating margin (EBIT%) of over 10%.

The targets related to capital structure and dividend payout remain the same:

- Long-term gearing target of 40%.
- Dividend payout ratio of around 50% of net income including one-time items. However, the annual dividend payout ratio depends on the financial position and the major investment needs of the company.

Net sales

Net sales for continuing operations increased by 8% to EUR 1 772.4 (1 646.5) million. Organic growth totalled 9%.

The strongest growth was seen in Telecom & Media thanks to the good market situation and several new, larger contracts landed during 2007. The business area bolstered its position among its key customers as well. Net sales of Government, Manufacturing & Retail declined by 22% mainly due to the divestment of government businesses in Denmark, Norway and Sweden in 2006. Good market conditions in the energy sector were the main driver of Forest & Energy's healthy growth.

TietoEnator's full-year growth was 9% in Sweden, 7% in Finland and 8% in Norway. In Germany, net sales grew by 23%, thanks mainly to new outsourcing contracts. Net sales in Denmark declined by 49%, mainly due to the divestment of government business in October 2006. In the UK, growth was strong at 15%.

Telecom and media posted strong growth, increasing its share of consolidated net sales to 37% (31). The banking and insurance sector generated 22% (23) of net sales, whereas the public sector's share declined to 15% (18). The forest sector's contribution was 5% (5) and the energy sector's 6% (5).

The order backlog, which only comprises services ordered with binding contracts, amounted to EUR 1 058.1 million (1 244.7) at the end of the period. A few large contracts with current customers have ended and some of them are to be renegotiated. Processing & Network's share of the order backlog is 33%. In total 61% (51) of the backlog is expected to be invoiced in 2008.

Profitability

Operating profit for continuing operations totalled EUR 1.3 (127.7) million. Net capital losses were EUR 1.6 (net gains 15.7) million. Operating profit excluding capital gains or losses was EUR 2.9 (112.0) million representing a margin of 0.2% (6.8).

Operating profit was lower in 2007 than in the previous year. Operating profit was burdened by several loss-making delivery projects and the challenges faced in the product-based solution business, especially in Banking & Insurance and Healthcare & Welfare. Additionally, high personnel costs and subcontracting costs, coupled with price pressure, had a negative impact on profitability.

In October, TietoEnator decided to start an accelerated Performance Improvement Programme. TietoEnator booked programme-related one-off costs totalling EUR 104.7 million in 2007.

The business areas that were most heavily impacted by the one-off items were Banking & Insurance (EUR 49.6 million), Government, Manufacturing & Retail (EUR 16.4 million) and Healthcare & Welfare (EUR 9.8 million).

Full-year restructuring expenses amounted to EUR 30.7 (12.4) million of which EUR 22.1 million was booked in the fourth quarter and was related to Performance Improvement Programme.

The full-year operating margin, excl. capital gains or losses, in TietoEnator's main markets was 12% (15) in Finland and 1% (2) in Sweden. Compared to 2006, profitability was weaker in all markets due to loss-making projects, restructuring, impairment losses and unfavourable development of pricing and costs. Operating margin outside Finland and Sweden was negative in 2007.

Operating profit (EBIT) included EUR 9.8 (8.8) million from amortization on allocated intangible assets. Costs for share-based payments of EUR 2.3 (4.0) million were included in employee benefit expenses.

Net financial expenses were EUR 9.9 (3.2) million in 2007. Net interest expenses were EUR 7.1 (2.1) million and net losses from foreign exchange transactions EUR 0.7 (0.6) million.

Net profit from continuing operations amounted to EUR -31.2 (87.3) million in 2007.

Income taxes for 2007 were EUR 22.6 (37.2) million. High taxes are mainly due to non-deductible impairment of goodwill and unrecognized tax losses.

Full-year earnings per share from continuing operations totalled EUR -0.44 (1.15).

Return on capital employed (ROCE) was 7.8% (18.7) and the return on shareholders' equity (ROE) -5.7% (15.5).

Financing and investments

Net cash flow from operations amounted to EUR 115.7 (113.0) million. Operating profit contributed EUR 121.8 (174.7) million and the decrease in working capital contributed EUR 8.4 (consumed 37.8) million. Tax payments amounted to EUR 9.9 (24.8) million. The deferred tax asset was further employed in Finland.

Payments for acquisitions totalled EUR 28.3 million. Divestments generated cash totalling EUR 4.6 million. Total dividends of EUR 88.3 million were paid to the shareholders of the parent company in April and altogether EUR 32.1 million was used for the share repurchase programmes in August and September.

At the end of 2007, the consolidated balance sheet totalled EUR 1 282.7 (1 374.7) million, a 7% decrease compared with 2006. The equity ratio was 40.2% (48.4). Gearing increased to 34.4 % (14.9). Net debt totalled EUR 164.5 (93.4) million, including EUR 247.3 million in interest-bearing debt, EUR 1.4 million in finance lease liabilities, EUR 11.2 million in finance lease receivables and EUR 72.9 million in cash and cash equivalents.

The interest-bearing debt consists of one seven-year bond at EUR 100 million and one seven-year private placement at EUR 50 million, and usage of EUR 96 million from the short-term EUR 250 million commercial paper programme. At the end of the year, unused credit facilities totalled about EUR 404 million.

Accrual-based investments totalled EUR 87.7 (77.9) million for the period. Capital expenditure including financial leasing accounted for EUR 52.9 (50.9) million, investments in business activities for EUR 0.0 (5.5) million, and investments in subsidiary and associated company shares for EUR 34.8 (21.5) million.

Personnel

The number of full-time personnel totalled 16 324 (14 597) at the end of 2007. The average number of employees during 2007 was

15 588 (14 414). TietoEnator hired 3 066 (2 090) new employees in 2007. The highest increase in personnel occurred in offshore countries. Acquisitions and new outsourcing agreements raised the number of personnel by about 834.

In 2007, a total of 210 employees were made redundant, primarily in the Telecom & Media and Processing & Network business areas.

Employee turnover was higher than in 2006 at 11.3% (9.0).

Wages and salaries for 2007 were EUR 763.5 (701.2) million.

At the end of 2007, about 3 270 (2 000) employees worked in offshore countries, that is 19% (13) of the Group's total number of personnel. In January, TietoEnator recruited 140 people who had previously worked in the Taiwanese BenQ's R&D centre in Wroclaw, southern Poland. In September, TietoEnator signed an agreement to acquire Fortuna Technologies Pvt. Ltd, an Indian company with about 300 employees. In the autumn, the company also established a new global sourcing site in Minsk, Belarus.

TietoEnator's global sourcing focuses on Eastern Europe and is rounded out by selected competence centres in Asia. European customers often prefer their service centres to be located in Europe. This strategy also involves smaller risks compared to dependency on a single country and market. TietoEnator will accelerate operations in countries with favourable cost levels so that these countries will account for 40% of all personnel during the next 3–5 years. Growth will primarily be achieved through expanding existing competence centres, although some acquisitions may be made.

The rise in the number of employees working in offshore countries has created a need to support the growth of global competence centres by helping them to attract, recruit and retain the best talents available at a suitable cost level.

In 2007, a new people strategy was established for the next three years. The main issues addressed by the strategy are competence sourcing and career path development, leadership development, compensation & benefits issues and actions to achieve preferred employer status, both in-house and externally.

TietoEnator strongly promotes career guidance services that boost the internal mobility of employees. These services are intended to support employees who wish to further their careers and take on new roles. In 2007, TietoEnator's Talent Centre service was developed further to cover a broader range of measures in support of internal mobility and career development. Renamed Career CHOICE, it seeks to increase the availability of talented individuals for managerial and expert positions, attach staff to projects faster and step up the utilization rate. In case business volumes decrease in some area, Career CHOICE will also help employees to find job opportunities in other parts of the company.

A global career path framework was established in 2007 to further advance the competence and career development of TietoEnator's employees. It is a high-level framework providing a general overview of career possibilities within TietoEnator.

TietoEnator has three strategic training programmes covering personnel and general management, project management and sales. Group-level training programmes for top management, middle and first-line management were continued on the basis of existing programmes. Design and expansion of the expert learning path was also begun in 2007.

Competence and performance monitoring at TietoEnator is managed using Business Driven People Management (BRIDGE). This process is based on development discussions between every employee and his or her closest manager.

Management planning was expanded to all levels, from the top management right down to department and team level. Management planning aims to ensure that the Group has professional, experienced and committed managers, both in the long and short term.

In 2007, TietoEnator bolstered its position as a desired employer in its strategic growth markets: India, the Czech Republic, Lithuania, Latvia and Poland. The creation of an employer brand aims to make TietoEnator a recognized and desired employer in those markets where the company is not generally well-known.

New compensation policies were introduced in 2007. Compensation consists of three elements: basic wages or salary, short-term incentive programmes (yearly bonuses) and long-term incentive programmes (options and other share-based incentives). TietoEnator employs a system of all-round compensation in which the monetary component is complemented by other benefits.

TietoEnator gauges its personnel satisfaction on an annual basis. 2007 results were weaker than 2006, although they varied between countries and business areas. Feedback received through these studies is one important factor on which future action plans are based.

Occupational safety programmes have been drawn up at country or unit level in accordance with each country's practices and legislation. As TietoEnator employees are engaged in office work, accidents are extremely rare. All occupational safety programmes aim to promote employee wellbeing and prevent absences. Promoting equal opportunities in accordance with each country's legislation is the responsibility of the management in individual countries or units.

TietoEnator's personnel structure figures are presented on page 38 of the Annual Review.

Environment

TietoEnator makes its greatest contribution to the development of a society with less strain on the environment by deploying IT solutions in its customers' businesses. The company supports a preventative approach to environmental challenges and a responsible way of conducting its own business operations as well. TietoEnator's environmental burden is mainly related to running its office premises, data centres and business travel and is thus lower than that of companies with physical production facilities.

TietoEnator has an efficiency sample of the use of facilities. Efficiency is measured by square metre costs, workspace-specific costs and the utilization rate of working facilities. Monitoring also keeps track of electricity consumption data in terms of the number of square metres and employees. TietoEnator measures the energy-efficiency of its premises with Group-wide sampling. The company monitors trends on a monthly basis at the unit level and annually at the Group level. The company also strives to reduce travel costs and environmental strain. Travel costs and the savings targets are monitored at the Group level. To enable alternatives for travel, TietoEnator has invested in various technologies such as video and teleconferencing hardware and software.

Risk management

At TietoEnator, risk management is not used solely as a control mechanism, but also as a means of developing business operations and their profitability. To this end, risk management is integrated into business operations. This means that each TietoEnator manager shoulders the risks related to his area of responsibility. The Group's recently established risk management function is responsible for the continuous development of the established practices. The corporate risk management policy defines the concept of risk, the risk management framework and the responsibility for risks within TietoEnator.

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

In the development of the strategies, risk management is used to refine the strategies and identify the risks arising from the non-achievement of the strategic objectives. The strategic risks are related to TietoEnator's desired position and the resulting threats. In the management of strategic risks, the company seeks to mitigate changes in the market conditions, demand and competitor behaviour. Some of the identified strategic risks are: changes in general or local economic trends, maturing and greater commoditization of the markets, new competition from low-cost countries and new business models launched by competitors. The Audit and Risk Committee of the Board and the Board of Directors have reviewed the strategic risks. Due to the problems in the solution business and project risks that materialized during 2007, the Board of Directors has initiated new actions to improve risk management in TietoEnator.

Operational risks are identified in the core business activities. In order to remain competitive, the company needs to continuously develop and improve its offerings. Risk management is used to refine the offerings and to identify the risks of not meeting the market needs competitively. In the sale and delivery chain, risk management is utilized for assessing which business opportunities should be pursued, while ensuring deliveries and profitability. Examples of operational risks are efforts by customers to shift their own risks onto their suppliers as well as shortcomings in the company's ability to perform deliveries to customers profitably.

TietoEnator's financial risks consist of foreign exchange risk, interest rate risk, credit risk and liquidity risk. TietoEnator hedges these 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 pages 47-48 of the financial statements.

Certain business-critical operations, such as the 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 2007.

Development

TietoEnator's development costs totalled EUR 64.3 (70.3) million in 2007. 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 for 2007 totalled EUR 2.6 (2.2) million.

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

Board of Directors, management and organization

The 2007 AGM re-elected Mariana Burenstam Linder, Bengt Halse, Kalevi Kontinen, Matti Lehti, Olli Riikkala and Anders Ullberg. In addition, the meeting elected Bruno Bonati, MSc., as a new member. Anders Eriksson and Jari Länsivuori stayed on as personnel representatives. Subsequently, the Board of Directors elected Matti Lehti as its chairman and Anders Ullberg as its vice chairman. The Board has two committees. The Compensation and Nomination Committee is composed of Kalevi Kontinen (chairman), Mariana Burenstam Linder and Bengt Halse. The Audit and Risk Committee is composed of Anders Ullberg (Chairman), Bruno Bonati and Olli Riikkala.

In May Päivi Lindqvist, Executive Vice President, Communications and Investor Relations decided to leave the company's employ effective 13 August 2007. In June, Reeta Kaukiainen was appointed Executive Vice President, Communications and Investor Relations, as from 13 August 2007.

In August, Carl-Johan Lindfors, Executive Vice President and President of Healthcare & Welfare decided to resign from TietoEnator to take a new position outside the company. Juhani Kaisanlahti was appointed acting President of the Healthcare & Welfare business area effective 17 August.

On 16 October 2007, the Board of Directors decided to discharge the President and CEO Pentti Heikkinen. Åke Plyhm, Deputy CEO, was appointed as interim CEO. On 17 December, the Board of Directors appointed Hannu Syrjälä as the new President and CEO effective 15 February 2008.

Shares and options

TietoEnator Corporation's issued and registered share capital on 31 December 2007 totalled EUR 75 841 523 and there were 73 958 173 shares. The cancellation of 1 745 000 own shares repurchased in September 2006 was registered in January 2007. In June the Board of Directors decided to cancel 138 350 own shares repurchased for use in the three-year share based incentive plan. The cancellation was registered in July. The Board of Directors also decided to cancel 77 000 stock options 2002 A/B held by a subsidiary. A total of 61 shares were subscribed for with the stock options during the year. After the annulment and the share subscription, the remaining number of stock options 2002 A/B entitling their holders to subscribe for TietoEnator shares was 1 333 209.

The 2007 Annual General Meeting authorized the Board of Directors to repurchase the company's own shares in the amount not exceeding 10% of the company's aggregate number of shares. The Board was also authorized to issue shares, option rights and convertible bond loans.

TietoEnator has one class of shares with equal dividend rights and each share confers one vote. The company's Articles of Association include a restriction on voting at the Annual General Meeting, whereby no-one is allowed to vote with more than one-fifth of the votes represented at the meeting.

In July, the Board of Directors decided to start a new share repurchase programme. The maximum amount to be used under this programme was EUR 80 million for the purchase of a maximum of 3.50 million shares. A total of 1 935 000 shares were repurchased in August and September at an average price of EUR 16.60. The company held a total of 2 296 650 own shares, 3.1% of its shares and votes at the end of 2007. In December, the Board of Directors decided to cancel all the 1 935 000 shares repurchased in August and September. The cancellation of the shares was registered in January 2008. After the cancellation of these shares, the company holds a total of 361 650 own shares, representing 0.5% of all the shares and voting rights. The number of outstanding shares (excluding the shares in the company's possession) was 71 661 523 at the end of 2007.

In December 2005, the Board of Directors approved a new share-based incentive plan for the 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. A maximum of 200 000 shares may be granted during the whole three-year period. The amount of rewards allocated each year depends on the achievement of annual financial performance targets that are set by the Board of Directors. The target set for 2007 was a 0 – 30% increase in TietoEnator Group's earnings per share (EPS) increasing compared with 2006. As the 2007 financial targets were not met, no shares will be allocated in 2008. The third performance period will be 2008. Rewards for 2008, if any, will be allocated in 2009. The Board of Directors will decide the target criteria for the third performance period during the first quarter of 2008.

The 2006 Annual General Meeting approved a new stock option programme for TietoEnator's key employees. A maximum of 1 800 000 options may be granted, each entitling the holder 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 of the months after publication of the financial statements for the previous financial year. The subscription price will be reduced annually of dividend per share. The company still has 792 650 stock options from the 2006 stock option plan to be allocated in 2008.

The Board of Director did not exercise its authorization to issue share and option rights or raise convertible bond loans during the year.

Dividend proposal

The Board of Directors is proposing a dividend of EUR 0.50 (1.20) per share for the year 2007.

Events after the period

In January, TietoEnator initiated personnel negotiations to address the need to reduce the number of personnel and overhead costs. The estimated need for personnel adjustments, including personnel reductions and internal transfers within the company, is approximately 800 positions, mainly in Finland and Sweden. The negotiations will cover adjustments during 2008 and concern all employee categories within the business areas and group functions, but the focus differs country by country. Approximately 400 of the affected personnel are in Finland, 250 in Sweden, and around 150 in other TietoEnator's business countries.

Prospects for 2008

TietoEnator expects the IT market to remain active. The turbulence in the financial markets has created some uncertainty for the development in 2008. Price pressures exist, but on average, prices are expected to stay about the same level or be higher than in 2007. TietoEnator expects the labour market to remain active also in 2008.

A major part of the actions related to TietoEnator's Performance Improvement Programme will take place during 2008. The costs related to these actions will impact TietoEnator's profitability during 2008. The positive impacts of the Performance Improvement Programme will start to materialize during the second half of 2008.

TietoEnator expects its full-year revenue growth in 2008 to follow the overall development in the relevant market. The estimate does not include divestments or closures of businesses.

Full-year operating profit (EBIT) is expected to improve from 2007.

Financial Figures

FIVE-YEAR FIGURES	**2007 IFRS**	2006 IFRS Continuing operations	2005 IFRS	2004 IFRS	2003 FAS [1]
Net sales, EUR million	**1 772.4**	1 646.5	1 570.4 [2]	1 525.1	1 374.3
Operating profit (EBIT), EUR million	**1.3**	127.7	169.1 [2]	162.7	102.7
Operating margin, %	**0.1**	7.8	10.8 [2]	10.7	7.5
Profit before taxes, EUR million	**-8.6**	124.5	171.2 [2]	158.1	100.6
% of net sales	**-0.5**	7.6	10.9 [2]	10.4	7.3
Total assets, EUR million	**1 282.7**	1 374.7	1 312.0	1 087.7	807.7
Return on equity, % [3]	**-5.7**	15.5	27.3	45.9	14.1
Return on capital employed, % [3]	**7.8**	18.7	29.7	32.6	23.1
Equity ratio, %	**40.2**	48.4	39.8	48.8	60.8
Gearing, %	**34.4**	14.9	39.1	6.1	1.4
Investments, EUR million	**87.7**	77.9	267.3 [2]	166.4	61.6
% of net sales	**5.0**	4.7	17.0 [2]	10.9	4.5
Average number of employees	**15 588**	14 414	13 213	12 527	11 836

1) FAS = Finnish accounting standards
2) Represented for continuing operations
3) 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.

Per share data for 2003–2007 on page 66.

KEY FIGURES BY QUARTER Unaudited	2007 1–3	2007 4–6	2007 7–9	2007 10–12	**2007** [2] **1–12**	2006 1–3	2006 4–6	2006 7–9	2006 10–12	2006 [2] 1–12
Net sales from continuing operations, EUR million	442.2	434.2	404.7	491.3	**1 772.4**	409.8	411.8	369.4	455.5	1 646.5
Operating profit from continuing operations (EBIT) excluding capital gains and losses, EUR million	32.8	14.8	20.6	-65.3	**2.9**	25.1	22.7	27.5	36.7	112.0
Profit before taxes, EUR million	32.4	8.9	17.8	-67.7	**-8.6**	29.6	25.3	27.4	42.2	124.5
Earnings per share, EUR										
- basic	0.33	0.07	0.15	-1.00	**-0.44**	0.29	0.23	0.26	2.52	3.25
- diluted	0.33	0.07	0.15	-1.00	**-0.44**	0.28	0.23	0.26	2.52	3.25
- basic from continuing operations	0.33	0.07	0.15	-1.00	**-0.44**	0.27	0.24	0.26	0.39	1.15
- basic from discontinued operations	-	-	-	-	**-**	0.02	-0.01	0.00	2.13	2.10
Earnings per share from continuing operations, EUR [1]	0.34	0.18	0.20	-0.44	**0.29**	0.24	0.23	0.31	0.40	1.18
Equity per share, EUR	7.70	7.75	7.66	6.67	**6.67**	5.97	6.10	5.98	8.51	8.51
Equity ratio, %	44.5	44.4	43.0	40.2	**40.2**	34.7	35.0	33.3	48.1	48.4
Net interest-bearing liabilities, EUR million	72.6	177.7	215.4	164.5	**164.5**	198.6	283.0	354.6	93.4	93.4
Gearing , %	12.9	31.2	39.2	34.4	**34.4**	43.9	61.6	80.4	14.9	14.9
Investments in continuing operations, EUR million	27.3	12.9	25.2	22.3	**87.7**	24.5	20.0	6.1	27.3	77.9
Personnel, continuing operations										
- at end of period	15 182	15 408	15 823	16 324	**16 324**	14 157	14 191	14 710	14 597	14 597
- average, cumulative	15 026	15 178	15 359	15 588	**15 588**	14 115	14 132	14 300	14 414	14 414

1) Excluding goodwill impairments, amortization on allocated intangible assets from acquisitions, stock option expenses and one-time capital gains or losses.
2) Audited

See calculation of key figures on page 51.

Income Statement (IFRS)

EUR million	Note	**1 Jan–31 Dec 2007**	1 Jan–31 Dec 2006
Continuing operations			
Net sales	1	**1 772.4**	1 646.5
Other operating income	2	**13.3**	25.1
Cost of sales		**276.7**	232.1
Employee benefit expenses	5, 6	**1 021.3**	938.5
Depreciation and amortization	10, 11	**77.0**	59.4
Impairment of goodwill	10	**40.0**	-
Other operating expenses	3	**369.5**	314.1
Share of associated companies' results		**0.1**	0.2
Operating profit		**1.3**	127.7
Net interest expenses	7	**-7.1**	-2.1
Net exchange losses and gains	7	**-0.7**	-0.6
Other financial income and expenses	7	**-2.1**	-0.5
Profit before taxes		**-8.6**	124.5
Income taxes	8	**-22.6**	-37.2
Net profit for the period from continuing operations		**-31.2**	87.3
Discontinued operations			
Net profit for the period from discontinued operations	31	**-**	159.7
Net profit for the period		**-31.2**	247.0
Net profit for the period attributable to			
Shareholders of the parent company		**-32.3**	243.9
Minority interest in continuing operations		**1.1**	1.0
Minority interest in discontinued operations		**-**	2.1
		-31.2	247.0
Earnings attributable to the shareholders of the parent company per share (EUR)	9		
Basic		**-0.44**	3.25
Diluted		**-0.44**	3.25
Basic from continuing operations		**-0.44**	1.15
Basic from discontinued operations		**-**	2.10
Average number of shares (1 000 shares)			
Basic		**72 941**	74 964
Diluted		**72 941**	74 998

Comments to the Income Statement

Net sales increased by 8%. Organic growth was 9%, which includes new outsourcing agreements. Foreign exchange rates did not impact growth.

Other operating income includes capital gains from several small divestments that took place in 2007. Capital gains totalled EUR 4.6 million.

Employee benefit expenses increased by 9% and represented 58% (57) of net sales. The result-based bonuses were EUR 23.6 (15.7) million. The average number of employees was 15 588 (14 414). The average growth in salaries of IT services employees was around 4% in Finland and Sweden. Employee benefit expenses include EUR 2.3 (4.0) million of stock expenses (share-based payments).

Operating profit (EBIT) was EUR 1.3 (127.7) million, or EUR 42.9 (112.0) million excluding net capital losses and impairment losses. This corresponds to an operating margin of 2.4% (6.8).

Amortization on allocated intangible assets totalled EUR 9.8 (8.8) million. Net capital losses totalled EUR 1.6 million (gains 15.7) and impairment loss EUR 40.0 (0) million.

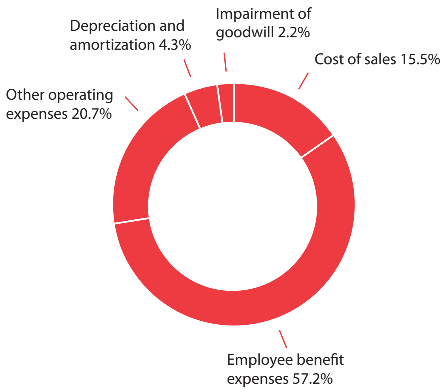
Net financial expenses were EUR 9.9 (3.2) million. The balance sheet had a net debt position of EUR 164.5 (93.4) million.

Tax expenses reported on the year include EUR 10.1 million payable on the profit for the year and EUR 9.6 million from the change in deferred taxes. The tax rate was 26% in Finland and 28% in Sweden.

Net profit amounted to EUR -31.2 (247.0) million. In 2006, net profit included net profit from discontinued operations of EUR 159.7 million.

Cost structure	**2007**	2006
Cost of sales	**15.5%**	15.0%
Employee benefit expenses	**57.2%**	60.8%
Other operating expenses	**20.7%**	20.3%
Depreciation and amortization	**4.3%**	3.8%
Impairment of goodwill	**2.2%**	0.0%
Total	**100.0%**	100.0%

COST STRUCTURE IN 2007, %



Balance Sheet (IFRS)

EUR million	Note	**31 Dec 2007**	31 Dec 2006
ASSETS			
Non-current assets			
Goodwill	10, 14, 15	**415.7**	448.4
Other intangible assets	10	**66.4**	82.6
Property, plant and equipment	11	**76.8**	87.9
Deferred tax assets	17	**66.4**	75.2
Investment in associated companies	12	**1.6**	2.3
Other non-current assets	13	**1.5**	1.4
Total non-current assets		**628.4**	697.8
Current assets			
Trade and other receivables	18	**560.2**	503.0
Current income tax receivables		**9.9**	22.3
Interest-bearing		**11.3**	12.7
Cash and cash equivalents	19	**72.9**	138.9
Total current assets		**654.3**	676.9
Total assets		**1 282.7**	1 374.7
EQUITY AND LIABILITIES			
Share capital	20	**75.8**	75.8
Share issue premiums and other reserves	20	**39.6**	68.8
Retained earnings		**358.2**	477.8
Parent shareholders' equity		**473.6**	622.4
Minority interest		**4.0**	4.0
Total Equity		**477.6**	626.4
Non-current liabilities			
Finance lease liability	24, 25	**1.4**	13.5
Shareholders loan	25	**-**	0.8
Other interest bearing loans	25	**150.5**	153.6
Deferred tax liabilities	17	**23.4**	20.0
Pension obligations	22	**22.0**	46.4
Provisions	23	**35.9**	3.4
Other non-current liabilities		**1.7**	3.2
Total non-current liabilities		**234.9**	240.9
Current liabilities			
Trade and other payables	26	**461.7**	410.6
Current income tax liabilities		**11.6**	19.7
Interest bearing loans	25	**96.9**	77.1
Total current liabilities		**570.2**	507.4
Total equity and liabilities		**1 282.7**	1 374.7

Comments to the Balance Sheet

Assets

The balance sheet total decreased by 6.7% from EUR 1 374.7 million to EUR 1 282.7 million.

New acquisitions increased goodwill by EUR 24.7 million and the impairment losses decreased goodwill by EUR 40.0 million. Direct capital expenditure on fixed assets including new finance lease agreements were EUR 52.9 (50.9) million. Non-current assets include a deferred tax asset of EUR 66.4 million.

Distribution of total assets 31 Dec	2007	2006
Intangible assets	**5.2%**	6.0%
Goodwill	**32.4%**	32.6%
Real estate	**0.0%**	0.5%
Other tangible assets	**6.0%**	5.9%
Shares in associated companies	**0.1%**	0.2%
Other assets	**50.6%**	44.7%
Cash and cash equivalents	**5.7%**	10.1%
Total	**100.0%**	100.0%

Equity and Liabilities

The total amount of equity decreased by EUR 148.8 million. The net profit for the year decreased equity by EUR 32.3 million, dividend payment by EUR 88.3 million and share repurchases by EUR 32.1 million.

Interest-bearing liabilities totalled EUR 248.8 million and consisted of TietoEnator's borrowing from financial institutions of EUR 247.4 million and a finance lease liability of EUR 1.4 million.

The Group has one seven-year bond, at EUR 100 million and one seven-year private placement at EUR 50 million, and usage of EUR 96 million from the short-term EUR 250 million commercial paper programme. At the end of the year unused credit facilities totalled about EUR 404 million.

Distribution of total equity and liabilities 31 Dec	2007	2006
Share capital	**5.9%**	5.5%
Other parent shareholders' equity	**31.0%**	39.8%
Minority interest	**0.3%**	0.3%
Interest-bearing liabilities	**19.4%**	17.8%
Non-interest-bearing debt	**43.4%**	36.6%
Total	**100.0%**	100.0%

Statement of Cash Flow (IFRS)

EUR million	Note	**1 Jan–31 Dec 2007**	1 Jan–31 Dec 2006
Cash flow from operations			
Operating profit		**1.3**	127.7
Adjustments to operating profit			
Depreciation, amortization and impairment		**117.0**	59.4
Profit/loss on sale of fixed assets and shares		**0.0**	-15.7
Share of associated companies' result		**-0.1**	-0.2
Other adjustments		**3.6**	3.5
Change in net working capital			
Change in current receivables		**-49.5**	-71.0
Change in inventories		**0.3**	0.5
Change in current non-interest bearing liabilities		**57.6**	32.7
Cash generated from continuing operations		**130.2**	136.9
Interest income received		**3.6**	7.4
Interest expenses paid		**-8.1**	-9.1
Other financial items net		**-0.1**	-1.1
Income taxes paid		**-9.9**	-24.8
Net cash flow from continuing operations		**115.7**	109.3
Net cash flow from discontinued operations		**-**	3.7
Total net cash flow from operations		**115.7**	113.0
Cash flow from investing activities			
Acquisition of Group companies and business operations, net of cash acquired	14	**-28.3**	-24.6
Capital expenditure		**-48.6**	-50.6
Disposal of business operations and associated company		**4.6**	30.4
Other investing activities		**8.0**	1.6
Net cash used in investing activities from continuing operations		**-64.3**	-43.2
Net cash used in investing activities from discontinued operations		**-**	-4.2
Total net cash used in investing activities		**-64.3**	-47.4
Cash flow from financing activities			
Dividends and donations		**-88.5**	-65.8
Repurchase of own shares		**-32.1**	-52.3
Proceeds from finance lease liabilities		**0.6**	0.6
Payment of finance lease liabilities		**-12.7**	-9.3
Change in interest-bearing liabilities		**17.1**	41.6
Change in loan receivables		**-1.2**	-3.0
Net cash change in other financing activities		**0.5**	-1.3
Net cash used in financing activities from continuing operations		**-116.3**	-89.5
Net cash used in financing activities from discontinued operations		**-**	63.0
Total net cash used in financing activities		**-116.3**	-26.5
Change in cash and cash equivalents		**-64.9**	39.1
Cash and cash equivalents at the beginning of period		**-138.9**	-99.8
Foreign exchange differences		**1.1**	0.0
Cash and cash equivalents at end the of period	19	**72.9**	138.9
		-64.9	39.1

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 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**
Balance at 31 Dec 2006	75.8	68.8	-52.3	-6.6	536.7	4.0	626.4
Translation difference		-2.7		-5.9	10.2		1.6
Minority interest							0.0
Cancellation of own shares			43.3		-43.3		0.0
Transfer between restricted and non-restricted equity		-26.5			26.5		0.0
Share based payments recognized against equity					2.3		2.3
Dividend					-88.3		-88.3
Own shares purchased			-32.1				-32.1
Exercise of share options	0.0	0.0					0.0
Net profit for the period					-32.3		-32.3
At 31 Dec 2007	**75.8**	**39.6**	**-41.1**	**-12.5**	**411.8**	**4.0**	**477.6**

Notes to the Consolidated Financial Statements

ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED ACCOUNTS

Corporate information

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

Basis of preparation

These 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.

Standards, amendments and interpretations effective in 2007

IFRS 7, "Financial instruments: Disclosures" and the complementary amendment to IAS 1, "Presentation of financial statements–Capital disclosures", introduce new disclosures relating to financial instruments that have been added to the Group's financial statements. The following standards, amendments and interpretations to published standards mandatory in 2007 do not have any impact on the Group's financial statements or are not relevant: IFRIC 8, "Scope of IFRS 2", IFRIC 7, "Applying the restatement approach under IAS 29, "Financial reporting in hyperinflationary economies", IFRIC 9, "Re-assessment of embedded derivatives" and IFRIC 10, "Interim financial reporting and impairment".

Application of new and amended IFRS standards and IFRIC interpretations

The IASB has published the standards and interpretations whose application will be mandatory in 2008 or later. The Group has not early adopted these standards, but will adopt them in later periods. IFRS 8, "Operating Segments" replaces IAS 14. The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The expected impact is still being assessed in detail by the management. IFRIC 11, IFRS 2, "Group and treasury share transactions" does not have any impact on the Group financial statements.

Consolidation principles

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

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

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

TietoEnator Corporation holds interests in companies for which it has assumed management responsibility and which are jointly controlled. Such companies have been consolidated 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 customers 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. The business areas have been defined as the primary segments reported under IAS 14, "Segment Reporting". Geographical areas have been defined as the secondary segments.

Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate prevailing on the transaction date. The foreign currency items at the end of the financial period are valued at the 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 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, translation differences are recognized in the income statements as part of the gain or loss on the sale.

Revenue recognition

Revenue is recognised 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 stage-of-completion method, which is calculated monthly by comparing completed work hours against total estimated work hours to finalise the project. Stage-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, revenue only equal to costs incurred to date are recognized to the extent that such costs are expected to be recovered. Provisions are made for losses in connection with long-term contracts when these losses are identified and amounts can be reliably estimated.

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

Other operating income

Other operating income mainly includes gains from both asset 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 which relates to items recognized directly in equity is recognized directly in equity as well.

A deferred tax asset or liability has been determined for temporary differences between the tax bases of assets and liabilities and their 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 employee benefits. Deferrd 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 affect 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 January 2004 has been recognized in accordance with the accounting and consolidation principles applicable at the date of acquisition. The carrying value of goodwill at 1 January 2004 has been stated at cost less accumulated amortization and impairment losses. The carrying value has been tested for impairment in accordance with the requirements of IFRS 1. Goodwill arising from acquisitions on or after 1 January 2004 has been recognized and accounted for in accordance with IFRS 3, "Business Combinations."

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

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

Intangible assets

Acquired intangible assets are capitalized at cost. Intangible assets acquired in business combinations are capitalized at fair value at the date of acquisition. The useful lives of the intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are amortized over their useful lives. Intangible assets with indefinite useful lives are tested for impairment at least annually. Intangible assets recognized by TietoEnator Group in business combinations are usually customer- or technology-related and have finite useful lives. Marketing-related intangible assets are not generally recognized by TietoEnator because normally the value of acquired business constitutes of customer relationships, technologies and personnel (which is included in goodwill) and therefore the marketing-related intangible assets do not generally have separately recognisable 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 goodwill in 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 a plan based on the estimated economic 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 the 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 derives from these embedded finance leases are recognized at the beginning of the agreement period. The annual payments are disclosed as amortization of the finance lease 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 at the value date, net of transaction costs. Usually the fair value equals amount received or paid. Loans are included in non-current and current liabilities. Interest expense 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 contract forward rate. The fair value of interest rate swaps are 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 2007.
> 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 if a fair value can be measured reliably and unrealized gains and losses are recognized to shareholders' equity. When the investment is sold, the accumulated fair value adjustment is recognized in income.
> Currently the company holds no assets in "Held to maturity" category.

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 booked 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

The provisions are recognised 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. 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:

	Note
Revenue recognition	1
Impairment of goodwill	15
Income taxes	17
Fair value of derivatives and other financial instruments	18
Share-based payments	21
Employee benefits	22

1. SEGMENT INFORMATION

Net sales by business area, EUR million (primary segment) Continuing operations	2007 1–12	2006 1–12	Change %
Banking & Insurance	**293**	284	3
Telecom & Media	**664**	542	23
Government, Manufacturing & Retail	**183**	236	-22
Healthcare & Welfare	**141**	144	-2
Forest & Energy	**178**	161	11
Processing & Network	**409**	374	9
Group elimination incl. other	**-96**	-95	1
Group total	**1 772**	1 646	8

Internal sales by business area, EUR million Continuing operations	2007 1–12	2006 1–12	Change %
Banking & Insurance	**9**	8	6
Telecom & Media	**12**	12	-2
Government, Manufacturing & Retail	**11**	24	-53
Healthcare & Welfare	**10**	10	1
Forest & Energy	**5**	6	-12
Processing & Network	**56**	57	-3
Group elimination incl. other	**-7**	-24	-72
Group total	**96**	95	1

Internal sales are on arms length basis

Country sales, EUR million (secondary segment) Continuing operations	2007 1–12	Share %	Change %	2006 1–12	Share %	Change %
Finland	**802**	45	7	751	46	3
Sweden	**495**	28	9	454	28	-3
Germany	**152**	9	23	124	8	21
Norway	**88**	5	8	81	5	4
Great Britain	**55**	3	15	48	3	48
Italy	**31**	2	84	17	1	-
Denmark	**26**	1	-49	51	3	-1
France	**24**	1	32	18	1	-14
Netherlands	**23**	1	-7	25	2	61
Other	**78**	4	1	77	5	11
Group total	**1 772**	100	8	1 646	100	5

Net sales by industry segment, EUR million Continuing operations	2007 1–12	Share %	Change %	2006 1–12	Share %	Change %
Banking and insurance	**390**	22	4	374	23	23
Public	**273**	15	-7	292	18	4
Telecom and media	**650**	37	26	515	31	-6
Forest	**84**	5	-4	88	5	-1
Energy	**100**	6	27	79	5	6
Manufacturing	**99**	6	11	89	5	11
Retail and logistics	**89**	5	1	88	5	-9
Other	**87**	5	-29	122	7	21
Group total	**1 772**	100	8	1 646	100	5

Operating profit (EBIT), EUR million	**2007**	2006	Change
Continuing operations	**1–12**	1–12	%
Banking & Insurance	**-53.3**	20.1	-365.1
Telecom & Media	**53.2**	37.5	41.7
Government, Manufacturing & Retail	**-6.3**	31.2	-120.2
Healthcare & Welfare	**-5.2**	12.5	-141.5
Forest & Energy	**8.7**	7.8	11.3
Processing & Network	**32.8**	39.7	-17.5
Business areas	**29.9**	148.9	-80.0
Group Operations incl. other	**-31.5**	-24.7	27.2
Associated companies outside BAs	**0.0**	0.0	-
Group capital gain	**2.9**	3.5	-17.7
Operating profit (EBIT)	**1.3**	127.7	-99.0

Operating profit (EBIT), EUR million excl. capital gains/losses and impairment losses	**2007**	2006	Change
Continuing operations	**1–12**	1–12	%
Banking & Insurance	**-8.1**	20.1	-140.2
Telecom & Media	**53.2**	38.7	37.4
Government, Manufacturing & Retail	**-5.5**	18.0	-130.6
Healthcare & Welfare	**-6.8**	12.5	-154.2
Forest & Energy	**8.7**	7.8	11.3
Processing & Network	**32.8**	39.5	-17.1
Business areas	**74.4**	136.7	-45.6
Group Operations incl. other	**- 31.5**	-24.7	27.2
Associated companies outside BAs	**0.0**	0.0	-
Operating profit (EBIT) excl. capital gains/losses and impairment losses	**42.9**	112.0	-61.7

Operating margin (EBIT), %	**2007**	2006	Change
Continuing operations	**1–12**	1–12	
Banking & Insurance	**-18.2**	7.1	-25.3
Telecom & Media	**8.0**	6.9	1.1
Government, Manufacturing & Retail	**-3.4**	13.2	-16.7
Healthcare & Welfare	**-3.7**	8.7	-12.3
Forest & Energy	**4.9**	4.9	0.0
Processing & Network	**8.0**	10.6	-2.6
Business areas	**1.7**	9.0	-7.4
Operating margin (EBIT)	**0.1**	7.8	-7.7

Operating margin (EBIT) % excl. capital gains/losses and impairment losses	**2007**	2006	Change
Continuing operations	**1–12**	1–12	
Banking & Insurance	**-2.8**	7.1	-9.9
Telecom & Media	**8.0**	7.2	0.9
Government, Manufacturing & Retail	**-3.0**	7.6	-10.7
Healthcare & Welfare	**-4.8**	8.7	-13.5
Forest & Energy	**4.9**	4.9	0.0
Processing & Network	**8.0**	10.5	-2.5
Business areas	**4.2**	8.3	-4.1
Operating margin (EBIT), excl. capital gains/losses and impairment losses	**2.4**	6.8	-4.4

Personnel by business area (primary segment) Continuing operations	End of period 2007 1–12	Change %	Share %	2006 1–12	Average 2007 1–12	2006 1–12
Banking & Insurance	**2 180**	- 1	13	2 193	**2 229**	2 189
Telecom & Media	**5 990**	17	37	5 107	**5 563**	4 869
Government, Manufacturing & Retail	**1 530**	0	9	1 532	**1 565**	1 904
Healthcare & Welfare	**1 114**	3	7	1 079	**1 095**	1 020
Forest & Energy	**1 286**	0	8	1 286	**1 285**	1 251
Processing & Network	**2 124**	8	13	1 966	**2 086**	1 979
Software Centres	**1 548**	68	9	925	**1 211**	702
Other Group Operations	**553**	8	3	507	**555**	496
Group total	**16 324**	12	100	14 597	**15 588**	14 414

Personnel by country (secondary segment) Continuing operations						
Finland	**6 357**	3	39	6 163	**6 292**	6 277
Sweden	**3 381**	4	21	3 239	**3 351**	3 380
Germany	**1 325**	- 1	8	1 342	**1 346**	1 062
Czech	**1 186**	54	7	769	**968**	597
Norway	**720**	- 3	4	742	**744**	851
India	**594**	158	4	231	**348**	191
Latvia	**551**	6	3	521	**551**	469
Poland	**393**	157	2	153	**326**	73
Denmark	**344**	55	2	221	**318**	343
Great Britain	**327**	4	2	314	**321**	320
Italy	**233**	33	1	176	**226**	187
Netherlands	**137**	61	1	85	**109**	76
France	**129**	13	1	114	**123**	107
Lithuania	**125**	22	1	102	**108**	94
China	**124**	97	1	63	**93**	48
Estonia	**119**	2	1	116	**113**	95
Other	**280**	13	2	247	**253**	244
Group total	**16 324**	12	100	14 597	**15 588**	14 414

The personnel figures for the associated companies under TietoEnator's management responsiblity are reported according to our holding. Personnel figures including these associated companies to 100% give a total of 16 701 (14 998) at the end of the period.

Total assets by business area, EUR million (primary segment) Continuing operations	2007 31 Dec	2006 31 Dec	Change %
Banking & Insurance	**215.8**	256.0	-16
Telecom & Media	**474.9**	414.7	15
Government, Manufacturing & Retail	**51.2**	64.1	-20
Healthcare & Welfare	**96.0**	93.5	3
Forest & Energy	**116.8**	112.1	4
Processing & Network	**178.1**	187.3	-5
Group elimination	**- 21.9**	-34.0	-36
Business areas	**1 110.9**	1 093.9	2
Group Operations	**171.8**	280.9	-39
Group total	**1 282.7**	1 374.7	-7
Discontinued operations, net impact	**-**	-	-
Total assets	**1 282.7**	1 374.7	-7

Total liabilities by business area, EUR million (primary segment)	2007	2006	Change
Continuing operations	**31 Dec**	31 Dec	%
Banking & Insurance	**127.6**	93.2	37
Telecom & Media	**187.5**	166.6	13
Government, Manufacturing & Retail	**49.4**	39.2	26
Healthcare & Welfare	**44.3**	32.0	39
Forest & Energy	**72.2**	52.3	38
Processing & Network	**64.4**	76.3	-16
Group elimination	**- 17.3**	-31.0	-44
Business areas	**528.1**	428.6	23
Group Operations	**277.0**	319.7	-13
Group total	**805.1**	748.3	8
Discontinued operations, net impact	**-**	-	-
Total liabilities	**805.1**	748.3	8

Segment assets by country, EUR million (secondary segment)			
Continuing operations			
Finland	**348.4**	329.0	6
Sweden	**333.8**	317.4	5
Norway	**94.7**	97.5	-3
Germany	**160.9**	174.6	-8
Great Britain	**45.7**	99.1	-54
Other	**127.5**	76.2	67
Business areas	**1 110.9**	1 093.9	2

Depreciation, EUR million	2007	2006	Change
Continuing operations	**1–12**	1–12	%
Processing & Network	**40.0**	31.5	27
Finland	**34.1**	27.0	27
Sweden	**4.9**	3.8	29
Other countries	**0.9**	0.7	29
Other	**27.2**	19.2	42
Group total	**67.2**	50.7	33

Amortization on allocated intangible assets from acquisitions, EUR million	2007	2006	Change
Continuing operations	**1–12**	1–12	%
Telecom & Media	**5.3**	4.9	8
Other	**4.5**	3.8	16
Group total	**9.8**	8.7	12

Impairment losses, EUR million	2007	2006	Changes
Continuing operations	**1–12**	1–12	%
Banking & Insurance	**40.0**	-	-
Group total	**40.0**	-	-

Capital expenditure by business area, EUR million	2007	2006	Change
Continuing operations	**1–12**	1–12	%
Processing & Network	**36.1**	35.3	2
Finland	**29.7**	22.1	34
Sweden	**6.4**	13.2	- 52
Other countries	**0.0**	0.0	-
Other	**16.8**	15.6	8
Group total	**52.9**	50.9	4

EUR million	**31 Dec 2007**	31 Dec 2006
2. OTHER OPERATING INCOME		
Sales of fixed assets and shares	**5.2**	5.8
Sale of business	**0.0**	10.3
Rental income	**0.8**	1.5
Government grants released	**0.2**	1.0
Other operating income	**7.1**	6.5
	13.3	25.1

3. OTHER OPERATING EXPENSES

Rental expenses for premises	**64.9**	68.9
Other operating expenses	**304.6**	245.2
	369.5	314.1

4. DEVELOPMENT COSTS

The income statement includes development costs of EUR 64.3 million for the year 2007 corresponding to 3.6% of net sales (EUR 70.3 million for the year 2006 corresponding to 4.3% of net sales).

EUR million	**31 Dec 2007**	31 Dec 2006
5. EMPLOYEE BENEFIT EXPENSES		
Wages and salaries	**763.5**	701.2
Pension costs - defined contribution plans	**81.4**	80.6
Pension costs - defined benefit plans	**7.2**	5.7
Other pay-related statutory social costs	**127.5**	118.9
Social costs for personnel warrants	**0.6**	0.0
Share-based payments	**2.3**	4.0
Other personnel costs	**38.8**	28.1
	1 021.3	938.5

Employee benefit expenses include restructuring costs and other termination benefits EUR 18.0 million.
Equity settled share-based payments transactions recognized in the income statement are based on the fair value of the instrument which is measured using the Black & Scholes option pricing model. The counter-entry to the expense entered in the income statement is retained earnings, and therefore the expense has no effect on total equity. There has been no result impact of the share ownership plan because the financial targets were not met in 2007 and 2006.

6. MANAGEMENT REMUNERATION IN 2007

Chairman of the Board

Salary and benefits	EUR 342 073	
Fixed additional pay	EUR 82 500	
Options and warrants	2002 A/B option program: right to subscribe 65 000 shares.	The fair value of these warrants amounts to EUR 65 000. (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, member EUR 2 100, committee chairman EUR 1 700 and committee member EUR 700	
Total cash compensation to the Board of directors in 2007	
Deputy Chairman	EUR 46 800
Members	EUR 188 400
Board compensation in total	EUR 235 200

President and CEO

Salary and benefits	EUR 450 347	
Bonus	EUR 0 (2006: EUR 0)	
Bonus principles	Maximum 50% of salary based on Group net sales and profit	
Options and warrants	2002 A/B option program: right to subscribe 55 000 shares.	The fair value of these warrants amounts to EUR 55 000.(1
	2006 A option program: right to subscribe 10 000 shares.	The fair value of these warrants amounts to EUR 66 300.(2
	2006 B option program: right to subscribe 10 000 shares.	The fair value of these warrants amounts to EUR 90 300.(3
Share plan 2006-2008	No share delivery	
Share based payment costs	EUR 132 630	
Retirement age	60	
Pension level	60% of salary and benefits	
Period of notice	12 months	
Severance payment	Equivalent to 12 months` salary	

Deputy CEO

Salary and benefits	EUR 521 870	
Bonus	EUR 0 (2006: EUR 0)	
Bonus principles	Maximum 50% of salary based on Group net sales and profit	
Options and warrants	2002 A/B option program: right to subscribe 16 185 shares.	The fair value of these warrants amounts to EUR 16 185.(1
	2006 A option program: right to subscribe 8 000 shares.	The fair value of these warrants amounts to EUR 53 040.(2
	2006 B option program: right to subscribe 8 000 shares.	The fair value of these warrants amounts to EUR 72 240.(3
Share plan 2006-2008	To be decided later on	
Share based payment costs	EUR 35 391	
Retirement age	60	
Pension level	Defined contribution	
Period of notice	24 months	
Severance payment	None	

Corporate Management Team

Excluding President and CEO and Deputy CEO		
Total salaries and benefits	EUR 2 703 147	
Total bonuses	EUR 157 870 (2006: EUR 77 532)	
Bonus principles	The reward factors are based on EBIT and net sales. The relative weight of the reward factors is decided each year. Only improvement is rewarded.	
Options and warrants	2002 A/B option program: right to subscribe 103 550 shares.	The fair value of these warrants amounts to EUR 103 550. (1
	2006 A option program: right to subscribe 55 500 shares.	The fair value of these warrants amounts to EUR 367 965. (2
	2006 B option program: right to subscribe 57 100 shares.	The fair value of these warrants amounts to EUR 515 613. (3
Share plan 2006-2008	To be decided later on	
Share based payment costs	EUR 254 341	

Retirement age	According to national standards
Pension level	Varies between 60% and 65% for some executives, others have defined contribution arrangements
Period of notice	Varies between 6 and 12 months
Severance payment	0 for 9 executives members
	1 executive: 12 months salary if no other position within 12 months period of severance
	1 executive: can from 60 years terminate the contract and get 18 months severance pay + pension premium
There were no loans to executive management on 31 December 2006 nor on 31 December 2007.	
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 28 December 2007. The quotation in OMX Nordic Helsinki Stock Exchange on 28 December 2007 was EUR 1.00.

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

3) The grant value of 2006 options is calculated with Black&Scholes Method and the value for one option is EUR 9.03.

7. FINANCIAL INCOME AND EXPENSES ACCORDING TO IAS 39 CLASSIFICATION

EUR million 31 Dec 2007	Interest income	Interest expenses	Exchange rate gains	Exchange rate losses	Other financial income and expenses	Derivative fair value gains and losses	**Total**
Financial assets at fair value through profit or loss	3.3	-3.0	22.4	-15.6	0.0	0.9	**8.0**
Loans and receivables	4.0	0.0	14.5	-24.9	0.8	0.0	**-5.6**
Available-for-sale fin. assets	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Financial liabilities measured at financial cost	0.0	-11.4	0.0	0.0	-1.0	0.0	**-12.4**
Total	7.3	-14.4	36.9	-40.5	-0.2	0.9	**-9.9**

EUR million 31 Dec 2006							
Financial assets at fair value through profit or loss	0.0	0.0	11.4	-18.8	0.0	-1.1	**-8.5**
Loans and receivables	7.4	0.0	10.5	-2.6	0.1	0.0	**15.4**
Available-for-sale fin. assets	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Financial liabilities measured at financial cost	0.0	-9.4	0.0	0.0	-0.6	0.0	**-10.1**
Total	7.4	-9.4	21.9	-21.4	-0.6	-1.1	**-3.2**

8. INCOME TAXES

EUR million	**2007**	2006
Current taxes	**13.0**	21.7
Change of deferred taxes	**9.6**	15.5
Total taxes in income statement	**22.6**	37.2

Income tax reconciliation		
Profit before taxes	**-8.6**	124.5
Tax calculated at the domestic corporation tax rate of 26 %	**-2.2**	32.3
Effect of different tax rates in foreign subsidiaries	**6.6**	0.9
Taxes for prior years	**3.0**	0.1
Income not subject to tax	**-0.6**	-0.8
Expenses not deductible for tax purposes	**3.0**	5.0
Impairment of goodwill	**10.4**	-
Unrecognized tax losses for the period	**8.1**	1.1
Utilisation of previously unrecognized tax losses	**-0.1**	-0.1
Recognised previously unrecognized tax losses	**-**	-0.3
Deferred tax resulting from change of tax rate	**1.3**	1.9
Other items	**1.7**	-2.9
Income taxes in the consolidated income statement	**22.6**	37.2
Effective tax rate	**not meaningful**	29.9

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 2007 to EUR 23.8 million (end of 2006 EUR 35.6 million). The rest of this deferred tax asset is expected to be utilised by the end of 2009.

EUR million	**1 Jan–31 Dec 2007**	1 Jan–31 Dec 2006

9. EARNINGS PER SHARE

EUR million	1 Jan–31 Dec 2007	1 Jan–31 Dec 2006
Net profit for the period attributable to the shareholders of the parent company (EUR million)	**-32.3**	243.9
Earnings per share (EUR)		
Basic	**-0.44**	3.25
Diluted	**-0.44**	3.25
Number of shares during the year (1 000 shares)		
Basic		
Weighted average shares	**72 941**	74 964
Effect of dilutive stock options	**0**	34
Diluted		
Adjusted weighted average shares and assumed conversions	**72 941**	74 998

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.

10. INTANGIBLE ASSETS

EUR million	Note	**31 Dec 2007**	31 Dec 2006
Goodwill			
At 1 Jan, net of accumulated impairment		**448.4**	436.9
Increases		**-**	-
Decreases		**-7.6**	-9.0
Acquisitions through business combinations	14	**24.8**	19.8
Impairment	15	**-40.0**	-
Exchange difference		**-9.9**	0.7
At 31 Dec, net of accumulated impairment		**415.7**	448.4
At 1 Jan			
Cost		**448.4**	436.9
Accumulated impairment		**-**	-
Net carrying amount		**448.4**	436.9
At 31 Dec			
Cost		**455.7**	448.4
Accumulated impairment		**-40.0**	-
Net carrying amount		**415.7**	448.4
Capitalized development costs			
At 1 Jan, net of accumulated amortization		**5.1**	3.3
Increases		**2.6**	2.2
Exchange difference		**-0.4**	-
Amortization in the period		**-4.6**	-0.4
At 31 Dec, net of accumulated amortization		**2.7**	5.1
At 1 Jan			
Cost		**5.6**	3.3
Accumulated amortization		**-0.5**	-
Net carrying amount		**5.1**	3.3
At 31 Dec			
Cost		**2.8**	5.6
Accumulated amortization		**-0.1**	-0.5
Net carrying amount		**2.7**	5.1

EUR million	Note	**31 Dec 2007**	31 Dec 2006
Other capitalised expenditure			
At 1 Jan, net of accumulated amortization		**5.0**	5.6
Increases		**0.7**	1.6
Decreases		**-0.2**	-1.0
Exchange difference		**0.0**	0.0
Amortization in the period		**-1.6**	-1.2
At 31 Dec, net of accumulated amortization		**3.9**	5.0
At 1 Jan			
Cost		**13.2**	13.5
Accumulated amortization		**-8.2**	-7.9
Net carrying amount		**5.0**	5.6
At 31 Dec			
Cost		**13.8**	13.2
Accumulated amortization		**-9.9**	-8.2
Net carrying amount		**3.9**	5.0
Intangible rights			
At 1 Jan, net of accumulated amortization		**72.5**	62.2
Increases		**8.4**	25.8
Decreases		**-2.1**	-2.7
Acquisitions through business combinations	14	**9.3**	7.5
Exchange difference		**-1.8**	-0.5
Amortization in the period		**-26.5**	-19.8
At 31 Dec, net of accumulated amortization		**59.8**	72.5
At 1 Jan			
Cost		**140.8**	121.6
Accumulated amortization		**-68.3**	-59.4
Net carrying amount		**72.5**	62.2
At 31 Dec			
Cost		**136.8**	140.8
Accumulated amortization		**-77.0**	-68.3
Net carrying amount		**59.8**	72.5
Advance payments, intangibles			
At 1 Jan, net of accumulated amortization		**0.0**	2.8
Increases		**-**	-
Transfers		**-**	-2.8
At 31 Dec		**0.0**	0.0
Net carrying amount of intangible assets, total 31 Dec		**482.1**	531.0

Amortization of capitalized developement costs consists of impairment. Amortization of intangible rights include impairment of EUR 3.1 million relating to the early termination of the IT purchase contract.

EUR million	Note	**31 Dec 2007**	31 Dec 2006

11. PROPERTY, PLANT AND EQUIPMENT

Land			
At 1 Jan		**0.8**	0.8
Increases		**-**	-
Decreases		**-0.7**	-
Exchange difference		**-**	-
At 31 Dec		**0.1**	0.8
At 1 Jan			
Cost		**0.8**	0.8
Net carrying amount		**0.8**	0.8
At 31 Dec			
Cost		**0.1**	0.8
Net carrying amount		**0.1**	0.8
Buildings and structures			
At 1 Jan, net of accumulated depreciation		**5.7**	6.1
Increases		**0.0**	0.1
Decreases		**-5.4**	-1.3
Acquisitions through business combinations		**0.0**	1.2
Depreciation in the period		**0.0**	-0.4
Exchange difference		**0.0**	0.0
At 31 Dec, net of accumulated depreciation		**0.3**	5.7
At 1 Jan			
Cost		**8.6**	11.0
Accumulated depreciation		**-2.9**	-4.9
Net carrying amount		**5.7**	6.1
At 31 Dec			
Cost		**2.8**	8.6
Accumulated depreciation		**-2.5**	-2.9
Net carrying amount		**0.3**	5.7
Machinery and equipment			
At 1 Jan, net of accumulated depreciation		**60.2**	53.3
Increases		**43.2**	44.9
Decreases		**-2.5**	-9.0
Acquisitions through business combinations	14	**0.5**	1.0
Depreciation in the period		**-32.9**	-29.9
Exchange difference		**-1.0**	-0.1
At 31 Dec, net of accumulated depreciation		**67.5**	60.2
At 1 Jan			
Cost		**249.4**	234.9
Accumulated depreciation		**-189.2**	-181.6
Net carrying amount		**60.2**	53.3
At 31 Dec			
Cost		**261.4**	249.4
Accumulated depreciation		**-193.9**	-189.2
Net carrying amount		**67.5**	60.2

EUR million	Note	**31 Dec 2007**	31 Dec 2006
Capitalized finance lease			
At 1 Jan, net of accumulated depreciation		**16.7**	22.3
Increases		**0.6**	3.0
Decreases		**-1.3**	-1.2
Depreciation in the period		**-11.1**	-7.5
Exchange difference		**0.0**	0.1
At 31 Dec, net of accumulated depreciation		**4.9**	16.7
At 1 Jan			
Cost		**37.4**	39.3
Accumulated depreciation		**-20.7**	-17.0
Net carrying amount		**16.7**	22.3
At 31 Dec			
Cost		**36.6**	37.4
Accumulated depreciation		**-31.7**	-20.7
Net carrying amount		**4.9**	16.7
Other tangible assets			
At 1 Jan, net of accumulated depreciation		**0.9**	1.2
Increases		**0.8**	-
Decreases		**-0.1**	-0.3
Acquisitions through business combinations note 14	14	**0.6**	0.1
Depreciation in the period		**-0.3**	-0.1
At 31 Dec, net of accumulated depreciation		**1.9**	0.9
At 1 Jan			
Cost		**2.2**	2.7
Accumulated depreciation		**-1.3**	-1.5
Net carrying amount		**0.9**	1.2
At 31 Dec			
Cost		**3.4**	2.2
Accumulated depreciation		**-1.5**	-1.3
Net carrying amount		**1.9**	0.9
Advance payments and work in progress			
At 1 Jan		**3.6**	16.9
Increases		**1.8**	1.2
Transfers		**-3.3**	-14.5
At 31 Dec		**2.1**	3.6
Net carrying amount of tangible assets, total 31 Dec		**76.8**	87.9

Depreciation of machinery and equipment includes impairment of EUR 4.2 million relating to the early termination of the IT purchase contract. Due to the termination finance lease liabilities have been reversed by EUR 0.9 million resulting in the net impact on operating profit of EUR 3.3 million.

EUR million	31 Dec 2007	31 Dec 2006

12. INVESTMENTS IN ASSOCIATED COMPANIES

At 1 Jan	**2.3**	5.0
Share of the profit or losses	**0.1**	0.2
Dividends received	**-0.5**	-0.6
Increase	**0.0**	0.0
Decrease	**-0.3**	-2.3
Exchange rate differences	**0.0**	0.0
At 31 Dec	**1.6**	2.3

Investments in associated companies included goodwill of EUR 0.0 million on 31 December 2007 (EUR 0.2 million in 2006).
In 2007 the shares of Helsekomponenter AS (22%) were sold without any result impact.

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

	Assets	Liabilities	Net sales	Profit/(Loss)
2007	**10.2**	**4.7**	**35.6**	**0.4**
2006	12.3	5.2	37.4	0.1

	Country of incorporation	% interest held
2007		
FD Finanssidata Oy	Finland	30%
2006		
FD Finanssidata Oy	Finland	30%
Helsekomponenter AS	Norway	22%

EUR million	31 Dec 2007 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

Other shares and securities owned by subsidiaries

Residence in France	**0.2**
Right of residences in Stockholm	**0.4**
Right of residences in Åre	**0.1**
Vierumäen Kuntorinne Oy	**0.1**
Other shares and securities	**0.2**
	1.0

14. BUSINESS COMBINATIONS

Acquisition of Fortuna

In October 2007, TietoEnator acquired the entire share capital of Fortuna Technologies Pvt. Ltd. in India. The company provides R&D services and develops turnkey software solutions for major European and Asian mobile device manufacturers of 3G handsets. The fair value of the identifiable assets and liabilities of Fortuna at the date of acquisition were:

EUR million	Recognized on acquisition	Carrying value
Intangible assets	4.9	0.0
Property, plant and equipment	1.0	1.0
Receivables	4.2	4.2
Cash and cash equivalents	0.8	0.8
	10.9	6.1
Deferred tax liabilities	1.8	0.1
Current liabilities	3.5	3.5
Interest bearing liabilities	0.5	0.5
	5.7	4.1
Fair value of net assets	5.2	2.0
Goodwill arising on acquisition	14.8	
	20.0	

The goodwill is attributable to significant synergies from combined product and service offering, new competence and increased market share after the acquisition of the business.

The total cost of the combination was EUR 20.0 million and comprised cash paid, costs directly attributable to the combination and reservation for additional purchase price.

EUR million	
Paid in cash	16.7
Total directly attributable costs	0.1
Total reservation for additional price payments	3.2
Total cost of business combinations	20.0

Cash outflow on the acquisition:

EUR million	
Net cash acquired in the business combinations	0.8
Cash paid	16.7
Net cash outflow	-15.9

From the date of acquisition, Fortuna has contributed EUR 2.0 million to the revenue and EUR 0.4 million to the operating profit of the Group after amortization on the fair value of intangible assets. If the combination had taken place at the beginning of the year, the revenue for the Group would have been about EUR 7 million and profit about EUR 1 million.

Other acquisitions during 2007

TietoEnator made the following acquisitions during 2007 which are all individually considered immaterial. The ownership in these acquisitions is 100%.

- 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 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	Carrying value
Intangible assets	4.5	0.3
Property, plant and equipment	0.1	0.1
Receivables	3.1	3.1
Cash and cash equivalents	3.3	3.3
	11.0	6.9
Other non-current liabilities	0.9	0.9
Deferred tax liabilities	1.2	0.1
Current liabilities	3.1	3.1
	5.2	4.1
Fair value of net assets	5.8	2.8
Goodwill arising on acquisition	10.0	
	15.8	

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

The total cost of the combinations was EUR 15.8 million and comprised cash paid, costs directly attributable to the combinations and reservations for additional purchase price:

EUR million	
Paid in cash	12.4
Total directly attributable costs	0.2
Total reservations for additional price payments	3.2
Total cost of business combinations	15.8

Cash outflow on the acquisitions:

EUR million	
Net cash acquired in the business combinations	3.3
Cash paid	12.4
Net cash outflow	-9.1

Since the dates of acquisition, the acquired units have contributed about EUR 9.3 million to the revenue and EUR 2.8 million to the operating profit of the Group after amortization on the fair value of intangible assets.

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 one 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 two-year period is 0–10%, which reflects the management's estimate of the industry's long-term average growth rate. Subsequent to the five-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 19%.

Carrying amount of goodwill allocated to CGUs and segments

The total goodwill at 31 December 2007 was EUR 415.7 million. The decrease compared to 31 December 2006 is EUR 32.7 million.

Three individual CGUs, Banking & Insurance Solutions, consulting and system integration business, Telecom & Media Telecom Solutions and Telecom & Media R&D Networks and Mobile Devices, 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 December 2007 was EUR 69.8 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 varies between 0% and 8% and EBITDA margin between 9% and 11%. The growth rate used to extrapolate the cash flows subsequent to the initial three-year period is 8%. 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 December 2007 was EUR 74.9 million. The recoverable amount of the CGU has been calculated in accordance with the general principles described above. The growth rate for the initial three-year period varies between 2% and 4% and EBITDA margin is 10%. 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 13.7%.

Telecom & Media R&D Networks and Mobile Devices are a similar business operation. The carrying amount of goodwill allocated to the CGU at 31 December 2007 was EUR 88.1 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 5% and 9% and EBITDA margin is 10%. 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 16.4%.

As a result of the impairment testing an impairment loss of EUR 40 million was booked in CGU Banking & Insurance Solutions, consulting and system integration. The goodwill impairment is related to Banking & Insurance business in Great Britain, where the synergy effects were not achieved as expected after acquisition of AttentiV and the business integration and cross sales between Great Britain and other countries did not progress as expected.

In the other CGUs no impairment was identified. If the revised estimated growth or EBITDA margin in the two Telecom & Media CGUs above during the initial three-year period was 10% lower than management's estimates at 31 December 2007, no impairment losses would have been recognised. No impairment losses would have been recognised either if the revised estimated pre-tax discount rate applied to the discounted cash flows was 10% higher than management's estimates.

The carrying amounts of the goodwill at 31 December 2007 allocated to the CGUs are disclosed by segment below (EUR million):

Carrying amount of goodwill	
Banking & Insurance	86.4
Telecom & Media	201.5
Other segments	127.8
Total	415.7

EUR million	**31 Dec 2007**	31 Dec 2006

16. INTEREST IN JOINT VENTURES

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

EUR million	**31 Dec 2007**	31 Dec 2006
Current assets	**65.2**	62.9
Non-current assets	**2.9**	3.3
	68.1	66.2
Current liabilities	**41.4**	40.4
Non-current liabilities	**0.9**	0.7
	42.3	41.1
Net sales	**140.2**	128.9
Expenses	**-123.9**	-113.2
Financial income and expenses	**0.7**	0.6
Profit before taxes	**17.0**	16.3
Income taxes	**-4.4**	-4.1
Net profit	**12.6**	12.2

TietoEnator's joint ventures at 31 Dec 2007

	Number	**Share %**	**Voting right %**	**Business Area**	**Book value EUR million**
Fidenta Oy	8 000	80.0	40.0	Banking & Insurance	**1.1**
Primasoft Oy	18 000	60.0	40.0	Banking & Insurance, Processing & Network	**14.0**
TietoEnator Esy Oy	7 300	80.0	34.0	Banking & Insurance	**2.6**
TietoIlmarinen Oy	3 570	70.0	30.0	Banking & Insurance	**1.8**
Tietokarhu Oy	8 000	80.0	20.0	Government, Manufacturing & Retail	**0.3**
TietoSaab Systems Oy	60 000	60.0	60.0	Government, Manufacturing & Retail	**0.9**
TKP Tieto Oy	1 018	67.9	41.3	Banking & Insurance	**3.1**
					23.8

TietoEnator Corporation holds interest in companies for which it has assumed management responsibility and which are jointly controlled.

17. DEFERRED TAXES

Changes in deferred tax assets and liabilities during 2007:	1 Jan 2007	Charged to income statement	Charged in equity	Acquisitions and disposals	Other changes	**31 Dec 2007**
Deferred tax asset						
Restructuring costs	-	2.5	-	-	-	**2.5**
Other provisions	0.3	0.7	-	-	-	**1.0**
Employee benefits	6.3	0.1	-	-	0.6	**7.0**
Depreciation difference	22.1	-4.3	-	-	0.2	**18.0**
Finance lease	1.1	-0.8	-	-	-	**0.3**
Other temporary difference	5.3	-3.0	-	-	1.8	**4.1**
Tax losses carried forward	40.1	-5.5	-	-	-1.1	**33.5**
Total	75.2	-10.3	-	-	1.5	**66.4**
Deferred tax liability						
Depreciation difference	1.4	-1.2	-	-	-0.2	**-**
Intangible assets	18.1	-0.7	-	2.3	1.2	**20.9**
Finance Lease	-	1.0	-	-	-	**1.0**
Appropriations	0.5	-	-	-	-0.5	**-**
Other temporary difference	-	0,1	-	-	1,4	**1,5**
Total	20.0	-0.8	-	2.3	1.9	**23.4**
Net deferred tax assets and change in income statement	55.2	-9.5				**43.0**

Changes in deferred tax assets and liabilities during 2006:	1 Jan 2006	Charged to income statement	Charged in 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 2007, the Group had recognised tax losses carry forward totalling EUR 33.5 million (EUR 40.1 million in 2006) of which EUR 7.8 million had no expiry date and EUR 0.2 million expire during the years 2008–2012 and the remainder expire thereafter.

At 31 December 2007, the Group had tax losses carry forward totalling EUR 12.6 million (EUR 1.6 million in 2006) for which no deferred tax asset was recognized due to uncertainty of utilization.

The Group does not provide for deferred taxes on undistributed earnings of subsidiaries to the extent 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 liablities have not been recognised, is insignificant.

EUR million	**31 Dec 2007**	31 Dec 2006

18. TRADE AND OTHER RECEIVABLES

Trade receivables	**391.2**	321.3
Prepaid expenses and accrued income		
Unbilled earned net sales	**86.3**	76.1
Licence fees	**17.5**	19.3
Rents	**4.4**	4.2
Social costs	**2.7**	2.7
Accrued interest income	**0.1**	0.1
Mainframe computer costs	**3.3**	3.0
Prepaid value added tax	**20.3**	20.3
Other prepaid expenses	**13.5**	22.7
Pension benefit asset	**1.4**	2.8
Other	**19.5**	30.5
	560.2	503.0

Aging and provision for doubtful trade receivables

Not past due	**290.9**	233.5
Past due 1–30 days	**74.1**	61.0
Past due 31–60 days	**14.9**	11.6
Past due 61–90 days	**7.3**	3.5
Past due 91–180 days	**6.7**	6.1
Past due 180+ days	**3.5**	5.6
Provision for doubtful receivables	**-6.2**	0.0
	391.2	321.3

19. CASH AND CASH EQUIVALENTS

Cash in hand and at bank	**31.8**	47.2
Short-term deposits	**41.1**	91.7
Cash and cash equivalents	**72.9**	138.9

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	Share capital	Share issue premiums and other reserves	Total

20. ISSUED CAPITAL AND RESERVES

1 Jan 2006	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
Translation difference			-2.7	-2.7
Exercise of share options	61	0.0	0.0	0.0
Cancellation of own shares	-1 883 350		0.0	0.0
Transfer from/to retained earnings			-26.5	-26.5
31 Dec 2007	73 958 173	75.8	39.6	115.4

During the year 2007, TietoEnator repurchased a total of 1 935 000 own shares. The purchase price was EUR 32.1 million which is currently presented as a decrease of the equity. On 20 December 2007, the Board of Directors decided to cancel these shares.

21. STOCK OPTIONS AND SHARE INCENTIVES

TietoEnator 2002 Stock Options

2002 A/B Stock options

Initial number of stock options		1 410 270 [1]
Number of stock options outstanding on	31 December 2006	1 333 270
Number of stock options forfeited during the year		0
Number of stock options exercised during the year		61
Number of stock options expired during the year		0
Total number of stock options outstanding on	31 December 2007	1 333 209
Number of stock options held by TietoEnator Oyj on	31 December 2007	0
Total number of stock options exercisable on	31 December 2007	1 333 209
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 28 February 2002 but before the share subscription will be deducted from the share subscription price of stock options as per the dividend record date. At the end of year 2007 the share subscription price was EUR 22.18.

1) TietoEnator 2002 A and 2002 B Stock Options were merged into 2002 A/B Options on 12 December 2006.

TietoEnator 2006 Stock Options

2006 A Stock Options

Initial number of stock options		600 000
Number of stock options outstanding on	31 December 2006	484 600
Number of stock options granted during the year		0
Number of stock options forfeited during the year		24 050
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 2007	460 550
Number of stock options held by TietoEnator Oyj on	31 December 2007	139 450
Total number of stock options exercisable on	31 December 2007	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[1]. The amount of the dividend decided after the beginning of the share subscription price determination period but before the share subscription will be deducted from the share subscription price of stock options as per the dividend record date. At the end of year 2007 the share subscription price was EUR 28.52.

1) For Stock Option 2006A, the share subscription price is the trade volume weighted average quotation of the TietoEnator share, rounded off to the nearest cent, on OMX Nordic Helsinki Stock Exchange during the two month period immediately following the announcement day of the financial statements for the year 2005.

2006 B Stock Options

Initial number of stock options		600 000
Number of stock options outstanding on	31 December 2006	0
Number of stock options granted during the year		564 800
Number of stock options forfeited during the year		18 000
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 2007	546 800
Number of stock options held by TietoEnator Oyj on	31 December 2007	53 200
Total number of stock options exercisable on	31 December 2007	0
Share subscription period		1 March 2010 –31 March 2012
Share subscription terms		1 share in exchange for 1 stock option The share subscription price is EUR 21.49[1]. The amount of the dividend decided after the beginning of the share subscription price determination period but before the share subscription will be deducted from the share subscription price of stock options as per the dividend record date. At the end of year 2007 the share subscription price was EUR 20.29.

[1] For Stock Option 2006B, the share subscription price is the trade volume weighted average quotation of the TietoEnator share, rounded off to the nearest cent, on OMX Nordic Helsinki Stock Exchange during the two month period immediately following the announcement day of the financial statements for the year 2006.

Information related to stock options during 2003 - 2007

		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
Granted		564 800	20.3
Exercised		61	22.2
Forfeited		42 050	25.0
Expired		0	0.0
Shares under option at	31 December 2007	2 340 559	23.0

The options outstanding by range of exercise prices at 31 December 2007

	Options outstanding			Vested options outstanding	
Exercise price, EUR	**Number of shares**	**Weighted average remaining contractual life in years**	**Weighted average exercise price, EUR**	**Number of shares**	**Weighted average exercise price, EUR**
20.29 – 28.52	2 340 559	2.5	22.99	1 333 209	22.18

Assumptions made in determining the fair value of the Stock Options

The fair grant value of the stock 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 2002 options the volatility is the average volatility for the period of 12 months prior to grant. The risk-free interest rate is the average continuously compounded yield on a government benchmark bond with equal time to maturity as stock options on the grant date.

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

	2007	2006	2005	2004	2003
Subscription price of the underlying share	**20.29**	29.72	24.23	25.73	26.23
Fair market value of the underlying share	**21.72**	22.60	24.67	24.89	14.63
Expected volatility, %	**37.2**	38.4	30.0	30.0	30.0
Risk-free interest, %	**4.0**	3.8	3.0	3.0	3.0
Expected contractual life in years	**5.0**	4.8	4.0	5.2	6.2
Expected dividends, %	**0.0**	0.0	0.0	0.0	0.0

The weighted average grant date fair value of the stock options was EUR 9.03 in 2007, EUR 6.63 in 2006, EUR 8.48 in 2005, EUR 7.73 in 2004 and EUR 2.11 in 2003.

TietoEnator share ownership plan 2006–2008

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 2007 was based on the TietoEnator Group's earnings per share (EPS) increasing 0–30% compared with 2006. As the 2007 financial targets were not met there will be no share allocation in 2008. The third performance period will be 2008. The allocation regarding 2008 will be made in 2009 and the target criteria for the third performance period will be decided by the Board of Directors during the first quarter of 2008.

EUR million	**31 Dec 2007**	31 Dec 2006
22. PENSION PLANS		
Pension benefit plans		
Defined benefit obligation	**156.4**	147.1
Fair value of plan assets	**-132.9**	-106.1
Pension obligations less plan assets	**23.5**	41.0
Unrecognized past service cost	**0.0**	0.0
Unrecognized net acturial gains/losses	**-6.2**	1.3
Provisions for pension benefit obligations	**17.3**	42.3
Pension contribution plans		
Other pension commitments		
Sweden	**0.9**	2.1
Finland	**3.8**	1.9
Provisions for pension contribution obligations	**4.7**	4.0
Total provisions for pension obligations	**22.0**	46.4
Pension benefit plans amounts recognized in profit and loss		
Current service cost	**7.2**	6.2
Interest cost	**6.2**	6.1
Expected return on plan assets	**-6.1**	-4.8
Gains and losses on curtailments and settlements	**0.0**	-1.9
Amortisation of acturial gains/losses	**-0.1**	0.1
Pension expenses	**7.2**	5.7
Actual return on plan assets	**-3.5**	6.4
Amounts recognized in balance sheet		
Present value of pension obligations		
Opening balance	**147.1**	162.0
Current service cost	**7.2**	6.2
Interest cost	**6.2**	6.1
Benefits paid	**-1.1**	-1.1
Operations acquired/divested	**0.0**	-6.7
Curtailment and settlement	**2.1**	-23.7
Actuarial gains/losses	**-3.3**	1.6
Exchange rate difference	**-1.8**	2.7
Closing balance	**156.4**	147.1
Plan assets		
Opening balance	**106.1**	117.6
Expected return on plan assets	**6.1**	4.8
Contribution to pension fund	**28.4**	7.4
Curtailment and settlement	**4.0**	-4.3
Operations acquired/divested	**0.0**	-23.1
Actuarial gains/losses	**-9.6**	1.6
Exchange rate difference	**-2.1**	2.1
Closing balance	**132.9**	106.1

EUR million	**31 Dec 2007**	31 Dec 2006
Actuarial gains/losses		
Opening balance, actuarial gains/losses	**1.3**	1.9
Actuarial gains/losses	**-7.0**	-0.9
Exchange rate difference	**-0.5**	0.3
Closing balance	**-6.2**	1.3
Operations acquired/divested		
Increase/decrease in pension obligations	**0.0**	-6.7
Increase/decrease in plan assets	**0.0**	-23.1
Net position	**0.0**	-29.8
Actuarial calculation assumptions		
Discount rate	**4.0–5.4**	4.0–5.0
Expected return on plan assets	**4.5–5.75**	5.0–5.5
Salary increase	**1.0–4.25**	2.25–3.5
Base amount increase	**2.0–4.25**	2.0–3.0

The ITP-pensionplans operated by Alecta in Sweden are multi-employer defined benefit pension plans.
It has not been possible to get sufficient information for the calculation of obligations and assets by employer from Alecta, and therefore this plan has been accounted for as a defined contribution plan in the financial statements.

EUR million	**31 Dec 2007**	31 Dec 2006
23. PROVISIONS		
Provisions for restructuring		
At 1 Jan	**1.7**	2.2
New provision	**19.5**	1.7
Use of provision	**-2.1**	-1.1
Reversal of provision	**0.0**	-1.1
At 31 Dec	**19.1**	1.7
Provisions for loss-making contracts		
At 1 Jan	**0.2**	0.7
New provision	**16.1**	0.2
Use of provision	**-0.2**	-0.4
Reversal of provision	**0.0**	-0.3
At 31 Dec	**16.1**	0.2
Other provisions		
At 1 Jan	**1.5**	6.7
New provision	**0.1**	0.0
Use of provision	**-0.9**	-3.7
Reversal of provision	**0.0**	-1.5
At 31 Dec	**0.7**	1.5

EUR million	**31 Dec 2007**	31 Dec 2006

24. FINANCE LEASES

Finance lease receivables

Amortization periods of finance lease gross receivables		
Within one year	**6.8**	5.9
Between one and five years	**6.4**	13.6
After five years	**0.0**	0.0
Gross investment	**13.2**	19.5
Unearned future finance income	**2.0**	7.0
Net investment	**11.2**	12.5

Present value of minimum lease payment receivables		
Within one year	**6.5**	5.6
Between one and five years	**4.7**	6.9
After five years	**0.0**	0.0
Net investment	**11.2**	12.5

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	**0.4**	12.1
Between one and five years	**0.8**	1.3
After five years	**0.3**	0.4
	1.5	13.9

Present value of future minimum lease payments

Within one year	**0.4**	11.8
Between one and five years	**0.7**	1.3
After five years	**0.3**	0.4
	1.4	13.5
Future interest charge	**0.1**	0.4

TietoEnator Corporation has finance leases for computers and other IT equipment. Certain leases include purchase options. Renewals are subject to separate negotiations. Interest rates of financial lease liabilities as of 31 Dec 2007 were between 3.63–5.86%.

EUR million	**31 Dec 2007**	31 Dec 2006

25. INTEREST-BEARING LOANS AND BORROWINGS

EUR million	**31 Dec 2007**	31 Dec 2006
Long-term		
Bank loans	**0.4**	0.3
Bonds	**149.8**	150.0
Other loans	**0.2**	3.3
Finance lease liabilities	**1.0**	1.7
Shareholders' loan	**-**	0.8
	151.4	156.1
Short-term		
Bank loans	**0.2**	0.1
Finance lease liabilities	**0.4**	11.8
Commercial papers	**96.1**	75.4
Other loans	**0.6**	1.5
	97.3	88.9

26. TRADE AND OTHER PAYABLES

EUR million	**31 Dec 2007**	31 Dec 2006
Trade payables	**66.9**	52.9
Advances received	**94.1**	76.6
Accrued liabilities and deferred income		
Net sales	**14.3**	11.7
Vacation pay and related social costs	**94.6**	91.7
Other accrued payroll and related social costs	**46.1**	36.6
Interest	**1.9**	1.4
Accrued value added tax liability	**20.3**	20.3
Other accrued expenses	**57.1**	59.9
Value added tax debt	**44.5**	36.6
Payroll tax debt	**21.9**	22.9
	461.7	410.6

EUR million	**31 Dec 2007** Carrying amounts	**31 Dec 2007** Fair values	31 Dec 2006 Carrying amounts	31 Dec 2006 Fair values

27. CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES CLASSIFICATION BASED ON IAS 39

Financial assets at fair value through profit or loss				
Derivatives	**3.2**	**3.2**	0.3	0.3
Loans and receivables				
Cash and cash equivalents	**72.9**	**72.9**	138.9	138.9
Non-current interest bearing receivables	**4.8**	**4.8**	6.9	6.9
Current interest bearing receivables	**6.5**	**6.5**	5.7	5.7
Trade and other current receivables	**556.9**	**556.9**	502.7	502.7
Available-for-sale investments	**1.4**	**1.4**	1.4	1.4
Financial assets total	**645.8**	**645.8**	655.9	655.9
Financial liabilities at fair value through profit or loss				
Derivatives	**0.4**	**0.4**	1.3	1.3
Financial liabilities measured at amortized cost				
Non-current interest bearing liabilities	**151.5**	**151.5**	156.1	156.1
Other non-current liabilities	**1.8**	**1.8**	3.2	3.2
Short-term loans	**97.3**	**97.4**	88.9	89.3
Trade and other current liabilities	**468.6**	**468.6**	409.3	409.3
Financial liabilities total	**719.5**	**719.6**	658.8	659.2

Foreign exchange derivatives' fair values are calculated according to closing date's FX and interest rates.
IRS is valued according to present value of its cash flows, supported by all relevant market data.
Loans and receivables and financial liabilities are held at amortized cost and their carrying amount is considered to approximate their fair value.
Available-for-sale investments' fair value equals carrying amount as no reliable mark-to-market value is available.
Currently the company holds no assets in Held-to-maturity category.
Hedge accounting according to IAS 39 was not used in 2007.

EUR million	**31 Dec 2007**	31 Dec 2006

28. COMMITMENTS AND CONTINGENCIES

For TietoEnator obligations		
Pledges	**0.0**	0.0
On behalf of joint ventures		
Guarantees	**1.8**	1.4
Other TietoEnator obligations		
Rent commitments due in one year	**56.0**	62.4
Rent commitments due in 1-5 years	**129.4**	139.3
Rent commitments due after 5 years	**25.6**	40.7
Operating lease commitments due in one year	**9.3**	7.2
Operating lease commitments due in 1-5 years	**15.0**	7.0
Operating lease commitments due after 5 years	**0.0**	0.0
Other commitments (1	**53.7**	25.8

Operating lease commitments are principally three-year lease agreements that do not include buyout clauses.
1) Including EUR 34.0 (19.3) million commitment for purchase of hardware and software.

EUR million	31 Dec 2007	31 Dec 2006
Notional amounts of derivatives		
Foreign exchange forward contracts	**249.1**	423.2
Interest rate swap	**100.0**	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:

Foreign exchange forward contracts	**2.8**	-0.9
Interest rate swaps	**-2.0**	-0.2

Derivatives are used for hedging purposes only.

Gross positive fair values of derivatives:	**Positive**	Positive
	31 Dec 2007	31 Dec 2006
Foreign exchange forward contracts	**3.2**	0.3
Interest rate swaps	**0.0**	0.0
Gross negative fair values of derivatives:	**Negative**	Negative
	31 Dec 2007	31 Dec 2006
Foreign exchange forward contracts	**-0.4**	-1.2
Interest rate swaps	**-2.0**	-0.2

On-going legal disputes

TietoEnator has an ongoing VAT dispute with the Finnish tax authorities concerning a sum of EUR 3.2 million. Certain other old legal disputes are also ongoing; as these are minor and insubstantial, no provisions have been made for them.

Contingent assets

The Finnish tax authorities have confirmed an additonal loss EUR 41.0 million (of which a deferred tax asset EUR 10.7 million could be recognized) on the loss incurred by the parent company in connection with the intra-group transaction carried out in April 2004, but the decision has been contested.

29. FUTURE RENTAL INCOME

Within one year	**1.4**	1.4
After one year but not more than five years	**2.3**	0.7
After five years	**0.0**	0.0

Future rental income includes the external sublease payments from premises.

EUR million	**31 Dec 2007**	31 Dec 2006

30. 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	**8.6**	8.5
Purchases	**0.0**	0.0
Receivables	**0.0**	0.1
Liabilities	**0.0**	0.0

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

Key management compensation

The Board of Directors, President and CEO, deputy CEO and Corporate Management Team.

See Note 6 in Notes to the consolidated financial statements.

31. DISCONTINUED OPERATIONS

In December 2006, TietoEnator sold its holding in Personec Group to Nordic Capital. Personec was 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. As a result of the divestment, Personec was treated as discontinued operations in TietoEnator's financial statements for 2006.

	1 Jan–31 Dec 2007	1 Jan–30 Nov 2006
Net sales	-	135.3
Expenses	-	-121.1
Net financial expenses	-	-10.3
Pretax profit	-	3.9
Taxes	-	-0.2
	-	3.7
Capital gain on disposal	-	156.0
Net result from discontinued operations	-	159.7

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

32. EVENTS AFTER THE BALANCE SHEET DATE

In January 2008, TietoEnator initiated personnel negotiations about the need to reduce the number of personnel and overhead costs. The estimated need for personnel adjustments, including personnel reductions and internal transfers within the company, concern approximately 800 positions mainly in Finland and Sweden. The negotiations will cover adjustments during 2008 and concern all employee categories within business areas and group functions, but the focus differs country by country. Approximately 400 of the affected personnel are in Finland, 250 in Sweden, and around 150 in other TietoEnator's operating countries.

Management of Financial Risks

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 external and internal agreements. 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.

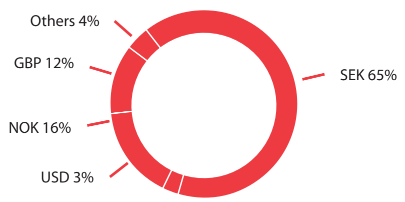
Foreign exchange transaction exposure
Foreign trade, Group's internal transactions and liquidity management in the non-euro countries generate foreign exchange risk to the Group. Exposure includes only firm commitments as signed contracts, bank account balances in non-euro currencies and internal funding. TietoEnator's commercial transaction exposure has been partially cleared from organisation structure related internal loans currency hedges during Q4 2007. Swedish krona, British pound and Norwegian krona are the largest currencies in the exposure. The company's policy is to hedge all significant foreign exchange commitments. Position is not sensitive to exchange rate fluctuations as it is almost fully hedged. During 2007 TietoEnator used currency forward contracts, swaps and options for hedging. These instruments are also the only instruments approved in the Treasury policy for hedging. Currency derivatives have maturity of less than 12 months.

EUR million	Net position	External FX hedges	Total net exposure
SEK			
31 Dec 2007	**78.4**	**-78.5**	**-0.1**
31 Dec 2006	37.5	-37.5	0.0
NOK			
31 Dec 2007	**-19.7**	**19.5**	**-0.3**
31 Dec 2006	-9.9	10.0	0.0
USD			
31 Dec 2007	**4.2**	**-4.3**	**-0.1**
31 Dec 2006	3.5	-3.5	0.0
GBP			
31 Dec 2007	**-14.3**	**14.5**	**0.2**
31 Dec 2006	-3.1	3.0	0.0
Other			
31 Dec 2007	**-4.5**	**4.5**	**0.0**
31 Dec 2006	3.7	-1.9	1.9

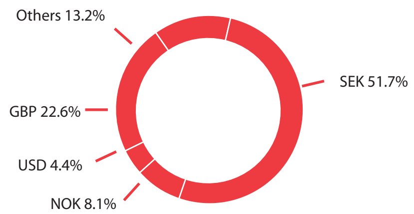
Foreign exchange translation exposure (including equity and income statement fx risk)
At the end of 2007, the currency denominated translation exposure of TietoEnator's shareholders' equity was approximately EUR 215.8 million. Exposure includes the acquisition price, share capital, restricted and non-restricted reserves as well as the result of the period for subsidiaries in non-euro countries. In addition to the translation position below the Group has an internal loan of SEK 1.7 billion as net investment in a foreign operation. According to the Treasury Policy translation exposure is not hedged.

EUR million	Exposure
SEK	
31 Dec 2007	**111.6**
31 Dec 2006	139.6
NOK	
31 Dec 2007	**17.4**
31 Dec 2006	33.1
USD	
31 Dec 2007	**9.5**
31 Dec 2006	22.6
GBP	
31 Dec 2007	**-48.9**
31 Dec 2006	89.8
Other	
31 Dec 2007	**28.4**
31 Dec 2006	33.4

TIETOENATOR TRANSACTION EXPOSURE 31 DEC 2007



TIETOENATOR TRANSLATION EXPOSURE 31 DEC 2007



Interest rate risk

External financing, investments and other interest bearing liabilities and receivables create the interest rate risk within the Group. The basis for managing the interest rate risk is the gearing target level of 40% on long term basis. Accounting principles for gearing are stated in "Calculation of Key Figures" section. If distributable profits allow, there is a possibility to distribute excess funds to shareholders as dividends as well as by share buy-backs; both methods were used also during 2007. At the end of 2007, gearing was 34.45%. The interest rate risk exposure was hedged during 2007. FRA and IRS agreements are possible instruments for hedging when so decided.

Following tables show only interest rate risk on liabilities as assets have no significance from the Group perspective.

31 Dec 2007 EUR million	Amount	Duration	Average rate, %	Rate sensitivity [1]
Capital markets	149.8	0.6	4.69	1.5
Money markets	96.1	0.1	4.91	1.0

In capital markets, EUR 100 million fixed rate bond issue was swapped in the first quarter into 12 month floating rate; fixing every December. Private placement of EUR 50 million carries a floating rate; fixed to 6 months euribor.

31 Dec 2006 EUR million	Amount	Duration	Average rate, %	Rate sensitivity [1]
Capital markets	150.0	4.2	4.09	0.5
Money markets	76.0	0.1	3.94	0.8

[1] the maximum effect (EUR million) of one percentage point rise in interest rates on the Group's net interest expenses over the following year.

Liquidity and re-financing risk

One of the Group Treasury's main objectives is to ensure that the company's liquidity remains sufficiently strong. The Group has a EUR 250 million credit facility maturing December 2011, EUR 100 million bond and EUR 50 million private placement programmes. The Group has also overdraft facilities and a EUR 250 million commercial paper programme available to maintain flexibility in funding.

Credit risk

TietoEnator's Credit Policy provides the Group a framework which ensures a global basis for taking appropriate level of risk, aiming at achieving sales targets while maintaining good balance sheet quality. The Policy is subject to annual reviews that guarantee its relevance to current market conditions and current business models and objectives.

Credit risk items are presented in notes 18 (aging profile of trade receivables) and 28 (derivatives contracts maximum credit risk). The Group's business concentration risk is such that top 10 customers account for around 37% of net sales. This group consists of Nordic customers only in the following industry sectors: telecom, banking and insurance, retail, government and forest industry. The invoicing currency for these customers is either EUR or SEK. For Treasury's external transactions, counterparties are large Nordic banks only.

Debt structure

31 Dec 2007 EUR million		Bonds	Private placement	Commerical paper programme	Revolving credit facility	Trade payables	Financial lease liability	Other
Amount drawn		100.0	50.0	96.1	0.0	66.9	1.4	1.3
Amount available		-	0.0	153.9	250.0	-	-	-
Maturity structure								
	2008	-	-	96.1	-	66.9	0.4	0.8
	2009–11	-	-	-	-	-	0.7	0.5
	2012	-	50.0	-	-	-	-	-
	2013-	100.0	-	-	-	-	0.3	-

31 Dec 2006 EUR million								
Amount drawn		100.0	50.0	75.4	0.0	52.9	13.5	6.0
Amount available		-	0.0	174.6	250	-	-	-
Maturity structure								
	2007	-	-	75.4	-	52.9	11.8	1.6
	2008–11	-	-	-	-	-	1.7	4.0
	2012	-	50.0	-	-	-	-	0.4
	2013–	100.0	-	-	-	-	-	-

Subsidiary Shares

EUR million	Share %	31 Dec 2007 Book value
SUBSIDIARY SHARES		
Subsidiary shares owned by the parent company		
Oy Abaris Financial Systems Ab, Finland	100.0	3.6
C and SAA Oy, Finland	100.0	0.0
Cymed AG, Germany	100.0	5.7
Fortuna Technologies Pvt. Ltd., India	100.0	20.0
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	11.3
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 Consulting a.s., Czech Republic	86.0	0.9
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	104.5
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	29.4
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 Italia S.p.A, Italy	65.0	7.1
TietoEnator N.V., Belgium	100.0	238.4
TietoEnator OOO, Russia	100.0	0.9
TietoEnator Polska Sp. z.o.o, Poland	100.0	3.3
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 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
UAB TietoEnator Holding, Lithuania	100.0	0.1
Dormant subsidiaries (3 in total)		0.0
		1 047.3

EUR million	Share %	31 Dec 2007 Book value
Shares in Group companies owned by subsidiaries		
Abaris AB, Sweden	100.0	4.3
Abaris AS, Norway	100.0	3.1
Banxolutions (UK) Ltd., Great Britain	100.0	0.0
Baysoft Technologies S.r.l., Italy	100.0	0.1
COOO TietoEnator, Belarus	99.0	0.0
Entra AB, Sweden	100.0	0.1
IT Alise Eesti Oü, Estonia	100.0	0.3
Teledynamics B.V., Netherlands	100.0	0.0
TietoEnator AttentiV Systems Ltd, Great Britain	100.0	28.8
TietoEnator Business Support Sweden AB, Sweden	100.0	0.0
TietoEnator Digital Innovations AB, Sweden	100.0	4.3
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	1.5
TietoEnator Financial Solutions AS, Norway	100.0	38.7
TietoEnator Financial Solutions B.V., Netherlands	100.0	0.0
TietoEnator Forest & Energy AB, Sweden	100.0	6.5
TietoEnator GMR Oy, Finland	58.8	1.2
TietoEnator Healthcare & Welfare AB, Sweden	100.0	4.5
TietoEnator MAJIQ Inc., USA	100.0	15.1
TietoEnator Processing & Network AB, Sweden	100.0	15.7
TietoEnator Prosessing & Network Oy, Finland	6.0	1.3
TietoEnator R&D Services AB, Sweden	100.0	14.3
TietoEnator Software Technologies Pvt. Ltd, India	100.0	0.0
TietoEnator Sverige AB, Sweden	100.0	204.7
TietoEnator Telecom & Media AB, Sweden	100.0	69.2
TietoEnator Topas GmbH, Germany	100.0	5.5
TietoEnator (UK no. 1) Ltd, Great Britain	100.0	6.6
Dormant subsidiaries (5 in total)		0.0
		426.8

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

Income Statement (FAS)

EUR	Note	1 Jan–31 Dec 2007	1 Jan–31 Dec 2006
Net sales		**48 648.86**	3 529.69
Other operating income	1	**125 384 185.31**	108 692 151.75
Cost of sales		**3 217 150.85**	1 240 589.98
Personnel expenses	2, 3	**15 638 882.89**	14 957 999.16
Depreciation and amortization	7, 8	**5 794 334.75**	5 602 574.81
Reduction in value of non-current assets	7	**3 052 467.88**	-
Other operating expenses		**123 697 954.38**	106 629 621.04
Operating profit		**-25 967 956.58**	-19 735 103.55
Financial income and expenses	4	**-25 879 753.99**	47 858 913.56
Profit before extraordinary items, appropriations and taxes		**-51 847 710.57**	28 123 810.01
Extraordinary items	5	**72 585 500.00**	88 850 000.00
Change in depreciation difference		**-**	461 228.39
Direct taxes	6	**6 607.24**	-137 929.09
Profit for the period		**20 744 396.67**	117 297 109.31

Balance Sheet (FAS)

EUR	Note	31 Dec 2007	31 Dec 2006
ASSETS			
Non-current assets			
Intangible assets	7	**3 339 471.81**	8 184 206.20
Tangible assets	8	**5 861 008.68**	7 831 704.28
Financial investments	9	**1 071 353 950.95**	839 925 893.24
Total non-current assets		**1 080 554 431.44**	855 941 803.72
Current assets			
Long-term receivables	10		
Loan receivables		**12 711 350.71**	205 682 718.31
		12 711 350.71	205 682 718.31
Current receivables	11, 12		
Accounts receivable		**6 112 813.52**	5 404 878.90
Loan receivables		**143 405 707.75**	206 120 045.59
Other receivables		**19 095 948.75**	9 087 057.81
Group contribution receivables		**79 820 000.00**	92 265 000.00
Prepaid expenses and accrued income		**4 043 470.30**	29 390 875.25
		252 477 940.32	342 267 857.55
Cash and cash equivalents		**10 553 954.69**	65 744 895.54
Total current assets		**275 743 245.72**	613 695 471.40
		1 356 297 677.16	1 469 637 275.12
SHAREHOLDERS´ EQUITY AND LIABILITIES			
Shareholders´ equity	13		
Share capital		**75 841 523.00**	75 841 462.00
Share issue premiums		**7 122 789.98**	7 121 498.00
Retained earnings		**797 336 769.01**	800 492 275.90
Net profit for the current year		**20 744 396.67**	117 297 109.31
		901 045 478.66	1 000 752 345.21
Provisions for liabilities and charges	14	**4 932 840.00**	3 137 160.80
Liabilities			
Non-current liabilities			
Bonds	15	**149 843 090.80**	150 000 000.00
Other liabilities	16	**32 504 347.09**	-
		182 347 437.89	150 000 000.00
Current liabilities	17, 18		
Advances received		**-**	52 261.36
Accounts payable		**6 582 121.07**	5 106 620.44
Other current liabilities		**234 975 051.11**	278 184 035.34
Group contribution liability		**7 234 500.00**	3 415 000.00
Accrued liabilities and deferred income		**19 180 248.43**	28 989 851.97
		267 971 920.61	315 747 769.11
Total liabilities		**450 319 358.50**	465 747 769.11
		1 356 297 677.16	1 469 637 275.12

Statement of Cash Flow (FAS)

EUR 1000	**1 Jan–31 Dec 2007**	1 Jan–31 Dec 2006
Cash flow from operations		
Operating profit	**-25 968**	-19 735
Adjustments to operating profit		
Depreciation and amortization on goodwill	**8 847**	5 603
Profit/loss on sale of fixed assets and shares	**-2 818**	-4 281
Other adjustments	**1 796**	-513
Change in net working capital	**7 646**	-11 259
Cash generated from operations	**-10 497**	-30 185
Net financial items	**942**	9 908
Income taxes paid	**7**	-156
Net cash flow from operations	**-9 548**	-20 433
Cash flow from investing activities		
Acquisition of Group companies and business operations	**-24 760**	-21 112
Capital expenditure	**-2 530**	-5 377
Sale of other fixed assets and shares	**6 739**	6 763
Net cash used in investing activities	**-20 551**	-19 726
Cash flow from financing activities		
Change in long-term debt	**32 347**	100 000
Change in short-term debt	**-51 689**	-24 471
Change in long-term loan receivables	**-75 030**	39 848
Change in short-term loan receivables	**62 714**	17 167
Exercise of share options	**1**	47
Dividends and donations	**-88 316**	-64 464
Purchase of own shares	**-32 137**	-52 338
Dividend and group contributions received	**127 018**	71 862
Net cash change in financing activities	**-25 092**	87 651
Change in cash and cash equivalents	**-55 191**	47 492
Cash and cash equivalents on 1 Jan	**65 745**	18 253
Cash and cash equivalents on 31 Dec	**10 554**	65 745

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

PARENT COMPANY ACCOUNTING PRINCIPLES

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

Foreign currency items

Foreign currency transactions are recorded at the exchange rate prevailing on the transaction date. Foreign currency items at the end of the financial period are valued at the average exchange rates on the balance sheet date. Foreign currency items are hedged using derivative contracts.

Exchange gains and losses on net financial liabilities are reported in the income statement under financial items, while other exchange gains or losses are included in operating profit. The exchange rate differences of hedged items are adjusted by the valuation differences of derivative contracts made for hedging purposes.

Derivative instruments are used for hedging purposes only. The instruments are measured at fair value. Related valuation changes are reported in the income statement.

Other operating income

Other operating income mainly includes internal service fees, 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 expense 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 contract forward rate. The fair value of interest rate swaps are 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 2007.
- 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 2007**	31 Dec 2006

1. OTHER OPERATING INCOME

Gain from sale of other fixed assets and shares	**2 818**	4 281
Rental income	**40 293**	31 635
Internal service fee	**81 483**	71 870
Other income	**790**	906
	125 384	108 692

2. PERSONNEL EXPENSES

Payroll costs	**11 720**	10 123
Pension expenses	**3 108**	3 580
Other pay-related statutory social costs	**811**	1 255
	15 639	14 958

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 2007 and 171 employees in 2006.

3. MANAGEMENT REMUNERATION

See Note 6 in Notes to the consolidated financial statements.

4. FINANCIAL INCOME AND EXPENSES

Income from securities and investments treated as equity		
Dividend income from Group companies	**25 786**	35 682
Dividend income from associated companies	**12 373**	14 130
Dividend income from other companies	**9**	1
	38 168	49 813
Other interest and financial income		
From Group companies	**18 068**	20 516
From other companies	**56 531**	22 506
	74 599	43 022
Investment write-downs	**-59 402**	-11 523
Interest and other financing expenses		
Paid to Group companies	**-19 666**	-3 283
Paid to other companies	**-59 579**	-30 170
	-79 245	-33 453
Total financial income and expenses	**-25 880**	47 859

EUR 1 000	**31 Dec 2007**	31 Dec 2006

5. EXTRAORDINARY INCOME

Group contributions received	**79 820**	92 265
Group contributions given	**-7 234**	-3 415
	72 586	88 850

6. DIRECT TAXES

On income from prior periods	**7**	138
	7	138

7. INTANGIBLE ASSETS

Intangible rights		
Acquisition cost, 1 Jan	**11 397**	3 961
Increases	**454**	-
Transfers from advance payments	**1 210**	8 411
Decreases	**-555**	-975
Acquisition cost, 31 Dec	**12 506**	11 397
Accumulated amortization, 1 Jan	**4 012**	2 246
Accumulated amortization in changes	**-117**	-213
Amortization for the period	**2 805**	1 979
Reduction in values	**3 052**	-
Accumulated amortization, 31 Dec	**9 752**	4 012
Book value, 31 Dec	**2 754**	7 385
Other capitalized expenditure		
Acquisition cost, 1 Jan	**3 581**	3 532
Increases	**174**	49
Decreases	**-253**	-
Acquisition cost, 31 Dec	**3 502**	3 581
Accumulated amortization, 1 Jan	**2 782**	2 266
Accumulated amortization in changes	**-249**	0
Amortization for the period	**384**	516
Accumulated amortization, 31 Dec	**2 917**	2 782
Book value, 31 Dec	**585**	799
Advance payments		
Acquisition cost, 1 Jan	**0**	2 766
Increases	**-**	-
Transfers	**0**	-2 766
Acquisition cost, 31 Dec	**0**	0
Book value of intangible assets, 31 Dec total	**3 339**	8 184

EUR 1 000	**31 Dec 2007**	31 Dec 2006

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	**887**	875
Increases	**0**	12
Decreases	**-26**	-
Acquisition cost, 31 Dec	**861**	887
Accumulated depreciation, 1 Jan	**609**	578
Accumulated depreciation in changes	**-1**	0
Depreciation for the period	**29**	31
Accumulated depreciation, 31 Dec	**637**	609
Book value, 31 Dec	**224**	278

Machinery and equipment		
Acquisition cost, 1 Jan	**21 656**	18 121
Increases	**1202**	3 535
Transfers from advance payments and work in progress	**531**	-
Decreases	**-2 182**	-
Acquisition cost, 31 Dec	**21 207**	21 656
Accumulated depreciation, 1 Jan	**16 217**	13 141
Accumulated depreciation in changed	**-2 122**	0
Depreciation for the period	**2 577**	3 076
Accumulated depreciation, 31 Dec	**16 672**	16 217
Book value, 31 Dec	**4 535**	5 439

Other tangible assets		
Acquisition cost, 1 Jan	**43**	6
Increases	**0**	37
Decreases	**-6**	-
Acquisition cost, 31 Dec	**37**	43
Accumulated depreciation, 1 Jan	**3**	2
Accumulated depreciation in changes	**-3**	-
Depreciation for the period	**0**	1
Accumulated depreciation, 31 Dec	**0**	3
Book value, 31 Dec	**37**	40

Advance payments and work in progress		
Acquisition cost, 1 Jan	**2 015**	9 461
Increases	**731**	1 527
Decreases	**0**	-3 328
Transfers	**-1 741**	-5 645
Acquisition cost, 31 Dec	**1 005**	2 015

Book value of tangible assets, 31 Dec total	**5 861**	7 832

EUR 1 000	**31 Dec 2007**	31 Dec 2006
9. INVESTMENTS		
Shares in Group companies		
Acquisition cost, 1 Jan	**815 829**	809 531
Increases	**285 894**	19 275
Decreases	**-5 120**	-1 477
Acquisition cost, 31 Dec	**1 096 603**	827 329
Investment write-downs	**-49 346**	-11 500
Book value, 31 Dec	**1 047 257**	815 829
Shares in associated companies		
Acquisition cost, 1 Jan	**23 722**	21 143
Increases	**0**	3 535
Decreases	**0**	-956
Acquisition cost, 31 Dec	**23 722**	23 722
Book value, 31 Dec	**23 722**	23 722
Other shares and interests		
Acquisition cost, 1 Jan	**375**	521
Increases	**-**	-
Decreases	**0**	-123
Acquisition cost, 31 Dec	**375**	398
Investment write-downs	**0**	-23
Book value, 31 Dec	**375**	375
Financial investments, 31 Dec total	**1 071 354**	839 926

Subsidiary shares
See page 49.

Shares in associated companies
See Note 12 in Notes to the consolidated financial statements.

Associated companies owned and managed by the parent company
See Note 16 in Notes to the consolidated financial statements.

Other shares and securities
See Note 13 in Notes to the consolidated financial statements.

EUR 1 000	**31 Dec 2007**	31 Dec 2006

10. NON-CURRENT INTERCOMPANY RECEIVABLES

Loan receivable from Group companies	**12 711**	205 681

11. CURRENT INTERCOMPANY RECEIVABLES

Receivables from Group companies		
Accounts receivable	**5 755**	5 185
Loan receivables	**143 406**	206 120
Other receivables	**5 320**	-
Group contributions receivable	**79 820**	92 265
Prepaid expenses and accrued income	**743**	22 503
	235 044	326 073
Receivables from associated companies		
Accounts receivable	**310**	187
Prepaid expenses and accrued income	**9**	129
	319	316

12. PREPAID EXPENSES AND ACCRUED INCOME

Prepaid expenses and accrued income from Group companies	**743**	22 503
Prepaid expenses and accrued income from associated companies	**9**	129
Total	**752**	22 632
Prepaid expenses and accrued income from other companies		
Licence fees	**1 615**	-
Rents	**688**	223
Social costs	**237**	121
Other	**751**	6 415
Total	**3 291**	6 759
Prepaid expenses and accrued income, total	**4 043**	29 391

13. CHANGES IN SHAREHOLDERS´ EQUITY

Share capital, 1 Jan	**75 841**	78 743
Cancellation of own shares purchased	**0**	-2 904
Exercise of share options	**1**	2
Share capital, 31 Dec	**75 842**	75 841
Share issue premiums, 1 Jan	**7 121**	4 172
Cancellation of own shares purchased	**0**	2 904
Exercise of share options	**2**	45
Share issue premiums, 31 Dec	**7 123**	7 121
Retained earnings, 1 Jan	**917 790**	917 295
Dividend distributions and donations	**-88 316**	-64 464
Purchase of own shares	**-32 137**	-52 338
Retained earnings, 31 Dec	**797 337**	800 493
Net profit for the period	**20 744**	117 297
	818 081	917 790
Shareholders´ equity, total	**901 045**	1 000 752

EUR 1 000	**31 Dec 2007**	31 Dec 2006

14. PROVISIONS

Pension commitments	**1 307**	1 941
Costs related to divestments	**320**	320
Rent commitment	**3 306**	876
	4 933	3 137

15. INTEREST-BEARING DEBTS AND BORROWINGS

Bonds	**149 843**	150 000

Debts falling due after five years

Bonds	**99 843**	150 000

Bonds with warrants

See Note 21 in Notes to the consolidated financial statements.

Other current liabilities include commercial papers EUR 96.1 million.

16. NON-CURRENT INTERCOMPANY LIABILITIES

Non-current liabilities to Group companies	**32 504**	-

EUR 1 000	**31 Dec 2007**	31 Dec 2006

17. CURRENT INTERCOMPANY LIABILITIES

Debts to Group companies		
Accounts payable	**3 826**	2 184
Other debt including cash pool	**138 214**	190 009
Accrued liabilities and deferred income	**5 926**	11 844
Group contribution liability	**7 235**	3 415
	155 200	207 454
Debts to associated companies		
Accounts payable	**1**	1
Accrued liabilities and deferred income	**292**	2
	293	3

18. ACCRUED LIABILITIES AND DEFERRED INCOME

Accrued liabilities and deferred income from Group companies	**5 926**	11 844
Accrued liabilities and deferred income from associated companies	**292**	2
Total	**6 218**	11 846
Accrued liabilities and deferred income from other companies		
Vacation pay and related social costs	**1 744**	1 668
Other accrued payroll and related social costs	**1 995**	2 053
Interest	**1 305**	1 431
Derivative liability	**2 002**	-
Other social costs	**323**	1 746
Purchase price of shares	**3 189**	3 472
Other	**2 404**	6 774
Total	**12 962**	17 144
	19 180	28 990

19. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets		
From losses carried forward	**23 834**	35 884
From temporary differences	**1 494**	816
From appropriations	**347**	79
	25 675	36 779

Deferred tax items are not included in the balance sheet.

EUR 1 000	**31 Dec 2007**	31 Dec 2006

20. CONTINGENT LIABILITIES

For TietoEnator's obligations		
Pledges	**-**	-
On behalf of Group companies		
Guarantees	**18 556** [1)]	13 947
On behalf of associated companies		
Guarantees	**1 800**	1 400
Other TietoEnator obligations		
Rent commitments due in 2008 (2007)	**24 775**	28 095
Rent commitments due later	**85 659**	105 981
Lease commitments due in 2008 (2007)	**792**	122
Lease commitments due later	**311**	101
Other commitments	**-**	31 442 [(2]

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 capitalised as fixed assets.

[1)] Does not include unused lines of credit guaranteed by the parent company, which totalled EUR 12.5 million (8.1) on 31 December 2007.

[2)] Including EUR 30.3 million commitment mainly for purchase of hardware.

Derivatives contracts

Foreign exchange forward contracts, nominal value	**523 589**	428 802
Fair value, foreign exchange forward contracts	**-4 741**	-1 069
Interest rate swaps, nominal value	**100 000**	-
Fair value, interest rate swap	**-2 002**	-

Derivatives are used for hedging purposes only. Hedge accounting according to IAS 39 was not used in 2007.

Shares and Shareholders

Share capital and shares

TietoEnator Corporation's issued and registered share capital on 31 December 2007 totalled EUR 75 841 523 and there were 73 958 173 shares.

During 2007 the number of registered shares increased by 61 new shares subscribed under the 2002 options and decreased by the cancellation of 1 883 350 repurchased shares. In December 2006 the Board of Directors decided to cancel the 1 745 000 shares repurchased in September 2006. The cancellation was registered in January 2007. In June 2007 the Board of Directors decided to cancel 138 350 own shares repurchased for the allocations in the three-year share based incentive plan. The changes in the number of shares were registered as follows:

		Shares	Total number of shares
On 25 Jan 2007	Cancellation	-1 745 000	74 096 462
On 30 Jul 2007	Cancellation	-138 350	73 958 112
On 8 Aug 2007	Options	+61	73 958 173

During 2007 TietoEnator executed one share repurchase programme. In August and September a total of 1 935 000 shares were repurchased to develop the company's capital structure. All these shares were cancelled by the Board of Directors in December. The registration of cancelled shared took place in January 2008. The number of outstanding shares (excluding the shares in the company's possession) was 71 661 523 at the end of 2007.

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

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

Stock options, warrants and share incentives

Based on the outstanding warrants and options on 31 December 2007, the total number of shares may increase, at the maximum, as follows:

	Maximum number of new shares	Subscription period	Exercise price, EUR
Stock option 2002 A/B	1 333 209	–30 Jun 2009	22.18
Stock option 2006 A	460 550	1 Mar 2009 –31 Mar 2011	28.52
Stock option 2006 B	546 800	1Mar 2010 –31 Mar 2012	20.29
Total	2 340 559		

In addition to these, TietoEnator Corporation still has 792 650 stock options from the 2006 stock option plan. The Board of Directors will decide about the allocation of these options during the year 2008. If all the option rights in the company's possession are taken into account, the number of shares could increase by a maximum of 3 133 209. 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 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 in December 2006 into options marked 2002 A/B. The 2002 A/B options are listed only on the OMX Nordic Helsinki Stock Exchange.

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 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 2007 was based on the TietoEnator Group's earnings per share (EPS) increasing 0–30% compared with 2006. As the 2007 financial targets were not met there will be no share allocation in 2008. The third performance period will be 2008. The allocation regarding 2008 will be made in 2009 and the target criteria for the third performance period will be decided by the Board of Directors during the first quarter of 2008.

The average price of the TietoEnator share in 2007 was EUR 19.97 on the OMX Nordic Helsinki Stock Exchange, which was lower than the exercise price of the 2002 A/B option programme, EUR 22.18.

Board authorizations

The 2007 Annual General Meeting authorized the Board of Directors to repurchase the company's own shares to the extent that does not exceed 10% of the company's aggregate number of shares. The authorization is to be used to develop the company's capital structure.

In July the Board of Directors decided to start a new share repurchase programme. The maximum amount to be used under this programme was EUR 80 million to purchase a maximum of 3.50 million shares. A total of 1 935 000 shares were repurchased in August and September at an average price of EUR 16.60. In October, the Board of Directors put the repurchase programme on hold.

The Board was also authorized to issue shares, option rights and convertible bonds. The authorization shall be in force until the close of the next Annual General Meeting, however, until 22 September 2008 at most. Based on this authorization the share capital may increase by at most EUR 14 819 292. 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 27 071 registered shareholders at the end of 2007. Based on the ownership records of the Finnish and Swedish central security depositories 33% of TietoEnator's shares were held by Finnish and 17% by Swedish investors. In total, there were 24 360 retail investors in Finland and Sweden and they held 13% of TietoEnator's shares.

At the beginning of July, Deutsche Bank AG announced that its holding in TietoEnator Corporation represented 5.01% of the shares and voting rights. Later in July, Deutsche Bank AG announced that its holding has decreased to 4.18%. In October Goldman Sachs Group, Inc. announced that its holding in TietoEnator Corporation had increased to 7 739 534 shares, which represents 10.46% of the shares and voting rights.

The Board of Directors and the Interim CEO together owned 0.08% of all the shares and votes at the end of 2007. Based on the bonds with warrants and options, they can increase their aggregate holding to at most 0.21% 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 the 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.

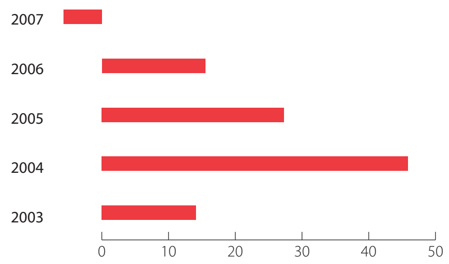
Share performance and trading

In 2007, the turnover of TietoEnator's shares totalled EUR 6 192.2 million (310 031 655 shares) in Helsinki and SEK 10 732.6 million (57 572 330 shares) in Stockholm. The total number of shares traded represented 504% of the average number of outstanding shares.

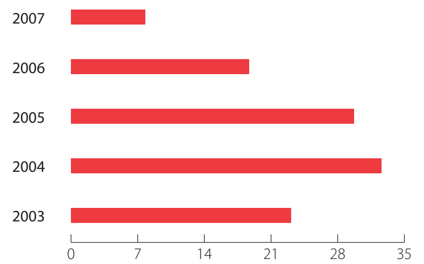
On OMX Nordic Helsinki Stock Exchange the average share price in 2007 was EUR 19.97. At the end of the year the share price was EUR 15.36. The highest price was EUR 25.20 and the lowest EUR 13.70. The market capitalization at the end of the year totalled EUR 1 136.0 million.

The TietoEnator share price fell 37.2% in Helsinki and 35.8% in Stockholm during the year. At the same time, OMX Helsinki All Share Index gained by 20.5% and the OMX Helsinki Cap Index by 3.8%. OMX Stockholm All Share Index fell 6.0% in 2007.

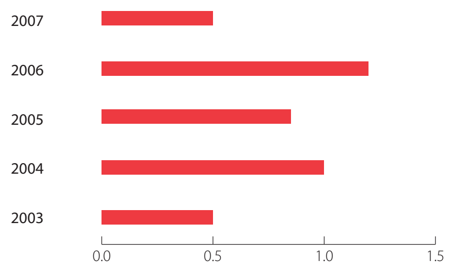
RETURN ON EQUITY, %



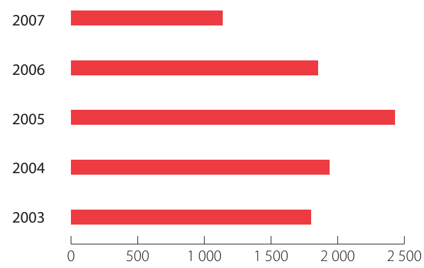
RETURN ON CAPITAL EMPLOYED, %



DIVIDEND / SHARE, EUR



MARKET CAPITALIZATION, EUR MILLION



	2007 IFRS	2006 IFRS	2005 IFRS	2004 IFRS	2003 FAS
SHARE INFORMATION					
Changes in share capital					
Share capital at year end, EUR	**75 841 523**	75 841 462	78 743 322	82 886 444	82 886 444
Number of shares	**73 958 173**	75 841 462	78 743 322	82 886 444	82 886 444
Adjusted number of shares at year end	**73 958 173**	75 841 462	78 743 322	82 886 444	82 886 444
Adjusted average for the year	**72 941 089**	74 963 658	78 063 022	81 977 804	82 886 444
Per share data					
Earnings per share, EUR					
- basic	**-0.44**	3.25	1.75	2.71	0.79
- diluted	**-0.44**	3.25	1.75	2.71	
Earnings from continuing operations per share, EUR [1]	**0.29**	1.18	1.64		
Equity per share EUR	**6.67**	8.51	6.60	6.49	5.74

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

	2007 IFRS	2006 IFRS	2005 IFRS	2004 IFRS	2003 FAS
Share price performance and trading volumes					
OMX Nordic Helsinki Stock Exchange					
Highest price of share, EUR	**25.20**	32.88	31.16	27.70	24.55
Lowest price of share, EUR	**13.70**	17.48	22.30	19.90	11.5
Average price of share, EUR	**19.97**	23.98	26.02	23.58	16.91
Turnover, number of shares	**310 031 655**	217 734 156	149 733 710	127 507 163	104 692 989
Turnover, %	**425.0**	290.5	191.8	155.5	126.3
OMX Nordic Stockholm Stock Exchange					
Highest price of share, SEK	**231.00**	307.00	292.00	254.00	220
Lowest price of share, SEK	**128.25**	160.50	202.00	184.00	107
Average price of share, SEK	**186.42**	218.30	241.20	216.71	153.58
Turnover, number of shares	**57 572 330**	41 054 225	26 454 896	11 205 872	15 257 580
Turnover, %	**78.9**	54.8	33.9	13.7	18.4
Market capitalization, EUR million	**1 136.0**	1 853.6	2 429.2	1 939.5	1 798.6
Dividends					
Dividend, EUR 1 000	**35 831**	88 316	64 464	78 742	41 443
Dividend per share EUR	**0.50**	1.20	0.85	1.00	0.5
Extra dividend paid 2004, EUR 1 000				39 371	
Dividend per share EUR				0.50	
Payout ratio, %	**-113.6**	36.9	48.6	47.0	63.3
Price-weighted ratios					
OMX Nordic Helsinki Stock Exchange					
Price per earnings ratio (P/E)	**-35**	8	18	9	28
Dividend yield, %	**3.3**	4.9	2.8	6.4	2.3
OMX Nordic Stockholm Stock Exchange					
Price per earnings ratio (P/E)	**-35**	8	17	9	28
Dividend yield, %	**3.3**	4.8	2.8	6.5	2.3

Major shareholders on 31 December 2007

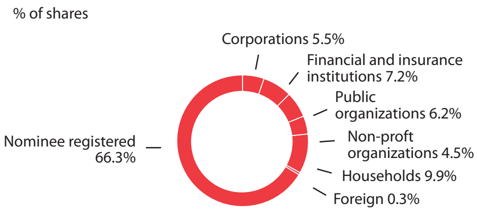
	Shares	%
1 Didner & Gerge Aktiefond	2 335 000	3.2%
2 TietoEnator	2 296 650	3.1%
3 Swedbank Roburs funds	1 723 282	2.3%
4 Mutual Pension Insurance Company Ilmarinen	1 576 450	2.1%
5 Svenska Litteratursällskapet i Finland	1 298 000	1.8%
6 OP funds	1 272 754	1.7%
7 ABN Amro funds	1 083 804	1.5%
8 Danske funds	1 044 800	1.4%
9 The State Pension Fund	800 000	1.1%
10 Nordea funds	680 396	0.9%
Remaining nominee registered	44 295 193	59.9%
Others	15 551 844	21.0%
Total	73 958 173	100.0%

Based on ownership records of the Finnish and Swedish central security depositories.

The number of shares in TietoEnator's possession includes 361 650 shares repurchased in May 2006 for the three-year share-based incentive plan and 1 935 000 shares repurchased during the third quarter of 2007.

In October Goldman Sachs Group, Inc. announced that its holding in TietoEnator Corporation had increased to 7 739 534 shares, which represents 10.46% of the share capital and voting rights.

OWNERSHIP STRUCTURE ON 31 DECEMBER 2007



Based on ownership records of the Finnish central security depository.

TietoEnator, trading codes

OMX Nordic Helsinki Stock Exchange	TIE1V
OMX Nordic 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

Division of shares on 31 December 2007

Number of shares	Shareholders		Shares	
	No	%	No	%
1–100	4 513	36.1	274 160	0.4
101–500	4 705	37.6	1 282 085	1.7
501–1 000	1 465	11.7	1 139 502	1.5
1 001–5 000	1 491	11.9	3 261 646	4.4
5 001–10 000	164	1.3	1 198 861	1.6
10 001–50 000	105	0.8	2 236 261	3.0
50 001–100 000	25	0.2	1 746 021	2.4
100 001–500 000	27	0.2	5 329 899	7.2
500 001–999 999 999 999	12	0.1	57 470 578	77.7
Joint book-entry account			19 160	0.0
Total	12 507	100.0	73 958 173	100.0
Nominee registered	17		49 033 871	66.3

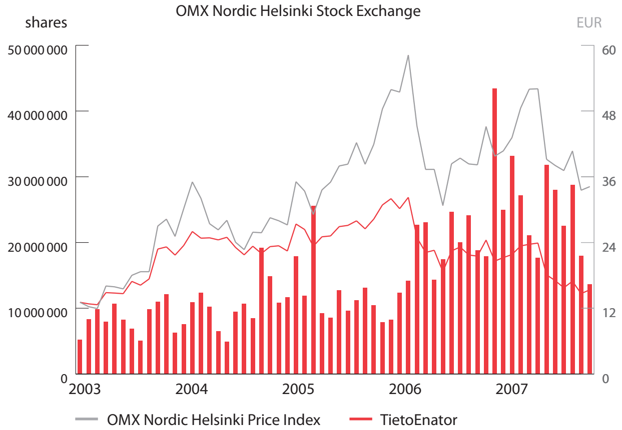
Based on ownership records of the OMX Nordic Helsinki Stock Exchange.

Changes in share capital

(1 share = 1 vote)	Shares	Share capital, EUR
Total on 31 December 2004	82 886 444	82 886 444
Nullifying of company's own shares, 7 April 2005	4 144 322	4 144 322
Bonds with options subscribed, registered on 16 Dec. 2005	1 200	1 200
Total on 31 December 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 April 2006	50	50
Nullifying of company's own shares, 10 April 2006	2 903 860	2 903 860
Bonds with options subscribed, registered on 13 June 2006	1 200	1 200
Total on 31 December 2006	75 841 462	75 841 462
Nullifying of company's own shares, 19 Dec 2006, registered 25 Jan 2007	1 745 000	0
Nullifying of company's own shares, 26 Jun 2007, registered 30 Jul 2007	138 350	0
Bonds with options subscribed, registered on 8 August 2007	61	61
Nullifying of company's own shares, 20 Dec 2007, registered 9 Jan 2008	1 935 000	0
Total on 9 Jan 2008	72 023 173	75 841 523

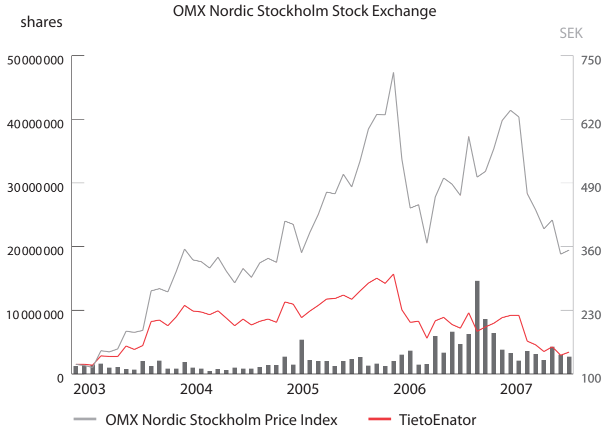
SHARE PRICE DEVELOPMENT AND TOTAL TURNOVER

OMX Nordic Helsinki Stock Exchange



SHARE PRICE DEVELOPMENT AND TOTAL TURNOVER

OMX Nordic Stockholm Stock Exchange



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Proposal of the Board of Directors

	EUR
Distributable funds in the parent company	818 081 165.68
of which net profit for the current year	20 744 396.67

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

- a dividend of EUR 0.50 per share be paid to shareholders	35 830 761.50
- the remainder be carried forward	782 250 404.18

In the opinion of the Board of Directors the proposed dividend distribution does not endanger the liquidity of the company.

Espoo, 5 February 2008

Matti Lehti Chairman	Anders Ullberg Deputy chairman
Bruno Bonati	Mariana Burenstam Linder
Anders Eriksson	Bengt Halse
Kalevi Kontinen	Jari Länsivuori
Olli Riikkala	Åke Plyhm Interim 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 Tieto-Enator Corporation for the period 1 January to 31 December 2007. 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 5 February, 2008

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, Espoo, Finland, on Thursday 27 March 2008 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 Monday 17 March 2008 and to notify their wish to attend the meeting not later than Thursday 20 March 2008 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 17 March 2008 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 12 March 2008 at 12.00 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 20 March 2008 either:

- at internet www.tietoenator.com/agm
- by e-mail agm@tietoenator.com
- by phone +358 9 8626 2203
- by telefax +358 2060 20232
- by mail TietoEnator, Legal/AGM, 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 20 March 2008.

Dividend payment
The Board of Directors proposes to the AGM that a dividend of EUR 0.50 per share be paid on the financial year 2007. 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 1 April 2008. It is proposed that the dividend be paid on 15 April 2008.

Shareholders' calendar for 2008

- 6 February — Interim report for the fourth quarter and Financial Statement Bulletin 2007
- Week 7 — Financial Review 2007, Annual Review 2007 (pdf)
- 5 March — Financial Review 2007, Annual Review 2007 (printed)
- 17 March — Record date for AGM
- 27 March — AGM
- 1 April — Record date for dividend
- 15 April — Dividend payment
- 24 April — Interim Report for the first quarter 2008
- 18 July — Interim Report for the second quarter 2008
- 28 October — Interim Report for the third quarter 2008

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

To order the printed Annual Review 2007 and Financial Review 2007:

- 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

The annual summary of TietoEnator's stock exchange releases and announcements in 2007 is available on the company's website at http://www.tietoenator.com/Press room.

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Sirpa Salo, Investor Meetings
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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 at www.tietoenator.com.

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Fax +46 8 632 1420

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www.tietoenator.com
Business ID: 0101138-5
Registered office: Espoo, Finland

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Operating countries

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

TietoEnator Corporation

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