

Employee Review 2002

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We make it happen!

..... Focusing on **trust, customer-orientation and competence.**

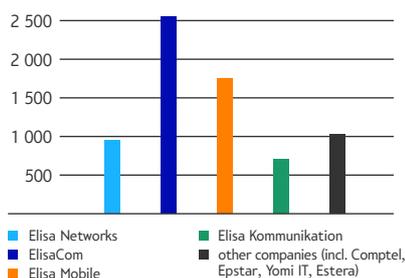


Elisa Group wishes to offer its personnel a challenging work environment that strives towards a collective pioneering spirit and encourages constant renewal and readiness for change in individuals. The Group's objective is to become the leading and most highly appreciated telecommunications service company.

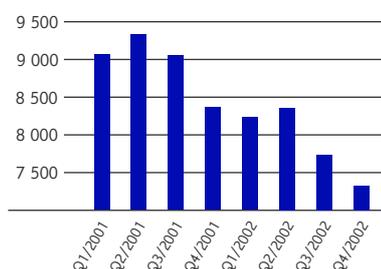
Its working culture is characterised by:

- **trust**, based on both the examples set by management and leadership and employee involvement that comply with the company's values,
- **customer-orientation**, based on being better than our competitors thanks to our excellent Customer Relations Management, and
- **competence**, based on the continuous learning process in individuals and work community.

Personnel capacity by business area (employees at the end of 2002)



Development in the number of employees within the Group



Responsible employer ... Social responsibility is becoming an increasingly important part of business. Our personnel and customers, as well as investors and shareholders, put more and more emphasis on the way in which companies bear their responsibilities towards society.

Elisa has always aimed at being a responsible employer. Responsibility also means that we openly admit to being far from perfect. We have taken a humble approach and try to learn from all experiences. We believe that good corporate citizenship is best carried out in everyday work.

Last autumn, 38 Finnish companies founded an association called the 'Finnish Business and Society'. As it had been following the association's principles for years, Elisa joined the association as a founder member. The society focuses on social responsibility, particularly on ethical personnel policies and responsibility towards the broader community.

Restructuring continued ... The restructuring and reorganization measures initiated in 2001 continued in 2002. The re-grouping of business structures also continued, causing changes to employees' work tasks and units.

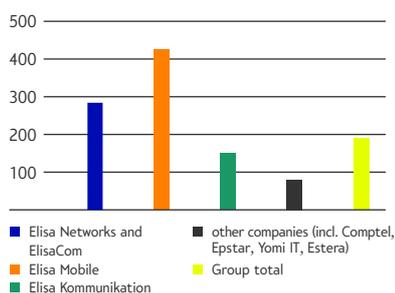


Human Resource figures*

	ELISA COMMUNICATIONS CORPORATION		
	2000	2001	2002
Number of employees	6 698	8 180	7 368
Gross capacity in total			7 422
– male			4 657
– female			2 765
Average employee age	40.3	38.8	37.3
Staff turnover rate, %	11.9	11.8	13.4
Personnel costs, EUR million	240.69	327.68	377.96
Personnel costs per employee, EUR 1 000	39.07	42.10	51.30
Revenue per employee, EUR 1 000	202.00	185.00	192.62
External training expenditure, EUR million	10.4	9.6	6.9

* Owing to the non-recurring expenses incurred by corporate arrangements, consolidation and restructuring measures, the figures are not comparable.

Revenue per employee in 2002 (EUR 1,000)



The biggest personnel reduction in Elisa's domestic operations in 2002 took place after the sale of Instalia, which resulted in approximately 430 employees transferring to Flextronics Network Services Finland. Arrangements aimed at reducing the number of personnel, took place in Group Operations and in the Fixed Network Business, i.e. ElisaCom and Elisa Networks business areas, as well as in other companies. In Finland the negotiations complied with the 'Act on Co-operation within Undertakings'. The consolidation of Elisa Kommunikation continued in Germany, and led to a decrease in the number of employees there.

Focus on well-being ... Elisa celebrated its 120th year of operations in 2002 with special projects and events that emphasised the sense of togetherness. The Group also adopted a new policy for well-being at work called: "We make it happen!". This underlines the notion that all individuals can affect the company's profitability and well-being at work. Therefore, both of these conditions are the joint responsibility of the employer and employees.

Our policy is based on taking well-being into account in our everyday decisions including business, management, skills, health and resources, work community, working conditions and the content of work. Coaching an individual is not enough.

In 2002, the Group also jointly adopted agreed principles of equality. Elisa's basic value, trust, includes the notion of an equal working community, the encouragement of individuality and versatility, as well as respect for individuals. The Group companies draft their own 'equality programmes' on the basis of these principles.

Regular surveys ... Practical measures for promoting well-being at work are always preceded by a survey of personnel in which employees can express their opinions about the good and bad points in their respective work environment. The results are discussed with the personnel and used as a basis for the further development of activities and operations.

The measures are monitored by business area and reports are prepared for the Group's Executive Board. Elisa Mobile's survey was completed early in the year, and those of ElisaCom, Elisa Networks and Group Operations took place in the latter part of 2002.

Versatile education and training ... Personnel's skills as well as their skills promotion and development are key to success. The Elisa Group aims at becoming a true learning organisation, which involves boosting competitiveness through personal development, training for top-level skills and continuous improvements to operating methods. The company supports our employees' drive to develop further their own sets of skills. Learning leads to changes in working habits and methods, which stimulates business development and consequently generates new learning.

Target and development appraisals are at the core of personnel development. They allow the company-wide strategy to be formulated into concrete goals at both the individual and the team levels. These are used as the basis for development plans.

A new management training programme, Elisa Excellence, designed for both new and experienced supervisors, was launched in the autumn of 2002. It focuses on business, business development and leadership in depth, and provides practical management tools for supervisors.

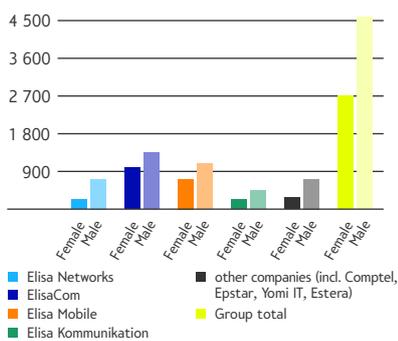
The content of the Development Center, which is geared towards people of ability was redesigned. The Center aims to identify potential key persons and offer them opportunities for development.

The plans for an Executive Center, aimed at Senior Management, were finished in the latter part of the year. Launched in early 2003, the programme offers events for both individuals and management teams. Mentoring and sparring is also used to boost the transfer of experience and knowledge between up-and-coming candidates and senior executives.

The excellent multi-channel mBusiness programme, which is designed to create new opportunities for cooperation between the Group's different business activities, continued in 2002.

In order to maintain the basic skills required in our line of business, employees are able to improve their languages, IT, telecommunications and project skills through external service providers.

Employees by gender per business area



Combined competence offers a significant competitive edge nationally.

Olli Peltokoski, Sales Manager
Kestel, Jyväskylä



The EduTele project of the national labour market organisations also continued. The project helps telecommunications professionals update their skills and competence to satisfy current requirements and thus supports their future employment.

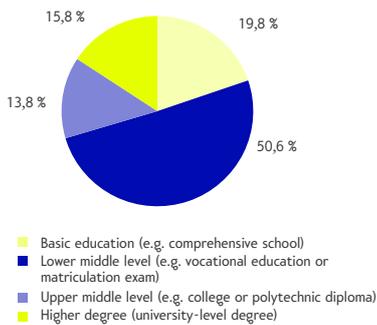
Common tools ... The Group's unity is continuously consolidated by developing common tools for all employees. A good example is the Group-wide intranet, Elisaitti, introduced in the summer of 2002.

Elisaitti includes useful information and tools for the Group's personnel. The available HR topics provide information on training, employment relationships, recruiting, occupational health care and leisure activities. Elisaitti also offers an electronic learning environment, Efodi, which has already been put to systematic use in all joint training programmes.

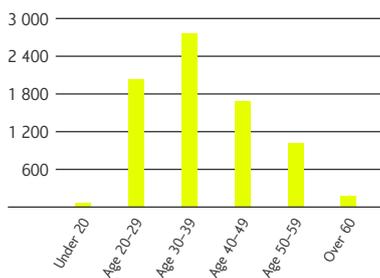
The Group has carried out a survey of personnel ever since 1994. An electronic survey form common to all Group companies was developed in 2002 to enable simple reporting, monitoring and comparison of results between different business operations.

The year also saw the launch of the eHR project, which aims to make HR operations and leadership more uniform. The project's objectives are to use electronic systems to decentralize, enhance and speed up processes and do away with overlapping work. Other goals include real-time and reliable analyses and reporting of data related to HR management.

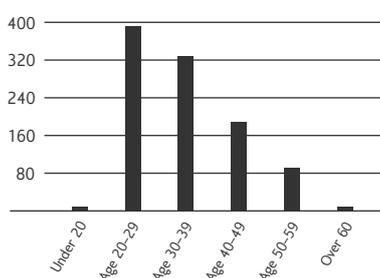
Level of education in 2002
Group total



Employees by age in 2002
Group total



Employees by age in 2002
other companies
(incl. Comptel, Epstar, Yomi IT, Esterä)



Rewarding ... Bonus schemes are an integral part of goal-oriented activities. Nearly all Group employees are covered by either an individual or team-specific bonus or result-based scheme. Purposeful incentive schemes must be as simple as possible and closely linked to real work. They must also be renewed frequently. New reward systems were adopted in the Elisa Mobile and Elisa Networks business areas in 2002.

Cooperation ... Cooperation with the personnel is an important part of responsible business operations. The CEO's meeting is a group-level cooperation advisory committee that convenes twice a year to discuss issues such as the Group's financial situation and the outlook for development. Other themes include the Group's internal communications, the effect that changes made to group companies, the product range or service operations may have on the personnel's position, and other topical issues concerning the Group. The senior representatives of the employees and HR management meet once or twice a year at joint meetings.

Each business area arranges its own Managing Director's meeting to discuss plans, decisions, initiatives and proposals concerning all relevant employees, as well as exchange views on business-related issues. The goal is to make employees' expertise available to decision-makers and in turn, to increase employees' understanding of current developments in business.

Personnel are represented on the Boards of ElisaCom and Elisa Networks, and also in the management groups of subsidiaries and business units.

Personnel representation aims to increase the employees' influence, further build trust between management and personnel, improve the flow of information and increase their sense of security, thus promoting the company's performance.

Risto Rinta-Mänty, Senior Vice President, Corporate Human Resources

For the people on the move.

..... The biggest challenge was
to reach a consensus among all
the different nationalities.

Katarina Engblom, Development Manager
Radiolinja, Espoo

In 2002, the merger of Mäkitorppa-Yhtiöt with Radiolinja brought together two different company cultures. The process proved that personnel are capable of quickly and flexibly adopting new operating methods.

The Contact Center customer service became an important sales channel over the year. The service advisers' work also developed in a more sales-oriented direction, leading to the adoption of new operating methods.

When Telia withdrew its subscriptions from Radiolinja's network, Radiolinja and its employees from all units worked together to respond nimbly to the challenge. The autumn launch of important new services and concepts called for profound skills in service development. It also required persistence and extensive cooperation with partners and also between different parts of the organisation.

From idea to product ... The Travel Time project implemented by Radiolinja's Telematics business unit originated from the need to develop a product for monitoring main-road congestion using the GSM network. The service does not identify individual phones in order to ensure the privacy of mobile phone users.

The company filed a patent on the Travel Time service at the beginning of 2001 and the technology has been jointly tested with the Finnish Road Administration. Radiolinja is currently negotiating for service commercialisation with possible cooperation partners.

Service development has required special skills in many fields. Product Development Manager Veli-Matti Kiviranta gets enthusiastic when describing the project: "Customer needs were top of the list from the very beginning. Working across units led to a good and goal-oriented spirit among project participants. This innovation grew into a software product that raised international interest."

International praise ... Katarina Engblom, Development Manager at Radiolinja, was rewarded for her outstanding contribution to the development of the documentation system for location-based services. The award was granted by the GSM Association, which includes all of the leading GSM operators in the world.

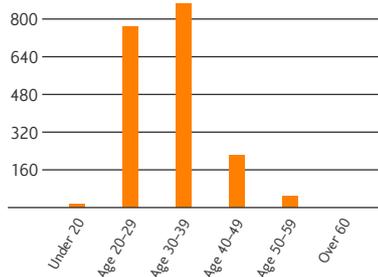




Working across units led to a **good and goal-oriented spirit** among project participants.

Veli-Matti Kiviranta, Product Development Manager
Radiolinja, Espoo

Employees by age in 2002
Elisa Mobile



The GSM Association is an operator community that documents and takes a stand on important topics from the operators' point of view. Location-based services constitute a developing business area in which standardisation is of great importance in ensuring the compatibility of services in different countries.

The documentation of location-based services will be of use to the entire GSM community, as well as to international travellers, in the future since one of the focal points of documentation is roaming, the international functioning of location-based services.

Katarina Engblom describes her work: "Operators around the world are at very different stages in positioning-related issues. The biggest challenge was to reach a consensus among all the different nationalities so that all operators could sign the document. This called for patience and negotiation skills."

For the People on the Move ... The Finnish Association for Human Resource Management, HENRY, granted the Personnel Act of 2002 award to Radiolinja's 'For the People on the Move' project.

In August, Radiolinja sent its personnel, including management, out and about to meet customers in their everyday environment. The goal of the theme week was to remind Radiolinja employees that customers come first and foremost.

Radiolinja employees could be seen in a variety of places in the greater Helsinki area, and also in Oulu, Kokkola, Turku and Tampere. Activities included washing windshields and filling cars at petrol stations, packing and carrying customers' bags in grocery shops and handing out reflectors to school children and telling them about safe roads to and from school. The employees also engaged in product and service demonstrations, gave tips for cell phone use and distributed lottery tickets.

The personnel found this kind of marketing work and direct customer contacts to be an eye-opening learning experience. The campaign improved the spirit of togetherness of a decentralized and ever-changing organisation.

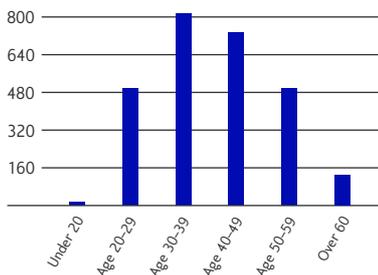


Nationwide power.

Customers satisfied with our solutions
are the best advertisement for our competence and service.

Anna-Mari Ylihurula, Account Manager
 ElisaCom, Helsinki

Employees by age in 2002
 ElisaCom



Customer relationships, cooperation, competence and flexibility were a characteristic of 2002, ElisaCom's first year of operations. The revamped organisation structure offered new responsibilities, operating methods and challenges to the entire work-force. Skills and knowledge were developed in line with the company's strategies to answer business needs. Individual development needs were determined in target and development appraisals.

A survey of personnel covering all employees was carried out in the autumn. Employees actively responded to the survey, which pointed out many strengths – such as the internalisation of values – but also many development needs. The main benefits resulting from the survey were, however, the multitude of discussions and the subsequent developmental ideas they led to.

Our work-force have put a lot of effort into developing the quality of customer service. The new, improved quality certificates are an example of this. Customer Relations Management, improved national cooperation and high-quality information security skills exemplify our achievements in 2002.

Group-wide cooperation ... ElisaCom's Major Accounts unit focuses on the management and development of customer relationships. The managers responsible for our Major Account clients interface between Elisa Group and these clients by acting as a 'go between'. This makes their work challenging and meaningful.

Cooperation plays a particularly important part in work with major customers. It occurs everywhere throughout companies and throughout business areas. Close collaboration with the product companies and, with the installation and maintenance services, fulfil pledges made to customers by ensuring a continuous service chain.

"Combining the Elisa Group companies' competence, resources and existing customer relationships enables us to achieve a significant competitive advantage in terms of national customers," says Sales Manager Olli Peltokoski from Kestel's sales unit.

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It feels great to be involved in **creating the foundation** for future development of the Finnish information society.

Kirsi Pispala, Project Manager
ElisaCom, Helsinki



Work with customer relations bears fruit ... Research results obtained in 2002 showed positive results of the systematic work carried out in customer relations. Customers trust Elisa's way of managing customer relations, as well as its products, services and after sales operations. However, there is always room for improvement, and encouraged by the research results development work still continues.

The telecommunications industry has grown accustomed to quick changes and the resulting need for continuous development and learning. Elisa is prepared to face the challenges posed by this on-going trend.

"Active and skilled cooperation with customers also helps us win the customers' trust when dealing with new and innovative telecommunications solutions. Customers satisfied with our solutions are the best advertisement for our competence and service," says Account Manager Anna-Mari Ylihurula from ElisaCom Major Accounts.

Pioneering the development of information security ... Elisa has invested heavily in electronic identification and related technologies in the past few years. This has required special technical skills, which have been developed in different parts of the organisation. A good example in 2002 was the introduction of the Elisa Certificate, which further improved internal and external information security and facilitated the personnel's work.

The HST Directory Service is another example of ElisaCom's high level of skills in usability and information security. HST is part of the electronic ID card offered by the Population Register Centre. After competitive bidding that took place in 2002, ElisaCom was re-elected to implement both the directory service and the networks.

"Elisa offers a challenging environment with a view to the latest technologies. Customers truly value insight into such technologies. Our expertise, service, cooperation and high-quality operations are key to the certificate and information security solutions supplied by Elisa. For me, the design and implementation of demanding customer solutions in this kind of an environment has been interesting and rewarding. It also feels great to be involved in creating the foundation for future development of the Finnish information society," says Kirsi Pispala, Project Manager in Certificate and Directory Service solutions.

Focus on service.



Elisa offers me new learning experiences all the time.

Jenni Brunila, Student of Technology
Elisa Networks, Helsinki

The year 2002 was Elisa Networks' first full year of operations. The personnel were subjected to many operational and structural changes, the most important of which were the outsourcing of installation business and the national expansion of operations. Working as an independent company has developed the operations and skills profiles in financial administration and the sales organisation. Commoditisation has replaced production-centeredness and business skills have improved throughout the organisation.

Selling the installation business shifted the emphasis of Elisa Networks' personnel structure from construction and installation operations to systems and service design, management and development.

Familiarity with both national and local operations is an advantage when network operators increase cooperation with, among others, Soon Net and Kesnet. The development of competence centres is a good example. Operations in Tampere focus on network management, cable TV networks and information systems, while those in Jyväskylä deal with IT. Network companies are involved in many other cooperation and development teams focusing on topics such as commoditisation, technology choices, sales and investments. The processes created by the new national corporate structure are increasing in importance, posing new challenges to personnel's skills and potential.

Technology develops – learning continues ... The replacement of old technology and the quick development of new systems require skills to be changed, developed and perfected on all levels. Elisa Networks' personnel have received training in the new growth areas of broadband operations and Internet technology. This implies re-education as well as internal rotation and development. "The fast growth in the number of ADSL broadband subscriptions has put the organisation's skills and volumes to the test, but we have passed with flying colours. This proves that our earlier investments in personnel development have been sufficient and focused on the correct aspects. IP network technology will be the next growth area. In fact, we already have a few exchange customers that employ Voice over IP (voice transmission over the Internet)," says Jukka Veteläsuo, Managing Director of Elisa Networks.

Real challenges for both Seniors and Juniors ... Motivated and goal-oriented employees are in a key position in achieving good results, as indicated by these 'Senior' and 'Junior' views of work in today's Elisa Networks.

Operating mechanic Heikki Jousi boasts a long career, having entered working life in the early 1960s.

"I got very familiar with the company during my first months, which I spent working in many different departments. I ended up working with fault repair and maintenance in Exchange Operations. Since this work calls for skills in all the exchange technologies

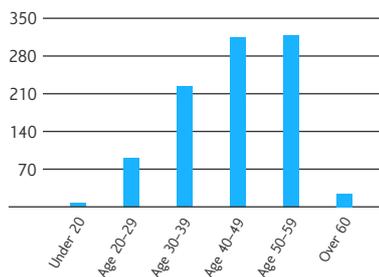
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We have always helped one another. I will certainly miss this place when I retire.

Heikki Jousi, Operating mechanic
Elisa Networks, Helsinki



Employees by age in 2002
Elisa Networks



in use, I have received a lot of training over the years. The development of exchange technologies should not be overlooked – there is still a need for landline phones. Keeping up with developments in technology has required a lot of concentration. New topics now include: broadband subscriptions, such as ADSL, whose error containment we are currently being trained for.

“I have been working with DX technology in the Networks Management Center for the past ten years. The last exchanges were digitised in 1996. The digitisation process was preceded by extensive training. Its completion decreased the number of visits to exchanges since some of the faults could be remotely repaired using computer terminals. Our team consists of seven employees. We work at external exchanges in alternate weeks, exchanging and updating software or plug-in units.”

According to Heikki, employees are satisfied with the company: “The atmosphere at the former Helsinki Telephone, now Elisa, has always been good thanks to the fact that we – including the supervisors – have always helped one another. I would not give away a single day and will certainly miss this place when I retire.”

Jenni Brunila, student of Systems and operations research at Helsinki University of Technology, has worked in the Group for four years, witnessing the change from Helsinki Telephone to Elisa. She now works in the Broad Band Networks and Network Management of Elisa Networks.

Jenni is keen to learn new things: “This job presents me with new things all the time. I also get to do real work closely linked to technology, in contrast to my theoretical studies, and I have been able to apply the things I have learned.”

The team that Jenni now works in, designs national networks. She has been involved in all stages of network design from customer wishes to implementation.

In Jenni’s view, Elisa Networks is flexible, as are her colleagues: “I feel that I am creating something concrete and am useful to Elisa. On the other hand, Elisa offers me new learning experiences all the time. I hope I can continue working in this interesting environment after I complete my studies.”

Teamwork means results.

Elisa conducts German business through its subsidiary Elisa Kommunikation GmbH. The number of employees decreased in 2002 as a result of enhanced operations and adjustments to the market situation.

Change processes are challenging to personnel; entirely new duties and new operating methods were created in the course of the year. The Elisa Kommunikation business area comprises 19 companies all of which offer their experts development opportunities in the form of job and task rotation in the different companies.

The survey of personnel, previously carried out in the Elisa Group in Finland, was conducted for the first time in the German group companies as well. The results of the survey will be used in personnel development.

Regular development appraisals are used to define and monitor the goals of individual employees, as well as to survey their development needs. The existing reward and bonus scheme is linked to the company's growth and profitability targets.

Short-term objectives include further harmonising the companies' corporate culture and enabling the diversification of personnel skills and know-how, thus creating a basis for future success.

Cooperation means enhanced customer satisfaction ... Since 2001, Andreas Recknagel has been working as a Sales Director in cne & meocom, an Essen-based city carrier that is governed by Tropolys, a subsidiary of Elisa Kommunikation.

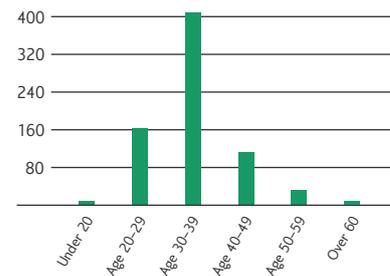
Being part of the Tropolys cluster and having Elisa's backup, is an excellent sales argument in today's fierce competition, where the customer feels inclined to suspect the capability of a single operator to provide all required telecommunication solutions. Size matters in the German market: substantial, signals security. Local expertise and presence are ensured by nominating a contact person for close cooperation with every customer.

As in the Elisa Group in Finland, fruitful cooperation within the company and teamwork are also cornerstones of success in Germany. "The better our internal cooperation, the happier the customers," underlines Recknagel.

The idea of teamwork extends across one department and city carrier. "It wouldn't be of any use to win an order, if the functionality of technology was not assured. Being an integrated team gives us the upper hand. As long as the employees find their own jobs and those of their colleagues important and the cooperation flourishes we will succeed in the telecom market."

Listening to the employees is as important as listening to the customers. It is important for supervisors to encourage their staff and create a positive atmosphere. "Only those enjoying their work come back from the field with customer orders," says Andreas Recknagel.

**Employees by age in 2002
Elisa Kommunikation**



The better
our internal
cooperation,
**the happier
the customers.**

Andreas Recknagel, Sales Director
cne & meocom, Essen