

Elisa Communications Corporation
Annual Report 2001

Annual Report 2001

Shareholder information

Annual General Meeting

The Annual General Meeting of Elisa Communications Corporation will be held at the Helsinki Fair Centre, Messaukio 1, Helsinki, at 1.00pm on Thursday, 4 April 2002.

Shareholders should notify their intention to attend the meeting by 8.00pm Finnish time on Monday, 1 April 2002, either in writing to Elisa Communications Corporation, Contact Center Services/Sö A 6101, P.O. Box 170, FIN-00061 ELISA, Finland, by telephoning +358 800 0 6242 from 8.00am to 8.00pm, by faxing +358 10 26 22727, or over the Internet at www.elisa.com/yhtiokokous.

Shareholders registered by Monday, 25 March 2002 in the company's shareholder register kept by the Finnish Central Securities Depository (APK) are eligible to attend the meeting.

Dividend

The Board of Directors will propose the Annual General Meeting that no dividend be distributed.

Financial information

Elisa Communications Corporation will publish an Annual Report on 27 March 2002 and interim reports on 3 May 2002, 2 August 2002 and 1 November 2002. The annual report will be published in Finnish, Swedish, English and German. Interim reports will be published in Finnish, Swedish and English.

Annual and interim reports may be ordered from Elisa Communications, Corporate Communications, tel. +358 10 26 27371.

The annual report, interim reports, information about the Annual General Meeting and other investor information are also posted on Elisa Communications' web site under the heading "Investor Relations" at www.elisa.com.

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Contents

Overview of the Group	5
Year 2001 in brief	6
Review by the President and CEO	8
Group business structure	10
Service operator business	11
Mobile business	15
Network business	17
German operations	19
Other companies	20
Research and development	22

Financial statements

The report of the Board of Directors for the year 2001	24
Consolidated income statement	30
Consolidated balance sheet	31
Consolidated cash flow statement	32
Parent company income statement	33
Parent company balance sheet	34
Parent company cash flow statement	35
Notes to the financial statements	36
Group financial indicators	55
Shares and shareholders	57
Proposal for distribution of the Parent Company profit	61
Auditors' report	61
Corporate governance	62
Contact information	64

Overview of the Group

Elisa Communications Corporation Group is a leading provider of comprehensive telecommunication services at regional, national and international levels.

The Group's core activities are divided into four main business areas. Additionally, the Group comprises separate business operations. Research and development operations have a central role in the implementation of the Group's strategy.

Service operator business

The service operator business is nationwide, consisting of telecommunication services offered to corporate and private customers. These solutions are based on state-of-the-art network management and customer support systems. Strong regional presence in Finland's most important economic zones is a focal factor of success in service operator operations.

Mobile business

The mobile business is focused on wireless mobile communications and offers digital mobile services to private and corporate customers over the company's own networks in Finland and Estonia. The mission of the operations is to create and promote the wireless lifestyle, a mobile society. The mobile business is supported by an extensive distribution network.

Network business

The main products of the network business comprise the services offered by the fixed telephone network and the

broadband data network, including calls and broadband connections provided to corporate and private customers. In order to utilise benefits arising from volumes and synergy, as well as to optimise the investments, the steering of the Group's network business at the strategic level is nationwide.

German operations

The Group's core business comprises city carrier companies. Through these companies, the Group offers its small- and medium-sized customers telecommunication solutions consisting of voice, data and Internet services.

Other business operations and companies

In addition to the main business areas, the Group comprises some separate operations and companies, such as Comptel Corporation, EPStar Ltd, Yomi Group, Elisa Ventures Oy, Computec Oy and Arcus Software Oy.

Research and development

The Group's research, development and standardising operations have been centralised in the Elisa Innovations unit. An essential part of this unit is Elisa Research Center. Additionally, Comptel and Radiolinja, among others, carry out research and development.

Public company

Elisa Communication Corporation's shares are quoted on the Helsinki Exchanges, and the company has the widest



Group Structure 2002

Elisa Communications				
Corporate Management				
Corporate Staff and Group Services, Elisa Innovations (R&D)				
Service Operator Business	Mobile Business	Network Business	Germany	Other Business
ElisaCom	Radiolinja	Elisa Networks	Elisa Kommunikation	Comptel
Finnet International	Radiolinja Estonia	Soon Net Kesnet	Tropolys	EPStar
Soon Com	Mäkitorppa Yhtiöt		Mäkitorppa	Elisa Ventures
Kestel	Ecosite			Computec
Lounet	Radiolinja Origo			Yomi Group
Riihimäen Puhelin	Radiolinja Aava			Arcus Software
Tikka				
Communications*				

*Associated company

base of holdings of the public companies in Finland. In addition to Elisa Communications Corporation, other Group companies quoted on the Helsinki Exchanges were Comptel Corporation, Soon Communications Plc (until the end of 2001), and Yomi Plc (earlier known as KSP Group Plc).

Year 2001 in brief

During 2001 the business structure of Elisa Communications Group underwent a number of strategic changes. Network and service operator businesses were incorporated so that the network operator company Elisa Networks Ltd started operating on 1 October 2001, and the service operator company ElisaCom Ltd on 1 January 2002.

To enhance the strategic steering of the mobile business, Mäkitorppa Yhtiöt Oy, together with its retail chain, was transferred to Radiolinja as of 1 December 2001. Moreover, Radiolinja decided to incorporate its Network and Mobile Infra Services operations. The Network company was named Radiolinja Origo Oy and the Mobile Infra Services company became Radiolinja Aava Oy. Both companies started operating on 1 February 2002.

Direktia's directory business and Radiolinja's 118 business operations were sold to the Swedish company Eniro AB.

The Group strengthened its position in the growing cities of Finland.

Elisa Communications Corporation signed a strategic agreement on business and holding arrangements with Soon Communications Plc, a company operating in the Pirkanmaa region. On the basis of this agreement, the Group made an offer for an exchange of shares to the shareholders of Soon Communications Plc with the objective of making Soon Communications Plc its subsidiary. Elisa Communications Corporation's holding in Soon Communications rose to 90.61 per cent and, at year-end, after a redemption process compliant with the Companies Act, it amounted to 100 per cent.

As Soon Communications Plc had become a subsidiary

of Elisa Communications Corporation, the Group's holding in Yomi Plc (formerly known as KSP Group Plc), a company operating in the Jyväskylä region, rose to 51.46 per cent and its holding in Finnet International Ltd increased to 52.5 per cent, which made both of these companies subsidiaries of Elisa Communications.

A similar offer for an exchange of shares was made to the shareholders of Riihimäen Puhelin Oy. Following this offer, the Group's holding in Riihimäen Puhelin was almost 90 per cent.

In 2001, Riihimäen Puhelin was granted the nationally acknowledged Finnish Quality Award in the category of small enterprises.

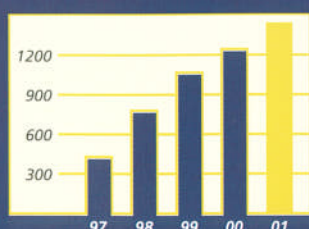
Lounet, a company operating in the Turku region, became a subsidiary of Elisa Communications Group at the beginning of 2001 as the Group's holding in the company rose to 51 per cent.

On 6 April 2001, the Finnish Competition Authority (FCA) accepted a transaction in which Elisa Communications Corporation acquired the competitive authority in the Joensuu-based Tikka Communications Oy. Tikka Communications Oy is an associated company of Elisa Communications Group. The Group's holding in the company is 20.8 per cent.

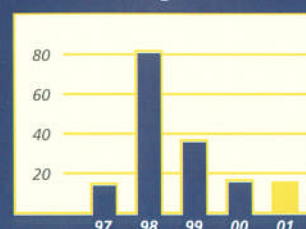
Streamlining of German operations

The city carrier operations were streamlined, as the agreements made to establish an expanded Tropolys GmbH on 1 January 2002, were confirmed in mid-December. Elisa Communications has a 61.8 per cent holding in the company. Tropolys GmbH, with its subsidiaries, is one of the largest city carrier clusters in Germany.

Group revenue,
EUR million



Group revenue,
change, %



Major business transactions

The Group signed an agreement with Kesko Corporation on the supply of fixed-network voice and mobile services for a period of three years. The aggregate value of the agreements was almost EUR 14 million.

The Group made an agreement on a comprehensive delivery of phone traffic services, with a total value of approximately EUR 10 million, with Sampo Plc.

The Group made an extended agreement with the Nordea Group on developing the services of the Finnish bank network. The aggregate value of the delivery was almost EUR 17 million.

FD Finanssidata Oy, a part of the Okobank Group, placed an offer for the data transfer of the national network of the Okobank Group banks, comprising over 700 offices.

The Ministry of Justice continued the framework agreement for telecommunication services for two years. The Group delivers data transfer and voice service solutions to the Ministry of Justice for almost EUR 13 million.

The Finnish- and Swedish-speaking education authority of the city of Espoo signed an agreement for the delivery of email services to the schools of Espoo. The duration of the agreement is several years.

In 2001 Comptel signed agreements on the delivery of mediation software to, for example, Telecom Italia Mobile Peru, the largest mobile operator in Ireland Eircell Ltd, and to Deutsche Telekom's subsidiaries T-Systems GmbH and debis Systemhaus GEI GmbH.

In February, Comptel Corporation received the Internationalization Award for the year 2000 given by the President of the Republic of Finland.

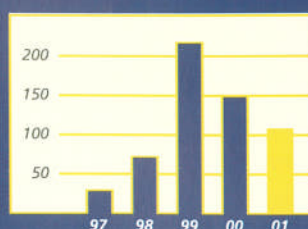
Personnel

With regard to personnel, the year 2001 was a time of great change in Elisa Communications Corporation. During the summer and autumn the different Group companies engaged in joint action negotiations, both regarding the incorporations and the reduction in the personnel capacity. The atmosphere of the negotiations was constructive. The objective, which was already achieved by the turn of the year, was to reduce the personnel capacity and expenses by summer 2002 by approximately ten per cent. The reductions were mainly carried out by terminating fixed-term employment contracts, through internal transfers and with various pension solutions. The number of personnel which were actually made redundant was some 300.

Group key indicators

EUR million	2001	2000	Change, %
Revenue	1 439	1 244	15.6
EBITDA	424	360	17.8
EBIT	108	149	-27.5
Profit before extraordinary items	46	94	-51.1
Research and product development	36	23	
Acquisition of shares	242	726	
Gross fixed asset investments	373	252	
Equity ratio, %	40	40	
Employees, average	7 783	6 161	

Group operating profit,
EUR million



Group investments (gross),
EUR million



Review by the President

Review by the President and CEO

and CEO



Through thick and thin

The past year marked a period of tremendous activity and achievement for us despite the considerable turbulence in our business environment. During the year, we concluded or brought to a strategically important point, a number of essential projects both in our main market Finland and abroad; projects that were designed to ensure the Group's growth and competitive strength. Despite the costs of our investments and the steep economic decline, the Group was able to deliver the key figures we had anticipated over the course of the year. In fact, the Group's revenue saw stronger growth than we had expected, especially as a result of business acquisitions. As in previous years, our revenue growth clearly exceeded the average growth in our industry. Meanwhile, our profit development was disappointing.

From the perspective of our external operating environment, 2001 was an exceptional year. Powerful growth and the general optimism that prevailed in our industry turned quite suddenly into a global recession. The terrorist attacks that shocked the whole world in September had a dramatic impact on this development. It marked the beginning of a period of adjustment, which also had an immediate effect on Elisa Communications Group.

120 years of telecommunications

In January 2002, Elisa celebrated its 120th anniversary. Such a long track record includes a number of important milestones, whether we look at things solely from the perspective of Elisa Communications Corporation and its predecessors, or from the perspective of the entire industry. Still, I am convinced that 2001 was an extremely important year in view of the fulfilment of the Group's business strategy. Concluded business acquisitions, restructuring of our business, and the rearrangements in the Group's op-

erations in Germany provide a good and solid ground for future development geared towards a balanced combination of profitability and growth.

Finland as key market area

The Group's key market area is Finland. When planning the Group's development, the main focus has always been on the needs and expectations of private and corporate customers in the home market. The sole purpose of the business acquisitions completed during the course of 2001 was to improve our service capacity and to sharpen our competitive edge. Radiolinja, Datatie and Soon Communications are currently wholly owned Group subsidiaries. During 2001, Lounet, Riihimäen Puhelin, KSP Group and Finnet International also joined the Group. Each of these solutions was prompted by a shared vision of the future, and the resulting drive for strategic business and ownership rearrangements.

What I consider a particularly important signal is that Soon's shareholders actively sought a positive solution to the share exchange and redemption offer that Elisa proposed to them last year. It is also for these reasons that I feel deep responsibility for developing the business activities of Soon, Lounet, Riihimäen Puhelin, KSP Group and Tikka Communications, an associated company, as an integral part of our Group's overall operations.

From now on, there is tremendous pressure to channel the volume and synergy benefits generated by the extended Group, as well as the cost advantage it offers for the benefit of customers and shareholders alike. All of the Group's business areas have accepted this challenge and have set themselves tangible objectives. The new situation requires a redefinition of our objectives and strategies, which will help us realign our business efforts.

In Finland, the Group's market position is the strongest in the corporate client sector. In the future, offering global

mobile services to multinational companies as well as securing sufficient resources for the continuing development of mobile products and services, will be the key requirements if we wish to consolidate our market position. The transition through 2G mobile services to GPRS services and later to the 3G environment will be a strategically significant period for all telecommunications operators.

Streamlining of German operations

At the year-end, we reached a major milestone in our business activities in Germany. The city carrier activities, which had developed into a key business, were rearranged and primarily brought under the supervision of Tropolys GmbH with full cooperation from the German partners. In this connection, Tropolys became a subsidiary of Elisa Kommunikation GmbH and was thereby consolidated into Elisa Communications Group.

According to the German Die Welt newspaper, we are currently the second biggest fixed network operator in the German telecom market. The aggregate revenue of our companies was over EUR 150 million. The completed rearrangements and the business improvements they enabled provide the Group with good opportunities to meet its objectives in Germany: to book positive EBITDA in 2002, and to make a profit in the following year.

Cooperation with Vodafone

In February 2002, the Group's mobile operator Radiolinja signed a strategic partner agreement with the world's biggest mobile operator Vodafone. This agreement essentially supports the Group's objectives specified above. In addition to this global agreement, Elisa Communications and Vodafone signed a Group-level umbrella agreement regarding cooperation in product and service provision.

By signing the agreement, Elisa met one of its objectives and landed a globalisation partner for its mobile services – and not just any partner, but the best partner in the market. This offers excellent solutions for our customers travelling constantly to different parts of the world. We are convinced that our cooperation with Vodafone will reflect favourably on the entire Group's market position.

Changes in staff capacity

Unfortunately experiences in the past year have not been entirely positive. The international disaster I mentioned earlier was an event that has permanently scarred the

international community. Within Elisa Communications Group, activities were taxed by the negotiations concerning personnel capacity adjustments, which had begun in autumn 2001 and which have now by and large been concluded. These negotiations were initiated due to production reasons. It was evident that the acquisition of new subsidiaries had created overlapping operations in the Group. Bearing in mind the coinciding slow-down of the markets, the need to reduce capacity in some units was critical. When launching the adjustment measures, the management's objective was to secure the Group's future competitive strength.

We were able to carry out a large part of the personnel capacity reductions by not renewing fixed-term employment contracts. Some people were transferred to other duties within the Group. In addition, individual retirement solutions were offered to some employees, which means that after negotiations some 300 people were actually laid off. With the measures explained above, we managed to reduce the total capacity by approximately 1,000 man-years in 2001.

Year 2002 with a new business structure

At Elisa, 2002 begins with a much simpler structure of business. We have taken determined action to shape the Group in order to be able to optimally meet our customers' needs and expectations whilst maintaining our efficiency and competitiveness. As stated in our strategy, we are open to different degrees of partnership with both our customers and our business partners. It is our opinion that this operating model provides the best opportunities to promote the development of the Finnish information society, and thereby to foster the international competitiveness and well being of our country.

At the same time, I firmly believe that the business success achieved through this strategy will also benefit the Group's shareholders in the long run.

Finally, I would like to express my heartfelt thanks to our customers and business partners for their confidence in us, and the Group's personnel for their excellent performance in 2001.

Matti Mattheisen

President & CEO

Elisa Communications Corporation

Group business structure

Elisa Communications Corporation's business operations have been divided into four business areas: service operator, mobile, network and German operations. Furthermore, the Group includes certain other business operations and other companies, such as the Comptel Corporation, EPStar Ltd, Elisa Ventures Oy, Computec Oy, Yomi Group and Arcus Software Oy.

Service operator business

As of 1 January 2002, the main company is known as ElisaCom Ltd. The nationwide management also covers regional Group companies (Soon Communications Plc, Kestel Oy, Lounet Oy, Riihimäen Puhelin Oy and the associated company Tikka Communications Oy). ElisaCom Ltd comprises Oy Datatie Ab, Elisa Internet Ltd (formerly known as Kolumbus Ltd), Invoicia Ltd, Heltel Ltd and Finnet International Ltd.

Elisa's regional service operator business is arranged so that each service company has its own Board of Directors in charge of running the business operations. A Group-level management team is responsible for coordinating operations on a national level.

Mobile business

Oy Radiolinja Ab, with its subsidiaries Radiolinja Origo Oy, Radiolinja Aava Oy, Radiolinja Eesti AS, Mäkitorppa Oy, Kamastore Oy, Radiolinja Solutions Oy, Radiolinja Piste Oy and Ecosite Oy, are in charge of the mobile business.

Network business

Elisa's network business consists of four companies: Elisa Networks Ltd and its subsidiary Elisa Instaliala Ltd, Soon Net Oy and Kesnet Oy. Also, Lounet Oy, Riihimäen Puhelin Oy and the associated company Tikka Communications Oy engage in network business.

Each network company has its own Board of Directors for managing the company's business activities. A group-level management team of the business area coordinates joint national affairs associated with the network business, such as investments, network strategies, liaising with the authorities, sales teams, joint purchases and other joint development projects.

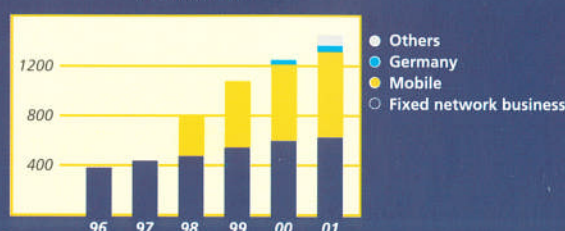
German operations

The umbrella company of German operations is Elisa Kommunikation GmbH. Its subsidiary, Tropolys GmbH, has twelve subsidiaries and one associated company, which form a private cluster of city carriers operating in more than twenty cities.

Other business operations and companies

In addition to the companies operating in the core business area, the Group also includes other business operations and companies, such as Comptel Corporation, EPStar Ltd, Yomi Group, Elisa Ventures Oy, Computec Oy and Arcus Software Oy.

Development of Group performance,
EUR million



Service operator business

ElisaCom

ElisaCom Ltd, incorporated from Elisa Communications Corporation, started its business operations on 1 January 2002. The number of the company's employees is approximately 1 300.

ElisaCom is a supplier of comprehensive solutions for telecommunication services to private and corporate customers in Finland. Furthermore, the range of services includes international call services and telecommunication solutions. ElisaCom acts as an integrator of telecommunication services, connecting the customers' telecommunication solutions with the related information technology applications.

In addition to ElisaCom, service operator business includes its subsidiaries Oy Datatie Ab, Finnet International Ltd, Heltel Ltd, Invoicia Ltd and Elisa Internet Ltd (former Kolumbus Ltd). Moreover, the operative entity includes Soon Com Oy and Kestel Oy, the service companies of Soon Communications Plc and Yomi Plc (formerly known as KSP Group Plc), as well as Riihimäen Puhelin Oy and Lounet Oy and the associated company Tikka Communications Oy.

ElisaCom's business operations essentially consist of operations related to direct customer service: sales to residential and business customers, customer service and service deliveries, and technical support securing the functioning of the systems, as well as switchboard and call center services provided to the customers.

ElisaCom is an integrator of telecommunication services, connecting the customers' telecommunication solutions with the related information technology applications.

The cornerstones of the business are the economic areas of the Helsinki metropolitan area, Tampere, Jyväskylä, Turku, Riihimäki and Joensuu. More than one-third of Finland's population live in these focal areas of ElisaCom. Also, four-fifths of the headquarters of the one hundred largest companies in Finland are located in these areas.

Datatie

Oy Datatie Ab's revenue in 2001 amounted to EUR 128 million (110). EBIT totalled EUR 3 million (7). The number of personnel on 31 December 2001 was 300 (268).

Elisa Communications Group's voice business was integrated into Datatie in the autumn of 2001. As a consequence of this, Datatie is in charge of the majority of ElisaCom Ltd's product business. The development and implementation of eLearning services and the Navitas application services of health care also became the responsibility of Datatie.

At the end of the year Datatie's domestic network and the related network service business was sold to Elisa Networks Ltd.

Several significant cooperation agreements concerning application services were made, which strongly promoted the business. The company initiated a sizable project related to electronic learning, Opitepalvelu, in cooperation with the WSOY publishing house. Datatie started cooperating with Basware Corporation and offers Basware's my-

Datatie is in charge of developing, producing and marketing products and services based on ElisaCom's telecommunication and information technology to all customer segments in Finland and targeted customer segments in the countries of the Baltic Sea region.



eflow product as a part of its network invoicing services. An agreement on producing a remote access control service was signed with Engel Oy, a state-owned real estate company.

Elisa Internet (former Kolumbus)

The revenue of Elisa Internet Ltd (formerly known as Kolumbus Ltd) in 2001 was EUR 32 million and EBIT EUR -4.5 million. At year-end the company had 244 employees (approx. 230).

In 2001 Elisa Internet succeeded in maintaining its market share in the core market areas and customer segments. The number of Internet users continued to grow. The use of email and working over the web expanded, which simultaneously emphasised the need for improved data security.

The use of fixed ADSL-based services for Internet connections increased substantially in 2001 from the previous year. Their sales grew by approximately 15,000 new subscriptions.

Elisa Internet's major project in 2001 was the introduction of a completely new mailing system. At the end of the year, the company implemented a substantial email solution for the education authority of Espoo. The solution comprises some 30,000 mailboxes for email.

During 2001 Elisa Internet started to produce certificates for the needs of its own and its customer companies for secure identification over information networks. Elisa Internet also introduced VPN service based on certificates.

Invoicia

Invoicia Ltd's revenue for 2001 amounted to EUR 27 million (17). EBIT amounted to EUR 1.4 million (-0.1). The number of Invoicia's personnel at year-end was 47 (36).

The principal focal area of the company's operations during the period under review was the renewal of Elisa Communication Group's invoicing systems. The system development programme was launched in July-August. Co-operating partners included SAP Finland, Datatie, BasWare, Comptel and IGS.

During the latter part of the year, Elisa Communications Corporation transferred its operations relating to invoicing services and the development of invoicing systems to Invoicia.

On 1 October 2001, the company's name was changed from FINNETCom to Invoicia Ltd.

Heltel

Heltel Ltd's revenue for 2001 amounted to EUR 29.2 million (35.9) and EBIT totalled EUR 0.1 million (2.5). At year-end, Heltel had 74 employees (70).

Investments in the different sectors of IP technology continued during the period under review. As a part of this process, training and consulting operations, among others, expanded and stabilised their considerable role in Heltel's operations.

ElisaCom's logistics, training and expert support functions related to telecommunication devices were centralised in Heltel as of 1 January 2002.

Elisa Internet (former Kolumbus) supplies Internet connections and portal services, and also provides corporate solutions and applications for e-commerce and e-services, as well as services provided to ensure the data security of such solutions.

Invoicia produces invoicing services to Elisa Communications Group and the national corporate customers of regional telcos. Moreover, Invoicia designs and implements voice services based on IN technology to corporate customers. The most well known of these services is the 010 Company Number service.

Heltel is an expert and logistics organisation of telecommunication and information networks equipment and data security solutions. Heltel's solutions cover the entities provided for companies and operators. In addition, Heltel provides consulting and training services.

Finnet International

The revenue of Finnet International Ltd in 2001 amounted to EUR 81.3 million (63.1) and EBIT to EUR 6.2 million (5.0). The number of the company's personnel on 31 December 2001 was 114 (118).

Finnet International's Estonian subsidiary, Uninet AS, started new business operations in Estonia on 1 January 2001. Uninet was granted full authorisation to act as a call operator in Estonia after the abandonment of the phone call monopoly at the end of 2000.

In December, Finnet International jettisoned its UAB Linenet holding company it owned in Lithuania, as well as UAB Baltnetos Komunikacijos, a company offering Internet services.

The new Managing Director, Gunnar Nyström, took office in March 2001.

Soon Com

Soon Communications Plc incorporated its network and service operator businesses at the beginning of 2002. The foundation of the service operator Soon Com Oy is the former Marketing Unit of Soon. The new company has approximately 360 employees.

The primary focus area of operations in 2001 was the marketing of broadband ADSL subscriptions and telework solutions. The number of subscribers tripled from the previous year. The broadband Internet connection is also utilised for telework solutions, the demand for which grew strongly during the operating year. Soon strengthened its position as the leading provider of Internet connections in the Pirkanmaa region.

Security and automation businesses were strengthened during the year as Soon increased its holding in Computec Oy from 15 per cent to 56 per cent. Furthermore, the company purchased the entire share capital of Elektroniik-katyö Oy.

Finnet International is a company providing international telecommunication services to consumers, companies and teleoperators.

Soon Com is a telecommunication service operator producing versatile phone, data and Internet services for private and corporate customers in the Pirkanmaa area.

Lippupiste, a company operated by Soon, expanded substantially during the operating year. It increased its national market share from 40 per cent to 45 per cent.

Kestel

The revenue of the Kestel group for 2001 was EUR 29.0 million (30.7) and EBIT EUR 1.9 million (0.9). The number of Kestel's personnel at the end of the year was 108 (121). Kestel is a subsidiary of Yomi Plc (formerly known as KSP Group Plc).

The business operations of the Kestel group comprise Kestel Oy's regional service operator business, sales and installation of Oy Atec-Security Ltd's security and LAN solutions, and the Contact Center business of Indata Oy, a company acquired after the end of the financial year.

The operating prerequisites of the regional 118 direct-ory service continued to weaken during the operating year and a decision was made to sell it to Tikka Info, a company belonging to the Joensuu-based Tikka Communications Group, in January 2002.

The sales of Atec's electronic security solutions and LAN solutions progressed as planned. The demand for video surveillance systems in particular grew strongly during the latter half of the year.

Kestel's Contact Center business will be centralised in Indata. The goal is to make Indata a national expert company specialising in contact center solutions.

Kestel is in charge of Yomi Plc's (formerly known as KSP Group Plc) services offered to private customers, companies and associations in Central Finland. Kestel's main product areas are traffic and subscriptions, voice solutions, data solutions and phone directory.

Riihimäen Puhelin

Riihimäen Puhelin Oy's revenue for 2001 totalled EUR 8.8 million (7.8) and EBIT EUR 0.2 million (0.5). At year-end the company had 52 (48) employees with permanent employment contracts.

Riihimäen Puhelin has been very successful in developing its organisation. As a consequence, Riihimäen Puhelin was granted the nationally acknowledged Finnish Quality Award in the category of small enterprises.

Lounet

Lounet's revenue in 2001 amounted to EUR 9 million (8.2) and the EBIT to EUR 0.15 million (0.07). The number of personnel at the end of the year was 95 (70).

During 2001, Lounet continued its strong growth. Lounet has made major investments both in networks and services in the Turku economic area. The company operates Elisa's long-distance traffic from the entire 02 teletraffic area through its own trunk exchange.

The sales and marketing of broadband subscriptions was commenced during the first months of the year. The operations of the Group's subsidiary Lounet Oy's Call Center were also started in full.

Riihimäen Puhelin is a network and service operator, operating in the region of Riihimäki and the surrounding municipalities, which creates up-to-date telecommunication connections for its customers. Riihimäen Puhelin Oy provides voice, data and Internet services over its telephone network.

Lounet's range of services and products in south-western Finland include, among others, fixed and wireless telephone subscriptions, Internet subscriptions, telephone sets and systems, phone and data traffic, installation, and service and design.

Lounet moved into facilities located in the centre of Turku. The office building has become the centre of the Elisa Communications Group's operations in south-western Finland. The offices of Radiolinja and Comptel's subsidiary Probatu, among others, are located in the same facilities.

Tikka Communications

Tikka Communications Oy is an associated company of Elisa Communications Group. The Group's holding in the company is 20.8 per cent.

Tikka Communication's revenue for 2001 was EUR 23.8 million (22.1) and EBIT EUR 2.6 million (3.1). The number of personnel in 2001 was, on average, 209 (177).

Tikka Communications underwent several major changes in 2001. On 17 April 2001, the company changed its name from Joensuun Puhelin Oy to Tikka Communications. The Group's service and network operator businesses were incorporated to form Tikka Services Oy and Tikka Networks Oy on 1 July 2001.

Tikka Communications is the leading IT company in Northern Karelia, offering versatile telecommunication, IT and media services.

The mobile business of Elisa Communications Group includes network and service operator businesses as well as the sales and distribution of mobile phones and mobile phone accessories. The unit responsible for the mobile business as a whole is Radiolinja.

Radiolinja's revenue for 2001 was EUR 686 million (614), indicating a growth of 12 per cent. The revenue has grown at the average growth rate of the market, excluding the impact of business arrangements. Radiolinja's operating profit in 2001 amounted to EUR 121 million (120). Radiolinja employed 1,818 people at the end of 2001 (1,236).

According to Radiolinja's estimates, the national mobile market grew by approximately 10 per cent in 2001, arriving at EUR 1,900 million. Radiolinja's share of the estimated overall revenue of the mobile market was 34 per cent.

The growth of the subscription market during the last quarter of 2001 in particular was strong in comparison with the first months of the year. Factors increasing the sales included the aggressive campaign offers of new operators in the market. The number of subscriptions in Finland at the end of 2001 was approximately 4.1 million, equalling a penetration of almost 80 per cent. Radiolinja's market share of the mobile subscriptions is approximately 33 per cent.

At the end of December 2001, Radiolinja's Finnish network comprised 1,356,204 subscriptions (1,245,763). This figure also includes the subscriptions of service operator Telia. The churn of Radiolinja's subscriptions increased to 14.3 per cent in January-December (12.2) owing to the tightened market situation.

In 2001, traffic originating from Radiolinja's network amounted to 1,974 million minutes (1,772). The average monthly use per one Radiolinja subscription was 131 minutes (127). The number of SMS messages sent in Radiolinja's network during the period under review was 394 million (343). In 2001, 66 per cent (65) of Radiolinja's subscriber customers used SMS messages and 25 per cent (19) content services.

The average revenue per subscription (ARPU) amounted to EUR 43.5 (42.2) a month. The share of added value services from the revenue was 12 per cent (11).

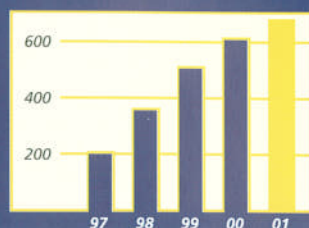
Changes in the business structure

Radiolinja renewed its structure considerably in order to make its operations more competitive and transparent. After the incorporations, the Network Services business unit started operating in February 2002 under the name Radiolinja Origo Oy and the Mobile Infra Services business unit as Radiolinja Aava Oy.

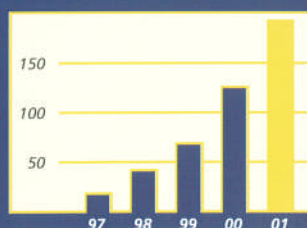
The operations of Ecosite Oy, specialising in mast-related business, started during the second quarter of 2001. Ecosite purchased the entire mast business of Radiolinja and Elisa Communications, and commenced the construction of new sites. All mast-related business operations of Elisa Communications Group will be centralised in Ecosite Oy.

In October, Radiolinja and Cap Gemini Ernst & Young established a joint venture, Racap Solutions Oy. The company produces software for mobile portal solutions offered by Radiolinja.

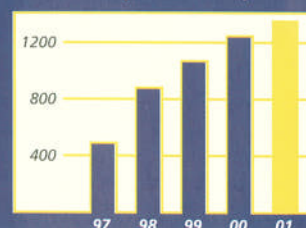
Radiolinja Group's revenue, EUR million



Radiolinja Group's operative result, EUR million



Growth in Radiolinja mobile subscription, 1000 pcs



In December, Elisa Communications Corporation sold the entire share capital of Mäkitorppa Yhtiöt Oy to Radiolinja. The arrangement was carried out to clarify the Group's mobile business and make it more customer-oriented, as well as to enhance the business operations of Radiolinja.

Thus Radiolinja's operations expanded from offering mobile services and subscriptions to the sales of mobile phones and related accessories. The store chains Mäkitorppa Oy, Kamastore Oy, Radiolinja Solutions Oy and Radiolinja Piste Oy, owned by the Mäkitorppa Group, are essential sales channels for Radiolinja. Mäkitorppa Yhtiöt Oy will be merged into Radiolinja during 2002.

Development of services

Radiolinja introduced GPRS services in the autumn of 2001. The GPRS connection further improves the comfort of use of Radiolinja's Office solution in particular.

In June, Radiolinja launched the Metropolis Portal Solutions comprehensive service. This mobile portal platform, independent of operator and terminal, enables the creation of multichannel consumer and corporate portals.

In September, Radiolinja introduced the new Tandem Aina subscription, which ensures the same call charges nationwide in Finland, independently of area code and the time when the call is made.

In the autumn of the year under review, Radiolinja and Stockmann together published the Stockmann Dial service package. Radiolinja signed an agreement with the S Group, on the basis of which the customer-owners of the S Group are entitled to customer bonus for Radiolinja's SMS messages and GSM calls in Finland.

The Contact Center service organisation was also expanded into a sales organisation. As of September, the acquisition of subscriptions and additional services has been

possible over the phone. To guarantee service for Swedish-speaking customers in particular, operations were expanded to Kokkola in May.

In 2001, Radiolinja signed eighteen new roaming agreements. Radiolinja's customers can now use their mobile phones in 105 countries over the mobile networks of 218 operators.

The most important content services of 2001 were the Formula 1 mobile services and the mobile journal.

Mäkitorppa Group carried out substantial structural changes in 2001. The corporate sales of the store chains and Radiolinja were centralised in the new Radiolinja Solutions Oy chain. In order to develop Radiolinja's consumer-customer service, a new business concept called Radiolinja Piste Oy was established. Moreover, the repair and service business of mobile phones, centralised in the Mäkitorppa chain, was sold to Oy Anglo-Service Ab in December 2001. Mäkitorppa purchased one-quarter of the company's share capital.

International operations

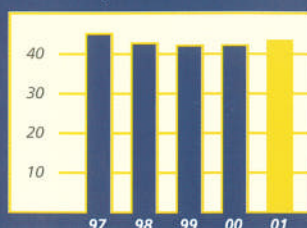
The revenue of Radiolinja Eesti AS, Radiolinja's subsidiary operating in Estonia, amounted to approximately EUR 40 million (25) in 2001. The number of personnel at the end of the period under review was 179 (160).

The number of subscriptions in Radiolinja Eesti AS at the end of December 2001 was 146,600 (130,000), indicating a growth of 13 per cent from the previous year.

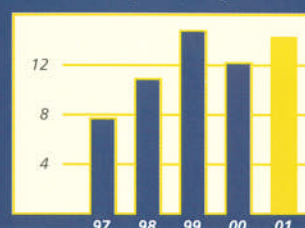
Mobinest OÜ, a subsidiary of Mäkitorppa Yhtiöt Oy, has twenty-three stores in Estonia. The number of the company's personnel is approximately 50.

Radiolinja produces wireless communication, transaction and entertainment services to private consumers and companies together with the other units of Elisa Communications Group and its cooperation partners.

Average revenue per subscription, EUR/month



Churn of Radiolinja subscription, %/year



Elisa Networks

As of 1 October 2001, Elisa Communications Corporation incorporated its network business to form Elisa Networks Ltd. Elisa Networks, in turn, incorporated network installation and maintenance operations into Elisa Instalia Ltd, a subsidiary fully owned by Elisa Networks.

Elisa Networks Ltd and Elisa Instalia Ltd together employed 951 people on 31 December 2001.

Central objectives of Elisa Networks in 2001 were, in addition to improving cost-efficiency, to integrate the range of products and the network structure. The company introduced a new carrier-to-carrier interconnection price list. In the new price list the interconnection charges are, on average, 20 per cent lower than before, depending on the type of traffic.

The new price list for subscriber and fixed connections became effective on 1 January 2002. For teleoperators, the introduction of the new price list, approved by the Finnish Communications Regulatory Authority, entailed that the basic prices of connections were reduced, on average, by more than 20 per cent.

During 2001, the availability of the Elisa ADSL subscription was expanded into new geographical areas. The sales of ADSL subscriptions were substantial: the number of

subscriptions at the end of the year exceeded 20,000. Also, the sales of network services to new service operators increased.

Elisa Networks intensified its cooperation with the other network business units of Elisa Communications Group. The objective was to integrate network structures and to enhance cost-efficiency, both in network investments and the maintenance of networks. In particular, the nationwide backbone network purchased from Oy Datatie Ab enables seamless cooperation with the other network business units of the Group.

Kesnet

The revenue of Kesnet Oy in 2001 amounted to EUR 31.3 million (27.5) and EBIT to EUR 11.7 million (7.7).

At year-end the number of Kesnet's personnel with permanent employment contracts was 119 (110).

In 2001, Kesnet expanded its leasing and contractor business. In addition to increasing its radio network leasing business through the base station infrastructure transaction with Radiolinja, the company made several significant investments in the optic-fibre cable network.

Optic-fibre cable connections from Jyväskylä to Kuopio, Heinola and Kalajoki, as well as from Kannus to Oulu,

Elisa Networks acts as a nationwide network operator, producing and selling network operator products and services to service and network operators. The products comprise telecom equipment facilities and copper and optic-fibre cable networks, through which the company provides the transfer and subscriber connections, as well as phone exchange and Internet (IP) connections, needed by the customers.

Kesnet is the network operator of Yomi Plc (formerly known as KSP Group Plc), which owns, operates and contracts cable (copper and optic-fibre cable) and radio networks. In addition to Central Finland, Kesnet also operates in Ostrobothnia and Savo.



were implemented in cooperation with Elisa Communications Group. Optic-fibre cable connections to several external cooperation partners were constructed simultaneously.

Soon Net

Soon Communications Plc incorporated its network and service operator businesses at the beginning of 2002. The network operator company Soon Net Oy mainly comprises Soon's previous traffic and network units. At the beginning of 2002, the company employed approximately 320 people.

The primary focus area of network business in 2001 was the development of products and services based on broadband connections. The demand for fast Internet connections grew explosively during 2001. Correspondingly, the broadband network was expanded with ADSL technology

so that at year-end it covered 80 per cent of the customers of the company. In addition to the set-up of broadband subscriptions, the voice-based network was optimised by focusing traffic flow into larger entities.

In addition to the voice- and data-based network, Soon Net constructs and maintains a cable television network that Soon Net's subsidiary, Tampereen Tietoverkko Oy, leases for the distribution of television programmes. The number of Internet subscriptions offered over the cable TV network multiplied during 2001.

With an emphasis on the Pirkanmaa region, Soon Net develops, produces, maintains and markets fixed and mobile network operator products, solutions and services to service and network operators.

German operations

Elisa Kommunikation

The revenue of Elisa Kommunikation GmbH in 2001 was EUR 54 million (17) and the earnings for the financial year EUR –69 million (–67). Elisa Kommunikation GmbH's subsidiaries and associated companies had a total of 865 employees (938) at the end of 2001.

A typical feature of the telecommunication market in Germany in 2001 was rapid changes. The prices dropped quicker than expected, and general growth slowed down simultaneously.

Elisa Kommunikation GmbH adjusted its operations to the change in the market by reducing growth investments in the distribution market and improving the cost-efficiency of city carrier operations.

In 2000, German operations focused on expansion through acquiring new holdings. The objective was to increase the holdings and consolidate companies, and thus create a solid city carrier cluster.

According to this strategy, Elisa Kommunikation GmbH jettisoned its holdings in Bremen (nordCom GmbH, 25.1%) and Hanover (HTP, 50%) in May-June. On the other hand, the company increased its holdings in Frankfurt (Mainova Telekommunikation), Hanau (HU-KOM), and Mainz (MAINZ-KOM) to 51 per cent.

The company acquired a majority holding (53 per cent) of JelloCom, located in Jena, and it was merged into enco.tel (Gera). The new telco was named jetzt! Kommunikation GmbH & Co. KG and is the largest private telco in the Thuringia area. Moreover, Elisa Kommunikation obtained an important complement in the area of new states as, at the end of the year, it acquired a majority holding in ChemTel, located in Chemnitz.

Finnish International Telecommunications GmbH (FIT), located in Düsseldorf, came to a standstill on 31 May 2001 and its operations were integrated into the affiliated company ElisaNet GmbH. This enabled the utilisation of the companies' synergies and the reduction of costs. Simultaneously, ElisaNet GmbH's operations were transferred into Tropolys GmbH. This arrangement strengthened ElisaNet's position as a nationwide provider of national and international telecom services to city carriers.

As the prices of long-distance calls plummeted on the German market, ElisaNet's Call-by-Call and Preselection services were discontinued and the focus area of the operations was shifted to carrier-to-carrier business.

A decisive step with regard to the development of Elisa's German operations was taken in December when Elisa Kommunikation GmbH signed an agreement on the integration of its seven city carrier holdings and its national operator ElisaNet into Tropolys GmbH.

Tropolys GmbH, established in 2000, is the umbrella company of five city carriers operating in the Nordrhein-Westfalen region. Thus the company became one of Germany's largest city carrier operators, whose thirteen companies had a total of more than 100,000 subscription customers. The integration was carried out through an exchange of shares, as a consequence of which Elisa's holding in Tropolys GmbH rose to 61.8 per cent.

In addition to the teleoperator business, another sector of Elisa's German operations in 2001 was Mäkitorppa GmbH, an outlet chain of mobile phones and subscriptions.

The sales of mobile subscriptions were rapidly paralysed by the strategic change of German mobile operators in the spring of 2001. The market declined by two-thirds. The change required, among others, a quick and strong restructuring of the Mäkitorppa chain, which had been designed as a distribution channel of added value services. At the end of 2001, Mäkitorppa GmbH had thirty-five stores in Germany.

Elisa Kommunikation owns several network and service operators in Europe's largest telecommunication market in Germany.

Through its subsidiaries and associated companies, the company offers its customers telecommunication solutions consisting of voice, data and Internet services. The central customer groups are small- and medium-sized companies, local and regional large-scale enterprises, city administration bureaus and public agencies, small enterprises and home offices, and demanding private customers.

Other companies

Comptel

Comptel Corporation's revenue for 2001 amounted to EUR 60.8 million (60.4). EBIT was EUR 13.5 million (22.2), equaling 22.2 per cent (36.8) of the revenue. Revenue from product-based business operations totalled EUR 47.4 million (45.0) and its share of the overall revenue was EUR 77.9 per cent (74.5). The number of personnel grew by 22 per cent during the financial year (51) and amounted to 624 (512) persons.

Comptel's profitability level placed the company at the top of the field, despite the difficult market situation experienced during 2001. Revenue growth weakened significantly during the latter half of the year as operator customers postponed investment decisions. Comptel kept its position as a global market leader in the mediation markets.

In the autumn of 2001, Comptel's business operations were focused on three business areas: Network Operator Solutions and Comptel PASSAGe, which is in charge of Comptel's product-based business and export. System Services are responsible for the consulting, integration and system services directed at domestic customers.

The Finnish Information Processing Association nominated Comptel's mediation software the IT Product of the Year.

At year-end Comptel had more than 200 customers in fifty-six countries. The number of GPRS mediation customers was over twenty.

EPStar

EPStar Ltd's revenue in 2001 amounted to EUR 3.1 million (2.3) and EBIT to EUR -1.3 million (-0.2). The total number of EPStar's personnel at the end of 2001 was 35 (26).

As a forerunner in the industry, Comptel is actively engaged in the construction of a growing telecommunications market. The company is a global market leader in mediation solutions and has expanded its range of products to the management of new content and mobile services. Comptel's highly commercialised solutions function as intelligent links between the operators' CSM and invoicing systems and the telecommunication network.

In 2001, the rapid weakening of the telecommunications market had an impact on EPStar's operations. EPStar received orders particularly from the public sector - for example, from Ministries and the World Bank. The impact of these projects on the revenue was substantial, especially during the latter half of the year.

Yomi Group

The aggregate revenue of Yomi Group companies (Yomi Solutions Ltd, Yomi Fusion Ltd and Yomi Vision Ltd) amounted to EUR 14.4 million (10.6) in 2001. The average number of personnel in Yomi Group was 281.

The revenue of the project business (Yomi Solution Ltd and Yomi Fusion Ltd), exclusive of product development, amounted to EUR 12.8 million, indicating a growth of 35 per cent from the previous year. EBIT was 4 per cent of the revenue (8%).

The revenue from the product business (Yomi Vision Ltd) amounted to EUR 2.1 million and losses to EUR 2.1 million. The losses arise from investments in the internationalisation and product development in the product business, as well as the difficult market situation in the sector, particularly during the latter part of the year.

In December, the Yomi Plc (formerly known as KSP Group) announced that it would acquire Votek Ltd, a company primarily producing software products for teleoperators, which was earlier a subsidiary of Soon Communications Plc. The objective is to merge Yomi Vision and Votek during 2002. The name of the new product company will be Yomi Applications Ltd.

During the period under review Yomi Fusion Ltd and Yomi Solution Ltd provided development and integration services for information systems. As of 1 January 2002, the operations of the two companies were merged to form Yomi Solutions Ltd.

EPStar Ltd is an international consulting company in the telecommunications sector, focusing on telecommunication consulting and the design of mobile networks. The company was established in June 2000 as a joint venture of Elisa Communications Corporation and Jaakko Pöyry Group Oyj.

Yomi Group forms the IT business area of Yomi Plc (formerly known as KSP Group Plc), consisting of two high added-value IT services: software products and the development and integration services of IT systems as project business.

Elisa Ventures

During 2001 Elisa Communications Corporation established a venture fund and reserved EUR 15 million for its capital. The fund was named Elisa Ventures Oy and its operations started in the autumn of 2001.

The purpose of the fund is to support the development of the Group's new business operations. The fund will make minority investments in companies in the start-up and growth phase for a fixed term of 2-4 years. The objective is to invest in companies whose spheres of operation are linked to the service and content business of telecommunications and to information technology.

These companies may be enterprises independent of the Group or Elisa's new business companies.

Computec

The revenue of the information technology company Computec Oy amounted to EUR 8.8 million (7.0) and EBIT to EUR 0.7 million (0.3) in 2001. The company's financial year ended on 31 August 2001. Computec had 75 (75) employees.

In October, Soon Communications acquired 40.6 per cent of Computec's shares and voting rights in order to strengthen its own security service business. After this transaction, Soon's holding rose to 55.8 per cent.

Computec's main products are the control and monitoring systems of construction automation and water supply and sewerage systems, based on traditional DDC and LonWorks technologies, including design, manufacturing and after-sales services. Another main product group is safety control systems for fixed networks and data transfer solutions based on ISDN/GSM technology.

Computec is an IT company focusing on the design, manufacturing and marketing of construction automation and data transfer systems.

Arcus Software

The 2001 revenue of Arcus Software Oy amounted to EUR 0.5 million (0.2). The number of company personnel on 31 December 2001 was 29 (24).

Elisa Communications Corporation's and Comptel Corporation's joint holding in Arcus Software Oy rose to 53.11 per cent on 7 May, 2001. As a consequence, Arcus Software Oy became a Group company.

Arcus Software's core expertise covers innovative software technology involving the modelling of 3D information into object-oriented databases through vector graphics. The result is a compact, light digital 3D model.

Research and development

The Group invested EUR 36 million (23) in research and development in 2001.

In the rapidly changing operating environment and tightening competitive situation, research and development is a strategic success factor. The Group made heavy investments in R&D in Elisa Research Center, business units and the R&D units of Group companies.

The primary focus areas of the R&D activities in the Elisa Research Center were service platform technology, data security of information technology, new IP-based network technologies and services, wireless and broadband technologies, and customer-oriented research. Focal objects included, among others, position technologies and digital TV, and ubiquitous computing and its applications, as well as future user interfaces such as speech recognition.

The versatile network of Finnish and international research organisations and partners complemented the Group's R&D activities.

Elisa Research Center participated in the projects of the fifth framework programme of the European Union in the IST programme and actively prepared the sixth framework programme. Research cooperation was also conducted together with EURESCOM, the European Institute for Research and Strategic Studies in Telecommunications. A researcher from Elisa participated in the research and development of Internet technologies in the World Wide Web consortium at MIT, the Massachusetts Institute of Technology.

Finnish cooperation partners included the National Technology Agency TEKES, several universities and higher education institutions, and the Helsinki Institute for Information Technology HIIT, an institution operating under

the University of Helsinki and Helsinki University of Technology.

Since copyrights became a central issue in R&D projects, particular investments were made in this area.

The Research Center also actively participated in international and national standardisation.

Main events in 2001

Elisa Future Club, serving as a facility for piloting and visualising the results of the Group's R&D activities with customers and stakeholder groups, was opened in the Research Center.

The NGN (Next Generation Network) research and development programme, covering the entire Group, focused on the development of platform solutions for voice and new communication services based on IP networks.

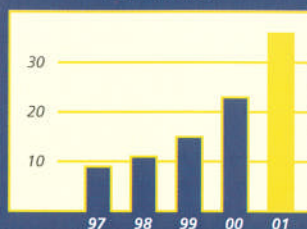
The development of Emma.fm, a network store for digital music, continued in cooperation with music producers. Nokia and Elisa's cooperation directed at the development of the mobile features of Emma.fm was published during the last months of the year.

R&D focus areas at Group companies

The focus areas of Radiolinja's R&D activities in 2001 were positioning technologies and spatial data services, licence-free wireless technologies, and the system development of mobile services.

The network positioning system, developed in cooperation between Radiolinja and Elisa Research Center, was further developed and piloted with success in Radiolinja's Estonian network. The positioning method enables the

**R&D costs,
EUR million**



positioning of all mobile phones in use more accurately than before. The pilot project resulted in the commercialisation of the method, and the interface expertise related to positioning services was successfully exported into international cooperation forums.

Radiolinja started an experiment enabling easy-to-use and secure card payments through a new wireless application.

The focus areas of Elisa Internet's (formerly known as Kolumbus) research projects were PKI technologies and products based on them, data secure WLAN, digital TV, XML and the Next Generation Network.

Comptel developed, in addition to the mediation solutions directed at network operators, solutions that support and enable business activities based on the mobile Internet. These solutions are featured in the Comptel PASSAGe concept and are designed for service operators and service providers. The focus areas of product development have been the continued development of mediation products for GPRS and 3G networks as well as for new services in the IP network.



The report of the Board of Directors for the year 2001

The year 2001 was exceptional, also in the telecommunications sector. Despite this, revenue of Elisa Communications Corporation Group grew by 16 per cent.

In line with the strategy, several corporate and structural arrangements were made within the Group during 2001. These measures enhanced the Group's competitiveness and provided improved means for corporate control and cost-effectiveness.

Revenue

The Group revenue in 2001 was EUR 1,439 million. Revenue grew by EUR 195 million (15.6 per cent). A summary of the revenue performance conforming to the Group's business structure is presented in the notes to the financial statements.

New subsidiaries, Soon Communications Plc, KSP Group Plc, Riihimäen Puhelin Oy and Finnet International Ltd have been consolidated with effect from July 1, 2001. The influence of the aforementioned subsidiaries on the Group's 2001 revenue accounts for approximately EUR 90 million.

During the period under review, the parent company Elisa Communications Corporation's revenue totaled EUR 472 million (521). Owing to the incorporation of business operations and other corporate arrangements, the figures are not comparable.

Radiolinja's revenue amounted to EUR 686 million (614).

The Group's foreign business operations accrued EUR 159 million revenue. Revenue from Germany-based operations amounted to EUR 54 million (17). Foreign business operations per mobile business accrued EUR 47 million revenue, of which Radiolinja Eesti AS accounted for EUR 40 million.

Performance

The Group EBIT was EUR 108 million (149). Owing to substantial one-off items, intra-group sales and corporate arrangements made in 2001 and 2000, the group companies' figures for the year 2001 are not comparable with those of the previous year.

The Group's 2001 EBIT includes a gain of EUR 86 million on the sales of Direktia's directory business and Radiolinja's 118 business. EUR 24 million of this sum was realized in mobile business and EUR 62 million in fixed network business. Moreover, the financial

statements include EUR -59 million non-recurring depreciation on fixed assets, as well as EUR 11 million gains on the disposal of shares and a sanction fee of EUR 4 million.

The performance of Germany-based city carrier business was at the planned level. Mäkitorppa GmbH's operating income did not meet the expectations and was EUR 19 million negative. Elisa Kommunikation GmbH Group reported a loss of EUR 56 million in 2001, and the share of associated companies' result generated an additional loss of EUR 13 million.

The Group's planned depreciation on fixed assets in 2001 was EUR 213 million (150). Furthermore, non-recurring additional depreciation of EUR 59 million (17) was also booked, which was mainly caused by GSM networks.

At the end of 2001, the consolidated goodwill generated by the acquisition of subsidiaries amounted to EUR 588 million (EUR 533 million at the beginning of the year). Acquisition of the shares of Soon Communications and Riihimäen Puhelin was mainly carried out through share exchanges so that the acquisition did not generate substantial goodwill. Depreciation on the subsidiaries' goodwill was EUR 45 million (44).

The Group's share of associated companies' result indicated a loss of EUR -14 million (-33). The year 2000 figure (EUR -33 million) contains the effect of the Germany-based associated companies' one-off expenses, EUR 27 million. The Group's other financial income and expenses in 2001 totaled EUR -48 million (-22).

The Group's taxes were EUR 42 million (60). Depreciation on consolidated goodwill and the losses of the subsidiaries and associated companies, of which no substantial fiscal claims have been booked, increased the effective tax rate.

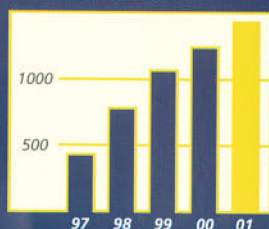
The result after taxes and minority interests totaled EUR 1 million (22).

The earnings per share amounted to EUR 0.01 (0.18) and shareholders' equity per share at the end of the review period was EUR 5.67 (5.29).

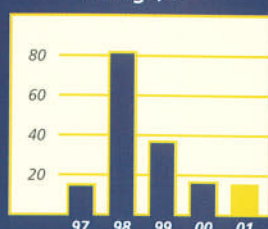
Mobile business

Radiolinja's business developed favorably during 2001. The 2001 revenue increased by 12 per cent, amounting to EUR 686 million

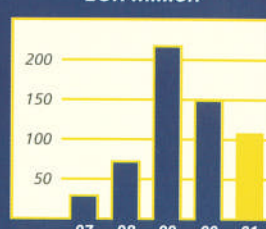
Group revenue,
EUR million



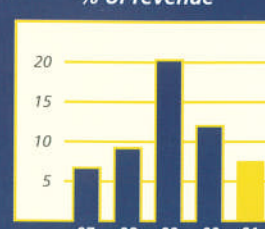
Group revenue,
change, %



Group operating profit,
EUR million



Operating profit as
% of revenue



(614). Oy Radiolinja Ab's revenue accounted for EUR 642 million (589) of Radiolinja's revenue. Mäkitorppa Yhtiöt, which was assigned to Oy Radiolinja Ab in December, increased Radiolinja's revenue by EUR 4 million. Mäkitorppa Yhtiöt's 2001 revenue totaled EUR 61 million (93).

Revenue of Radiolinja Eesti AS, Radiolinja's subsidiary operating in Estonia, amounted to approximately EUR 40 million in 2001, a growth of 57 per cent. Radiolinja Eesti had 146,600 subscriptions (130,000) by the end of 2001. For the first time in its history Radiolinja Eesti reported a positive annual performance.

Radiolinja's EBITDA rose to EUR 226 million (170), increasing by 33 per cent. Corresponding leasing adjusted EBITDA was EUR 277 million (224). EBITDA without one-off items was EUR 193 million (152). EBITDA includes a gain of EUR 24 million on the disposal of the 118 service.

Radiolinja's EBIT was EUR 72 million (4), which is approximately 11 per cent of revenue. EBIT increased by EUR 68 million on the previous year. EBIT was affected by a total of EUR 64 million additional depreciation, of which EUR 18 million is eliminated in Elisa Communications Group's consolidated financial statements. In addition, EBIT was affected by goodwill depreciation of EUR 8 million relating to Mäkitorppa Yhtiöt.

During 2001, Radiolinja purchased from telcos some of the cellular network it earlier leased for a sum of EUR 49 million. For these investments, EUR 34 million, have been entered as additional depreciation, i.e. the part of the purchase price that exceeds the balance sheet value of the network after planned depreciation. Furthermore, the additional depreciation also includes the impact of revision with regard to the write-off period for GSM network exchanges, EUR 30 million. Upon constructing the UMTS network, exchanges will be replaced with new ones. Planned depreciation remained at the last year's level.

After the GSM network purchase deals taken place in 2001, Radiolinja's remaining leasing liability is estimated to be around EUR 108 million greater than the balance sheet value of the corresponding network less depreciation according to plan.

Radiolinja invested EUR 242 million (276) in fixed assets in total. The sum includes EUR 55 million of Elisa Communications Group's internal investments.

Mäkitorppa Yhtiöt's revenue was EUR 61.4 million (93.4). Net income was EUR 3.3 million (-5.4). Mäkitorppa Yhtiöt's chains operated a total of 167 (212) retail outlets by the end of 2001.

At the end of 2001, Radiolinja's network hosted 1,356,204 subscriptions (1,245,763) in Finland. The number of subscriptions also includes the national mobile subscriptions of service operators in Radiolinja's network. Owing to the increased competition, Radiolinja's annualized churn rate during the period under review increased to 14.3 per cent (12.2).

Monthly revenue per subscription (ARPU) rose to EUR 43.5

(42.2) during the review period. Value added services accounted for 12 per cent (11) of revenue.

Traffic originating from Radiolinja's network amounted to 1,974 million minutes (1,772). The average monthly use per line was 131 minutes (127). In 2001, 394 million (343) SMS messages were sent in Radiolinja's network, an average of 26 SMS messages (24) a month per Radiolinja subscription. During the period under review, 66 per cent (65) of Radiolinja's subscriber customers used SMS messages and 25 per cent (19) used content services.

During 2001 Radiolinja concluded 18 new roaming agreements. Radiolinja's customers can now use their mobile phones in 105 countries and in 218 mobile operators' networks.

Fixed network business

The fixed network business in 2001 included, in addition to Elisa Communications Corporation, also Soon Communications Plc, KSP Group Plc, Lounet Oy, Riihimäen Puhelin Oy, Kolumbus Ltd, Oy Finnet International Ltd, Direktia Ltd and Oy Datatie Ab. The new group companies had a substantial impact on the growth figures of the fixed network.

In addition to corporate acquisitions, the revenue growth was attributable to the increase in the number of broadband ADSL subscriptions and the sales of network services to new service operators.

There were a total of 1.14 million fixed subscriptions (0.74) in the Group. Of these subscriptions, a total of 133,000 (11,000) were cable TV subscriptions.

The sales of ADSL subscriptions continued to soar. At the end of the period under review, the number of ADSL subscriptions in the Group was around 27,500.

Elisa Networks Ltd's and its subsidiary Elisa Instalia Ltd's operations as separate companies began on October 1, 2001.

Finnet International's revenue amounted to EUR 81 million (63), an increase of 29 per cent. Separating the pricing of mobile and fixed connections increased revenue by approximately EUR 14 million, which, however, had no effect on the performance.

Soon Communications' revenue was EUR 114.7 million (109.5). EBIT totaled EUR 23.7 million (20.2).

KSP Group Plc's revenue rose by around 14 per cent, amounting to EUR 57.4 million (50.3). EBIT was EUR 9.2 million (4.7) and profits before extraordinary items and taxes were EUR 10.5 million (5.5). The revenue growth was affected by corporate acquisitions and increased sales of IT project business. The Board of Directors of KSP Group Plc made a proposal on December 18, 2001 for the Annual General Meeting of KSP Group convening on March 26, 2002 to change the company name to Yomi Plc.

KSP Group Plc disclosed its financial statements for the year 2001 on February 22, 2002.

As the first telecom operator in Finland, Riihimäen Puhelin Oy won the Finnish Quality Award 2001 in small business category.

Germany-based operations

In order to create a strong city carrier cluster, the 2001 objective in Germany was to increase ownerships acquired during the past few years and the consolidation of the companies.

Revenue of Elisa Kommunikation GmbH Group was EUR 54.2 million, whereas in the whole year of 2000 it was EUR 16.5 million. EBITDA amounted to EUR -29.7 million (-14.7). EBIT amounted to EUR -55.7 million (EUR -18.4 million per the whole year 2000, excluding value adjustments). The loss contribution was further affected by the EUR -13.5 million share of associated companies' result (EUR -15.0 million per the whole year 2000, excluding value adjustments).

A principal part of Germany-based investments have been targeted to city carrier business, whose consolidation proceeded at a robust pace. The operative management of city carrier business was centralized, and the legal consolidation of business took place in early 2002, when Tropolys GmbH became a subsidiary of Elisa Kommunikation GmbH. Tropolys is the largest private city carrier cluster in Germany.

The mobile terminal and subscription market in Germany declined sharply in 2001. Mäkitorppa GmbH streamlined its operations significantly by closing down stores and reducing personnel.

Other business

Comptel Corporation

Comptel's revenue was EUR 60.8 million (60.4). EBIT was EUR 13.5 million (22.2), equivalent to 22.2 per cent (36.8) of revenue. In the challenging market situation Comptel maintained its position as a global leader in the mediator market. The Group's holding in Comptel was 58 per cent.

In February, Comptel Corporation received the Internationalization Award for the year 2000 given by the President of the Republic of Finland.

Comptel Corporation disclosed its financial statements for the year 2001 on February 15, 2002.

Research and development

The Group's research and development expenses amounted to

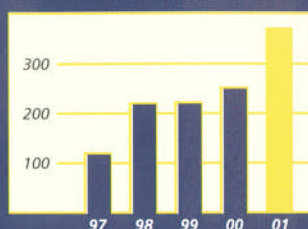
EUR 36 million (23). R&D focus areas were data security, positioning technologies and location services, new IP-based network technologies and services, platform technologies, and customer-centered research of new services, which included user interface, usability and user studies.

Increases in the share capital and changes in the number of own shares

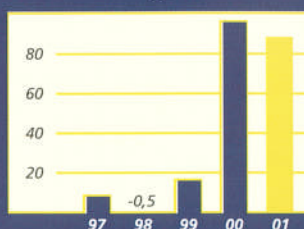
Elisa Communications Corporation made during April 24, 2001 - May 30, 2001 a share exchange offer to the shareholders of Riihimäen Puhelin Oy. With regard to this, the Board of Directors, pursuant to the authorization granted by the Annual General Meeting, increased the share capital on June 8, 2001 by issuing 2,128,012 new Elisa Communications Corporation A Shares. The offer was targeted at the shareholders of Riihimäen Puhelin Oy, entitling one Riihimäen Puhelin Oy share to subscribe for 127 Elisa Communications Corporation shares. The exchange ratio was based on the weighted middle price of Elisa Communications Corporation's A Share during the period of April 9, - April 18, 2001 (EUR 16.39) and the FIM 12.350 price ratio of Riihimäen Puhelin Oy. Upon defining the price of the Riihimäen Puhelin Oy share, an external value statement was taken into account. The subscription price for Elisa Communications Corporation's A Share was EUR 9.52 per share and it could only be paid with Riihimäen Puhelin Oy's share, whose value in paying the share capital was regarded EUR 1,209.04. After the increase in the share capital the new shares account for 1.67 per cent of the shares and votes. There existed an important financial reason to disapply shareholders' pre-emption rights, for the new issue facilitates the integration of Elisa Communications Corporation's and Riihimäen Puhelin's network and service operator functions, and the arrangement contributes to Elisa Communications Corporation's nationwide business development. The new issue also consolidated Elisa Communications Corporation's financial and capital structure.

Elisa Communications Corporation made during May 2, 2001 - September 10, 2001 a share exchange offer to the shareholders of Soon Communications Plc. With regard to this, the Board of Directors, pursuant to the authorization granted by the Annual General

Group investments (gross),
EUR million



Gearing ratio,
%



Equity ratio,
%



Meeting, increased the company's share capital by issuing a total of 10,818,678 new A Shares of Elisa Communications Corporation, so that the resolution to increase the share capital made on June 14, 2001 involved 9,090,166 shares and the increase decided upon September 18, 2001 involved 1,728,512 shares. The issues were targeted at the shareholders of Soon Communications Plc, entitling one Soon Communications Plc share to subscribe for 0.452 Elisa Communications Corporation shares. The exchange ratio is based on the companies' market capitalization, future business prospects, benefits arising from corporate integration and conversion rate statements. After the increase the new shares account for 7.84 per cent of the shares and votes. From Elisa Communications Corporation's point of view, based on the development of Elisa Communications Corporation's business and realization of the corporate transaction, there existed an important financial reason to disapply shareholders' pre-emption rights.

Soon Communications Plc sold in 2001 a total of 474,000 Elisa Communications Corporation A Shares with a EUR 0.5 par value. The proportion of shares in the share capital and all aggregate votes accounted for 0.3 per cent. The transactions took place on the Helsinki Exchanges on October 23, 2001 (300,000 shares, EUR 11.90 per share), and on November 13, 2001 (174,000 shares, EUR 14.01 per share). The disposal of shares was to finance the acquisition of Computec Oy's shares. The disposals have no integral effect on the distribution of Elisa Communications Corporation's shareholdings or votes.

Changes in Group structure

Elisa Communications Corporation incorporated its directory (Direktia Ltd) and internet business (Kolumbus Ltd) on January 1, 2001.

Elisa Communications Corporation incorporated its service and network operator business. Elisa Networks Ltd, which started on October 1, 2001, is responsible for network business. Elisa Networks, in turn, incorporated its network installation and maintenance activities to Elisa Instalia Ltd. The service operator ElisaCom Ltd started trading on January 1, 2002.

In November, Direktia's directory business and Radiolinja's 118 business were sold to Sweden-based Eniro AB. Eniro paid the purchase price with its own shares, which Elisa Communications Corporation divested in November.

Elisa Kommunikation GmbH sold on May 18, 2001 its 25.1 per cent stake in Bremen-based nordCom GmbH city carrier, and a 50 per cent stake in Hannovers Telefon Partner GmbH on June 18, 2001.

Finnet International Ltd sold its Lithuania-based subsidiary UAB Baltnetas Komunikacijos to a local buyer.

The Group's holding in Lounet Oy rose to 51 per cent at the beginning of the year.

On January 16, 2001, Elisa Communications Corporation and Jaakko Pöyry Group Oyj established a joint venture called Inforbis to provide application outsourcing. The Group has a 30 per cent and Jaakko Pöyry Group a 70 per cent holding in the company.

In spring, Elisa Communications Corporation acquired Finnet Nine Ltd's IN network business and sold its stake in Finnet Nine Ltd to other shareholders of the company.

Elisa Communications Corporation's and Comptel Corporation's joint holding in Arcus Software Oy rose to 53.11 per cent on May 7, 2001, whereby Arcus Software Oy became a group company.

Subsequent to the acquisition of the majority of Soon shares by the Group, Finnet International Ltd and KSP Group Plc also became group companies.

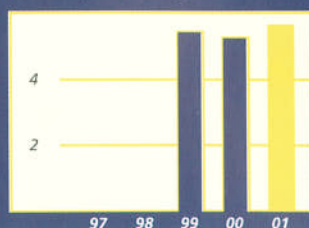
In September, Elisa Communications Corporation sold its holding in Finnet Logistics Ltd to other shareholders.

On October 15, 2001, Soon Communications Plc acquired 40.57 per cent of Computec Oy's all shares and votes. After the transaction Soon Communications Group's holding in the company's shares rose to 55.79 per cent.

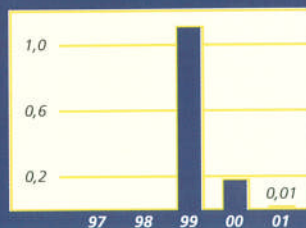
Financial position

The Group's interest-bearing liabilities amounted to EUR 861 million (701), of which EUR 572 million (400) was long-term debt. By the end of 2001, the equity ratio stood at 40 per cent (40 at the beginning of the year 2001).

Shareholders' equity
per share, EUR



Earnings per share,
EUR



Group
employees



The Group's credit ratings, Standard & Poor's A- (Stable Outlook) and Moody's Investor Services A3 (Stable Outlook) remained unchanged during 2001.

The Group established in December 2000 an international one-billion Euro Medium Term Note program. Under the program a bond for EUR 300 million was issued in January.

The Group's liquid assets and investments stood at EUR 104 million at year-end. In addition, the Group had EUR 170 million in unused binding long-term credits at the time of the closing of the accounts.

Investments

The Group's gross investments in fixed assets amounted to EUR 373 million (252) and acquisition of shares to EUR 242 million (726).

The fixed asset investments in the parent company amounted to EUR 69 million and in Radiolinja EUR 242 million. Radiolinja's investments included EUR 55 million intra-group transactions.

Share

The A Share of Elisa Communications Corporation closed at EUR 13.61 on December 28, 2001. The highest quotation in 2001 was EUR 25.01, and the lowest EUR 8.70. The average rate was EUR 16.42.

As at December 28, 2001, the company's market capitalization was EUR 1,847 million.

During the period from January 2, 2001 to December 28, 2001, a total of 85.9 million A Shares of the company were exchanged on the Helsinki Exchanges for an aggregate value of EUR 1,411 million. The exchange was 66 per cent of the average number of A Shares.

Fidelity International Limited announced on September 14, 2001 that through a stock transaction the company's and its subsidiaries' holding in the Elisa Communications Corporation share capital and votes had exceeded five (5) per cent.

The total number of Elisa Communications Corporation's shares held by the subsidiaries was 2,285,276 shares. The nominal value of the shares totaled EUR 1,142,638, and the holding in the share capital and votes amounted to 1.66 per cent. The book value of these own shares has been deducted from the distributable funds.

Amount of personnel

Owing to the new subsidiaries, the Group's amount of personnel increased by 1,665 people in 2001.

By the end of 2001, the group companies employed 8,180 people (6,698). At the end of the review period, 1,970 worked for Elisa Communications, 1,818 for Radiolinja, 624 for Comptel, 912 for Soon Communications, 560 for KSP Group, 951 for Elisa Netowrks, 355 for Elisa Kommunikation GmbH, 244 for Kolumbus, 300 for Datatie, 114 for Finnet International, and a total of 332 for other subsidiaries.

During 2001, an average of 7,783 people (6,161) worked at the Group.

The Group will publish a separate personnel review for the year 2001 in conjunction with the Annual Report.

Annual General Meeting on April 20, 2001

In accordance with the Board of Director's proposal, Elisa Communications Corporation's Annual General Meeting decided on April 20, 2001 to pay a dividend of EUR 0.07 per A Share. The record date for the dividend was April 25, 2001 and dividends were paid into shareholders' accounts as of May 3, 2001. The AGM adopted the parent company's income statement and balance sheet, and the consolidated income statement and consolidated balance sheet. The AGM discharged the members of the Board of Directors, CEO, and the Supervisory Board from liability for the year 2000.

Keijo Suila and Matti Aura were re-elected for the company's Board of Directors for the next three-year term, and Pekka Ketonen, President and CEO, Vaisala Oyj, was elected for the Board as a new member. The following persons, who were not to retire by rotation in this AGM, continued in the Board of Directors: Ossi Virolainen, Riitta Backas, Arto Ihto, Rauno Kousa, Linus Torvalds and Paavo Uronen. Keijo Suila, President and CEO of Finnair Oyj, will continue as Chairman of the Board, and Ossi Virolainen, CEO of AvestaPolarit Oyj Abp, as Deputy Chairman.

SVH Pricewaterhouse Coopers Oy, authorized public accountants, and Leo Laitinmäki (APA) were appointed the company's auditors. Jaana Salmi (APA) was appointed deputy auditor.

In accordance with the Board of Director's proposal, the AGM authorized the Board of Directors to decide on increasing the Company's share capital. The total number of new A Shares can at the highest be 25 million, and the Company's share capital can be increased by a maximum of EUR 12.5 million in total. The authorization entered into force on October 21, 2001 and is valid until April 20, 2002. The authorization entitles to disapply the pre-emption rights of existing shareholders.

Major legal issues

With reference to the Section 14 Paragraph 19 of the Finnish Companies Act regarding the redemption procedure on Oy Radiolinja Ab's minority shares, the title to the shares to be redeemed was transferred to Elisa Communications Corporation after it gave the required security on February 27, 2001. In its ruling on May 29, 2001 the court of arbitration confirmed the redemption right and decided the redemption price be FIM 47,000 per share (EUR 7,905). Elisa Communications Corporation's demand for the redemption price is FIM 29,000 per share (EUR 4,877), and the demand by the major plaintiff is FIM 68,000 per share (EUR 11,437). The matter is pending in the local court and concerns 4,707 shares.

Eleven shareholders of Radiolinja's former series L shares have filed an action for annulment against Radiolinja in respect of the decisions made at the Annual General Meeting of April 3, 2000. The ruling on September 6, 2001 by Helsinki District Court was in favor for Radiolinja. The plaintiffs have appealed against the decision to the court of appeal. The company does not regard the plaintiffs' claim legal, nor does it believe the action will have any impact on the company's business.

Pursuant to the offer to redeem shares as referred to in Chapter 14 Paragraph 19 of the Finnish Companies Act, Elisa Communications Corporation announced on October 8, 2001 to redeem Soon Communications Plc shares, by offering EUR 7.86 per one Soon share. The title to the shares to be redeemed was transferred to Elisa Communications Corporation upon giving a security on December 28, 2001. The matter concerning the redemption price continues in the court of arbitration. There are some 1,113,000 Soon Communications Plc shares to be redeemed.

The Finnish Competition Authority (FCA) approved in 2001 Elisa Communications Corporation's competitive authority in Lounais-Suomen Puhelin Oy, Liedon Puhelin, Lounet Oy, Joensuun Puhelin (now Tikka Communications Oy) and Riihimäen Puhelin Oy.

The Finnish Competition Council stated on May 28, 2001 that Elisa Communications Corporation has abused its dominant market position in the pricing of subscriber connections. As a consequence, the Competition Council imposed a sanction of FIM 25 million (EUR 4.2) on Elisa Communications Corporation.

The Finnish Competition Council ruled on December 11, 2001 that on basis of the complaint by Telia Mobile Ab filed with the FCA in 1998, Radiolinja and Sonera have no joint dominant market position in the network market of mobile communications. Telia has appealed against the decision.

In addition to the above matters, communication and competitive authorities are conducting competitive and telecom legislative investigations and inquiries into activities where Elisa Communications Group companies are involved with other companies of the sector. These inquiries related to service and network product pricing, disclosure of directory information and provision of billing services, for instance.

Within the framework of their business operations, companies belonging to the Group are also parties to other disputes and legal proceedings, as well as procedures by authorities, the outcomes of which are not regarded to have substantial effect on the Group's financial position or performance.

Events after December 31, 2001

Radiolinja decided to incorporate its Network Services and Mobile Infra Services business. The network company adopted a corporate name Radiolinja Origo Oy, and the Mobile Infra Services was re-

named Radiolinja Aava Oy. Both companies began operating on February 1, 2002.

Mid-December saw the notarization of agreements, which resulted in the emergence of expanded Tropolys GmbH on January 1, 2002. The Group has a 61.8 per cent holding in the company.

Soon Communications Plc's business operations were divided into two companies on January 1, 2002. The network operator company Soon Net Oy is responsible for network business and the service operator company Soon Com Oy for service business.

Radiolinja opened its third-generation mobile phone network on January 1, 2002. The network will be initially test run by Radiolinja in the Helsinki metropolitan area and Tampere.

KSP Group Plc entered into an agreement on January 7, 2002 to acquire the full ownership of Indata Oy through an exchange of shares, and of Votek Oy in part in cash and through a private offering. As a result of these measures, the Group's holding in KSP Group Plc will decrease from 53.13 per cent to 51.46 cent at the minimum.

Fidelity International Ltd announced on January 25, 2002 that its holding in Elisa Communications Corporation's share capital and votes has decreased under five (5) per cent.

Soon Com Oy and Kolumbus Ltd agreed on assigning Soon Com's internet business to Kolumbus with effect from February 1, 2002.

Vodafone, the largest mobile operator in the world, and Elisa Communications Corporation signed on February 14, 2002 a cooperation agreement, whose aim is to increase cooperation in the companies' product and service provision. In the same connection, a business and partner agreement was signed between Elisa Communications' subsidiary Radiolinja and Vodafone

Finnet International Ltd and SPRINT signed on February 15, 2002 an IP services distribution agreement. It enables Finnet International to deliver secure and value-added IP services, such as IP VPNs and high-speed secure Internet access, to its international customers across SprintLink™, the global IP network from Sprint.

Outlook

The Group's revenue is expected to grow faster than the sector in general in 2002. EBITDA without one-off items and result before taxes is estimated to grow compared to 2001. The restructuring measures being executed will affect the 1H 2002 performance but profitability is estimated to improve towards the end of 2002.

EBITDA of Elisa Kommunikation GmbH Group is expected to turn positive by the end of 2002, and EBIT by the end of 2003. The mobile retail business in Germany will be adapted to the prevailing market situation, so that it will not create losses from the second quarter onwards.

The Group's cash flow is expected to turn positive during 2002.

Consolidated income statement

EUR 1 000	Note	1.1.-31.12.2001	1.1.-31.12.2000
Revenue	1	1 438 878	1 244 180
Other operating income	2	126 386	74 963
Materials and services	3	-568 899	-518 767
Staff costs	4	-327 682	-240 691
Depreciation and value adjustments	5	-316 603	-211 224
Other operating expenses		-244 366	-199 321
		-1 457 550	-1 170 003
EBIT		107 714	149 140
Financial income and expenses	6		
Share of associated companies' profits		-13 270	-32 877
Other financial income and expenses		-48 195	-22 450
		-61 465	-55 327
Profit before extraordinary items		46 249	93 813
Extraordinary items			
Profit after extraordinary items		46 249	93 813
Income taxes	9	-42 307	-60 045
Minority interest		-3 407	-11 484
Profit for the financial year		535	22 284

Consolidated balance sheet

EUR 1 000	Note	31.12.2001	31.12.2000
Assets			
Fixed assets			
Intangible assets	10	75 202	70 589
Consolidated goodwill	10	587 569	533 492
Tangible assets	10	928 176	684 094
Shares in associated companies	11	24 890	124 003
Other investments	11	73 673	13 207
		1 689 510	1 425 385
Current assets			
Inventories	12	26 581	35 458
Long-term debtors	13	4 211	2 641
Short-term debtors	14	326 165	237 981
Short-term investments		4 503	3 779
Cash in hand and at banks		99 925	28 941
		461 385	308 800
		2 150 895	1 734 185
Liabilities and shareholders' equity			
Shareholders' equity			
	15		
Share capital		69 006	62 533
Share premium fund		516 672	385 901
Contingency fund		3 382	3 382
Retained earnings		180 485	187 858
Profit for the financial year		535	22 284
		770 080	661 958
Minority interests			
		85 133	30 735
Provisions for liabilities and charges			
	16	914	3 045
Creditors			
	18		
Deferred tax liability	17	19 058	43 264
Long-term creditors	19	582 319	413 003
Short-term creditors	20	693 391	582 180
		1 294 768	1 038 447
		2 150 895	1 734 185

Consolidated cash flow statement

EUR 1 000	1.1.-31.12.2001	1.1.-31.12.2000
Cash inflow from operating activities		
Net profit for the financial year	535	22 284
Adjustments:		
Depreciation according to plan	316 603	211 224
Disposal of business operations	-60 747	
Disposal of fixed assets and shares	-10 668	-51 627
Other adjustments	29 614	50 904
	275 337	232 785
Change in working capital	26 442	-44 146
Cash inflow from operating activities	301 779	188 639
Cash flow in investments		
Fixed asset investments	-373 039	-251 684
Disposal of fixed assets	28 822	5 685
Investments in shares	-43 437	-726 280
Disposal of shares and business operations	77 810	50 234
Other investments	-55 264	
Cash flow in investments	-365 108	-922 045
Cash flow in financing		
Change in long-term loans	155 211	126 157
Change in short-term loans	-14 077	205 504
Dividends paid	-14 480	-25 487
Share issue		213 020
Sale of own shares	8 383	
Other items		-1 467
Cash flow in financing	135 037	517 727
Change in financial assets	71 708	-215 679
Financial assets at the beginning of the financial year	32 720	248 399
Financial assets at the end of the financial year	104 428	32 720
Change in financial assets	71 708	-215 679

Parent company income statement

Parent company income statement ¹⁾

EUR 1 000	Note	1.1.-31.12.2001	1.1.-31.12.2000
Revenue	1	472 125	261 361
Increase (+)/decrease (-) in stocks of finished goods or work in progress		-329	4
Other operating income	2	14 466	14 352
Materials and services	3	-192 350	-89 009
Staff costs	4	-122 498	-70 499
Depreciation and value adjustments	5	-64 244	-43 337
Other operating expenses		-105 602	-55 921
		-484 694	-258 766
EBIT		1 568	16 951
Financial income and expenses	6	-23 074	-24 921
Loss before extraordinary items		-21 506	-7 970
Extraordinary items	7	57 971	366 530
Profit after extraordinary items		36 465	358 560
Appropriations	8	33 763	11 086
Income taxes	9	-13 949	-895
Profit for the financial year		56 279	368 751

1) Owing to the merger of Elisa Communications Corporation (formerly known as HPY Holding Corporation) and Helsinki Telephone Corporation, which took place in 2000, the figures for 2001 and 2000 are not mutually comparable.

Parent company balance sheet ¹⁾

EUR 1 000	Note	31.12.2001	31.12.2000
Assets			
Fixed assets			
Intangible assets	10	12 019	19 905
Tangible assets	10	74 139	327 068
Investments	11	1 806 801	1 285 286
		1 892 959	1 632 259
Current assets			
Inventories	12	1 272	10 246
Long-term debtors	13	126 061	29 241
Short-term debtors	14	220 603	289 846
Short-term investments			2 085
Cash in hand and at banks		40 924	1 461
		388 860	332 879
		2 281 819	1 965 138
Shareholders' equity and liabilities			
Shareholders' equity			
	15		
Subscribed capital		69 006	62 533
Premium fund		516 672	385 901
Contingency fund		3 382	3 382
Retained earnings		507 012	147 016
Profit for the financial year		56 279	368 751
		1 152 351	967 583
Accumulated appropriations			
			151 838
Provisions for liabilities and charges			
	16	84	84
Creditors			
	18		
Long-term creditors	19	491 408	357 804
Short-term creditors	20	637 976	487 829
		1 129 384	845 633
		2 281 819	1 965 138

1) Owing to the merger of Elisa Communications Corporation (formerly known as HPY Holding Corporation) and Helsinki Telephone Corporation, which took place in 2000, the figures for 2001 and 2000 are not mutually comparable.

Parent company cash flow statement¹⁾

EUR 1 000	1.1.-31.12.2001	1.1.-31.12.2000
Cash inflow from operating activities		
Profit for the financial year	56 279	368 751
Adjustments:		
Depreciation according to plan	30 481	32 251
Disposal of fixed assets and shares	-13 263	-12 283
Other adjustments	41 915	-353 917
	115 412	34 802
Change in working capital	69 976	-20 774
Cash inflow from operating activities	185 388	14 028
Cash flow in investments		
Fixed asset investments	-68 297	-58 276
Disposal of fixed assets	51 802	6 988
Investments in shares	-269 915	-72 429
Disposal of shares	9 988	6 896
Other investments		2 035
Cash flow in investments	-276 422	-116 821
Cash flow in financing		
Change in long-term debtors	-44 725	
Change in long-term creditors	178 147	100 000
Change in short-term debtors	-5 553	28 399
Change in short-term creditors	9 298	-82 606
Dividends paid	-8 755	-17 017
Other items		-1 436
Cash flow in financing	128 412	27 340
Change in financial assets	37 378	-75 453
Financial assets at the beginning of the financial year	3 546	69 737
Financial assets transferred with the merger		7 227
Financial assets at the end of the financial year	40 924	3 546

1) Owing to the merger of Elisa Communications Corporation (formerly known as HPY Holding Corporation) and Helsinki Telephone Corporation, which took place in 2000, the figures for 2001 and 2000 are not comparable.

Notes to the financial statements

Elisa Communications Corporation, whose registered office is in Helsinki, is the Parent Company of Elisa Communications Group. Elisa Communications Corporation's consolidated financial statements for the year ended 31 December 2001 are available for inspection at Korkeavuorenkatu 35-37, 00130 Helsinki.

Accounting principles

1. Scope of the consolidated financial statements

The consolidated financial statements comprise the Parent Company, Elisa Communications Corporation, and those subsidiaries in which the Parent Company directly or indirectly holds the authority provided by Chapter 1, Section 6 of the Bookkeeping Act. Those participating interests in which the Group companies exercise considerable influence in the management of business operations and financing, but which are not Group companies, are accounted for as associated companies.

As a rule, subsidiaries are consolidated from the month in which the acquisition of shares took place. Associates are generally consolidated from the moment they became associates. Similarly, disposed companies are consolidated up to the date on which they were sold.

Those Group and associated companies remaining dormant during the financial year, or whose consolidation is unnecessary to give a true and sufficient view of the Group's result and financial position, are not consolidated.

2. Consolidation principles

Intragroup transactions, internal profits on inventories, internal receivables and debts, as well as the internal distribution of profits, are eliminated. The margin included in fixed assets has been essentially eliminated.

The purchase cost method is used in the elimination of internal ownership. The proportion of the purchase cost of subsidiary shares exceeding shareholders' equity that has not been allocated on purchased property items has been booked as consolidated goodwill.

Associated companies are consolidated using the equity method.

Minority interests are separated from the consolidated financial results and the shareholders' equity and shown as separate items in the income statement and balance sheet.

The income statements of foreign subsidiaries will be converted to euros according to the monthly mean price announced by the European Central Bank, and their balance sheets according

to the mean price of the balance sheet date. Translation differences arising from this conversion, as well as the translation differences of shareholders' equities, are booked in the retained earnings.

3. The company's own shares

Elisa Communications Corporation's shares owned by subsidiaries and associated companies (the company's own shares) are deducted from the Group's distributable shareholders' equity. The company's own shares owned by associated companies will be deducted for the value corresponding to the holding.

4. Comparability with the previous year

Group

Other operating income includes EUR 104 million of sales proceeds. In 2000, other operating income included EUR 70 million of sales profits.

The Group has booked additional depreciation of fixed assets for EUR 59 million. The sum of additional depreciation and value adjustments booked in 2000 was EUR 25 million.

Soon Communications Plc, KSP Group Plc, Finnet International Ltd and Riihimäen Puhelin have been consolidated as of 1 July 2001, which increased the Group's revenue by EUR 90 million and its EBIT by EUR 13 million. It also had a major impact on the Group's balance sheet.

The change in stocks of finished products and work in progress, EUR 1.7 million (EUR -0.5 million in 2000), has been booked in the consolidated financial statements as an immaterial item under the Change in stocks item of the income statement.

Parent Company

Corporate arrangements carried out during the year had an influence on the development of the Parent Company's revenue, profit and balance sheet. For example, the Kolumbus and directory business operations were incorporated at the beginning of 2001 and network operations on 1 October 2001.

The income statements, balance sheets and notes to the financial statements of 2001 and 2000 are not comparable owing to the merger of Elisa Communications Corporation (formerly known as HPY Holding Corporation) and Helsinki Telephone Corporation, which took place in 2000. In 2000, value adjustments for EUR 35 million were booked for the shares of the subsidiaries.

5. Non-recurring items

Certain income and expenses in the financial statements have been defined as so-called non-recurring items. These items include, for example, relevant gains from the disposal of shares and non-recurring write-offs of fixed assets. The definition of an income or expense item as a non-recurring item is based on the estimate of the management.

6. Revenue and other operating income

Interconnection traffic payments charged from customers and rendered to other telcos as such are booked as a deduction of sales profits (KILA 1995/1325).

Other operating income includes sales profits from shares and fixed assets, contributions received, and rent income from real estate.

In the Group companies, sales are generally capitalised at the moment the sale takes place. An exception is the long-term projects of certain Group companies, which are capitalised on the basis of the level of completion.

7. Valuation principles of inventories

Inventories are valued at variable costs, either at their purchase price or a lower, probable redemption or repurchase price. The weighted medium price is used for pricing the inventories.

8. Items denominated in foreign currencies

Transactions denominated in a foreign currency are booked at the exchange rate quoted on the day the transaction took place. At the balance sheet date, balance sheet items denominated in foreign currencies are valued at the mean price of the balance sheet date announced by the European Central Bank.

9. Derivative instruments

Derivative instruments can be used for managing currency and interest rate risks.

Open derivative instruments, intended to hedge against currency risks, are valued at their market value and charged against profits, with the exception of forward contracts related to cash flow, which are booked on the basis of their effect on earnings as the cash flow is realised. Exchange gains and losses are booked as sales or purchase adjustment items or financing exchange gains or losses, depending on what is hedged. The interest difference, if significant, is allocated during the validity of the contract and the allocated part is booked as interest received or interest paid.

Interest rate derivatives are valued at market value. Cash flows from derivatives used to manage interest rate risks are allocated during the validity of the contract and are used to adjust the interest on the item to be hedged.

The nominal values and market value of open derivatives appear as liabilities in the notes to the financial statements, irrespective of whether they have been booked in the income statement.

10. Fixed assets and consolidated goodwill

The book value of tangible and intangible assets shown in the balance sheet is the acquisition cost less accumulated planned depreciation. Fixed assets manufactured and built by the company are valued at variable costs.

The difference between planned depreciation and total depreciation in the Parent Company's financial statements is shown in appropriations in the income statement. The accumulated depreciation difference in the consolidated financial statements is divided into shareholders' equity and tax debt. Planned depreciation is calculated on a straight-line basis over expected service lives based on original acquisition cost.

Consolidated goodwill is depreciated over a period of 5-15 years. The exception to this is strategically important interests in major companies in the telecommunication industry, when the depreciation period is 10-15 years. For example, the consolidated goodwill of Oy Radiolinja Ab, Soon Communications Plc and KSP Group Plc will be depreciated in 15 years. Consolidated goodwill in respect of Oy Datatie Ab, and subsidiaries and associated companies of Elisa Kommunikation GmbH will be depreciated in 10 years.

In the consolidation the depreciation periods of the fixed assets of subsidiaries and associated companies will be changed to correspond to the Group's regular depreciation periods according to the relevance principle.

Planned depreciation times in the Group are given below:

Consolidated goodwill	5-15 years
Goodwill	5 years
Formation costs	5 years
Computer programmes	3-5 years
Other long-term expenditure	5-10 years
Buildings and structures	25-50 years
Telephone exchanges	8-10 years
GSM network	8-10 years
Cable network	10-20 years
Mast sites	25 years
Teleterminals (leased to customers)	4 years
Other machines and equipment	3-5 years

A Group reserve has arisen as a result of share issues effected in the Group during the previous financial years. Shares have mostly been issued to finance acquisitions of subsidiaries and associated companies that have increased consolidated goodwill. Based on its

material connection, the Group reserve at the balance sheet date has been subtracted from consolidated goodwill. Depreciation on goodwill has been calculated on the value after subtraction.

Of the share acquisitions carried out during the financial year, the purchase of Riihimäen Puhelin Oy's shares (73% of the shares) and the purchase of Soon Communications Plc's shares (58% of the shares) were conducted as an exchange of shares in compliance with the corporation taxation legislation. The consolidation into the consolidated financial statements was conducted at the net value of the shareholders' equity of the acquired company, according to statement 1999/1591 of the Accounting Board. As a consequence of this procedure, the said share purchases did not generate material goodwill or consolidation reserve. If the share purchases had been booked on the basis of the market value of the acquired shares, the acquisition would have created a consolidated goodwill of approximately EUR 100 million higher than is booked in the financial statements.

11. Research and development expenses

Research and development expenses are treated as annual costs on the basis of the date they are incurred.

12. Provisions for liabilities and charges

Expenses and losses arising from the ended or a prior financial period and which are regarded as certain or probable, and for which a compensating income is neither certain nor probable, will be booked as expenses in the relevant expense item of the income statement. In the balance sheet they are shown under provisions for liabilities and charges, even when their exact amount or time of realisation is not known. In any other case they are shown under accruals and deferred income.

13. Pension costs

The pension commitments of the Group's parent company, Elisa Communications Corporation, are funded by the Pension Fund of Elisa Group. Furthermore, the Parent Company also has its own direct pension liabilities, primarily from early, fixed-term pensions. The pension commitments of the subsidiaries are covered by the pension fund of Elisa Group or with pension insurance. The Group companies have no unbooked expenses for unfunded pension liabilities nor any unfunded pension liabilities of their own.

Most of the subsidiaries transferred their pension commitments to the Pension Fund of Elisa Group in 2001.

14. Extraordinary income and expenses

Income and expenses arising from non-recurring, relevant events that deviate from regular operations are booked as extraordinary items.

Group contributions received and granted are shown as the Parent Company's extraordinary income and expenses.

15. Direct taxes

Taxes for the financial year are matched and booked in the income statement. In the income statement taxes related to extraordinary items are subtracted from extraordinary items. The change in deferred tax liabilities and assets is shown in the consolidated financial statements and calculated from matching items. No deferred tax liabilities and assets are shown in the Parent Company's balance sheet. Deferred tax liabilities and assets are calculated using the tax rate in force at the time the financial statements are prepared.

Deferred tax liabilities and assets of the Group are shown as separate items in the notes to the balance sheet. In line with the prudence concept, realised losses of domestic Group companies are booked as tax assets.

The tax-related effect of the disposal of Elisa Communications Corporation's shares owned by the subsidiaries will be registered in the Group's shareholders' equity.

Notes to the income statement and balance sheet¹⁾

EUR 1 000	Group 2001	Group 2000	Parent company 2001	Parent company 2000
1. Invoiced sales and revenue				
Invoiced sales (exclusive of VAT and discounts)	1 508 349	1 306 955	567 846	303 371
Charges for interconnection traffic to telcos	-69 471	-62 775	-95 721	-42 010
Revenue	1 438 878	1 244 180	472 125	261 361
By geographical area				
Finland	1 279 694	1 146 678	468 166	259 360
Rest of Europe	137 443	79 035	3 959	2 001
America	9 242	5 639		
Asia	10 107	10 091		
Australia	1 351	2 246		
Africa	1 041	491		
Total	1 438 878	1 244 180	472 125	261 361

Mainly long-term projects are booked as income on the basis of the level of completion.

Revenue booked as income on the basis of the level of completion amounted to EUR 7 million (EUR 16 million in 2000).

The Group's revenue, EBITDA and EBIT by business areas (BA)

EUR million	Revenue		EBITDA		EBIT	
	2001	2000	2001	2000	2001	2000
Mobile	727	690	224	162	56	62
Fixed network	686	532	243	203	122	107
Germany	54	18	-30	-14	-53	-26
Other operations	94	100	-13	9	-17	6
Sales between business areas	-122	-96				
Group total	1 439	1 244	424	360	108	149

Accounting principles:

The Group companies have been grouped into business areas on the basis of their core operations.

Internal sales

- Sales within a business area have been reduced from the revenue of said business area.
- Sales between business areas have been reduced from the aggregate revenue of the business areas.

Consolidated entries

- The Group's internal margins have been eliminated from the earnings of the business areas.
- Depreciation of Group goodwill has been allocated to the business areas.
- The expenses related to the Corporate Staff have been transferred from the heading 'Fixed network' to 'Other operations'.

¹⁾ Owing to the merger of Elisa Communications Corporation (formerly known as HPY Holding Corporation) and Helsinki Telephone Corporation, which took place in 2000, the notes concerning the Parent Company in 2001 and 2000 are not comparable.

2. Other operating income

Other operating income of the Group includes the sales profit of EUR 86 million generated by the disposal of the directory and 118 service business, as well as a total of EUR 18 million of sales profits from the disposal of shares and fixed assets (EUR 70 million in 2000). Other operating income of the Parent Company in 2001 included a total of EUR 9 million of sales proceeds for the sales of fixed assets and shares (EUR 12 million in 2000).

EUR 1 000	Group 2001	Group 2000	Parent company 2001	Parent company 2000
3. Materials and services				
Materials, equipment and goods				
Purchases during the financial year	169 797	165 830	19 539	11 813
Change of inventories	9 067	-4 578	1 112	1 535
	178 864	161 252	20 651	13 348
External services				
Radiolinja's access rights, maintenance and connection fees	313 229	291 381		
Other external services	76 806	66 134	171 699	75 661
	390 035	357 515	171 699	75 661
Total	568 899	518 767	192 350	89 009
4. Staff costs				
Staff expenses				
Wages and salaries	267 387	205 300	100 322	62 462
Pension costs	49 557	29 722	22 115	8 902
Other social security costs	26 378	22 705	10 307	6 202
	343 322	257 727	132 744	77 566
Staff expenditure capitalised under fixed assets				
Wages and salaries	-11 824	-12 864	-7 703	-5 268
Pension costs	-2 021	-2 433	-1 271	-1 052
Other social security costs	-1 795	-1 739	-1 272	-747
	-15 640	-17 036	-10 246	-7 067
Total	327 682	240 691	122 498	70 499
Management salaries and emoluments				
Managing directors and deputies	4 913	2 854	522	249
Members and deputy members of the Boards of Directors	377	399	200	132
Members and deputy members of Supervisory Boards	2	49		32
Pension commitments in respect of the managing directors and members of Boards of Directors				
The agreed retirement age of the Group companies' managing directors is 58-65 years.				
Staff of the Group and the Parent Company				
during the financial year on average	7 783	6 161	2 812	3 739
The Group's staff numbers by business areas (Staff 31.12.2001)				
Mobile	1 818	1 699		
Fixed network	5 247	4 113		
Germany	355	278		
Other operations	760	608		
Group, total	8 180	6 698		
5. Depreciation and value adjustments				
Depreciation on tangible and intangible assets				
according to plan	272 091	167 489	64 244	43 337
Depreciation of Group goodwill and value adjustments	44 512	43 735		
Total	316 603	211 224	64 244	43 337

Specification of depreciations by balance sheet items is included in Non-current assets.

EUR 1 000	Group 2001	Group 2000	Parent company 2001	Parent company 2000
6. Financial income and expenses				
Share of associated companies' profits				
Share from the results of associated companies	-12 668	-7 198		
Depreciation of associated companies' Group goodwill	-602	-5 473		
Value adjustments in associated companies		-20 206		
Total	-13 270	-32 877		
Dividends received				
from Group companies			3 966	15 434
from associated companies			10 122	8
from others	286	256	7	
Corporate tax compensation	117	99	5 757	6 005
	403	355	19 852	21 447
Other interest received and similar income				
from Group companies			3 987	2 886
from others	8 086	6 174	4 295	2 056
	8 086	6 174	8 282	4 942
Interest income and other financial income, total	8 489	6 529	28 134	26 389
Interest costs and other financial expenses				
to Group companies			-4 147	-1 796
to others	-56 684	-28 979	-47 061	-14 823
Interest costs and other financial expenses, total	-56 684	-28 979	-51 208	-16 619
Other financial income and expenses, total	-48 195	-22 450	-23 074	9 770
Value adjustments for non-current investments				-34 691
Financial income and expenses, total	-61 465	-55 327	-23 074	-24 921
7. Extraordinary items				
<u>Extraordinary income</u>				
Merger proceeds				366 530
Group contributions			87 500	
<u>Extraordinary expenses</u>				
Group contributions			-5 851	
Taxes				
Income taxes for extraordinary items			-23 678	
Total			57 971	366 530
8. Appropriations				
Change in depreciation difference			33 763	11 087
9. Direct taxes				
Income tax for the financial year	53 673	48 659	3 784	873
Income tax from the previous year	11 798	26	10 165	22
Change in deferred tax liability/assets	-23 164	11 360		
Total	42 307	60 045	13 949	895

10. Non-current assets/Tangible and intangible assets

Parent company	Intangible assets Other long-term expenditure	Tangible assets			Tangible assets in the course of construction	Total
EUR 1 000		Land and water	Buildings and structures	Machines and equipment		
Acquisition cost at 1 January	34 807	3 524	121 807	439 896	4 415	569 642
Increases	7 855		5 092	55 536		60 628
Deductions	-21 020	-2 212	-81 809	-429 933	-4 022	-517 976
Acquisition cost at 31 December	21 642	1 312	45 090	65 499	393	112 294
Accrued depreciation at 1 January	14 902		55 260	187 315		242 575
Accrued depreciation of deductions and transfers	-11 443		-45 068	-217 432		-262 500
Depreciation for the financial year	6 164		4 475	53 605		58 080
Accrued depreciation at 31 December	9 623		14 667	23 488		38 155
Book value at 31 December	12 019	1 312	30 423	42 011	393	74 139

10. Non-current assets/Intangible assets, tangible assets, Group goodwill ¹⁾

Group	Intangible assets					Group goodwill
EUR 1 000	Formation expenses	Intangible rights	Goodwill	Advance payments	Other long-term expenditure	Total
Acquisition cost at 1 January 2001	27 864	10 976	5 745	264	97 294	142 143
Acquired Group companies		10 535	2 348		5 050	17 933
Increases		5 060	3 132	249	25 446	33 887
Sales			-148		-62	-210
Deductions	-348	-4 865	-2 067	-20	-7 062	-14 362
Transfers between items		412	-485	-418	2 570	2 079
Acquisition cost at 31 December 2001	27 516	22 118	8 525	75	123 236	181 470
Accrued depreciation and value adjustments at 1 January 2001	21 843	2 438	2 631		44 642	71 554
Acquired Group companies		7 012	1 541		2 422	
Accrued depreciation of deductions and transfers	-208	-3 463	-2 067		-7 675	-13 413
Depreciation for the financial year	5 078	7 141	779		24 154	37 152
Value adjustments						
Accrued depreciation at 31 December 2001	26 713	13 128	2 884		63 543	106 268
Book value at 31 December 2001	803	8 990	5 641	75	59 693	587 569

Group	Tangible assets					Total
	Land and water	Buildings and structures	Machines and equipment	Other tangible assets	Advance payments and purchases in progress	
EUR 1 000						
Acquisition cost at 1 January 2001	17 507	149 023	833 330	26 594	36 024	1 062 478
Acquired Group companies	5 495	77 566	430 435	16 272	4 154	533 922
Increases	843	33 001	216 994	7 342	80 972	339 152
Sales	-278	-15 759	-6 965			-23 002
Deductions	-713	-24 527	-85 381	-2 511	-3 078	-116 210
Transfers between items	-2	40 707	3 683	-1 069	-45 398	-2 079
Acquisition cost at 31 December 2001	22 852	260 011	1 392 096	46 628	72 674	1 794 261
Accrued depreciation and value adjustment at 1 January 2001		70 207	292 265	15 912		378 384
Acquired Group companies		40 237	301 261	509		342 007
Accrued depreciation of deductions and transfers		-24 293	-63 972	257		-88 008
Depreciation for the financial year		8 634	161 402	4 967		175 003
Value adjustments			58 699			58 699
Accrued depreciation at 31 December 2001		94 785	749 655	21 645		866 085
Book value at 31 December 2001	22 852	165 226	642 441	24 983	72 674	928 176
Book value of machinery and equipment (telecom network) in production at 31 December 2001			486 630			

¹⁾ Acquisition costs mainly include fixed assets whose acquisition costs have not been fully booked as expenses in the form of depreciation according to plan.

11. Shares in associated companies and other investments

Group	Shares in associated companies	Shares in others	Debtors Associated companies	Debtors Others	Total
EUR 1 000					
Acquisition cost at 1 January 1)	124 003	5 435		7 772	137 210
Increases	8 621	8 848	60 704		78 173
Sales/deductions	-107 734	-3 256		-5 480	-116 470
Transfers between items		-350			-350
Acquisition cost at 31 December	24 890	10 677	60 704	2 292	98 563
Book value at 31 December	24 890	10 677	60 704	2 292	98 563

¹⁾ The book value of shares in associated companies and receivables from associated companies at 1 January 2001 has been used as the acquisition cost.

Parent company	Shares in group companies	Associated companies	Others	Total
EUR 1 000				
Acquisition cost at 1 January	1 228 936	87 497	3 544	1 319 977
Transfers between items	80 578	-80 228	-350	
Increases	540 968	1 254	18	542 240
Sales/deductions	-17 651	-1 068	-2 006	-20 725
Acquisition cost at 31 December	1 832 831	7 455	1 206	1 841 492
 Value adjustments at 1 January	 -34 691			 -34 691
Value adjustments at 31 December	-34 691			-34 691
 Book value at 31 December	 1 798 140	 7 455	 1 206	 1 806 801

On the closing date, the repurchase price of shares quoted in public was EUR 182 million higher than their book value (EUR 892 million in 2000).

11. Group and parent company holdings at 31 December 2001

	Registered office	Group holding %	Parent company holding, %
Group companies			
Arcus Software Oy	Helsinki	42 %	27 %
Oy Arvotel Ab	Helsinki	100 %	100 %
Comptel Corporation	Helsinki	58 %	58 %
Oy Probatas Ab	Tampere	31 %	0 %
Business Tools Oy	Tampere	31 %	0 %
Comptel Communications Sdn Bhd	Kuala Lumpur	58 %	0 %
Comptel Communications Inc.	Arlington	58 %	0 %
Comptel Communications Oy	Helsinki	58 %	0 %
Comptel Passage Oy	Helsinki	58 %	0 %
Oy Datatie Ab	Helsinki	100 %	100 %
Oy Dianatel Ab	Helsinki	100 %	100 %
EDS Media Oy (formerly known as Direktia Ltd)	Helsinki	100 %	100 %
Elisa Networks Ltd	Helsinki	100 %	100 %
Elisa Instalia Ltd	Helsinki	100 %	0 %
ElisaCom Ltd (formerly known as Elisa Solutions Oy)	Helsinki	100 %	100 %
Elisa Ventures Oy	Helsinki	100 %	100 %
EPStar Ltd	Helsinki	70 %	70 %
Etelälinkki Oy	Helsinki	85 %	80 %
Oy Extel Ab	Helsinki	100 %	100 %
Oy Extel-Achterkamer Ab	Helsinki	100 %	0 %
Oy Extel-Bestudeerd Ab	Helsinki	100 %	0 %
Oy Extel-Bevaren Ab	Helsinki	100 %	0 %
Oy Extel-Grenzenloos Ab	Helsinki	100 %	0 %
Oy Extel-Grinniken Ab	Helsinki	100 %	0 %
Oy Extel-Grissen Ab	Helsinki	100 %	0 %
Oy Extel-Noodlottig Ab	Helsinki	100 %	0 %
Oy Extel-Onbeheerd Ab	Helsinki	100 %	0 %
Oy Extel-Opslokken Ab	Helsinki	100 %	0 %
Oy Extel-Opstopper Ab	Helsinki	100 %	0 %
Oy Extel-Parvenu Ab	Helsinki	100 %	0 %
Oy Extel-Pets Ab	Helsinki	100 %	0 %
Oy Extel-Rotsvast Ab	Helsinki	100 %	0 %
Oy Extel-Snaak Ab	Helsinki	100 %	0 %
Oy Extel-Strohalm Ab	Helsinki	100 %	0 %
Fiotele Oy	Jyväskylä	100 %	0 %
Oy Telcofounding Ab	Helsinki	100 %	0 %
Finnet International Ltd	Helsinki	51 %	41 %
Linenet Oy	Helsinki	51 %	0 %
Linenet Eesti AS	Tallinn	51 %	0 %
Uninet AS	Tallinn	51 %	0 %
Linenet SIA	Riga	51 %	0 %
Latnet Serviss SIA	Riga	26 %	0 %
LNS Kommunikation AB	Stockholm	51 %	0 %
Preminet Oy	Helsinki	51 %	0 %
LNR 000	St Petersburg	51 %	0 %
FMS Dravit Asset Management GmbH	Düsseldorf	100 %	100 %
Elisa Kommunikation GmbH	Düsseldorf	100 %	0 %
ElisaNet GmbH	Cologne	100 %	0 %
Jetzi Kommunikation GmbH & co.KG	Jena, Gera	53 %	0 %
FMS Cirrus Asset Management GmbH	Düsseldorf	100 %	0 %
Mäkitorppa GmbH	Düsseldorf	100 %	0 %
pulsaar Gesellschaft für Telekommunikation GmbH	Saarbrücken	100 %	0 %
Elisa Asset Management GmbH	Frankfurt/Main	100 %	0 %
DDkom - Die Dresdner Telekommunikationsgesellschaft mbH	Dresden	51 %	0 %
HANSAKOM TELEKOMMUNIKATIONS GmbH	Greifswald	91 %	0 %
HU-KOM Telekommunikation GmbH	Hanau	51 %	0 %
Mainova Telekommunikation GmbH	Frankfurt/Main	51 %	0 %
MAINZ-KOM Telekommunikation GmbH	Mainz	51 %	0 %
TeleNet Potsdam Kommunikationsgesellschaft mbH	Potsdam	75 %	0 %
Webmatic	Halle	51 %	0 %
Heltel Ltd	Helsinki	74 %	63 %
Invoicia Ltd (formerly known as FINNETCom Oy)	Helsinki	100 %	100 %
Kolumbus Ltd	Helsinki	100 %	100 %
KSP Group Plc	Jyväskylä	53 %	22 %
Fiaset Oy	Jyväskylä	53 %	0 %
Jyväsviestintä Oy	Jyväskylä	53 %	0 %
Jyväskylän keskusantenni Oy	Jyväskylä	53 %	0 %
Kesnet Oy	Jyväskylä	53 %	0 %
Kestel Oy	Jyväskylä	53 %	0 %

	Registered office	Group holding %	Parent company holding, %
Oy Atec Security Ltd	Jyväskylä	53 %	0 %
Yomi Group	Jyväskylä	53 %	0 %
Yomi Vision Ltd	Jyväskylä	53 %	0 %
Yomi Fusion Ltd	Jyväskylä	53 %	0 %
Yomi Solution Ltd	Jyväskylä	53 %	0 %
Votek Oy	Pori	33 %	0 %
Fonetic Oy	Pori	33 %	0 %
Stemca Solutions Oy	Pori	33 %	0 %
Lounet Oy	Turku	51 %	51 %
Förin Puhelin Oy	Turku	51 %	0 %
Lounet Oy Call Center	Turku	51 %	0 %
Oy Radiolinja Ab	Helsinki	100 %	95 %
Ecosite Oy	Helsinki	100 %	0 %
Radiolinja Eesti AS	Tallinn	94 %	46 %
SIA Radiolinja Latvija	Riga	100 %	0 %
UAB Radiolinja	Vilnius	100 %	0 %
Mäkitorppa Yhtiöt Oy	Helsinki	100 %	0 %
Kamastore Oy	Helsinki	100 %	0 %
Mobinest OU	Tallinn	100 %	0 %
Mäkitorppa Oy	Helsinki	100 %	0 %
Radiolinja Solutions Oy	Helsinki	100 %	0 %
Radiolinja Piste Oy	Helsinki	100 %	0 %
Kiinteistö Oy Espoon Keilasatama 5	Helsinki	100 %	0 %
Keilalahden Pysäköinti Oy	Helsinki	71 %	0 %
Kiinteistö Oy Raision luolasto	Espoo	100 %	0 %
Kiinteistö Oy Tapiolan luolasto	Espoo	100 %	0 %
Radiolinja Origo Oy	Helsinki	100 %	0 %
Radiolinja Aava Oy	Helsinki	100 %	0 %
Rahoituslinkki Oy	Helsinki	100 %	100 %
Kiinteistö Oy Ratavartijankatu 3	Helsinki	64 %	64 %
Riihimäen Puhelin Oy	Riihimäki	90 %	90 %
Kiinteistö Oy Rinnetorppa	Kuusamo	89 %	50 %
Soon Communications Plc	Tampere	100 %	95 %
Computec Oy	Kouvola	71 %	0 %
Elektroniikkatyö Oy	Helsinki	100 %	0 %
Tampereen Tietoverkko Oy	Tampere	63 %	0 %
Tampereen Keskusantenni Oy	Tampere	63 %	0 %
WW Value Oy	Helsinki	100 %	0 %
Oy Älytalo Ab	Helsinki	100 %	100 %
Other companies (no operations)			
Associated companies			
Oy Anglo-Service Ab	Espoo	25 %	0 %
Citykom Münster GmbH	Münster	34 %	0 %
CNE Gesellschaft für Telekommunikation mbH	Essen	34 %	0 %
Datawell Oy	Espoo	20 %	20 %
Oy Finnet Media Ab	Helsinki	46 %	0 %
HLkomm Telekommunikation GmbH	Leipzig	23 %	0 %
Inforbis Oy	Helsinki	30 %	30 %
Kiinteistö Oy Herrainmäen luolasto	Tampere	50 %	0 %
Lounais-Suomen Puhelin Oy	Paimio	27 %	6 %
Meocom Telekommunikation GmbH & Co. KG	Oberhausen	34 %	0 %
Kiinteistö Oy Ratavartijankatu 5	Helsinki	34 %	0 %
Kiinteistö Oy Runeberginkatu 43	Helsinki	30 %	30 %
Racap Solutions Oy	Espoo	35 %	0 %
Sofia Digital Oy	Helsinki	20 %	0 %
Suomen Keltaiset Sivut Oy	Helsinki	36 %	0 %
TeleBeL Gesellschaft für Telekommunikation Bergisches Land GmbH	Wuppertal	34 %	0 %
TeleLev Telekommunikation GmbH	Leverkusen	34 %	0 %
Telekolmio Oy	Hämeenlinna	25 %	0 %
Tikka Communications Oy	Joensuu	21 %	8 %
TIME CityLink AG	Dresden	50 %	0 %
Tropolys GmbH	Düsseldorf	34 %	0 %
Vantaan Yhteisverkko Oy	Vantaa	24 %	24 %

The undepreciated goodwill of the associated companies at 31 December 2001 was EUR 13.6 million.

The balance sheet date for all associated companies was at 31 December 2001.

EUR 1 000	Group 2001	Group 2000	Parent company 2001	Parent company 2000
12. Inventories				
Materials and equipment	9 556	9 542	817	7 152
Work in progress	2 489	1 177	455	842
Finished products/goods	14 035	21 763		
Advance payments	501	2 976		2 252
Total	26 581	35 458	1 272	10 246
13. Long-term debtors ¹⁾				
Amounts owed by Group companies ²⁾				
Loans receivable			122 263	27 832
Amounts owed by associated companies ³⁾				
Trade debtors		196		
Loans receivable	120		120	
Amounts owed by others				
Loans receivable	2 846		2 511	
Other debtors	78	1 036		
Prepayments and accrued income	1 167	1 409	1 167	1 409
Total	4 211	2 641	126 061	29 241

1) Long-term prepayments and accrued income includes an unbooked loss of EUR 1.2 million on the issue of bonds.

2) Long-term loans receivable from Group companies include a capital loan of EUR 2.9 million, in compliance with Chapter 5 of the Companies Act. The majority of these loans are non-interest-bearing, and collectable, as a full margin is calculated on the restricted capital and other non-distributable items according to the confirmed balance sheet of the previous financial year. Furthermore, the balance sheet item includes EUR 50 million of loans receivable from German subsidiaries. The prerequisite for the repayment of these loans is that a full margin can be calculated on the equity of the debtor.

3) Long-term loans receivable from associated companies consist of a capital loan described in Chapter 5 of the Companies Act. A maximum of 10 per cent of annual interest is charged for the loan, provided that it is feasible with regard to distributable funds. The loan will be paid back in one batch after a full margin can be calculated on the restricted capital and other non-distributable items in compliance with the confirmed balance sheet.

EUR 1 000	Group 2001	Group 2000	Parent company 2001	Parent company 2000
14. Short-term debtors				
Amounts owed by Group companies				
Trade debtors			27 235	15 741
Loans receivable			83 580	176 557
Other debtors			16 039	
Prepayments and accrued income			641	335
			127 495	192 633
Amounts owed by associated companies				
Trade debtors	2 838	10 931	30	1 969
Loans receivable	21	50		
	2 859	10 981	30	1 969
Amounts owed by others				
Trade debtors	248 546	184 116	78 292	68 253
Loans receivable	1 916	233		
Other debtors	29 256	32 522	10 385	18 141
Prepayments and accrued income ¹⁾	43 588	10 129	4 401	8 850
	323 306	227 000	93 078	95 244
Total	326 165	237 981	220 603	289 846

¹⁾ Prepayment and accrued income are mainly comprised of regular matching of sales.

EUR 1 000	Group 2001	Group 2000	Parent company 2001	Parent company 2000
15. Shareholders' equity				
Subscribed capital at 1 January	62 533	42 158	62 533	42 158
Increase	6 473	20 375	6 473	20 375
Subscribed capital at 31 December	69 006	62 533	69 006	62 533
Share premium account at 1 January	385 901	175 284	385 901	175 284
Increase	130 771	210 617	130 771	210 617
Share premium account at 31 December	516 672	385 901	516 672	385 901
Contingency fund at 1 January	3 382	3 382	3 382	3 382
Contingency fund at 31 December	3 382	3 382	3 382	3 382
Retained earnings at 1 January	210 142	240 767	515 767	97 505
Distribution of dividend	-8 755	-17 017	-8 755	-17 017
From merger profits				66 528
Depreciation of Elisa Communications Corporation's shares owned by subsidiaries and associated companies	-20 995	-35 916		
Translation and other differences	93	24		
Retained earnings at 31 December	180 485	187 858	507 012	147 016
Profit for the financial year	535	22 284	56 279	368 751
Total	770 080	661 958	1 152 351	967 583
Statement of distributable equity at 31 December				
Retained earnings	180 485	187 858	507 012	147 016
Profit for the financial year	535	22 284	56 279	368 751
- Capitalised formation expenses	-803	-6 021		
- Share of accumulated depreciation difference and untaxed reserve booked in shareholders' equity	-109 189	-108 295		
- Other decreases		-867		
Distributable funds, total	71 028	94 959	563 291	515 767

EUR 1 000	Group 2001	Group 2000	Parent company 2001	Parent company 2000
16. Provisions for liabilities and charges				
Rent agreements		1 682		
Other provisions for liabilities and charges	914	1 363	84	84
Total	914	3 045	84	84
17. Deferred tax liabilities and receivables				
Deferred tax assets				
from mergers	3 357	1 143		
based on the balance sheets of the Group companies	21 245	881	24	24
Total	24 602	2 024	24	24
Deferred tax liabilities				
from appropriations	37 706	35 134		44 033
from mergers	1 478	10 154		
based on the balance sheets of the Group companies	4 476			
Total	43 660	45 288		44 033
Deferred tax liabilities (net)	19 058	43 264	-24	44 009
18. Creditors				
Interest-bearing debts				
Long-term	571 864	399 724	491 408	343 908
Short-term	288 731	301 771	405 261	365 315
Total	860 595	701 495	896 669	709 223
Non-interest-bearing debts	434 173	336 952	232 715	136 410
Debts total	1 294 768	1 038 447	1 129 384	845 633
19. Long-term creditors				
Amounts owed to Group companies				
Bond with warrants				617
Amounts owed to others				
Bonds	423 300	275 800	423 300	275 800
Loans from financial institutions	65 189	55 622		
Pension loans	83 068	68 302	68 108	68 108
Bond with warrants		2 983		2 983
Advances received (QTE facility)	9 702	10 296		10 296
Other creditors	1 060			
	582 319	413 003	491 408	357 187
Total	582 319	413 003	491 408	357 804

Bond loans

In the framework of its bonds programmes, the Parent Company has issued the following bonds:

	31.12.2001 EUR million	Nominal interest rate	Due date
Bond loan programme 1999 / EUR 335 million			
I/1999	71,5	4,750 %	18.6.2007
II/2000	52,5	5,040 %	30.3.2002
III/2000	51,8	5,340 %	30.3.2003
Bond loan programme 2000 / EUR 200 million			
II/2000	100,0	5,750 %	6.9.2002
EMTN programme 2001 / EUR 1000 million			
I/2001	300,0	6,375 %	31.1.2006
Total	575,8		

The loan arrangements include so-called covenant terms.

Bond with warrants

The total sum of the bond with warrants at 31 December 2001: (1)	EUR 3 397 500
The amount of bond with warrants subscribed by the staff at 31 December 2001: (1)	EUR 2 855 950
Interest rate, %	0 %
Amortisation	30 November 2002 in full

(1) Rahoituslinkki Oy, a company wholly-owned by Elisa Communications Corporation, had subscribed for EUR 541,550 of bond with warrants on 31 December 2001.

Warrants

With the EUR 50 tranche of debt of the bond loan, 50 A options and 50 B options can be subscribed to. The subscription period based on options starts with warrant A on 2 May 2002 and with warrant B on 2 May 2003, and ends with all warrants on 31 October 2005. The share subscription period for warrant A will start on 2 May 2002 and for warrant B on 2 May 2003, and the share subscription period for all warrants will end on 31 October 2005.

Rahoituslinkki Oy cannot subscribe for shares by virtue of the warrants attached to the bond. With the decision of the Board of Directors of Elisa Communications Corporation, Rahoituslinkki Oy may offer the bond of warrants or warrants alone for subscription by current or future key employees. In 2001, Rahoituslinkki Oy has granted warrants, also without the tranche of debt, and, owing to the transfer out of the Group, Rahoituslinkki has regained warrants. At 31 December 2001, the division of warrants was as follows:

	Personnel	Rahoituslinkki	Total
A warrant	2 906 300	693 700	3 600 000
B warrant	2 842 900	757 100	3 600 000
Total	5 749 200	1 450 800	7 200 000

The number of warrants held by the management and personnel at 31 December 2001 equalled the right to subscribe a total of 5.7 million, which accounts for 4.2 per cent of the company's shares and voting rights. The warrants may be exercised to subscribe for a maximum of 7.2 million shares, equivalent to 5.2 per cent of the company's shares and voting rights.

EUR 1 000	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Loans falling due after more than five years				
Bonds	71 500	71 500	71 500	71 500
Pension loans	68 108	68 108	68 108	68 108
Total	139 608	139 608	139 608	139 608

EUR 1 000	Group 2001	Group 2000	Parent company 2001	Parent company 2000
20. Short-term creditors				
Amounts owed to Group companies				
Trade creditors			63 167	29 605
Bond with warrants			542	
Other creditors			147 586	81 401
Accruals and deferred income			494	357
			211 789	111 363
Amounts owed to associated companies				
Trade creditors	2 896	12 017	566	6 790
Other creditors	2 775	4 217		3 532
	5 671	16 234	566	10 322
Amounts owed to others				
Bonds	152 500	53 100	152 500	53 100
Convertible bonds		51 327		51 327
Loans from financial institutions	21 810	97 326		80 000
Pension loans		17 458		17 425
Bond with warrants	2 856		2 856	
Advances received	6 108	6 620	571	1 329
Trade creditors	196 732	141 273	74 929	30 765
Other creditors	149 272	114 771	112 681	83 594
Accruals and deferred income ²⁾	144 342	67 976	67 984	32 509
	673 620	549 851	411 521	350 049
Amount owed to Financial Services Office ¹⁾				
Loans (gross)	14 934	17 087	14 934	17 087
Receivables	-834	-992	-834	-992
Loans (net)	14 100	16 095	14 100	16 095
Total	693 391	582 180	637 976	487 829

¹⁾ Financial Services Office's loans have been granted to the Group's employees. The loans are small, under EUR 20,000. Beneficiaries include shareholders who are company employees.

²⁾ The most significant accruals and deferred income comprises matched holiday pay, including social security contributions, (EUR 49.3 million), matched interest charges (EUR 23.0 million) and income taxes (EUR 31.3 million)

EUR 1 000	Group 2001	Group 2000	Parent company 2001	Parent company 2000
21. Surety, contingency and other liabilities				
Mortgages				
<i>for own loans</i>				
Pension loans	59 474	44 801	44 673	44 801
Mortgages given	50 577	40 701	40 570	40 701
 Loans from financial institutions	 10 329	 8 426		
Mortgages given	7 858	3 431		
 Other surety				
Mortgages given	9 426	1 800	1 477	1 346
 <i>for others' loans</i>				
Mortgages given		84		84
Mortgages given as surety, total	67 861	46 016	42 047	42 131
 Pledges given				
<i>for own loans</i>				
Deposits given	38 243		37 933	
Pledges, total	38 243		37 933	
 Guarantees given				
<i>for Group companies</i>			32 687	5 067
<i>for associated companies</i>		6 824		1 966
<i>for management loans</i>		11		
<i>for others</i>	492	660	25	660
Guarantees, total	492	7 495	32 712	7 693
Total	106 596	53 511	112 692	49 824
 Leaseback commitments (QTE)	230 318	218 139	230 318	218 139
Payments on leasing and rental agreements	91 285	114 624	15 545	17 683
Amounts payable during the current year	25 462	23 427	6 280	5 522
Amounts payable later	65 823	91 197	9 265	12 161
Repurchase commitments	5 697	4 786	5 634	4 750
Other commitments	45 961	3 665	20 621	2 408

Liabilities related to the lease/leaseback agreement (QTE facility)/Leasing and rental agreements

In September 1999, Elisa Communications Corporation signed a leaseback agreement (so-called QTE facility) with U.S.-based capital investors. The arrangement concerns certain parts of the telecommunication network to which Elisa Communications Corporation's Group companies retain the title in accordance with the agreement. The overall leasing assets and liabilities arising from the arrangement were paid at the time the facility was arranged. The company received net compensation of around EUR 13 million, EUR 1.3 million of which was capitalised in other financial income in 2001. The compensation will be capitalised in full within ten years of the agreement having been signed.

In 2000, Elisa Communications Corporation sold the infrastructure of the mobile network to its subsidiary Oy Radiolinja Ab. The share of the mobile network hardware of the liability related to the QTE facility is 38 per cent. Elisa Communications Corporation incorporated

its network operations to form Elisa Networks Ltd on 1 October 2001. Of the liability linked to the QTE facility, 62 per cent is related to this incorporated business. In addition to Elisa Communications Corporation, the company is also primarily responsible for the network capital related to the QTE facility. Oy Radiolinja Ab and Elisa Networks Ltd also have certain specified liabilities.

The arrangement is not expected to generate other cash flows to the company than the aforementioned net compensation. The liability of the companies and the Group in this arrangement is restricted to a situation in which the financial institution responsible for relaying the company's leases fails to carry out its commitments.

Lease liabilities of GSM network / Leasing and rental agreements

Oy Radiolinja Ab has implemented a part of its network investments through long-term supply agreements. On the basis of these agreements, Radiolinja has, in certain situations, the pre-emptive right and duty to purchase the equipment specified in the agreements for their market value, or Radiolinja is responsible for redeeming the equipment specified in the agreements for their residual value.

The first period of agreement is always ten years, after which the contracting parties can continue the duration of the agreement at their discretion. On the basis of the agreements, Radiolinja is committed to regular payments. The payments provided by the agreements are weighted on the last years of the period of agreement. The acquisition price of these supply agreements acquired from outside the Group totalled around EUR 158 million at the end of 2001 (EUR 222 million at the end of 2000).

The remaining lease liability of the financial agreements after the GSM network transactions of 2001 is estimated to be approximately EUR 108 million higher than the value of a corresponding network reduced by depreciation according to plan.

The compensations related to the business agreement signed outside the Group in the coming years, calculated on the basis of the interest rate defined in the agreement and in effect on 31 December 2001 (EUR million), will be as follows:

Year 2002	2003	2004	2005	2006	2007	2008	2009
36	39	38	34	26	18	10	3

Lease liabilities of the data communication network / Leasing and rental agreements

The access right charges of Oy Datatiet Ab's and Elisa Network Ltd's backbone network connections are based on agreements mostly lasting five (5) years. The estimated amount of lease liability outside the Group at the end of 2001 was approximately EUR 33 million.

Lease liabilities of telecommunication network / Leasing and rental agreements

Elisa Kommunikation GmbH's subsidiaries have long-term leasing agreements for telecommunication networks, which have no major impact on the Group.

Real estate lease liabilities / Leasing and rental agreements

On the basis of a long-term rent agreement, KSP Group Plc is liable for the capital rent, totalling EUR 16.5 million and presented as a liability in the notes to the financial statements, related to its facilities. In addition to this amount, the company is also liable for all use and maintenance-related expenses concerning the facilities, as well as for its proportional share of the corresponding expenses of the building's other rented facilities. Furthermore, unless KSP Group Plc itself should exercise the right to purchase the facilities, the option agreement related to the rent agreement provides that, on request, KSP Group Plc is entitled to assign a third party to purchase the facilities no later than at the end of the lease period. The redemption price is 60 per cent of the facilities' original total acquisition cost.

Other commitments

Acquisitions carried out during the year include vendor's assurances, the aggregate maximum liability of which is around EUR 17 million. This sum is included in other liabilities.

22. Derivative instruments

EUR 1 000	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Forward contracts				
Value of underlying instrument	5 673	3 224		
Market value	-51	79		
Interest rate swaps and currency swaps				
Value of underlying instrument	8 409	8 409		
Market value	19	9		

Group financial indicators

Key indicators describing the Group's financial development

	2001	2000	1999	1998	1997
Income statement					
Revenue, EUR million	1 439	1 244	1 068	781	430
Change of revenue, %	15,6 %	16,5 %	36,8 %	81,7 %	14,9 %
EBITDA, EUR million	424	360	409	188	118
EBITDA as % of revenue	29,5 %	29,0 %	38,3 %	24,1 %	27,5 %
EBIT, EUR million	108	149	217	72	29
EBIT as % of revenue	7,5 %	12,0 %	20,3 %	9,2 %	6,7 %
Profit before extraordinary items, EUR million	46	94	210	79	32
Profit before extraordinary items and taxes as % of revenue	3,2 %	7,5 %	19,7 %	10,1 %	7,6 %
Profit after extraordinary items, EUR million	46	94	202	125	32
Profit after extraordinary items as % of revenue	3,2 %	7,5 %	18,9 %	16,0 %	7,6 %
Return on equity (ROE), %	0,5 %	4,7 %	20,7 %	12,0 %	6,9 %
Return on investment (ROI), %	6,6 %	9,8 %	23,4 %	13,2 %	8,6 %
Research and development costs, EUR million	36	23	15	11	9
Research and development costs as % of revenue	2,5 %	1,9 %	1,4 %	1,5 %	2,2 %
Balance sheet					
Gearing ratio, %	88,4 %	96,5 %	16,5 %	- 0,5 %	8,6 %
Current ratio	0,7	0,5	1,4	1,8	2,0
Equity ratio, %	40,1 %	40,3 %	52,8 %	59,9 %	57,4 %
Zero-interest liabilities, EUR million	434	337	306	221	120
Balance sheet total, EUR million	2 151	1 734	1 413	1 053	668
Financial assets					
Purchases of shares, EUR million	242	726	285	187	6
Fixed asset investments					
Gross investments, EUR million	373	252	222	221	120
Gross investments as % of revenue	25,9 %	20,2 %	20,8 %	28,3 %	27,8 %
Personnel					
Average number of employees during the financial period	7 783	6 161	5 489	4 589	3 818
Revenue/employee, EUR 1000	185	202	195	170	113

Formulae for financial summary indicators

EBITDA	=	EBITDA is calculated by adding depreciations to EBIT	
Return on equity (ROE), %	=	$\frac{\text{Profit before extraordinary items} - \text{taxes}}{\text{Shareholders' equity} + \text{minority interest (on average during the financial year)}} \times 100$	
Return on investment (ROI), %	=	$\frac{\text{Profit before extraordinary items and taxes} + \text{interest costs and other financial expenses}}{\text{Balance sheet total} - \text{zero-interest liabilities (on average during the financial year)}} \times 100$	
Gearing ratio, %	=	$\frac{\text{Interest-bearing debts} - \text{cash at hand and in banks} - \text{short-term investments}}{\text{Shareholders' equity} + \text{minority interests}} \times 100$	
Current ratio	=	$\frac{\text{Current assets}}{\text{Short-term debts} - \text{advances received}}$	
Equity ratio, %	=	$\frac{\text{Shareholders' equity} + \text{minority interests}}{\text{Balance sheet total} - \text{advances received}} \times 100$	

Back orders are not shown because such information is immaterial owing to the nature of the Group's business.

Per share data

	2001	2000	1999
Subscribed capital, EUR	69 005 878,5	62 532 533	42 157 725
Number of shares at 31 December	138 011 757	125 065 067	84 315 450
Average number of shares	130 257 868	123 428 136	84 315 450
Number of shares at 31 December, diluted ¹⁾	138 011 757	132 647 840	
Average number of shares, diluted	130 257 868	125 909 180	
Market capitalisation, EUR million ²⁾	1 847	2 868	3 141
Earnings per share (EPS), EUR	0,01	0,18	1,11
Dividend per share, EUR	*)	0,07	0,20
Dividend payment ratio, %	–	39 %	18 %
Equity per share, EUR	5,67	5,29	5,47
P/E ratio	..	127	33
Effective dividend yield, %	–	0,3 %	0,5 %
Performance of A shares on the Helsinki Exchanges ³⁾			
Middle price, EUR	16,42	38,28	22,92
Closing price on 31 December, EUR	13,61	22,93	37,25
Lowest price, EUR	8,70	21,00	16,85
Highest price, EUR	25,01	58,00	37,25
Trading of A shares			
Total number of A shares traded, 1000 shares ⁴⁾	85 939	60 114	19 479
Percentage of A shares traded, % ⁵⁾	63 %	48 %	23 %

*) The Board of Directors recommends that no dividend be paid for 2001.

1) Diluted by convertible bond loans and bonds with warrants.

2) Calculated at the closing price on the last trading day of the year.

3) The shares were first quoted on the Helsinki Exchanges on 1 July 1999.

4) Total trading figures for 1999 are for the period 1 July – 30 December 1999.

5) Calculated in relation to the number of A shares at the balance sheet date.

Formulae for per share data

Earnings per share (EPS)	=	$\frac{\text{Profit before extraordinary items – taxes – minority interests}}{\text{Adjusted number of shares for the financial year}}$	
Dividend per share	=	$\frac{\text{Adjusted dividend}}{\text{Adjusted number of shares at the balance sheet date}}$	
Effective dividend	=	$\frac{\text{Dividend per share}}{\text{Adjusted trading price at the balance sheet date}} \times 100$	
Dividend payment ratio, %	=	$\frac{\text{Dividend per share}}{\text{Earnings per share (EPS)}} \times 100$	
Equity per share	=	$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares at the balance sheet date}}$	
P/E ratio	=	$\frac{\text{Trading price at the balance sheet date}}{\text{Earnings per share (EPS)}}$	

Shares and shareholders

1. Share capital and shares

The company's registered and fully paid share capital at the end of the financial year was EUR 69,005,878.50. Under the Articles of Association, the minimum and maximum share capital is EUR 25,000,000 and EUR 100,000,000 respectively.

Under the Articles of Association of Elisa Communications Corporation, the company's shares may be divided into A and B shares. Each A and B share has one vote. The dividend right of the B share is one-tenth of the A share dividend. Under the Articles of Association, the maximum number of A and B shares is 200,000,000 and 10,000 respectively.

HPY Research Foundation is entitled to change the A shares it owns to B shares, providing the conversion is feasible within the

restrictions of the minimum and maximum amounts of the share types. An A share is converted into a B share as the announcement concerning the conversion is registered. HPY Research Foundation shall convert all the B shares in its possession to A shares by 31 December 2003. Unless the conversion request has not been submitted by the said time limit, the company's Board of Directors will carry out the conversion on behalf of the shareholder. After 31 December 2003, A shares can no longer be converted into B shares. On 31 December 2001, HPY Research Foundation owned 3,000 Elisa A shares.

At the balance sheet date the number of Elisa Communications Corporation's shares was 138,011,757, all of which are A shares. The nominal value of the share is EUR 0.50.

2. Company's own shares

Company	Number of shares	Nominal value	Share of shares and votes, %
Soon Communications Plc	1 714 163	857 081,50	1,24 %
KSP Group Plc	556 870	278 435,00	0,40 %
Riihimäen Puhelin Oy	13 900	6 950,00	0,01 %
Computec Oy	343	171,50	0,00 %
Elisa Communications Corporation Group, total	2 285 276	1 142 638,00	1,66 %

The shares of Elisa Communications Corporation owned by the Group have no major impact on the distribution of holding and voting rights in the company.

Elisa Communications Corporation's Board of Directors has no authorisation to purchase the company's own shares.

3. Warrant programme 2000

Elisa Communications Corporation's Extraordinary General Meeting of 20 October 2000 decided to offer a bond with warrants to the personnel of Elisa Group. The bond with warrants was offered to the company's personnel and to Rahoituslinkki Oy, a wholly-owned subsidiary of the Group. The shareholders' pre-emptive right to subscription was disapplied, since the bond with warrants is intended to form a part of the Group's incentive and commitment programme.

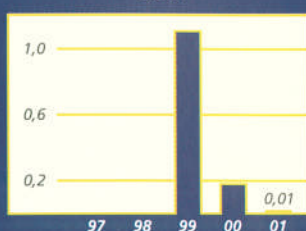
The amount of the bond with warrants is EUR 3,600,000. The bond is interest-free and the loan period is from 30 November 2000 to 30 November 2002. Attached to the bond are 7,200,000 warrants, of which 3,600,000 are endorsed with the letter A and 3,600,000 with the letter B. The issue price of each A share sub-

scribed by virtue of A warrants is EUR 38.07 and by virtue of B warrants EUR 20.55. The issue price will, on the record date for each payment of dividend, be reduced by the amount of the dividends paid prior to the sub-scription of shares. The share subscription period for warrant A will start on 2 May 2002 and for warrant B on 2 May 2003, and the share subscription period for all warrants will end on 31 October 2005.

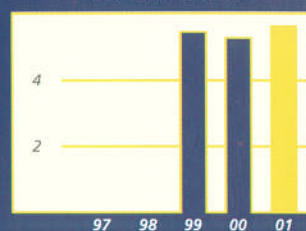
As a result of the subscriptions, the share capital of Elisa Communications Corporation may increase by a maximum of EUR 3,600,000 and the number of shares by a maximum of 7,200,000.

The shares entitle their bearers to dividend for the financial year during which the shares have been subscribed. Other rights take effect after the increase of the share capital has been registered in the Trade Register. Should a warrant holder cease to be

Earnings per share, EUR



Shareholders' equity per share, EUR



employed by or in the service of an Elisa Communications Group company before 2 May 2003 for any reason other than death or retirement, such person shall immediately offer the company, or any entity determined by the company, the right to all warrants, free of charge, for which the subscription period had not begun on the holder's last day of employment with Elisa Communications Group.

On 31 December 2001, Rahoituslinkki Oy held 693,700 A warrants and 757,100 B warrants. Rahoituslinkki Oy may, in a manner approved by Elisa's Board of Directors, subsequently transfer the bonds and attached warrants it owns, or just the warrants, to persons already employed by, or to new persons recruited by Elisa Communications Group.

4. Authorisations of the Board of Directors

The Extraordinary Meeting of 20 April 2001 also decided to authorize the Board to decide whether to increase the share capital through one or more rights issues, to issue one or more convertible bonds and/or warrants, so that in a rights issue, or when issuing convertible bonds or warrants, a maximum of 25.0 million of the Company's A shares may be issued for subscription and the Company's share capital may be raised by no more than EUR 12.5 million. The authorisation took effect on 20 October 2001 and remains valid until 20 April 2002. The authorisation gives the right to disapply the shareholders' pre-emptive rights to subscribe new shares and to decide on the issue price and terms of subscription of the new shares. The Board of Directors is entitled to decide that the

shares to be issued in a new issue can be subscribed for, in kind or otherwise, on certain conditions or by using the right of set-off.

5. Management interests

At 28 December 2001, members of the company's Board of Directors, the company's President and CEO, and the vice-president held a total of 13,343 A shares and votes, equivalent to 0.01 per cent of the company's shares and votes. Additionally, they hold 140,000 options. The management interests amount to 0.11 per cent if the bonds with warrant and the company's own shares owned by the company are taken into full account.

6. Offers for exchange of shares to the shareholders of Riihimäen Puhelin Oy and Soon Communications Plc

The Board of Directors of Riihimäen Puhelin Oy directed a share issue to Elisa Communications Corporation in April 2001. The Group's holding in Riihimäen Puhelin Oy thus rose to 16.67 per cent. After this event, Elisa's Board of Directors decided to make a share exchange offer to the shareholders of Riihimäen Puhelin Oy. After the implementation of the share exchange offer, Elisa Communications Corporation's holding in Riihimäen Puhelin Oy rose to almost 90 per cent.

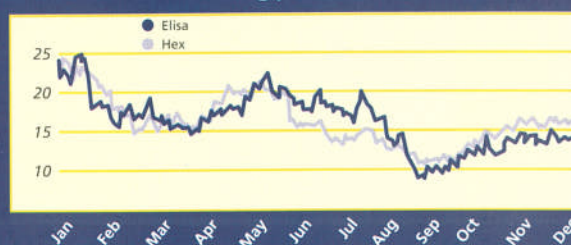
In April 2001, Elisa's Board of Directors decided to make a share exchange offer to Soon Communications Plc's shareholders. As a consequence of this share exchange offer, Elisa Group's holding of all shares and votes of Soon Communications Plc's shares and votes rose to 90.61 per cent on 19 September 2001.

Date	Subject	Subscription period	Exchange rate (1)	Increase of shares	Increase of share capital	New number of shares	New share capital
13 June 2001	Share exchange offer to the shareholders of Riihimäen Puhelin Oy	24 Apr -30 May 2001	1:127	2 128 012	1 064 006.00	127 193 079	63 596 539,50
15 June 2001	Share exchange offer to the shareholders of Soon Communications Plc I	2 May -8 June 2001	1:0.452	9 090 166	4 545 083.00	136 283 245	68 141 622,50
19 Sep 2001	Share exchange offer to the shareholders of Soon Communications Plc II	9 June -10 Sep 2001	1:0.452	1 728 512	864 256.00	138 011 757	69 005 878,50

(1) Exchange rate shown in the order one share of the target company vs. one share of Elisa Communications, e.g. for one share of Soon Communications, 0.452 shares of Elisa Communications were offered.

The new shares offered to the shareholders of Riihimäen Puhelin Oy and Soon Communications Plc entitle dividend for the financial year 2001. The shares became entitled to other rights from the date they were registered in the Finnish Trade Register.

Elisa share performance in 2001, closing prices, EUR



7. Share performance

The A share of Elisa Communications Corporation closed at EUR 13.61 on 28 December 2001. The highest quotation of the year 2001 was EUR 25.01 and the lowest EUR 8.70. The middle price was EUR 16.42.

At the end of the financial year, Elisa Communications Corporation had a market capitalization of EUR 1.847 million.

8. Quotation and trading

The A shares of Elisa Communications Corporation are quoted on the main list of the Helsinki Exchanges under the trading code ELIAV. A total of 85,938,907 Elisa A shares, totalling EUR 1,411 million, were traded on the Helsinki Exchanges during the period 2 January 2001 – 28 December 2001. The trading was equivalent to 66 per cent of the average capitalised number of shares during the financial year.

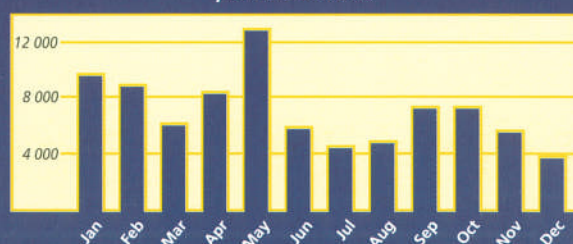
9. Shareholdings by owner group as at 28 December 2001

	Number of shares	% of total
1a. Public companies	707 624	0.51 %
1b. Private companies	11 967 124	8.67 %
2. Finance and insurance companies	14 090 929	10.21 %
3. Public sector entities	17 011 074	12.33 %
4. Non-profit-making entities	3 395 619	2.46 %
5. Private households	51 667 244	37.44 %
6. Foreign	36 219 517	26.24 %
7. Joint accounts and waiting list	667 350	0.48 %
Elisa Communications Corporation Group	2 285 276	1.66 %
Total	138 011 757	100.00 %

10. Analysis of shareholding as at 28 December 2001

Size of shareholding	Number of shareholders	% of total	Number of shares	% of total
1 - 100	21 137	7.10 %	1 093 319	0.79 %
101 - 500	267 214	89.75 %	47 086 417	34.12 %
501 - 1,000	5 957	2.00 %	4 003 195	2.90 %
1,001 - 5,000	2 741	0.92 %	5 191 288	3.76 %
5,001 - 10,000	309	0.10 %	2 172 824	1.57 %
10,001 - 50,000	268	0.09 %	5 778 252	4.19 %
50,001 - 100,000	39	0.01 %	2 795 955	2.03 %
100,001 -	78	0.03 %	66 937 881	48.50 %
Total	297 743	100.00 %	135 059 131	97.86 %
On waiting list, total			150	0.00 %
In joint accounts			667 200	0.48 %
Elisa Communications Corporation Group			2 285 276	1.66 %
Number issued			138 011 757	100.00 %

Monthly trading of Elisa shares in 2001, per 1000 shares



11. Largest shareholders as at 28 December 2001

	No. of shares	% of total
1 Sampo Life Insurance Company Ltd	4 247 041	3.08 %
2 Ilmarinen Mutual Pension Insurance Company	2 583 460	1.87 %
3 Vakuutusosakeyhtiö Henki-Sampo	1 852 745	1.34 %
4 Local Government Pensions Institution	1 202 968	0.87 %
5 City of Helsinki	1 124 390	0.81 %
6 Vakuutusosakeyhtiö Suomi	1 050 000	0.76 %
7 State Treasury	994 865	0.72 %
8 Vakuutusosakeyhtiö Sampo	889 340	0.64 %
9 Kesko's Pension Fund	813 770	0.59 %
10 Pohjola Non-Life Insurance Company Ltd	764 558	0.55 %
11 Suomi Mutual Life Assurance Company	698 281	0.51 %
12 OP-Delta Sijoitusrahasto	645 600	0.47 %
13 LEL Työeläkekassa	616 604	0.45 %
14 OP-Pirkka Sijoitusrahasto	540 761	0.39 %
15 Keskinäinen Vakuutusyhtiö Kaleva	477 802	0.35 %
16 If Teollisuusvakuutus	467 820	0.34 %
17 State Pension Fund	460 450	0.33 %
18 Sijoitusrahasto Nordea Optimif	441 050	0.32 %
19 Nordea Pankki Suomi Oyj	440 850	0.32 %
20 Tapiola General Mutual Insurance Company	419 671	0.30 %
Elisa Communications Corporation Group, total	2 285 276	1.66 %
Elisa Group's Pension Fund	771 300	0.56 %
Nominee registered	35 919 388	26.03 %
Other than listed	78 303 767	56.74 %
Total	138 011 757	100.00 %

Fidelity International Limited announced on 14 September 2001 that through the trading of shares conducted, the company's and its subsidiaries' share of Elisa Communications Corporation's share capital and votes had exceeded five (5) per cent.

Fidelity International Limited announced on 25 January 2002 that through the trading of shares conducted, the company's and its subsidiaries' share of Elisa Communications Corporation's share capital had become lower than five (5) per cent.

Fidelity International Limited's holding is included in the above table under the heading Nominee registered.

Proposal for distribution of **Proposal for distribution of the parent company profit** *the parent company profit*

The consolidated shareholders' equity on the balance sheet of 31 December 2001 is EUR 770,080,000,
of which EUR 71,028,000 is distributable.

The Parent Company's shareholders' equity on the balance sheet of 31 December 2001 is EUR 1,152,350,995.53,
of which EUR 563,291,013.07 is distributable.

The Parent Company's profit for the financial year from 1 January 2001 to 31 December 2001 is EUR 56,278,878.80.

The Board of Directors proposes to the Annual General Meeting that no dividend be paid for 2001 and that the profit for the financial year be transferred to retained profit funds.

Helsinki, 27 February 2002

Keijo Suila
Chairman of the Board of Directors

Ossi Virolainen

Matti Aura

Riitta Backas

Arto Ihto

Pekka Ketonen

Rauno Kousa

Linus Torvalds

Paavo Uronen

Matti Mattheiszen
President and CEO

Auditors' report **Auditors' report**

To the shareholders of Elisa Communications Oyj

We have audited the accounting, the financial statements and the corporate governance of Elisa Communications Oyj for the period from January 1, 2001 to December 31, 2001. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have 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 financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of the audit of corporate governance is to examine that the members of the Board of Directors and the Managing Director have legally complied with the rules of the Companies Act.

In our opinion the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors concerning the distributable assets is in compliance with the Companies Act.

Helsinki, March 5, 2002

PricewaterhouseCoopers Oy
Authorised Public Accountants

Leo Laitinmäki
Authorised Public Accountant

Henrik Sormunen
Authorised Public Accountant

Corporate governance



The members of Elisa Communications Corporation's Board of Directors from the left, back row: Matti Aura, Pekka Ketonen and Arto Ihto. Front row: Keijo Suila (chairman), Paavo Uronen, Riitta Backas and Ossi Virolainen (deputy chairman). Linus Torvalds and Rauno Kousa are missing from the photo.

The ultimate decision-making power in Elisa Communications Corporation is invested in the General Meeting of Shareholders, which, among other things, approves the consolidated income statement and balance sheet. The Meeting also declares the dividend to be paid. The Meeting appoints members to the Board of Directors and the company's auditors.

The 2002 Annual General Meeting of Elisa Communications Corporation will be held at the Helsinki Fair Centre, Messuaukio 1, Helsinki, at 1.00pm on Thursday, 4 April 2002.

Board of Directors and President and CEO

The Board of Directors comprises between five and nine members, as determined by the Annual General Meeting. Members of the Board of Directors serve for a term of three years, with one-third of the members retiring by rotation each year. The present Board of Directors comprises nine members.

The Board of Directors is responsible for the overall strategic course of the Group's business, determining business objectives and monitoring the development of performance. The Board of Directors has prepared an internal working system to assist it in its practical duties.

The Board of Directors elects a chairman and deputy chairman from among its members and names the company's President and CEO and his/her deputy.

Auditors

Under the company's Articles of Association, the company shall have two auditors and one deputy. All auditors shall be duly authorised by a chamber of commerce or by the Central Chamber of Commerce.

Members of the Board of Directors

Keijo Suila (1945), President and CEO, Finnair Oyj, chairman, member since 1999, due to retire by rotation in 2004.

Ossi Virolainen (1944), CEO, AvestaPolarit Oyj Abp, deputy chairman, member since 1997, due to retire by rotation in 2002.

Matti Aura (1943), Managing Director, Finnish Port Association, member since 1999, due to retire by rotation in 2004.

Riitta Backas (1946), Financial Manager, Pharma Industry Finland, member since 1997, due to retire by rotation in 2002.

Arto Ihto (1947), President and CEO, Osuusliike Elanto, member since 2000, due to retire by rotation in 2003.

Matti Ilmari (1942), Senior Vice President, ABB Ltd, member since 1997, resigned on 20 April 2001.

Pekka Ketonen (1948), President and CEO, Vaisala Group, member since 20 April 2001, due to retire by rotation in 2004.

Rauno Kousa (1941), Parliamentary Assistant, member since 1997, due to retire by rotation in 2003.

Linus Torvalds (1969), software engineer, Transmeta Corporation, member since 2000, due to retire by rotation in 2003.

Paavo Uronen (1938), Rector, Helsinki University of Technology, member since 1997, due to retire by rotation in 2002.

Auditors

The company's auditors are PricewaterhouseCoopers Oy, authorised public accountants, with Henrik Sormunen (APA) and Leo Laitinmäki (APA) as the principal auditors and Jaana Salmi (APA) as the deputy auditor.

Corporate Strategic Management Group as of 1 January 2002

Chief Executive Officer and Senior Executive Vice President

Matti Mattheiszen (1942), M.Sc. (Eng.), President and CEO since 1 May 1997. He has served the Group since 1971. Mattheiszen has served as head of Sales and Marketing since 1984 and as COO and acting CEO between 1988 and 1997. Matti Mattheiszen is also chairman of the Board of Directors of Comptel Corporation, ElisaCom Ltd and Elisa Networks Ltd.

Jarmo Kalm (1945), B.Sc. (Tech.), Senior Executive Vice President and COO since 1 May 1997. He has served the Group since 1972. He chairs the Boards of Directors of Oy Radiolinja Ab and Elisa Kommunikation GmbH.

Executives of business areas

Matti Carpén (1960), M.Sc. (Eng.). He has served the Group for two terms beginning in 1987. Matti Carpén is the Managing Director of ElisaCom Ltd. He also chairs the Boards of Directors of Heltel Ltd, Finnet International Ltd, Oy Datatie Ab and Elisa Internet Ltd (former Kolumbus Ltd).

Pertti Kyttälä (1950), M.Sc. (Econ. & Bus. Adm.) has served the company since 1997. He is the President of Oy Radiolinja Ab.

Pertti Laukkanen (1955), M.Sc. (Eng.) joined the Group in 2000. He is the Managing Director of Elisa Kommunikation GmbH and chairman of the Board of Directors of Mäkitorppa GmbH.

Jukka Veteläsuo (1951), M.Sc. (Eng.). He has served the Group since 1989. Jukka Veteläsuo is Managing Director of Elisa Networks Ltd. He chairs the Board of Directors of Elisa Instalial Ltd.

Other members of Strategic Management Group

Ann-Maj Majuri Ahonen (1946), M.Sc. (Econ. & Bus. Adm.), Senior Vice President, Corporate Planning, M & A. She has served the company since 1994. She chairs the Board of Directors of Elisa Ventures Oy.

Kimmo Manni (1949), M.Sc. (Econ.) has served the company since 1990. He is the Senior Vice President of Mäkitorppa Yhtiöt Oy and Vice President in Oy Radiolinja Ab.

Pekka Perttula (1946), M.Sc. (Eng.), Group Spokesman and Senior Executive Adviser. He has served the Group since 1989.

Vesa-Pekka Silaskivi (1966), Lic.Sc. (Econ. & Bus. Adm.), LLM, Executive Vice President, Corporate Finance. He joined the Group in 2000.

Other corporate management

Risto Rinta-Mänty (1948), Lic.Med, Senior Vice President, Corporate Human Resources. He joined the Group in 1989. He is the chairman of the Board of Directors of Elisa Group's Pension Foundation.

Kalevi Suortti (1949), Senior Vice President joined the Group in 1992. He is the executive responsible for Corporate Communications & Marketing and External Relations.

Sami Ylikortes (1967), M.Sc. (Econ. & Bus. Adm.), LLM, Senior Vice President, Administration. He has served the Group since 1996. He has also served as secretary to the Board since 1998.

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