

ELISA COMMUNICATIONS CORPORATION STOCK EXCHANGE RELEASE
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ELISA'S 2002 RESULT EXCLUSIVE OF NON-RECURRING ITEMS AMOUNTED TO EUR -23 MILLION, Q4 IS IN LINE WITH Q3

The Elisa Group's revenue for the fourth quarter of 2002 amounted to EUR 385 million (386). Key figures exclusive of non-recurring items were as follows:

- EBITDA EUR 88 million (90)
- EBIT 10 million (13)
- result before extraordinary items and taxes EUR -3 million (-1).

Owing to the disposal of business operations and consolidation, the Q4 figures are not fully comparable with those of the previous year.

The Group's revenue for the whole year totalled EUR 1,563 million (1,439). Key figures exclusive of non-recurring items were as follows:

- EBITDA EUR 342 million (324)
- EBIT EUR 32 million (67)
- result before extraordinary items and taxes EUR -23 million (5).

The 2002 performance included EUR 154 of non-recurring expenses and EUR 73 million of earnings. These items consisted of expense bookings on GSM finance agreements and networks, as well as disposals of business operations and real estates.

The key figures of the official financial statements were:

- EBITDA EUR 333 million (425)
- EBIT EUR -48 (108)
- result before extraordinary items and taxes EUR -103 million (46)

The Group's full-year cash flow after investments was EUR 89 million positive, and the financial position was stable.

The Group's net debt was reduced during the second half of the year to EUR 757 million by the end of 2002. In 2002, operative investments in fixed assets were EUR 218 million (324), investments in shares EUR 16 million (242) and the repurchase of GSM finance agreements approximately EUR 50 million (49). The Group's equity ratio stood at 38 per cent (40).

The Board of Directors proposes that no dividend be distributed for the year 2002.

CEO Matti Mattheiszen states that the result remained at an unsatisfactory level although the other principal targets were achieved. "We have strongly adjusted costs, reduced the number of personnel and also investments. Our domestic consolidation has generated synergy, which will favourably reflect in the future too. Other achievements in 2002 were the positive cash flow, reduced net debt and keeping investments within the target ranges. Radiolinja managed to increase its customer base by 41,000 subscribers in the last quarter. In Germany, we reported positive EBITDA during the last quarter of 2002 as expected."

"In the fixed network businesses Elisa strengthened its market leadership in broadband subscriptions, whose number grew to 71,900. In the Elisa Mobile business area we diversified our service portfolio by entering into a partnership with Vodafone and by initiating GPRS and multimedia services."

"We estimate that the year 2003 revenue will grow by three per cent at the maximum. Based on the current market situation EBITDA and result are expected to improve moderately. We will keep investments at 15 per cent of revenue and seek for structural solutions with regard to non-core business operations. We will further reduce our net debt, and cash flow will remain positive."

"The Germany-based business will register positive EBITDA in 2003, and we expect EBIT to be positive during the first half of 2004," says Mattheiszen.

The auditors' report on the financial statements has not been submitted yet. Elisa Communications Corporation's Annual Report will be published during week 13.

ELISA COMMUNICATIONS CORPORATION

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Appendix: Elisa Communications Corporation's financial statements for the year 2002

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FINANCIAL STATEMENTS FOR THE YEAR 2002

Market situation

Economic uncertainty and the indebtedness of telecom operators had a considerable impact on the whole telecommunication sector in 2002. This situation was reflected by a number of foreign operators also operating in Finland that went into liquidation. To improve profitability in the slowdown of growth and the tightening competition, costs and investments in the sector have been cut. Competitive edge and growth have been sought, through corporate transactions and cooperation agreements.

Telecommunication competition in Finland was manifested by extensive marketing of mobile and broadband subscriptions to new customers. In addition, new technologies and services, such as GPRS and multimedia messages (MMS), were introduced in 2002. However, their influence on the Group's business has not yet been significant.

The difficult market situation was also reflected in Elisa Communications Corporation Group's performance for the year 2002, which did not meet its objectives.

Revenue

The Group's year-on-year revenue grew by 8.6 per cent, amounting to EUR 1,563 million (1,439). Owing to the disposals of business operations (inter alia directory and installation businesses) and corporate acquisitions (such as Tropolys in 2002, Soon and Yomi in 2001), the revenue figures are not comparable with those of the previous year.

Performance

The Group's 2002 EBIT exclusive of non-recurring items amounted to EUR 32 million (67). Non-recurring items affecting the EBIT were:

- the expense booking of EUR 77 million for the leasing liability of finance agreements concerning the GSM network
- additional depreciation of EUR 51 million on the GSM networks,
- expense booking of EUR 14 million for Germany-based business, and
- other non-recurring expense bookings of EUR 12 million.

The (reported) Group EBIT in accordance with the financial statements for the year 2002 was EUR -48 million (108).

The reported EBIT for the year 2002 included a total of EUR 73 million (104) sales profits from shares, business operations and real estates. During 2002, installation business of Elisa Instalia Ltd and directory businesses of Soon Com Ltd, Yomi Plc and Riihimäen Puhelin Oy were divested.

Owing mainly to the decrease in investments profits, pension fund contributions in 2002 were approximately EUR 10 million higher than in the previous year. The Elisa Group's pension liabilities are fully covered.

The Group's planned depreciation and value adjustments on fixed assets totalled EUR 255 million (213). Non-recurring depreciation of EUR 67 million (59) in total was also booked. Additional depreciation was mainly set against the GSM networks. EUR 59 million (45) was booked as depreciation on the subsidiaries' consolidated goodwill. The sum included EUR 4 million value adjustments written down for subsidiaries in Germany.

The Group's goodwill resulting from the acquisition of subsidiaries amounted to EUR 583 million at the end of the period under review (EUR 588 million at the end of 2001). In early 2002, the associated company Tropolys GmbH was converted into a subsidiary chiefly through an exchange of shares. As a consequence of this, the Group goodwill to be presented in the consolidated financial statements grew by around EUR 50 million.

The Group's share of associated companies' results was EUR -5 million (-14).

The Group's financial income and expenses in 2002 totalled EUR -50 million (-48).

On the basis of the expense booking on the GSM network leasing liability, a deferred tax receivable of EUR 22 million was recorded. No deferred tax receivables have been assigned for the losses incurred by German subsidiaries and associated companies.

The corporate taxes for the year 2002 amounted to EUR +3 million (-42).

The reported result for the year 2002:

- The Group profit for 2002 after taxes and minority interest amounted to EUR -71 million (1).
- By the end of the year, the Group's earnings per share stood at EUR -0.54 (0.01) and shareholders' equity per share was EUR 5.21 (5.67).

Elisa Mobile business area

In 2002, the Elisa Mobile business area was affected by the tightening price competition and the subsequent price erosion, as well as the departure of Telia Mobile Finland's subscriptions from Radiolinja's network in Q2. Customer retention was clearly more intensive than in 2001 and the marketing and sales expenses of the subscription sales grew.

Elisa Mobile's key figures for 2002 were as follows:

- revenue EUR 739 million (727)
- EBITDA exclusive of non-recurring items EUR 194 million (197)
- EBIT exclusive of non-recurring items EUR 60 million (76).

Leasing liability of EUR 77 million relating to the GSM network's finance agreements was booked as an expense during the third quarter. In addition, a decision was made to shorten depreciation periods for the investments in new radio networks and their related software by approximately two years, as of the beginning of 2003.

At the end of December 2002, Radiolinja's network in Finland had 1,342,417 subscriptions (1,356,204). Owing to the jettisoning of Telia's post-paid subscriptions, the number of subscriptions by the end of Q3 amounted to 1,301,621. However, the highly successful sales campaign by the end of the year increased the number by 41,000 subscriptions.

In 2002, subscriptions of Radiolinja's service operator in Finland:

- annualised churn for the review period was 15.7 per cent, (14.3), and
- ARPU (average revenue per subscription) amounted to EUR 42.2 (43.5) a month
- the share of added value services from the revenue was 12 per cent (12).

During the period under review, Radiolinja concluded 23 new GSM roaming agreements. These agreements now cover 111 countries and 234 mobile networks. A total of 44 GPRS roaming agreements have been signed.

In early 2002, Radiolinja signed a cooperation agreement with Vodafone, the largest mobile operator in the world, to provide diverse mobile services to its customers abroad. Benefiting from this cooperation and building new products has been one of the most important events during 2002.

Radiolinja Eesti, Radiolinja's subsidiary operating in Estonia, reported the following figures for 2002:

- revenue of EUR 55 million (40), (A growth of 20 per cent from the corresponding period of the previous year.)
- EBIT EUR 7 million (4)
- 155,500 subscriptions (146,600) at the end of December.

Fixed network business (ElisaCom and Elisa Networks business areas)

The competitive edge of the fixed network business was enhanced by streamlining business structures and divesting non-core businesses.

Fixed network business in 2002:

- revenue amounted to EUR 735 million (658)
- EBITDA exclusive of non-recurring items was EUR 213 million (200)
- EBIT exclusive of non-recurring items amounted to EUR 101 million (95).

The fixed network business comprises the service business of ElisaCom and the network business of Elisa Networks, both nationwide companies. Owing to the incorporations, divestments and consolidation of business operations, the figures for the fixed network business are not comparable with those of the previous year.

The number of broadband subscriptions continued to soar, and ElisaCom maintained its market leadership in 2002. ElisaCom was highly successful in implementing and outsourcing telecommunication solutions of corporate customers and local government. The volume of call traffic and traditional telephone subscriptions in the fixed network decreased, as the customers' use of the Internet shifted to fixed-price broadband subscriptions and, with regard to voice traffic, to mobile services.

The number of fixed subscriptions in the Group's networks at the end of 2002 was 1.18 million (1.19). The number of broadband subscriptions was approximately 71,900 (27,900). The Group with its associated companies had around 160,900 cable TV subscriptions at the end of 2002.

The focus activities of Elisa Networks' network business in 2002 were to meet the demand for broadband connections and subscriptions, cost-efficiency and to manage the total level of investments. Both were accelerated by the consolidation of domestic network business and divestment of installation businesses.

Germany-based business (Elisa Kommunikation business area)

The number of customers in Germany-based business grew despite weakened German economy. Elisa Kommunikation GmbH reported positive EBITDA for the last quarter of 2002, and EBITDA adjusted with non-recurring items amounted to EUR -1 million.

In 2002, Elisa Kommunikation GmbH's:

- revenue amounted to EUR 118 million (54)
- EBITDA was EUR -27 million (-30)
- EBIT totalled EUR -73 million (-56)
- net result was EUR -55 million (-69).

Owing first and foremost to the consolidation of Tropolys GmbH, the figures are not comparable.

Elisa's business operations in Germany focused on improving profitability and efficiency of investments in 2002.

The consolidation of Tropolys GmbH as a subsidiary increased the revenue intrinsically. Tropolys GmbH became Elisa Kommunikation's subsidiary at the beginning of 2002, which was a major strategic structural change in the Group's cluster of companies in Germany. The acquisition of the controlling interest was mainly realised through share exchanges. Mäkitorppa GmbH along with its outlets was sold and the retailing of mobile phones and subscriptions was shut down.

Other companies

Comptel Corporation disclosed its financial statements on 14 February 2003 and Yomi Plc on 20 February 2003. The key figures of the companies were:

Comptel Corporation

- revenue EUR 49 million (61)
- EBIT EUR -7 million (14).

Yomi Plc

- revenue EUR 58 million (58)
- EBIT EUR 4 million (10).

Yomi's performance was affected by approximately EUR 9 million sales profits from the disposal of directory and security business operations and by non-recurring depreciation of EUR 4 million, which related to product development.

Research and development

The Group invested EUR 36 million (36) in research and development in 2002.

The primary focus areas of the R&D activities in the Research Center were service platform technology, data security of information technology, new IP-based network technologies and services, wireless and broadband technologies, and customer-centred research.

Changes in Group structure

Elisa Communications Corporation's service operator, ElisaCom Ltd., started operations on 1 January 2002.

Soon Communications Plc's business operations were incorporated on 1 January 2002 into the network operator Soon Net Ltd and the service operator Soon Com Ltd. Soon Communications Plc was merged with and into Elisa Communications Corporation on 31 December 2002.

On 7 January 2002, Yomi Plc acquired Indata Oy through an exchange of shares, and Votek Oy in part in cash and in part through a private offering. As a result of these measures, Elisa Communications Group's holding in Yomi Plc decreased from 53.13 per cent to 51.46 per cent.

Radiolinja incorporated its network and mobile infra services. Radiolinja Origo Oy (network) and Radiolinja Aava Oy (mobile infra) began trading on 1 February 2002.

In early 2002, Tropolys GmbH was converted into a subsidiary through an exchange of shares in principal. Elisa Communications Group has a 65.9 per cent holding in Tropolys.

During 2002, the group companies providing security construction automation and energy management systems were concentrated on Estera Oy. These companies were Computec Oy, Elektroniikkatyö Oy and security business operations of Yomi and Elisa Solutions.

The installation company Elisa Instalia Ltd's business was sold to Flextronics Network Services Finland Oy on 3 September 2002 in accordance with the agreement signed in June. The disposal price was approximately EUR 37 million.

On 12 September 2002, Yomi sold its directory business to Fonecta Oy for approximately EUR 8 million, and on 29 November 2002, Soon Com Ltd sold its directory business to Oy Eniro Finland Ab for some EUR 24 million.

Oy Extel Ab and Oy Älytalo Ab were merged with and into Elisa Communications Corporation in September.

Lounet Oy was merged with Lounais-Suomen Puhelin Oy at the end of 2002. After the merger, the Group's holding in the new company named Lounet Oy stood at 50.2 per cent.

Personnel

By the end of 2002, the group companies employed 7,368 people (8,180). During 2002, an average of 8,115 people (7,783) worked in the Group.

The number of personnel per Group and business areas were as follows:

- 337 employees in the parent company Elisa Communications Corporation
- 1,741 employees in the Elisa Mobile business area
- 2,542 employees in the ElisaCom business area
- 940 employees in the Elisa Networks business area
- 675 employees in Elisa Kommunikation business area
- 1,133 employees in other companies.

During 2002, the Group conducted collaboration negotiations and rationalisation at Elisa Communications Corporation, ElisaCom Ltd., Elisa Networks Ltd., Comptel Corporation, Yomi Plc and in Germany-based business operations. With these measures, the Group managed to reduce the number of personnel by around 300.

The Group will publish a separate personnel review for the year 2002.

Investments

The Group's gross investments in fixed assets in January-December amounted to EUR 269 million (373) and acquisition of shares to 16 million (242).

Investments in fixed assets amounted to:

- EUR 138 million in Elisa Mobile,
- EUR 106 million in the fixed network companies, and
- EUR 25 million in Germany-based business.

Elisa Mobile's investments contain repurchases of Radiolinja GSM finance agreements from telcos for approximately EUR 50 million.

Financial position

The Group's financial position and liquidity remained stable. Currently, the Group has a credit rating of A3 (review for downgrade) for long-term financing by Moody's, and A- (negative outlook) for long-term financing and A-2 for short-term financing by Standard & Poors.

The Group's net debt stood at EUR 757 million by the end of the review period. The Group's equity ratio decreased to 38 per cent (40) owing to the losses incurred in 2002. More detailed information on the financial position is available in the table attached.

Own shares

The total number of Elisa Communications Corporation's A Shares owned by the subsidiaries was 781,563 by the end of the year. The par value of the shares totalled EUR 390,781.50 and their proportion of the share capital and votes was 0.57 per cent. The book value of these company shares has been deducted from the distributable assets of the Group.

Moreover, the Elisa Group Pension Fund owned 1,575,463 A shares.

On 5 November 2002, Elisa Communications Corporation's subsidiary Soon Communications Plc sold its 1,714,163 Elisa Communications Corporation A Shares through the stock exchange to the Elisa Group Pension Fund on the basis of exemption from funds. The deal price was EUR 9,530,746.28 in total, or EUR 5.56 per share. Soon Communications booked a sales loss of EUR 57 million for the transaction. This trading of own shares was entered in 'Shareholders' equity' in the balance sheet, and the transaction had no impact on the Group's earnings.

The aggregate nominal value of the shares sold was EUR 857,081.50. The shares attributed for 1.24 per cent of Elisa Communications Corporation's share capital and votes. Stock trading had no substantial effect on the allocation of ownership and votes within the company.

The company's Board of Directors has no valid authorization to acquire or assign own shares.

Shares

The A Share of Elisa Communications Corporation closed at EUR 5.72 on 30 December 2002. The highest quotation in 2002 was EUR 15.50, and the lowest EUR 4.46. The average rate was EUR 8.21.

As of 30 December 2002, the company's aggregate number of shares was 138,011,757 and market capitalisation was EUR 785 million.

During the period from 1 January 2002 to 30 December 2002, a total of 66.1 million A Shares of the company were exchanged on the Helsinki Exchanges for an aggregate value of EUR 543 million. The exchange was 48.6 per cent of the number of A Shares on the market.

The number of Elisa Communications Corporation's A share options for the year 2000 is 3,600,000. Between 1 July 2002 and 30 December 2002, the total number of A share options traded on the Helsinki Exchanges was 156,550 at a total price of EUR 26,707. The average rate of the A share options was EUR 0.17. The highest quotation of the A share options in the January-December period was EUR 0.30, and the lowest EUR 0.05. The closing rate of the A share option was EUR 0.25

Annual General Meeting on 4 April 2002

Elisa Communications Corporation's Annual General Meeting decided, in accordance with the proposal of the Board of Directors that no dividend be paid for 2001. The Annual General Meeting confirmed the parent company's income statement and balance sheet, and the consolidated income statement and the balance sheet. The members of the Board and the CEO were discharged from liability for 2001.

The confirmed number of the members of the company's Board of Directors was eight. Ossi Virolainen, Riitta Backas and, as a new member, Honorary Mining Counsellor Jere Lahti, CEO of S Group Cooperative Societies, were appointed for the next three-year term. Keijo Suila, Matti Aura, Arto Ihto, Pekka Ketonen and Linus Torvalds, who were not to retire by rotation in this AGM, continue as members of the Board. PricewaterhouseCoopers Oy (authorized public accountants, with APA Henrik Sormunen as the responsible auditor), and Leo Laitinmäki (APA) were appointed the company's auditors. Jaana Salmi (APA) was appointed deputy auditor.

The Annual General Meeting approved the proposal of the Board of Directors to authorize the Board of Directors within one year from the Annual General Meeting to decide on increasing the company's share capital. The board was to achieve this through one or more new issues, one or more convertible bonds and/or warrants so that in a new issue or when issuing convertible bonds or warrants, a maximum aggregate of 27.6 million of the company's A Shares can be issued for subscription, and the company's share capital can be increased by a maximum of EUR 13,800,000 in total. The authorisations have not been used so far.

At the same time, the Annual General Meeting cancelled the authorisation to raise the share capital, which was valid until 20 April 2002, for the part that had not been used.

On 2 May 2002, the Group's Board of Directors was constituted. Keijo Suila, President and CEO of Finnair, will continue as chairman, and Ossi Virolainen, CEO of AvestaPolarit Oyj Abp, as deputy chairman of the Board of Directors.

Major legal issues

With reference to 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 27 February 2001. In its ruling on 29 May 2001 the court of arbitration confirmed the redemption right and decided the redemption price be FIM 47,000 per share (EUR 7,905). The matter is pending in the local court and concerns 4,706 shares.

Ten 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 3 April 2000. The ruling on 6 September 2001 by Helsinki District Court was in favour for Radiolinja. The plaintiffs have appealed against the decision to the court of appeal. The court announced its decision after the period under review, on 11 February 2003, and left the ruling of the district court unchanged. The plaintiffs' are entitled to a leave to appeal in the Supreme Court.

A court of arbitration appointed by the Central Chamber of Commerce decided on 27 June 2002, to set the redemption price of Elisa Communications Corporation's subsidiary Soon Communications Plc at EUR 7.86 per share. The decision is now valid and the process has ended.

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

On 9 July 2002, Elisa Communications Corporation received a subpoena, in which Jippii Group Oyj made a claim against Elisa Communications Corporation for damages concerning the terminating fees of EUR 5.8 million in total. The matter is pending in Helsinki District Court.

Radiolinja Origo Oy demands compensation for damages in the court of arbitration from Telia Mobile AB's branch operating in Finland for violating a service operator agreement.

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

Events after the period under review

On 1 January 2003, Soon Com Ltd became ElisaCom Ltd.'s fully owned subsidiary.

On 9 January 2003, Moody's announced to place the A3 long-term ratings of Elisa Group on review for possible downgrade. The decision is based on the rating agency's concern over the instabilities and low growth prospects of the telecom industry, which could negatively affect Elisa's business and profit performance.

On 22 January 2003, the Board of Directors decided to recommend to the Annual General Meeting convening on 4 April 2003, that the parent company Elisa Communications Corporation change its name to Elisa Corporation.

On 19 February 2003, Fidelity International Limited announced that both it and its subsidiaries share of Elisa Communications Corporation's share capital and votes had exceeded five (5) per cent.

Future outlook

The situation of world economy will reflect in uncertainties for demand for telecom services.

The Board of Directors estimates the Group revenue, EBITDA and result to grow moderately. The positive progress of EBITDA in the Germany-based business will improve the Group's profitability.

Operative investments in relation to revenue will be limited to not more than 15 per cent. The improved profitability and moderate investment level will promote maintaining the Group's cash flow positive and further reducing of net debt. Restructuring of non-core businesses will continue.

Annual EBITDA of the Germany-based operations will be distinctly positive in 2003. Because of the improving operative efficiency and positive trend in the number of business customers, EBIT is estimated to be in surplus in the first half of 2004.