SanomaWSOY Corporation Convertible Capital Notes 2001

SanomaWSOY Corporation

Convertible Capital Notes 2001

Listing Prospectus

21.8.2001

Nordea Securities

Information on the Prospectus

This Prospectus has been prepared in accordance with the standards and requirements applicable under Finnish law, including the Finnish Securities Market Act (26.5.1989/495, as subsequently amended), the Listing Particulars pursuant to the Ministry of Finance's decision on Listing Particulars (19.3.1998/197), and the regulations and instructions issued by the Financial Supervision Authority and the exemption granted by the Authority (127/271/2001). The Financial Supervision Authority has approved this Prospectus in a decision taken on 21 August 2001, but does not assume responsibility for the correctness or accuracy of the information contained herein. The approval and exemption decisions of the Financial Supervision Authority are available for public inspection at the Head Office of SanomaWSOY Corporation (the "Company" or "SanomaWSOY" and together with its subgroups the "Group" or the "SanomaWSOY Group") at Ludviginkatu 6-8, 00130 Helsinki.

This Prospectus has been prepared in Finnish ("Listalleottoesite"). In addition, a translation of this Prospectus has been prepared in English. If there are any discrepancies between the Finnish and the English versions, the Finnish version shall prevail.

The Prospectus has been prepared solely for use in offering the Convertible Capital Notes, as set out in this Prospectus, to professional investors ("Offering"). The information given in the Prospectus originates from SanomaWSOY or the other sources indicated separately in the Prospectus. Reproducing or distributing the Prospectus in whole or in part, and disclosing or using its content for any other purpose than participating in the Offering, is prohibited.

The Company, the Arranger, or their advisers are not responsible for ensuring that, nor do they give any guarantee that, the information contained in this Prospectus will be correct in the future, after its date of publication, or that publication of the Prospectus implies that changes could not occur in the Group's operations or have not occurred after the date of the Prospectus. Pursuant to the Finnish Securities Market Act, a listing prospectus must be rectified and amended if, prior to the closing of the Offering or prior to the listing of the Notes on the Helsinki Exchanges, a mistake or deficiency is found in the Prospectus, which may be of material significance to an investor. No one is authorised to give, in connection with the Offering, any other information or statements than those contained in this Prospectus. Should information or statements of this kind be given, they are not approved by the Company's management or the Arranger.

The legislation of certain countries may place restrictions on the distribution of this Prospectus and on the Offering. The Company and the Arranger require that persons who come into possession of this Prospectus shall obtain the relevant information on the said restrictions and any consents or permissions and that they shall observe said requirements. The Company or the Arranger shall not be held responsible in any way for such obligations. This Prospectus must not be distributed or published, in connection with the Offering, in any states or in any ways in which the Offering might be unlawful. This Prospectus does not constitute an offer or solicitation to make an offer in any state in which this would be unlawful.

This Prospectus must not be published in the United States or Canada, nor delivered to any US or Canadian person. The securities to be issued in the Offering have not been and will not be registered under the United States Securities Act of 1933 and may not be offered or sold in the United States, to or for the account of US persons, nor in Canada or to Canadian persons or for the account of such persons. In the United Kingdom, the Prospectus or any other document issued in connection with the Offering may not be passed to any person unless that person is of a kind described in Article 11 (3) of the Financial Services Act 1986 (Investment Advertisements, Exemptions) order 1996 and amendments, or is a person to whom the document may otherwise lawfully be issued or passed on.

The forward-looking statements and information in this Prospectus are based on the estimate of the Company's management, or are assumptions based on information available to the Company. Such forward-looking statements reflect the Company's outlook regarding future events and are subject to certain risks, uncertainty factors and assumptions. A number of factors could cause the Company's actual results, performance,

or achievements to differ materially from such forward-looking statements. Should such risks or uncertainty factors materialise, or if any underlying assumptions prove to be incorrect, the actual results of operations could differ materially from those described in this Prospectus as anticipated, assumed, estimated, or expected.
The Offering and this Prospectus shall be governed by Finnish law and any disputes concerning them shall be resolved in a competent court in Finland.

Adviser to SanomaWSOY and Arranger of the Issue:

Nordea Securities Corporate Finance Oy
Pohjoisesplanadi 33 A, 00100 Helsinki

Subscription Agents:

Nordea Securities Oyj (Nordea Securities Pankkiiriliike)
Fabianinkatu 29 B, 00100 Helsinki
Nordea Securities Corporate Finance Oy
Pohjoisesplanadi 33 A, 00100 Helsinki

Paying Agent:

Merita Bank Plc
P.O. Box 84, Aleksanterinkatu 36 B, 00101 Helsinki

Legal Adviser:

Merilampi Marttila Laitasalo Asianajotoimisto Oy, Attorneys-at-Law
Eteläesplanadi 22 A, 00130 Helsinki

Company Auditors:

Auditors:
SVH Pricewaterhouse Coopers Oy, Authorised Public Accountants
Principal Auditor: Johanna Perälä, Authorised Public Accountant
P.O. Box 1015, Itämerentori 2, 00101 Helsinki
and
Pekka Nikula, Authorised Public Accountant
SVH Pricewaterhouse Coopers Oy
P.O. Box 1015, Itämerentori 2, 00101 Helsinki

Deputy Auditor: Juha Tuomala, Authorised Public Accountant

Auditors during the financial periods 1 May 1999 – 31 December 1999 and 1 January 2000 – 31 December 2000:
SVH Pricewaterhouse Coopers Oy, Authorised Public Accountants
Principal Auditor: Tauno Haataja, Authorised Public Accountant
P.O. Box 1015, Itämerentori 2, 00101 Helsinki
and
Pekka Nikula, Authorised Public Accountant
SVH Pricewaterhouse Coopers Oy
P.O. Box 1015, Itämerentori 2, 00101 Helsinki

Deputy auditor: Johanna Perälä, Authorised Public Accountant

Auditors of the comparative financial statements for 1998 and 1999:
SVH Pricewaterhouse Coopers Oy, Authorised Public Accountants
Principal Auditor: Johanna Perälä, Authorised Public Accountant
P.O. Box 1015, Itämerentori 2, 00101 Helsinki
and
Pekka Nikula, Authorised Public Accountant
SVH Pricewaterhouse Coopers Oy
P.O. Box 1015, Itämerentori 2, 00101 Helsinki

Public Display of Documents

The documents mentioned in this Prospectus, together with the documents pursuant to the Companies Act, Chapter 4, Section 4a, have been available for public inspection as of 13 August 2001 at the Company's Head Office (Ludviginkatu 6-8, Helsinki). The Prospectus can be obtained as of 23 August 2001 at the Company's Head Office and from the Subscription Agents.

Board of Directors' Disclaimer

We warrant and represent that to the best of our knowledge and belief the information given in this Prospectus corresponds to the facts and that nothing has been omitted from the information which could possibly have a bearing on the matter.

Helsinki 21 August 2001

Board of Directors of SanomaWSOY Corporation

Jaakko Rauramo	Esko Koivusalo	Robert Castrén
Aatos Erkko	Jane Erkko	Marjukka af Heurlin
Paavo Hohti	Kyösti Järvinen	Robin Langenskiöld
Rafaela Seppälä	Hannu Syrjänen	

Important dates

21 August 2001	Extraordinary General Meeting of SanomaWSOY
23 August–31 August 2001	Offer Period, unless the Offer Period is terminated
on or about 31 August 2001	Decision on issuance of the Notes, publication of the Issue Price, and confirmation of allocation
5 September 2001	Payment of subscriptions
on or about 6 September 2001	Commencement of quotation of the subordinated Notes on the Helsinki Exchanges

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The SanomaWSOY Group in Brief

Financial performance of the SanomaWSOY Group

€ million	**2000**	**1999**	**1998**	**1997**	**1996**
Net sales	1 448	1 321	1 252	1 190	1 146
Operating profit,	85	72	71	99	96
% of net sales	5.9%	5.4%	5.7%	8.3%	8.4%
Profit before extraordinary items	138	110	98	130	107
Total assets	1 439	1 323	1 240	1 089	1 010
Gross investments	168	280	149	157	53
Investments, % of net sales	11.6%	21.2%	11.9%	13.2%	4.6%
ROI	13.8%	12.5%	12.3%	18.5%	17.4%
Equity ratio	68%	71%	70%	64%	60%

The figures for 1998 and 1999 are based on comparative financial statements.
The figures for 1996 and 1997 are unaudited and were presented in the listing particulars (Merger Memorandum) of SanomaWSOY, 18 June 1998.

The SanomaWSOY Group, which was formed through a combination merger on 1 May 1999, is Finland's leading media group and the largest listed company in its field in the Nordic countries. The SanomaWSOY Group had net sales in 2000 of EUR 1.4 billion and generated operating profit of EUR 85 million. The Group employs about 13,300 people.

In the Finnish media arena, SanomaWSOY Group companies have a long history going back to the 19th century. The book publisher Werner Söderström Corporation was founded in 1878, and Päivälehti, the predecessor of Helsingin Sanomat, was founded in 1889. Both companies have had an important and prominent role in the development of Finnish culture.

Today, SanomaWSOY has five subgroups that are active players in various media segments, offering news, books, learning solutions, and entertainment.

Helsinki Media is Finland's largest magazine publisher in terms of both net sales and total circulation. The company's product portfolio comprises 48 magazines, many of which have an active online presence.

Sanoma publishes Finland's two leading newspapers, Helsingin Sanomat and Ilta-Sanomat, as well as Taloussanomat, a financial daily. Via Kymen Lehtimedia, Sanoma is also an important publisher of provincial and local magazines in Southeast Finland.

SWelcom was created in 2000, when the Group's strategically important electronic media and development projects were brought under a single umbrella. SWelcom's operations embrace television, cable-TV, mobile and Internet services, as well as audiovisual production services.

WSOY is Finland's largest book publisher and the market leader in general literature, as well as educational materials and a number of special publications, such as reference and dictionary products. Digital location information services and eLearning are among WSOY's principal growth areas.

Rautakirja's R-kiosks form Finland's leading chain of convenience outlets, and Lehtipiste is the country's largest press distribution company. Suomalainen Kirjakauppa is Finland's most extensive bookstore chain, and Finnkino the market leader in the film and cinema field. The SanomaWSOY Group owns 56.97 per cent of Rautakirja, which is listed on the Helsinki Exchanges.

SanomaWSOY's Convertible Capital Notes 2001 in Brief

The Terms and Conditions of the Notes are given in their entirety hereinafter on pages 8-14 of this Prospectus.

Right of Subscription

The Notes are offered for subscription by professional investors in Finland.

Maximum Amount of the Notes

A maximum of EUR 250,000,000.

Minimum Amount of a Subscription

One million (1,000,000) euros.

Maturity

The Notes shall be dated 31 August 2001 - 4 July 2007.

The Notes will be repaid in a bullet payment on 4 July 2007, providing that the conditions of repayment as specified in Chapter 5 of the Finnish Companies Act and the Terms and Conditions of the Notes are met.

Subject to the provisions set out in Section 7 of the Terms and Conditions of the Notes, SanomaWSOY shall have the right, as from 1 September 2004, to repay the principal amount of the Notes in full in advance at the rate of one hundred (100) per cent with the interest accrued up to the date of the repayment.

In the event that the Notes cannot be repaid at maturity, interest of five (5) percentage points over the 12-month Euribor interest rate shall be paid on the unpaid principal up to the Payment Date.

Issue Price and Offer Procedure

The Board of Directors of SanomaWSOY Corporation will decide on or about 31 August 2001 on the issuance of the Notes and the Issue Price on the basis of offers submitted by investors.

Offer Period

The Offer Period commences on 23 August and ends on 31 August 2001, unless the Offer Period is terminated prior to said final date.

Place of Subscription and Paying Agent

The places of subscription are Nordea Securities Corporate Finance (tel. +358 9 47 85 031) ("Arranger") and Nordea Securities Pankkiiriliike (tel. +358 9 3694 9400).

The Paying Agent is Merita Bank.

Payment Date

The Notes will be paid on 5 September 2001 in accordance with the Arranger's instructions.

Interest

The coupon has a fixed annual interest of 5.25%.

The coupon can be paid annually only if the amount payable can be applied to a distribution of profits in accordance with the Company's and its Group's balance sheet which is to be approved for the financial year last ended.

Any interest left unpaid shall constitute a liability of the Company and it shall accrue an amount of annual interest which is two (2) percentage points above the normal coupon payable on the Notes.

Right of Coversion

The Notes can be converted into a maximum of 15,713,387 SanomaWSOY Corporation Series B shares.

The Board of Directors of the Company determined the conversion ratio on 21 August 2001 such that the imputed conversion price of one SanomaWSOY Corporation Series B share to be received through conversion shall be fixed at a premium of 30% to the trade-weighted average price of the SanomaWSOY Corporation Series B share on the Helsinki Exchanges during the period from 20 July 2001 to 20 August 2001, or EUR 15.91.

Secondary Market

SanomaWSOY Corporation intends to apply to have the Notes admitted to public trading on the Main List of the Helsinki Exchanges after the Notes have been issued. Trading in the Notes will commence on or about 6 September 2001.

Terms and Conditions of the Convertible Capital Notes

SanomaWSOY Corporation Convertible Capital Notes 2001

This Offering of Notes is based on a resolution passed by an Extraordinary General Meeting of the shareholders of SanomaWSOY Corporation ("SanomaWSOY" or the "Company") held on 21 August 2001, authorising the Company's Board of Directors, inter alia, to issue convertible Notes in disapplication of shareholders' pre-emptive right to subscribe for securities. On the basis of the authorisation, the Board of Directors of SanomaWSOY will take a final decision on issuance of the Notes at the close of the Offer Period, on or about 31 August 2001 at the latest.

The amount of the Convertible Capital Notes will be a maximum of EUR 250,000,000 and the Notes can be converted into a maximum of 15,713,387 SanomaWSOY Series B shares. Application will be made for listing the Notes for public trading on the Main List of the Helsinki Exchanges, and the quotation is estimated to commence on 6 September 2001.

I Terms and Conditions of the Notes

1. *Amount of the Convertible Capital Notes*

The amount of the Convertible Capital Notes shall be a maximum of EUR 250,000,000. The Notes will be issued within the electronic book-entry system kept by Finnish Central Securities Depository Ltd.

The Notes will be issued to a maximum amount of 25,000 note units with a nominal value of 10,000 euros each, known as subordinated notes ("debentuuri" under Finnish law).

2. Subscription Rights

The Convertible Capital Notes will be offered for subscription by professional investors under the Securities Market Act, Chapter 1, Section 4, Subsection 4 in disapplication of shareholders' pre-emptive right to subscribe for securities. The minimum amount of a subscription for the Notes shall be 1,000,000 euros.

The Board of Directors of SanomaWSOY shall decide who shall have the right to subscribe for any Notes left unsubscribed.

The Board of Directors of SanomaWSOY shall decide on the procedure to be observed in the event of oversubscription, whereby the Board of Directors shall have the possibility of reducing subscriptions. The Board of Directors shall have the right to reject any subscription made in its entirety.

In the event of oversubscription, the Notes shall be allocated amongst the subscribers who have made approved subscriptions in proportion to the size of their subscriptions.

3. Issue Price and Offer Procedure

The Board of Directors of SanomaWSOY will decide immediately after the close of the Offer Period, on or about 31 August 2001, on issuance of the Notes and the Issue Price on the basis of offers submitted by subscribers. At the same time, the Board of Directors will decide on approval of the subscriptions and confirm the subscriptions for the Convertible Capital Notes, after which the Arranger will notify subscribers in writing of approval of their subscriptions.

4. Offer Period and Place of Subscription

The period for receiving offers and subscriptions will commence on 23 August at 9:30 a.m. and end on or about 31 August 2001 at 12:00 a.m. The Offer Period can be terminated earlier irrespective of the demand situation.

Offers and subscriptions can be made at Nordea Securities Corporate Finance ("Arranger"), Pohjoisesplanadi 33 A, Helsinki and Nordea Securities Pankkiiriliike, Fabianinkatu 29 B, Helsinki.

5. Payment of Subscriptions

Subscribers shall pay for the Notes on 5 September 2001, in accordance with the instructions issued by the Arranger.

When paying for subscriptions, subscribers shall also pay the imputed interest for the period 4 July - 5 September

2001, or 5.25% per annum, whereby Noteholders are entitled to a full coupon on the first Interest Payment Date, 4 July 2002.

6. Maturity

The Notes shall be dated 31 August 2001.

The maturity of the Notes shall be from 31 August 2001 to 4 July 2007. The loans shall be repaid in a bullet payment on 4 July 2007, providing that the conditions of repayment specified in Section 7 are met.

7. Repayment of the Notes

A) Repayment at Maturity

The principal of the Notes may be repaid only if the Company and the consolidated Group are left with full cover on restricted equity and other non-distributable items in accordance with the balance sheet approved for the preceding financial year.

Should the conditions for repayment of the Notes not be met at maturity, the principal of the Notes shall be repaid in part to the extent that this is possible within the scope of the conditions of repayment. In other respects, the repayment of the Notes shall always be deferred to the corresponding date in the following year until the Notes have been repaid in full.

B) Repayment Prior to Maturity

The Company shall furthermore have the right, as from 1 September 2004, to repay the principal amount of the Notes in full at the rate of 100 per cent with interest accrued up to the date of the repayment, providing that

- the conditions for repayment mentioned in Paragraph A) above and for payment of interest mentioned in Section 8 are met,
- the trade-weighted average price of the SanomaWSOY Series B share on the Helsinki Exchanges after 1 September 2004 or immediately prior to said date, has, during 20 of 30 consecutive trading days, exceeded the imputed conversion price specified in the Terms and Conditions of the Notes, or as modified in accordance with the Terms and Conditions of the Notes, by a minimum of 100 per cent, and that
- the trade-weighted average price of the share on the trading day preceding the Payment Date exceeds the aforementioned imputed conversion price by not less than 50 per cent.

The Company shall notify the Noteholders of the exercise of the aforementioned right of repayment and of the relevant measures not later than 30 days and not earlier than 60 days prior to the Repayment Date.

The principal of the Notes shall not accrue interest for the period after the announced Repayment Date.

The Company shall, in addition to the repayment specified here, reserve for Noteholders a special right of conversion pursuant to Sections 10 and 19.

Should a Noteholder wish to exercise his right of conversion instead of the repayment as specified here, he must demand conversion of the Notes into shares not later than 14 days prior to the Repayment Date announced by the Company. The Noteholder(s) shall, in this case, have the right to set as a condition for the conversion into shares that repayment be effected on the Repayment Date announced by the Company.

After the conversion has taken place, the Company must, without delay, notify the relevant registration authorities of the number of shares that have been issued against the Notes.

C) Other Matters Pertaining to Repayment

Noteholders shall be notified of repayment of the Notes in writing on the basis of the information recorded in the book-entry register no later than 30 days prior to repayment.

The principal of the Notes shall be repaid to the party who, at the commencement of the Repayment Date, is entitled to receive the payment according to the information recorded in the relevant book-entry account. If the book-entry unit issued for a Note is subject to temporary registration on the maturity date as specified in these Terms and Conditions of the Notes, or if the book-entries issued for the Note have been recorded in a consignment account at the commencement of the maturity date, the repayment shall be made on the basis of the information in the book-entry account. If repayment is not possible on the basis of the information recorded in the Bondholder Register, payment shall be made to a party who can demonstrate that the book-entry issued for the Note belonged to him at the commencement of the maturity date in accordance with the Terms and Conditions of the Notes.

8. Interest

A fixed annual interest of 5.25% shall be paid on the principal of the Notes.

The interest will be paid annually in arrears on 4 July (hereinafter "Interest Payment Date"), for the first time on 4 July 2002, when the Noteholders shall be paid full annual interest in accordance with Section 5, and for the last time at maturity. If an Interest Payment Date is not a banking day, interest can be paid on the following banking day.

The first Interest Period shall commence on 31 August 2001 and end on the first Interest Payment Date. Each subsequent Interest Period shall commence on the previous Interest Payment Date and end on the following Interest Payment Date. The final Interest Period shall end on the day by which the Notes are repaid in full.

Interest shall accrue according to actual days, exclusive of the first and inclusive of the last day of each Interest Period. The number of days in the interest year shall be determined according to the actual days in the year, in line with the recommendations of the International Securities Market Association (ISMA).

Interest on the Notes can be paid annually only if the amount payable can be used for the distribution of profits according to the balance sheet of the Company and its consolidated Group as approved for the preceding financial year.

Interest left unpaid shall remain a liability of the Company and shall earn annual interest of two (2) percentage points in excess of the interest rate payable on the Notes. The Company shall be permitted to pay interest, the payment of which it has previously deferred, as well as the interest accrued on it in full or in part, at a date which it shall announce. If payment is made in part, the interest accrued on the original interest shall be payable first. Interest left unpaid and the interest which has accrued on it must be paid nevertheless in full

(a) on the banking day following approval of the consolidated balance sheet, providing this is possible according to the balance sheet on the conditions set out in the previous paragraph, or

(b) on repayment of the principal of the Notes. Interest left unpaid shall not earn further interest for the time after the announced Repayment Date.

The Company shall notify Noteholders, in accordance with Section 19, of the deferral of payment of interest and the payment of interest left unpaid not later than five (5) banking days prior to the Interest Payment Date.

Interest accrued on interest left unpaid shall rank senior, after which unpaid interest balances shall be paid and then the interest earned for the previous year.

If the Notes cannot be repaid at maturity, the interest payable on the unpaid principal of the Notes shall be five (5) percentage points in excess of the 12-month Euribor interest rate (as of the date of maturity) up to the Payment Date.

Interest shall be paid to a party who, according to the information recorded in the Bondholder Register at the commencement of the maturity date under the Terms and Conditions of the Notes, is entitled to receive such payment.

If the book-entry unit issued for a Note is subject to temporary registration on the maturity date as specified in these Terms and Conditions of the Notes, or if the book-entries issued for the Note have been recorded in a consignment account at the commencement of the maturity date, repayment shall be made on the basis of the information in the book-entry account. If repayment is not possible on the basis of the information in the book-entry account, payment shall be made to a party who can demonstrate that the book-entry issued for the Note belonged to him at the commencement of the maturity date in accordance with the Terms and Conditions of the Notes.

The Company can pay dividends to its shareholders if, and only if, all interest payments due to holders of these Notes, as well as any unpaid interest and interest accrued on it, have been taken into account as an imputed reduction in non-restricted equity.

The provisions governing a Noteholder's right to the payment of interest upon conversion of a Note(s) into shares are set out hereinafter in Section 14.

9. Priority Ranking of the Notes

Should the Company be placed in liquidation, the Notes shall fall due for repayment 90 days after the notice of liquidation has been entered in the Trade Register.

The Notes are a capital loan whose principal, interest, and any other yield may be paid on dissolution or bankruptcy of the Company solely at a priority ranking below that of all other creditors.

These Convertible Capital Notes shall have the same priority ranking as any capital loans or comparable instruments which the Company may issue in the future.

Receivables based on the Notes may not be used to offset counterclaims.

The Notes are not secured by a guarantee or other collateral.

II Terms and Conditions of Conversion

The Notes can be converted into SanomaWSOY Series B shares on the following Terms and Conditions:

10. Rate of Conversion

The Company's Board of Directors shall determine the rate of conversion on 21 August 2001 such that the imputed conversion price of one SanomaWSOY Series B share with an accounting counter value of 43 cents which can be received as a result of conversion shall be set at a premium of 30% to the trade-weighted average price of the SanomaWSOY Series B share on the Helsinki Exchanges during the period from 20 July 2001 to 20 August 2001, i.e. a price of 15.91 euros per share. The Notes shall be convertible into a maximum total of 15,713,387 shares.

If a Noteholder, upon conversion of Notes into shares, receives a fraction of a share, he shall receive a cash payment for said fraction. The price of the share in such a case shall be the closing price of the share in continuous trading on the preceding trading day. If a Noteholder converts more than one Note into shares at the same time, the number of whole shares shall be calculated on the basis of the number of all the Notes.

11. Conversion Period

The conversion period for the Notes shall commence on 2 January 2002 and end on 20 June 2007.

The annual conversion period for the Notes shall be from 2 January to 30 November. In the cases set out in Section 7 B), conversion into shares can also take place from 1 December to 31 December if the Company's Board of Directors so decides. Should the share capital of the Company be changed in the manner mentioned in Section 15 or for some other weighty reason, the Company's Board of Directors may temporarily suspend conversion of the Notes into shares.

12. Entries in Book-Entry Accounts

The book-entry units applied in making a conversion will be removed from the Noteholder's book-entry account at the same time as the shares received as a result of conversion are entered in the book-entry account.

The Company shall have the right, upon receipt of a notification of conversion, to record in the relevant book-entry account a restriction on transfer concerning the Note which is used in making the conversion, without recourse to the Noteholder.

13. Increase in Share Capital Through Conversion of Notes

The share capital of SanomaWSOY can be increased through a conversion of Notes by a maximum of 6,756,756.41 euros, and the number of shares can increase by a maximum of 15,713,387 Series B shares.

14. Dividends and other shareholder rights

New shares entitle their holders to a dividend for the first time for the financial year during which the conversion has taken place. Other shareholder rights shall commence from the date on which the increase in share capital is entered in the Trade Register.

When Notes are converted into shares, the Noteholder shall not be entitled to interest accrued on the principal of the Notes from the beginning of the preceding Interest Period. If, however, interest is due from a previous Interest Period and the interest accrued on this amount has not been paid by the conversion date owing to a cause mentioned in Section 8 of the Terms and Conditions of the Notes, or if it cannot be paid in accordance with said Section, the provisions of Section 8 shall be applied to the payment of said accrued interest, and when the conversion is made, a separate certificate for the amount of interest due shall be issued to the Noteholder.

15. Share Issues, Convertible Notes, Stock Options, and Other Instruments Entitling Their Holder to Shares Prior to the Close of the Conversion Period

Should the Company, prior to the close of the conversion period, increase its share capital through a rights issue or issue new stock options or issue new convertible loans or other instruments entitling their holders to shares under the Finnish Companies Act such that the shareholder has a pre-emptive right of subscription, the Noteholder shall have a right which is the same or equal to that of a shareholder. This principle of equality shall be implemented in a manner decided by the Company's Board of Directors such that

a) the number of shares which can be received through conversion is changed or

b) the Noteholder is offered a similar subscription right to that of shareholders or

c) a combination of the methods mentioned above in paragraphs a) and b) is used.

Should the Company, prior to the close of the conversion period, increase its share capital through a bonus issue, the rate of conversion shall be changed such that the proportion of the share capital represented by the shares to be received as a result of conversion remains unchanged.

16. Rights of Noteholders in Certain Special Cases

Should the Company reduce its share capital otherwise than in the ways mentioned in Chapter 6 of the Finnish Companies Act, Section 1, Paragraphs 1, 4 and 5 prior to the close of the conversion period, the conversion rate shall be amended accordingly in the manner specified in detail in the resolution to reduce share capital. If the share capital is reduced in the ways set out in the aforementioned legal provisions, the reduction of share capital shall not have an effect on the conversion rate.

Should the Company buy back its own shares in proportion to the holdings of the shareholders prior to the close of the conversion period, Noteholders shall have a right that is the same or equal to that of shareholders.
The principle of equality shall be implemented in a manner decided by the Company's Board of Directors such that the number of shares to be received as a result of conversion shall be altered, or such that an opportunity shall be reserved for Noteholders to exercise their right of conversion prior to the commencement of the share buyback during a fixed period set by the Board of Directors.

Should the Company be placed in liquidation prior to commencement of the conversion period, an opportunity shall be reserved for Noteholders to exercise their conversion right during a fixed period set by the Board of Directors prior to the commencement of liquidation.

Should a situation arise of the type specified in Chapter 14, Section 19, of the Finnish Companies Act, whereby a shareholder holds more than 90% of the Company's shares and voting rights and thus has a right and obligation to redeem the remaining shares, an opportunity shall be reserved for Noteholders to exercise their conversion right during a fixed period set by the Board of Directors, after which time the conversion right will lapse.

Should the Company be changed from a public company into a private company prior to the close of the conversion period, Noteholders shall have the right to exercise their right of conversion during a fixed period set by the Board of Directors prior to the change.

Should the Company, prior to the close of the conversion period, decide to merge, not being the surviving entity, into another company or into a company to be formed as the result of a combination merger or to demerge, Noteholders shall be issued new Notes giving them the right to obtain shares in the acquiring company through conversion as determined on an equal basis with the consideration which shareholders will receive.

Should, prior to the close of the conversion period, the accounting counter value of the share be changed such that the share capital remains unchanged, the conversion rate shall be changed such that the aggregate accounting counter value of the shares to be received as a result of conversion and the aggregate imputed conversion price remain unchanged.

III Other Terms and Conditions

17. Technical amendments

The Board of Directors of SanomaWSOY shall have the right to amend the technical procedures connected with the Convertible Capital Notes in respect of payments and conversion into shares or other similar matter without the consent of a Noteholders' Meeting (hereinafter "Noteholders' Meeting").

The Company shall advise Noteholders of any amendments in accordance with Section 19.

18. Noteholders' Meeting

(A) The Board of Directors of SanomaWSOY shall have the right to convene a meeting of the Noteholders of these Notes to decide on amendments to the Terms and Conditions of the Notes.

(B) Notice of a Noteholders' Meeting shall be published no later than 10 days prior to the meeting in accordance with Section 19. The notice shall specify the date, hour, place, and agenda of the meeting, as well as the procedure for registering to attend the meeting.

(C) The Noteholders' Meeting shall be held in Helsinki and its chairman shall be appointed by the Company.

(D) The Noteholders' Meeting shall have a quorum if two or more persons together holding at least 50% of the outstanding principal amount of the Notes are present. The Noteholders' Meeting shall nevertheless only have a quorum for passing an extraordinary resolution pursuant to Section 18 (I) if two or more persons are present who together represent at least 75% of the outstanding principal amount of the Notes.

(E) If the Noteholders' Meeting does not have a quorum within 30 minutes of the time for starting the meeting as set forth in the notice, consideration of the agenda of the meeting can be deferred to a new Noteholders' Meeting at the request of the Company, said meeting to be held within no less than 14 days and no more than 28 days at a place designated by the Company. The new Noteholders' Meeting shall have a quorum if two or more persons together representing at least 10% of the outstanding principal amount of the Notes are present. The new Noteholders' Meeting shall nevertheless constitute a quorum for the purpose of passing an extraordinary resolution pursuant to Section 18 (I) only if two or more persons are present who together represent at least 67% of the outstanding principal amount of the Notes.

(F) Notice of a new Noteholders' Meeting to be held owing to an adjournment shall be published in the same manner as the notice convening the original meeting. The notice shall furthermore state the conditions under which a quorum shall be constituted.

(G) Noteholders' voting rights shall be determined on the basis of the principal amount of Notes held. SanomaWSOY and the consolidated companies of the SanomaWSOY Group shall not hold voting rights at the Noteholders' Meeting. Resolutions of the Noteholders' Meeting shall be passed by a simple majority of the votes cast. Should the voting result in a tie, the chairman shall have the casting vote. An extraordinary resolution pursuant to Section 18 (I) shall be passed, however, only if it obtains at least three-quarters of the votes cast.

(H) A representative of the Company and a person authorised to act for the Company shall have the right to attend and speak at a Noteholders' Meeting.

(I) A Noteholders' Meeting shall have the right to decide on the following matters which may be set forth in a proposal of SanomaWSOY's Board of Directors, subject to an extraordinary resolution supported by a minimum of three-quarters of the votes cast:

(a) altering the basis of calculating the interest on the Notes

(b) changing the denomination of the Notes

(c) amending the conditions under which a Noteholders' Meeting shall have a quorum or amending the qualified majority requirement for passing an extraordinary resolution

(d) amending Section 9 of the Terms and Conditions of the Notes.

(J) Resolutions passed by a Noteholders' Meeting shall be binding upon all Noteholders, regardless of whether they are present at a meeting and of whether the resolution of the Noteholders' Meeting has been entered in their Notes. An entry concerning the resolution of the Noteholders' Meeting shall be made in the relevant book-entry accounts. In addition, Noteholders are obliged to inform subsequent transferees of the Notes of the resolution of the Noteholders' Meeting.

(K) Terms and Conditions of the Notes, the amendment of which requires the approval of a General Meeting of Shareholders of SanomaWSOY may not be amended by a resolution of a Noteholders' Meeting before the General Meeting has given its approval.

(L) Where, in accordance with the Terms and Conditions of the Notes, the Company may unilaterally decide on a measure, a decision taken on such a matter shall not require the approval of a Noteholders' Meeting.

(M) A reduction of the principal amount or the coupon of these Notes and an amendment to the last paragraph of Section 8 of these Terms and Conditions shall require the consent of all the Noteholders as given at a Noteholders' Meeting or in some other certifiable manner.

19. Notices

Noteholders shall be advised of matters pertaining to the Notes by means of a notice published in Helsingin Sanomat or in another national daily newspaper designated by SanomaWSOY's Board of Directors. Noteholders shall be considered to have received notification when the notice has been published in Helsingin Sanomat or in another national daily newspaper designated by SanomaWSOY's Board of Directors.

In addition to the procedure described in the previous paragraph, the Company can deliver notifications concerning the Notes in writing directly to Noteholders, making said delivery to the addresses recorded in their book-entry accounts. In this context, a Noteholder is deemed to be the party who, on the day of publication of the notice, has been entered as a Noteholder for the Notes in the Bondholder Register which is kept by Finnish Central Securities Depository Ltd.

20. Statute of Limitations

Where payment of the principal or interest has not been possible, due to missing contact information, within five years of the date on which payment was first due under the Terms and Conditions of these Notes, the right to any and all payment shall be forfeit.

21. Governing Law

These Convertible Capital Notes shall be governed by Finnish law, and disputes arising in respect of them shall be resolved in a competent court in Finland.

22. Force Majeure

SanomaWSOY cannot be held responsible for the unreasonable impairment of its operations due to a case of force majeure or a similar cause.

23. Paying Agent

Merita Bank Plc, acting in accordance with a Paying Agent Agreement made with SanomaWSOY, will attend to the procedures concerning the Notes in respect of payment of the interest and principal and the conversion of note units into shares.

24. Information

Copies of the documents pertaining to the Convertible Capital Notes shall be available for public inspection at the Head Office of SanomaWSOY at Ludviginkatu 6-8, 00130 Helsinki.

Capitalisation

The following table presents the capital structure of the SanomaWSOY Group on 30 June 2001.

€ million	**30.6.2001**	**Adjusted *)**
Shareholders' equity		
Share capital	62.6	62.6
Share premium fund	16.1	16.1
Other funds	364.1	364.1
Retained earnings	318.7	318.7
Profit (loss) for the year	27.0	27.0
	788.4	788.4
Convertible capital notes	0.0	250.0
Shareholders' equity, total	**788.4**	**1 038.4**
Minority interest	**120.4**	**120.4**
Statutory provisions	**5.4**	**5.4**
Interest-bearing liabilities		
Long-term liabilities		
Loans from financial institutions	20.7	20.7
Pension loans	58.2	58.2
Other interest-bearing liabilities	1.4	1.4
Total interest-bearing long-term liabilities	80.3	80.3
Current liabilities		
Loans from financial institutions	1.9	1.9
Pension loans	6.1	6.1
Trade bills	120.8	120.8
Other interest-bearing liabilities	1.1	1.1
Total interest-bearing current liabilities	129.9	129.9
Interest-bearing liabilities, total	210.2	210.2
Total invested capital	**1 124.3**	**1 374.3**
Financial securities	267.0	267.0
Cash and bank	40.0	287.0
	307.0	554.0
Distributable assets (31 December 2000)	**650.3**	

** Adjusted to account for the effect of the issue of the Convertible Capital Notes assuming that the issue brings in assets amounting to 250 million euros through 25,000 Notes at a rate of 100%.*

The acquisition described in the later section “VNU’s Consumer Information Group” will have a substantive effect on the Group’s capital structure above and beyond the Convertible Capital Notes. These other effects will be realised mainly only after the closing of the acquisition, expected to take place on 1 October 2001. Other sources of capital to be used for financing the acquisition, in addition to the Convertible Capital Notes, are explained below in the section “Liquidity and Management of Financial Risks”.

Use of the Assets Obtained through the Issue of the Convertible Capital Notes

The assets acquired by the Company through the Convertible CapitalNotes, an estimated 250 million euros, minus the remunerations and expenses of the Arranger and other experts and the costs generated by listing the Notes on the Helsinki Exchanges, estimated at 3 million euros, are intended for financing the acquisition of the Consumer Information Group and for strengthening the Company’s balance sheet. The estimate of the assets to be obtained is based on the assumption that the Notes will be fully subscribed. Use of the assets is explained in more detail in the sections “VNU’s Consumer Information Group” and “Liquidity and Management of Financial Risks”.

Investment Considerations

Prior to making a decision to invest in the Convertible Capital Notes, prospective investors should consider carefully all the information given in this Prospectus, including the information presented in the Section "Other Investments Considerations". The Convertible Capital Notes involve special risks that are described below in this Section and in greater detail in the Terms and Conditions of the Notes on pages 8–14. Operational and economic considerations connected with SanomaWSOY and its operating environment are described elsewhere in this Prospectus, see "VNU's Consumer Information Group". Each of the considerations mentioned in this paragraph may have an unfavourable impact on the business operations, financial position or earnings of SanomaWSOY and its subgroups.

Special Features of the Convertible Capital Notes

The Notes are a capital loan under the Finnish Companies Act, in respect of which the terms and conditions concerning repayment of the principal, payment of interest, and priority ranking differ from the terms and conditions of the most commonly issued bonds and notes.

The principal of the Notes may be repaid only if the Company and the consolidated Group are left with full cover on restricted equity and other non-distributable items in accordance with the balance sheet to be approved for the preceding financial year. The coupon may be paid annually only if the amount payable can be applied to a distribution of profits in accordance with the Company's and its Group's balance sheet which is to be approved for the previous financial year. The principal, interest, and any other yield in respect of the Notes may be paid at the dissolution or bankruptcy of the Company solely at a priority ranking below that of all other creditors.

Subscribers are requested to pay particular attention to Sections 6, 7, 8, and 9 of the Terms and Conditions of the Notes.

The Convertible Capital Notes are not secured by a guarantee or other collateral.

Duration

The duration of the Notes is 5.1 years, assuming that during the life of the Notes the coupon is paid annually on the Interest Payment Date according to Section 8 and that the principal amount of the Notes is repaid in full at maturity in accordance with the Terms and Conditions of Section 7. The formula for calculating the duration is the following:

$$D=\sum_{t=1}^{m}\left(\frac{c_t}{C} * T_t\right)$$

where

D = the duration

c_t = the present value of the payment instalment (Kt) to be paid at time t, i.e.
$K_t * e^{-rt}$. where r is the yield (continuously compounded) on the German Government Bund, maturing on 4 July 2007;

C = the sum of the present values of the payment instalments, or $\sum_{t=1}^{m} c_t$;

T_t = the payment date of the coupon instalments expressed in years from the date of the issue.

Taxation of Convertible Notes and Interest

General

The brief summary below is based on the tax legislation in force in Finland at the date of this Prospectus.
The summary does not take account of the tax legislation of other countries. Changes in tax legislation can also have a retroactive effect on taxation. Those contemplating an investment should consult their tax advisers in order to be sure of the tax rules and consequences relating to the purchase, ownership, and sale of these Convertible Capital Notes.

Taxation of Resident Persons or Institutions

Withholding tax is levied on the interest income from the annual coupon of convertible capital notes, said interest being paid to a person who in the interest payment year is substantially resident in Finland or who has continuously resided in Finland for more than six months and who otherwise is deemed to reside in Finland, or to a Finnish deceased's estate. The amount of the withholding tax on interest income is 29 per cent of the income received in 2001. Such interest income does not constitute taxable income for the purposes of the recipient's income taxes, nor can a deduction be made from said interest income for the interest or other expenses which can be deducted from capital income under the Income Tax Act. The value of the convertible capital notes does not constitute taxable property of such individuals or estates.

If interest from convertible capital notes is paid to a Finnish institution, the interest income shall be taken into account in the institution's income taxes, unless the institution is exempted from income tax on the basis of the provisions of the Income Tax Act. In situations of this kind, tax on the interest is not withheld, or withholding tax is not collected. Finnish institutions are exempted from property tax.

The transfer of the note unit of convertible capital notes is taxed according to the provisions concerning capital gains and losses under the Income Tax Act and the provisions of the Farm Income Taxation Act or the Business Income Taxation Act. Under the Income Tax Act, capital gains are taxed at the 29 per cent rate applicable to capital income. Under the Income Tax Act, the loss on a transfer can be deducted from capital gains on the disposal of assets in the current tax year or the three succeeding tax years. A gain realised on the transfer of capital notes connected with farming or a business activity is taxed at the rate of 29 per cent, irrespective of the form of the company. A loss realised on the transfer of capital notes connected with farming or a business activity is deductible from the other income of farming or business activity.

The after market adjustment which can be obtained upon the transfer of capital notes constitutes taxable capital income. The after market adjustment which is payable upon the transfer of notes constitutes expenses incurred in earning capital income and is tax-deductible. The payer or broker must inform the tax authorities of the after market adjustment which he pays or collects. Unless the after market adjustment received or paid by a natural person or a deceased's estate is connected with a business activity or farming, it need not be reported in a tax declaration.

For taxation purposes, the conversion of capital notes into shares is not considered to be a transfer, and the conversion therefore does not result in tax consequences in Finland. When transferring shares obtained through conversion, the time of ownership of the shares is calculated from the transfer of title to the notes, and the acquisition cost is considered to be the amount paid when subscribing for the notes.

The transfer for consideration of shares received as a result of the conversion of capital notes is subject to the normal provisions concerning capital gains and losses under the Income Tax Act, and the provisions of the Farm Income Taxation Act or the Business Income Taxation Act. A capital gain under the Income Tax Act is taxed at the rate of 29 per cent on capital income. Under the Income Tax Act, the loss on a transfer can be deducted from capital gains on the disposal of assets in the tax year or the three succeeding tax years. A gain realised on the transfer of shares connected with a farming or business activity is taxed at a rate of 29 per cent, irrespective of the form of the company. A loss realised on the transfer of subordinated bonds or notes connected with farming or a business activity is deductible from the other income of farming or business activity.

Taxation of Non-Resident Persons or Institutions

If interest income, a receivable, or an after market adjustment that is payable, or a realised capital gain or loss, are connected with convertible capital notes which have been subscribed for by a person who, under Finnish tax legislation, is not a resident of Finland at the moment of realising the income, expenditure, gain, or loss, or it is connected with an institution which is not domiciled in Finland and which does not have a fixed place of business in Finland, and the shares obtained through conversion of the notes belong to its assets, the individual or the institution will not incur income tax consequences in Finland as a result of the notes. Nor are such persons or institutions subject to the payment of property tax in Finland on the value of the notes.

A non-resident person or institution should take into account the possible tax consequences in the country of residence and consult a tax expert where appropriate.

Asset Transfer Tax and Withholding Tax

Under the Income Tax Act, a non-resident is not liable to pay tax on interest income received in Finland, which has been paid on a debenture or other bond or on any such bonds or notes issued abroad and raised in Finland which are not deemed to be a quasi-equity capital investment of the borrower. According to the prevailing view, a convertible capital loan is not held to be a quasi-equity capital investment. The recipient of the payment must, prior to remittance of the payment, notify the payer of his or its name, address in his home state, corporate and institutional code as well as, for a natural person, his date of birth. In other cases, the payer must deduct withholding tax of 29 per cent.

Asset transfer tax is not payable on the subscription or transfer of a convertible capital loan.

Other Investment Considerations

Market Business Cycles and the Main Business Risks

The operations and financial performance of the SanomaWSOY Group are dependent on the general state of the Finnish economy and on the economic cycles in industry, the most crucial of which are the trend in domestic disposable income and in media advertising. Over recent years, the Finnish economy has developed favourably, and this has had a positive effect on the performance of the SanomaWSOY Group. In 2001, Finland's economic growth is forecast to slow down, a factor which might also influence the general outlook for the media industry. SanomaWSOY's broad-based operations in a number of different areas of communications and media nevertheless smooth out the effect of market fluctuations on the Group's result.

A central factor in the earnings generated by the SanomaWSOY Group is the trend in media advertising in Finland. The growth in media advertising has been strong all the way up to 2001. The slowing economic growth of late has had a negative effect on the general trend in media advertising during 2001. This has been reflected, for example, in a reduction in job vacancy advertising.

The main risk of Helsinki Media, SanomaWSOY's magazine publishing subgroup, is the trend in media advertising in Finland. In addition, the renewals and continuance of the licences of magazines published under a licence is important for Helsinki Media's operations. Other important factors related to operations are the management of a portfolio consisting of magazines directed at different target groups and launches of new magazines. The acquisition of VNU's Consumer Information Group ("CIG") will strengthen significantly SanomaWSOY's position as a publisher of magazines (see the Section "VNU's Consumer Information Group").

One of the major risks of Sanoma Corporation's newspaper publishing business is the trend in the volume of advertising sales. In 2000, Helsingin Sanomat became Finland's largest advertising medium. The Company's management believes that the SanomaWSOY Group will maintain its leading market position.

The earnings of the television channel, Channel Four Finland (Nelonen), SWelcom's most important business unit, are affected to a large degree by the general trend in the TV advertising market and in the price level of TV advertising. Over recent years, the television advertising market has not developed in line with advance estimates. The slowdown in the spread of the Internet and other new technologies and the slower pace of the technological revolution does not have an impact on the earnings or financial position of the SanomaWSOY Group because SanomaWSOY as a rule records outlays on development projects as expenses in its income statement.

WSOY's operations react to cyclical changes with a delay. The most important cyclical factor that has a bearing on its operations is the trend in the volume of direct advertising, because its subsidiary, Lönnberg Painot Oy, is one of Finland's largest printers of direct advertising material.

A characteristic feature of Rautakirja's kiosk business is the small cash value of one-off purchases. This means that it takes a prolonged drop in consumer demand before there is a significant impact on Rautakirja's kiosk business, which makes up about half of the Rautakirja Group's net sales.

The aforementioned factors that have an effect on demand for the services and products of the SanomaWSOY Group's different businesses may have an unfavourable impact on the operations, financial position, or earnings of the SanomaWSOY Group.

Competitive Situation

The SanomaWSOY Group has a strong position in all its business areas; in many of them, it is one of the leading players in its market area. The strong trend towards consolidation that is under way in many of the areas of the SanomaWSOY Group's business operations has generally led to the formation of ever larger and stronger corporations. These major corporations may benefit from more extensive resources and advantages of scale than those available to the SanomaWSOY Group. The Group's strategy is to develop its present businesses and to expand into new business areas and markets outside Finland. It is believed that restructuring in the industry will continue. The SanomaWSOY Group intends to participate actively in these arrangements and believes it will secure a position as one of Europe's leading media companies. SanomaWSOY's main competitors are the large European media companies and a number of local specialised media companies.

On 20 July 2001, SanomaWSOY announced that it had signed an agreement to acquire VNU's Consumer Information Group. This transaction will enable the SanomaWSOY Group to strengthen significantly its competitive position in the European media market. Implementation of the transaction in respect of the Czech Republic and Hungary is subject to the approval of the national competition authorities in these countries.

The SanomaWSOY Group's possible failure in meeting competition in the European media market may have an effect on the Group's operations, financial position, or earnings.

See below the Sections "Acquisition of VNU's Consumer Information Group" and "Operating Environment".

Uncertainty Regarding the Success of the SanomaWSOY Group's Development Projects and New Businesses

The SanomaWSOY Group is presently involved in a number of projects aiming at expanding and developing its operations in areas such as various electronic services. The Group's business planning and development typically involves risks, and the Group cannot be sure that it will achieve the business targets it has set for its projects.

According to the Group's accounting policy, the bulk of research and development expenditure is booked directly to expenses for the financial year. Because of this accounting practice, the failure of a given project will not result in significant write-downs for the Group.

For more details, see the Section "Research and Development". The main risks incurred in research and development projects are described below.

The risks of new projects within newspaper and magazine operations (mainly launches of new newspapers and magazines) relate to the general economic trend, which has an effect on circulation revenues and advertising sales and on strengthening reader loyalty.

In 1997, the Group started a major development project in the Finnish newspaper world when Startel Oy, part of Sanoma Corporation, began publishing Taloussanomat, a financial daily. In future years, the project will call for additional financial input from the Group in order for the paper to reach its profitability targets.

Development projects involving strategically key electronic media businesses have been organised into a subgroup of their own: SWelcom. SWelcom's operations are loss-making and the business is not expected to turn a profit in the next few years. The main risks revolve around the success of Channel Four Finland (Nelonen), which the Company started in 1997, as well as the start-up and success of digital-TV broadcasts. Nelonen's success depends on the general trend in the TV advertising market in Finland. If the license fees collected from commercial television channels are halved, as proposed by the parlamentary working group led by Member of Parliament Jouni Backman, this would have a positive effect on the profitability of Channel Four Finland (Nelonen). However, there can be no assurance that the bill will go through in its present proposed form.

During 2001, terrestrial digital television broadcasts will start in Finland on a phased basis. The success of the new channels and services depends, above all, on whether digital TV sets succeed in gaining wide acceptance. The start of digital TV broadcasts and TV channel licenses are discussed under “Research and Development – Television Operations”.

Development outlays on SWelcom’s broadband and mobile services will be continued in line with the general development of the Internet and mobile sectors.

One of WSOY’s most important eLearning projects is the online Opit learning environment. The risks of this project relate to the spread of eLearning and the development of the commercial market for eLearning products. WSOY-owned Docendo is developing similar solutions for companies, and these involve largely the same kinds of risks.

Managing Growth

The SanomaWSOY Group has been active in making acquisitions and has increased its holdings in companies in its business areas (e.g. Esmerk Oy, Ilkka-Yhtymä Oyj, Kymen Lehtimedia Oy, and Veikkausrasti Oy in 1999; Docendo Läromedel AB and Karttakeskus Oy in 2000; and Infosto Oy in 2001). Acquisitions, international expansion, and organic growth place additional demands on the Company’s management and other resources. The Company’s management believes that through training and a stable personnel policy it will be able to meet both present and future challenges. At the same time, the Company’s management believes that its acquisitions will build the Group’s human resources strength by providing additional skilled and expert staff.

Acquisitions and Mergers

M&A arrangements, including the purchase of CIG, may call for more time and effort on the part of management than had originally been planned. From the standpoint of the acquiring company, acquisitions normally involve risks, among other things, relating to whether the required return targets and cost savings set for the acquired businesses can be achieved within the planned timetable.

SanomaWSOY was created in 1999 as the result of a merger, and the Group has subsequently made several acquisitions, thereby building up experience of integrating different types of companies. See the Sections “Investments” and “VNU’s Consumer Information Group”. The special risks connected with the CIG acquisition are also discussed below in “Acquisition of VNU’s Consumer Information Group” and “Limited Financial Statement Information on CIG”.

Typically, in acquisitions in the media industry a large part of the value of the transaction comes from publishing rights and trademarks, which do not appear directly in the balance sheet. Accordingly, the acquiring company generally has to book a large amount of goodwill compared with the acquisition price in its balance sheet.

Financing Risks

The Group’s operations also involve financial and investment risks, such as foreign exchange, interest rate, equity, and liquidity risks. These are dealt with in more detail in the Section “Liquidity and Management of Financial Risks”.

Shares in the Group’s Ownership

SanomaWSOY Corporation owns, via its subsidiary Tiikerijakelu Oy, a total of 7,187,276 SanomaWSOY Series B shares, or 4.94% of the shares and 1.23% of the voting rights conferred by these shares. On 15 March 2001, SanomaWSOY and Tiikerijakelu signed a merger plan under which Tiikerijakelu will merge with SanomaWSOY. According to the plan, Tiikerijakelu will merge with the Parent Company without consideration, thereby transferring all its assets and liabilities. SanomaWSOY shares (treasury shares) will be transferred to the Parent Company's ownership via the merger. No decision has been taken concerning the purpose for which the shares can be used or their eventual cancellation.

Acquisition of VNU's Consumer Information Group

On 20 July 2001, SanomaWSOY signed an agreement to acquire the magazine business of VNU's Consumer Information Group from the Dutch VNU Group. The acquisition and its effects are described elsewhere in this Prospectus in the Section "VNU's Consumer Information Group". The acquisition is of material importance in view of the extent of the SanomaWSOY Group's current business operations. Before the transaction is closed, which is estimated to take place on 1 October 2001, approval by the relevant competition authorities, as well as the other licences or permits prescribed in law, must be secured for the acquisition.

The main risks connected with the CIG acquisition are:

- CIG's functions are located in a number of European countries where the SanomaWSOY Group has not had significant operations previously,
- the SanomaWSOY Group will be exposed to new kinds of market and operating environment risks following CIG acquisition,
- integrating the new business administratively and securing the commitment of key employees,
- integrating the business into the Group's present operations,
- developing CIG's earnings and financial position as part of the SanomaWSOY Group after the transaction, and
- achieving the synergy benefits which the transaction makes possible.

SanomaWSOY will assume debt to finance the purchase price and will issue the quasi-equity Convertible Capital Notes set out in this Prospectus, thereby increasing the Group's gearing ratio and interest expenses in the future. The Group's present capital structure and financial position are dealt with in the Prospectus in the Sections "Capitalisation" and "Liquidity and Management of Financial Risks".

After the acquisition is completed, SanomaWSOY will review the Group's strategy, taking into account the new business structure and the other ramifications of the transaction. This strategy review and update may cause changes in the Group's structure and business as described in this Prospectus.

Limited Financial Statement Information on CIG

The entity to be purchased under the agreement covering the acquisition of CIG comprises more than 70 separate companies, which, as part of VNU N.V., did not form a separate subgroup for which audited financial statements would have been prepared. For this reason, there is no complete financial statement information on previous financial periods in respect of CIG, which might be used for comparative purposes together with SanomaWSOY's consolidated financial statements presented elsewhere in this Prospectus.

A carve out pro forma income statement and balance sheet at 31 December 2000, derived from audited financial statements, have been prepared for CIG as if CIG had formed a separate subgroup at that time. Certain financial figures drawn on the basis of these are presented below in this Prospectus. The aforementioned pro forma balance sheet has served as the basis in preparing the unaudited and adjusted pro forma balance sheet presented below and to which certain adjustments have been made. See "VNU's Consumer Information Group" below.

The aforementioned pro forma income statement and balance sheet, derived from audited financial statements and the unaudited and adjusted pro forma balance sheet presented later in this Prospectus, do not necessarily reflect the result of the operations or the financial position of CIG that would have existed had CIG been a separate independent subsidiary group or had the events causing the adjustments come true at that time.

Operating Environment

Measured by net sales, SanomaWSOY and its subsidiaries is the largest listed media company in the Nordic countries. The table below presents comparative figures for the largest Nordic media companies by net sales, EBITDA, and number of personnel in 2000.

2000 Company	Home country	Net sales € million	EBITDA € million	Personnel
SanomaWSOY	Finland	1 448	171	10 350
SanomaWSOY + CIG (Pro forma)	Finland	2 264	313	14 600
Bonnier AB	Sweden	1 809	236	10 702
Egmont	Denmark	1 150	36	4 387
Schibsted	Norway	1 036	127	4 763
Modern Times Group MTG	Sweden	585	88	1 445
Alma Media Group	Finland	484	44	2 887

Source: Annual reports and financial statements. The figures for CIG (pro forma) are based on the Information Memorandum prepared for the sale of CIG (unaudited).
Currency exchange rate: exchange rates published by the European Central Bank on 31 July 2001

In 2000, more than 90 per cent of the Group's net sales came from Finland. The Group has a leading position in Finland in the newspaper and magazine market, book publishing, and kiosk operations.

Trend in the National Economy and the Media Sector in Finland

Finland's economy has developed favourably in recent years. Gross domestic product grew by 5.7 per cent and consumer prices rose by 3.4 per cent in 2000. The changes in the main economic indicators in 1998 - 2000 are shown in the table below.

Annual changes in economic indicators in Finland, 1998 - 2000	2000	1999	1998
GDP, volume change, %	5.7A	4.2A	5.3
Consumer price index, change in %	3.4	1.2	1.4
Households' disposable income, change in %	0.3A	4.7A	3.5

Source: Statistics Finland, the Research Institute of the Finnish Economy
A = Advance information

Economic growth in 2001 is forecast to level off, but to remain good. The slowdown in economic growth is attributable to various factors, notably a gradual slide in the rate of growth in industrial output. In July, the Ministry of Finance lowered its 3.7 per cent growth estimate for the economy in 2001, which it had issued in May, to 2.7 per cent. Concurrently, it lowered the growth estimate for 2002 from 3 per cent to 2.5 per cent. Consumer confidence in the economy was still fairly strong in the first part of the year, but weaker than in the previous year.

According to Statistics Finland, the media industry in Finland had aggregate net sales in 2000 of EUR 3.53 billion (advance information). The breakdown of media net sales by category for the period 1997 - 1999 is shown in the table below.

Media net sales by media category	1999 € million	%	1998 € million	1997 € million
Newspapers	1 042	31.0	997	934
Magazines	614	18.2	589	558
Books	415	12.3	397	394
Printed advertising material	289	8.6	274	261
Free sheets	82	2.4	59	52
Graphic media, total	**2 443**	**72.6**	**2 315**	**2 199**
National TV and radio	494	14.7	487	457
Local radio	29	0.8	29	32
Cable television	63	1.9	61	58
Online and Internet services	61	1.8	54	49
Electronic media, total	**647**	**19.2**	**631**	**595**
Audio recordings	120	3.6	126	122
Videos	71	2.1	70	62
DVD recordings	4	0.1	1	0
Movie theatres	47	1.4	43	38
CD-ROM recordings	34	1.0	37	34
Recorded media, total	**276**	**8.2**	**276**	**256**
Total	**3 366**	**100.0**	**3 222**	**3 050**

Source: Statistics Finland

The media industry is fairly consolidated in Finland. The 10 largest media companies account for 86 per cent of aggregate net sales. The table below shows the 10 largest Finnish media companies in 1999. The largest media companies were SanomaWSOY (39.2% of aggregate net sales in the market), Alma Media (14.5%), and the Finnish Broadcasting Company (10.3%).

The 10 largest Finnish media companies by consolidated net sales	1999 € million	1999 % of total
SanomaWSOY	1 321	39.2%
Alma Media	490	14.5%
Finnish Broadcasting Company	346	10.3%
TS-yhtymä	207	6.2%
Otava-Kuvalehdet	180	5.4%
Edita	126	3.8%
A-lehdet	71	2.1%
Talentum*	54	1.6%
Kauppakaari*	51	1.5%
Savon Mediat	50	1.5%
Total	**2 896**	**86.0%**
All media companies, total	**3 366**	**100.0%**

* Talentum and Kauppakaari merged in 2000.
Source: Statistics Finland

Finland's population in 2000 was 5.2 million and there were 2.4 million households in 1999. In 2000, the daily time spent on various forms of media was 7 hours and 38 minutes . According to a study by MDC Helsinki Group, radio and television are the most popular media in Finland; and magazines the third most popular type of media. The amount of time spent on media entertainment is shown in the table below.

1 Includes all types of media (radio, television, magazines, recordings, books, Internet, video, direct marketing, and free sheets).

Time spent on mass media in 2000	min/day	%
Magazines	42	9.2
Newspapers	38	8.3
Free sheets	2	0.4
Direct advertising	5	1.1
Books	25	5.5
Reading total	**112**	**24.5**
Radio	142	31.0
TV	142	31.0
Video	12	2.6
Recorded media	36	7.9
Listening and viewing total	**332**	**72.5**
Internet	**14**	**3.1**
All total	**458**	**100.0**

The data have been collected from a computer-assisted telepanel of MDC Helsinki Group, involving a sample of about 1,700 people aged between 12 and 69 years.
Source: MDC Helsinki Group, Intermedia 2000

The Trend in Media Advertising in Finland

The volume of media advertising, which has a considerable impact on the business operations of the SanomaWSOY Group, has grown in Finland over recent years. According to Gallup Media Oy's study "Advertising spent in Finland in 2000", the growth in media advertising was 7.2 per cent in 2000 and 6.0 per cent in 1999. In 2000, a total of EUR 1.1 billion was spent on media advertising, of which newspapers and free sheets accounted for 56%. In 2000, television advertising accounted for 19% of media advertising while magazines accounted for 17%. Alongside these main media, radio, outdoor, and cinema advertising have a marginal role. During 1998 - 2000, newspapers and free sheets have slightly increased their share of media advertising, whereas television's share has dropped somewhat.

The changes in the volume of advertising in Finland in 1998 - 2000, as well as their breakdown in 2000, are shown in the table below.

Media advertising	2000 € million	share	1999 € million	1998 € million
Daily newspapers (newspapers appearing 4-7 times/week)	517.0	46.8%	480.3	440.7
Newspapers appearing more infrequently	55.2	5.0%	52.1	53.5
Newspapers, total	**572.2**	**51.8%**	**532.5**	**494.1**
Free sheets	51.3	4.6%	49.1	45.7
Newspapers and free sheets, total	**623.5**	**56.4%**	**581.6**	**539.9**
General magazines, women's, and hobby magazines	71.8	6.5%	70.3	65.1
Professional and business magazines	95.0	8.6%	86.4	79.2
Customer magazines	16.3	1.5%	13.3	13.5
Magazines, total	**183.2**	**16.6%**	**170.0**	**157.8**
Total press	**806.6**	**73.0%**	**751.6**	**697.6**
Television advertising	212.9	19.3%	205.2	204.2
Radio advertising	37.5	3.4%	34.3	34.1
Online media advertising	11.8	1.1%	6.2	3.7
Electronic advertising, total	**262.2**	**23.7%**	**245.7**	**242.0**
Cinema advertising	1.7	0.2%	1.9	1.7
Outdoor and transport advertising	35.0	3.2%	31.6	31.1
Media advertising, total	**1 105.5**	**100.0%**	**1 030.8**	**972.5**
Direct mail, total	**481.2**		**460.0**	**444.0**

The number of magazines that have furnished data for the study has grown in 1997 - 1999. Partly for this reason, magazines account for an increased share.
Source: Suomen Gallup Media Oy: "Advertising spent in Finland in 2000"

At the beginning of 2001 (January - June), 2.1% less was spent on media advertising than during the comparable period in 2000. During the same period, sales of television commercials weakened by about nine per cent, and newspapers were down about two per cent. Similarly, sales of magazine advertisements grew by about three per cent. In June 2001, the total volume of media advertising declined by 8.7%. A more detailed description of the changes in volume, by media category, is shown in the table below.

Media advertising in 2001, % change by media category (January - June)	**6/2001**	**1-6/2001**
Newspapers	-10	-2
City and free sheets	-4	-5
Magazines	-3	+3
Television	-13	-9
Radio advertising	+6	+3
Outdoor advertising	-7	+3
Cinema advertising	-54	+39
Online media advertising	-23	+6
Media advertising, total	**-9**	**-2**

Source: Suomen Gallup Mainostieto Oy

Operating Environment by Business Area

Magazines

The total circulation of magazines grew according to the Finnish Audit Bureau of Circulations by about 29 per cent from 1995 to 2000, and the annual growth during 1995 - 2000 was 5% on average. During the same period, faster-than-average growth was registered by special magazines, men's general magazines, hobby magazines, and retailers' customer magazines. The Finnish Audit Bureau of Circulations tracks the circulation of 253 magazines. By type of magazine, the numerically largest categories are business, professional, and trade union magazines, hobby magazines, and women's magazines.

			Total circulation, thousands of copies							**Average annual growth rate (%)**
Magazines in Finland by type	**titles**	**%**	**2000**	**%**	**1999**	**1998**	**1997**	**1996**	**1995**	**1995 - 2000**
Business, professional, and trade union magazines	103	41	3 040	19	2 808	2 904	2 697	2 794	2 751	2.0
Customer magazines, Retail	15	6	5 826	36	4 885	3 971	4 450	4 062	4 447	5.6
Consumer magazines										
Family and general magazines	11	4	1 662	10	1 652	1 668	1 659	1 623	1 611	0.6
Women's general and special magazines	26	10	1 977	12	1 956	1 833	1 890	1 839	1 757	2.4
Men's general magazines	4	2	76	0	83	25	29	31	38	14.6
Hobby magazines[1]	30	12	589	4	541	514	386	440	437	6.1
Children's and juvenile magazines	13	5	302	2	309	302	235	221	215	7.0
Comic magazines	16	6	493	3	468	448	399	396	400	4.2
Consumer magazines, Special magazines[2]	35	14	2 346	14	2 003	1 365	1 215	900	992	18.8
Consumer magazines, total	135	53	7 444	46	7 013	6 154	5 812	5 450	5 452	6.4
Total	**253**	**100**	**16 310**	**100**	**14 706**	**13 029**	**12 959**	**12 305**	**12 649**	**5.2**

1 Hunting and fishing, music and consumer electronics, sports and fitness, sailing and boating, crossword and other hobby magazines.

2 Special magazines devoted to the home, building and gardening, motor sports and technical subjects, household appliances and consumer electronics, opinion magazines, and religion.

Source: Finnish Audit Bureau of Circulations, 20 June 2001

The number of magazines has also grown. According to Finland Post, there were somewhat more than 2,800 magazines in Finland in 2000, an increase of about six per cent on the figure for 1995. The table below shows that the number of consumer magazines has grown the fastest, on average by 3.5 per cent a year during the period under review, 1995 - 2000.

Number of magazines in Finland in 1995 - 2000	**2000**	**1999**	**1998**	**1997**	**1996**	**1995**	**Average annual growth rate (%) 1995 - 2000**
General magazines	322	329	316	293	290	271	3.5
Business, professional, and trade union magazines	2 151	2 131	2 062	2 098	2 025	2 019	1.3
Opinion magazines	159	157	152	159	158	168	-1.1
Customer magazines	194	199	208	194	186	198	-0.4
Total	**2 826**	**2 816**	**2 738**	**2 744**	**2 659**	**2 656**	**1.2**

Source: Finland Post Ltd

According to the Annual Statistics of the Finnish Graphic Arts Industry, magazines obtained on average 61 per cent of their income from subscriptions, 30 per cent from advertising, and nine per cent from newsstand sales in 1999. According to Statistics Finland, the entire magazine market in Finland generated revenues of EUR 614 million in 1999, and the estimate of the Company's management is revenues of EUR 630 million in 2000. The largest publishers of magazines are listed in the table below. The largest media publishers that produce magazines have a total market share of about 70%.

Net sales of companies publishing magazines, € million	**2000**	**1999**	**1998**
Helsinki Media*	160	148	135
Yhtyneet Kuvalehdet	121	116	114
A-lehdet	74	71	68
Talentum/parent company	41	39	36
Aller Julkaisut	31	29	27
Forma	18	17	18
Total, largest publishers, € million	**445**	**420**	**397**
Share of total market, %	**71%**	**68%**	**67%**
Total magazine market, € million	**630****	**614**	**589**

Source: Annual reports, Suomen Asiakastieto Oy
* Only includes Helsinki Media's magazine business
** Management's estimate

Newspapers

Finland's newspaper market is dependent on income from advertising and circulation sales. According to the Finnish Newspapers Association, in recent years subscriptions have accounted for 87 per cent of newspaper circulation sales and newsstand sales for 13 per cent.

The number of newspapers in Finland has not changed significantly over recent years. There were 55 newspapers that appear at least four times a week and 149 other newspapers in Finland in 2000. The table below shows the ten largest newspapers in terms of circulation.

Circulation of the 10 largest Finnish newspapers	Publisher	Circulation (copies)
Helsingin Sanomat	SanomaWSOY	446 972
Ilta-Sanomat	SanomaWSOY	214 610
Aamulehti	Alma Media	133 779
Iltalehti	Alma Media	126 368
Turun Sanomat	TS-Yhtymä	114 086
Maaseudun tulevaisuus	Maaseudun tulevaisuus	91 172
Kauppalehti	Alma Media	84 626
Kaleva	Kaleva Kustannus	82 842
Keskisuomalainen	Keskisuomalainen	76 745
Savon Sanomat	Savon Mediat	67 185

Source: Finnish Audit Bureau of Circulations, 20 June 2001

Total newspaper circulation has been in slight decline, amounting to 3.2 million copies in 2000. The drop was about five per cent over the period between 1995 and 2000. According to a study by the World Association of Newspapers entitled "World Press Trends 2000", newspaper circulation in Finland was 452 copies per 1,000 inhabitants in 1999, which was the largest figure per head of population in the European Union area, and the third largest in the world, after Norway and Japan.

Television

The table below shows the viewing shares of television channels in Finland in 1995 - 2000. In 2000, the largest television channels were MTV3 (40% viewing share), Finnish Broadcasting Company TV1 (23%), Finnish Broadcasting Company TV2 (20%), and Channel Four Finland (Nelonen) (12%).

TV viewing share in 1995 - 2000, %

	2000	**1999**	**1998**	**1997**	**1996**	**1995**
Finnish Broadcasting Company TV1	23	23	24	24	25	25
Finnish Broadcasting Company TV2	20	20	21	22	21	20
Finlands Svenska Television FST	..	..	2	2	2	2
Finnish Broadcasting Company, total	42	43	46	48	48	47
MTV3	40	42	42	4	4	6
Channel Four Finland (Nelonen) (1 June 1997 -)	12	10	7	2	-	-
TVTV!	1					
Other Finnish cable channels	0	0	0	1	3	2
TV4/SVT Europa	0	0	0	1	..	..
Satellite channels	4	4	3	3	3	4
Others	1	1	1	1	..	..
All channels, total	**100**	**100**	**100**	**100**	**100**	**100**

Source: Statistics Finland

The daily time spent viewing television in Finland was 168 minutes in 2000, according to Finnpanel Oy. Since 1995, daily viewing time has grown by about 19 per cent.

Average daily time spent viewing TV*	min/day
2000	168
1999	161
1998	150
1997	150
1996	150
1995	141

* Entire population aged 10+ (does not include video viewing)
Source: Finnpanel Oy / TV meter survey

Internet

According to a study conducted by Suomen Gallup Web Oy in April 2001, the Internet is used at least once a week by just over half of all Finns (52%). The number of people who used the Internet weekly grew by more than 40 per cent in 2000. Use of the Internet is clearly most prevalent amongst young people. According to the study, up to 95% of young people in the 15 - 24 age bracket had used the Internet during the previous three months.

Books

Book sales have also grown in Finland in recent years. Net sales at publisher and retail prices grew by 4.1 per cent in 2000, according to the Finnish Book Publishers Association. The sales trend in 1999 and 2000 is shown in the table below.

Book sales in euros, net sales, € thousand Printed books, publisher and retail price sales	2000	1999	change, %	Proportion in 2000
Fiction	36 227	33 360	8.6%	14.3%
Children's and juvenile books	36 151	33 287	8.6%	14.3%
Multi-volume reference works	16 191	17 439	-7.2%	6.4%
Other reference books	87 413	86 644	0.9%	34.6%
General literature, total	175 982	170 730	3.1%	69.7%
Textbooks	75 892	71 667	5.9%	30.0%
Unspecified	705	334	111.1%	0.3%
Total	**252 579**	**242 731**	**4.1%**	**100.0%**

Source: The Finnish Book Publishers Association.

Kiosks

Retail sales, which are a gauge of the success of the kiosk business, grew by 4.6 per cent in Finland in 2000 and by 5.6 per cent in the period from 1 January to 30 April 2001 (excluding the motor trade), according to the Federation of Finnish Commerce and Trade. The kiosk business accounts for about three per cent of Finland's grocery trade, the breakdown of which is given in the table below.

Grocery trade (excl. alcoholic beverages) in 1999	€ million
Daily consumer goods	9 604
Restaurants and cafeterias (excl. alcoholic beverages)	3 229
Public institutions	1 211
Other channels	2 018
Kiosks	420
Service stations	370
Discount stores	168
Outdoor markets, grill kiosks, other daily consumer goods sales	1 009
Total	16 062

Source: Finnish Food Marketing Association

The Federation of Finnish Commerce and Trade forecasts average sales growth in euros for the retail trade, net of the motor trade, of about 4.0 per cent in 2001. In 1994 - 2000, growth has varied from three to slightly less than five per cent.

Change in the value of retail sales, %	
2001 A	4.0
2000	4.6
1999	3.0
1998	4.9
1997	3.0
1996	4.1
1995	3.6

Source: Federation of Finnish Commerce and Trade, 13 June 2001

Movies

According to the Finnish Chamber of Film, a total of over 7.1 million people visited Finnish cinemas in 2000; on average, every Finn visited a cinema 1.4 times a year, and ticket sales amounted to EUR 46.6 million during the year. The number of visits has been on the increase since 1995, according to the Finnish Film Foundation. Revenues from admission tickets have also grown, and were up nearly 3 per cent in 2000.

General statistics on cinemas	2000	1999	1998	1997	1996	1995
Cinema visits (million)	7.1	7.0	6.4	5.9	5.5	5.3
Admission ticket revenues (€ million)	46.6	45.4	40.9	36.7	33.1	32.6
Average ticket price (€)	6.58	6.46	6.41	6.17	6.04	6.14
Cinemas	228	232	232	233	236	241

Source: Finnish Film Foundation and for 2000, The Finnish Chamber of Films

Although the number of cinema visits by Finnish movie-goers has increased over the last few years, the number is still considerably below the European average, which is somewhat more than two visits per person a year, according to the European Cinema Yearbook 2000.

Vision and Strategy

SanomaWSOY's vision is to be Europe's most dynamic media group, with an emphasis on creativity and reliability. The long-term objective is to be in the front rank of European media companies in terms of net sales and market capitalisation, and to guarantee shareholders a steady and good level of dividend income.

To achieve these objectives, the SanomaWSOY Group will focus on its core expertise by developing its present business operations and by expanding into new business areas and markets, tapping the Group's extensive know-how and the infrastructure it has obtained through the CIG acquisition.

The Group's objective since 1999, the year it was founded, has been

- to increase net sales steadily to about EUR 2.5 billion by 2005,
- to obtain at least 20 per cent of its net sales from international operations by 2003,
- to improve the profitability of existing businesses and
- in seeking growth, to leverage the SanomaWSOY Group's extensive know-how and expertise in areas such as learning, international magazine publication, business and financial information, specialist publishing, and entertainment.

These objectives have now been partly achieved. With the completion of the CIG acquisition, the Group's net sales are likely to reach nearly EUR 2.5 billion in 2002. Including the CIG acquisition, international operations accounted for 41% of the Group's pro forma net sales in 2000.

The Group's objectives over the next few years are:

- to develop all the SanomaWSOY Group's operations with the aim of being a leader in each business area,
- to grow through selected acquisitions and alliances in areas in which it is possible to achieve a significant share and increases the Group's market value,
- to make full use of the international infrastructure obtained through the CIG acquisition in new projects aimed at expanding the Group's international presence,
- to aim to become the leading European magazine publisher outside the major language areas,
- to concentrate on profitability and to dispose of non-core assets,
- to exploit the potential of the Internet, wireless solutions, and digital TV in all business areas, and
- to increase the Group's market value over the long term and to pursue an active dividend policy.

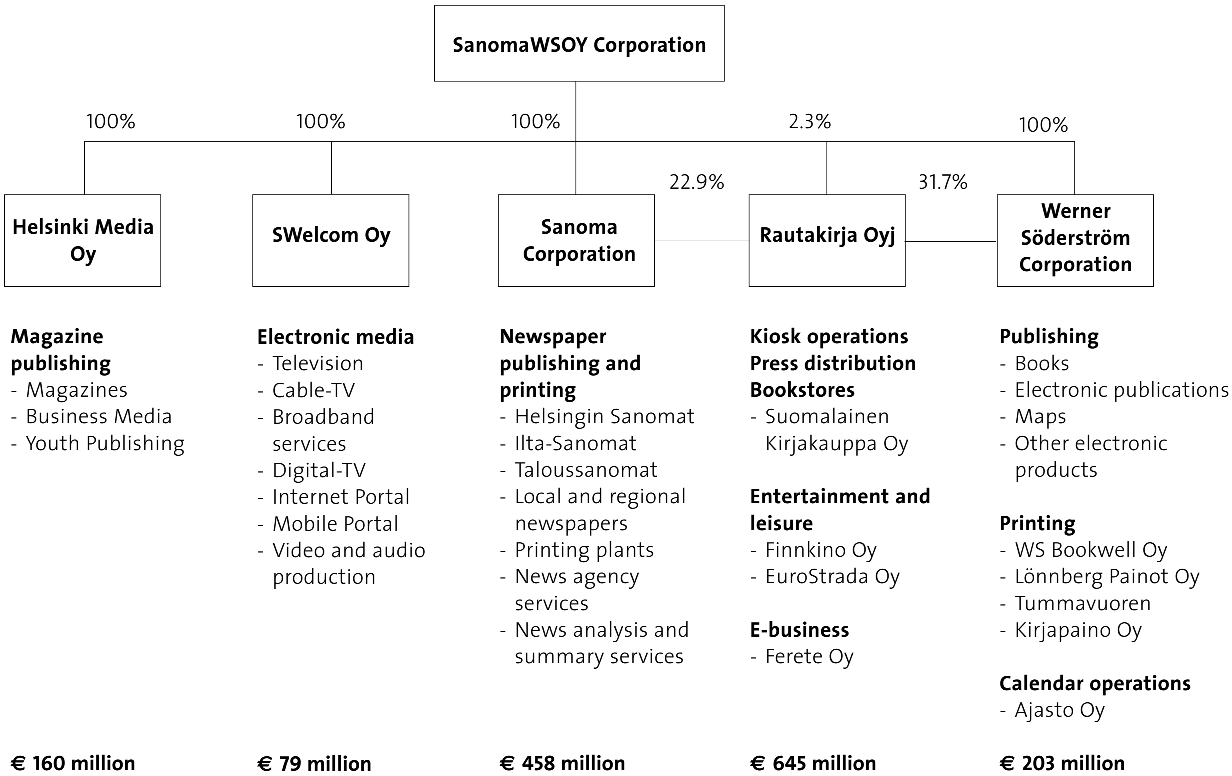
Dividend and Dividend Policy

SanomaWSOY pursues an active and consistent dividend policy. The aim is to distribute at least one third of the consolidated profit for the financial year as dividend, unless a larger part of the profit is needed for financing the Company's operations.

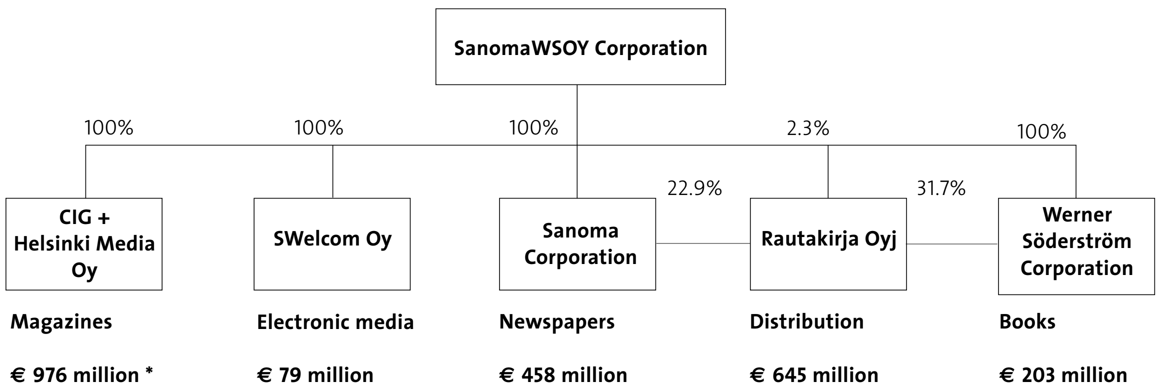
The dividend for 2001 departs from the Company's normal dividend policy and is based on the Shareholders' Agreement concluded, in connection with the merger, on 14 May 1998 and dealing with among other matters, the dividend for 1999 - 2001. According to the Shareholders' Agreement, the dividend for 2001 amounts to EUR 0.51 per share (taking account of the four-for-one split of SanomaWSOY's shares in 2000).

Group Structure

The SanomaWSOY Group comprises the parent company, SanomaWSOY Corporation, together with the following operational subsidiary groups Helsinki Media, Sanoma, SWelcom, WSOY, and Rautakirja. The Parent Company, SanomaWSOY Corporation, wholly owns the parent companies of the subsidiary groups, except for Rautakirja Oyj, which is listed on the Helsinki Exchanges. The SanomaWSOY Group owns 56.97% of Rautakirja's outstanding shares.



The chart above shows the Group's structure and the breakdown of net sales by business area in 2000 prior to the CIG acquisition; and the chart below after the acquisition (pro forma 2000).



* Includes all CIG's functions
Intra-group net sales have not been eliminated

The Parent Company is responsible for the Group's strategic planning, financing and investments, as well as the coordination of operations, finance, administration, business development, legal affairs, Group communication and investor relations, as well as real estate management.

A complete list of subsidiaries and associated companies is given in the Notes to the Consolidated Financial Statements in Section 10.

Business and Operations

History

SanomaWSOY Corporation was established on 1 May 1999 when Werner Söderström Corporation – WSOY, Helsinki Media Company Oy, Sanoma Corporation and Oy Devarda Ab, which owned shares of the latter two companies, merged through a combination merger.

The founding year of WSOY is considered to be 1878, when Werner Söderström published and printed his first book. Before the merger creating SanomaWSOY, the shares of WSOY were quoted on the Helsinki Exchanges between 1976 and 1999.

Päivälehti, the predecessor of Helsingin Sanomat, was founded in 1889. A sample issue of Helsingin Sanomat was published in 1904, when Sanoma Corporation was established as the newspaper's publisher.

Rautakirja was established in 1910 under the name Rautatiekirjakauppa Osakeyhtiö. The founders included Sanoma Corporation and Werner Söderström Corporation. In the merger of 1999, Rautakirja Oyj became a SanomaWSOY subsidiary group as Sanoma Corporation and WSOY owned over 50% of Rautakirja. The shares of Rautakirja have been quoted on the Helsinki Exchanges since 1988.

Helsinki Media's magazines were first published by Sanoma Corporation. In 1993, Sanoma Corporation combined its Sanomaprint and Uudet Viestimet Group into the Helsinki Media Division, which was incorporated at the end of the same year. Helsinki Media Company started to develop both printed and electronic media.

In 2000, SanomaWSOY organised Helsinki Media Company Oy's business into two new subsidiary groups. Helsinki Media Oy was created to concentrate on the magazine business, and SWelcom Oy to concentrate on electronic communications.

Business Areas

SanomaWSOY's business activities are operated through the Group's five subsidiary groups: Helsinki Media, Sanoma, SWelcom, WSOY, and Rautakirja.

Helsinki Media

Helsinki Media is Finland's largest publisher of magazines in terms of both net sales and combined circulation. The Company's product portfolio includes 48 magazines, many of which also have an active Internet presence. Helsinki Media is the market leader in women's and family magazines, comics and IT magazines, business publications, and directories aimed at consumers and professionals. In addition, the Company publishes books for children and young people based on well-known fairy tale and comic characters, and runs book clubs for young people.

Sanoma

Sanoma Corporation publishes two of Finland's leading newspapers, Helsingin Sanomat and Ilta-Sanomat. Helsingin Sanomat is the largest daily in the Nordic countries, reaching about 1.2 million readers every day. In addition, Sanoma Corporation publishes the daily business newspaper, Taloussanomat, and through Kymen Lehtimedia is an important publisher of provincial and local papers in Southeast Finland. Online editions are a central feature of all of Sanoma's largest newspapers. Sanoma Corporation also provides news agency services, electronic services, and customised information services for business customers, and owns a commercial photo agency.

SWelcom

SWelcom was established in 2000 when SanomaWSOY brought the Group's main electronic communications activities and projects into the same organisation. SWelcom's television activity is formed by Channel Four Finland (Nelonen), digital-TV, due to start on a phased basis in 2001, and by the cable-TV company, Helsinki Television, which offers pay-TV products and broadband Internet services. SWelcom's mobile portal, 2ndhead, offers content from a variety of providers. In addition, SWelcom offers Internet site, television, video, audio, CD, and DVD production services.

WSOY

WSOY is the largest book publisher in Finland in terms of net sales, and is the market leader in general literature, educational materials, and many specialist publications. Location information services and eLearning are its key growth areas internationally. Important areas of development include book clubs and the production of digital maps for Internet and mobile applications. WSOY is the Nordic region's leading publisher of calendars in terms of net sales and volume and the market leader in book printing in terms of volume, and a major digital printer.

Rautakirja

Rautakirja's R-kiosks form Finland's leading chain of convenience outlets, while Lehtipiste is the country's leading press distributor. Rautakirja's Suomalainen Kirjakauppa operates Finland's largest chain of bookshops, and Finnkino is the Finnish market leader in cinema operations. Rautakirja has successfully expanded its kiosk, press distribution, cinema, and bookshop operations to the Baltic countries.

The tables below show the business areas of subsidiary groups and the breakdown of net sales and operating profit by subsidiary groups and business areas, and the breakdown of net sales by market areas for the last three years. The data presented in the tables is based on comparative financial statements for 1998 and 1999.

Breakdown of Net Sales by Business Area

€ million	1–6/2001	1–6/2000	1–12/2000	1–12/1999	1–12/1998
Helsinki Media *)					
Magazine publishing	80.9	78.8	159.8	148.0	167.1
Total	**80.9**	**78.8**	**159.8**	**148.0**	**167.1**
Sanoma					
Newspaper publishing and printing	238.1	228.3	458.2	431.2	349.1
Total	**238.1**	**228.3**	**458.2**	**431.2**	**349.1**
SWelcom					
Electronic media	42.4	39.3	78.5	56.2	39.3
Total	**42.4**	**39.3**	**78.5**	**56.2**	**39.3**
WSOY					
Publishing	68.2	63.0	127.4	113.1	111.5
Printing	30.5	30.1	61.4	60.1	71.7
Calendar operations	4.9	5.2	36.7	38.6	42.7
Others	1.9	1.8	3.8	2.4	3.5
Intracompany transactions	-11.4	-13.2	-25.9	-20.5	-19.4
Total	**94.1**	**86.8**	**203.4**	**193.7**	**210.0**
Rautakirja					
Kiosk operations	168.5	163.1	336.8	295.3	288.9
Press distribution	80.9	75.8	154.2	142.5	135.4
Bookstores	48.6	46.1	107.2	101.3	95.6
Movie theatre operations	20.3	20.7	43.6	41.8	41.0
Restaurant operations	19.3	17.9	38.4	35.8	36.1
Others	0.0	0.0	0.0	0.0	11.8
Intracompany transactions	-16.2	-18.4	-35.6	-31.6	-33.1
Total	**321.5**	**305.2**	**644.6**	**585.0**	**575.7**
Intragroup transactions	-53.5	-43.5	-96.7	-93.5	-89.5
Total	**723.6**	**694.9**	**1 447.8**	**1 320.6**	**1 251.7**

The data for 1998 and 1999 is based on comparative financial statements.
*) The figure for 1998 includes printing operations

Breakdown of Turnover by Geographical Area

€ million	2000	1999	1998
Finland	1 328.8	1 211.7	1 167.1
Other EU countries	59.7	54.7	47.5
Other countries	59.3	54.2	37.2
Total	**1 447.8**	**1 320.6**	**1 251.7**

The data for 1998 and 1999 is based on comparative financial statements.

Breakdown of Operating Profit by Business Area

€ million	1–6/2001 *)	1–6/2000 *)	1–12/2000	1–12/1999	1–12/1998
Helsinki Media **)					
Magazine publishing	7.3	4.1	10.2	5.2	8.2
Total	**7.3**	**4.1**	**10.2**	**5.2**	**8.2**
Sanoma					
Newspaper publishing and printing ***)	21.5	28.1	55.7	48.1	39.4
Total	**21.5**	**28.1**	**55.7**	**48.1**	**39.4**
SWelcom					
Electronic media	-12.8	-5.9	-16.7	-18.6	-19.0
Total	**-12.8**	**-5.9**	**-16.7**	**-18.6**	**-19.0**
WSOY					
Publishing	6.1	7.1	8.3	12.2	12.2
Printing	3.8	4.8	9.3	6.7	8.7
Calendar operations	-7.6	-8.1	-1.8	-2.8	0.9
Others ***)	2.6	1.1	3.1	10.3	22.0
Intracompany transactions	0.3	-0.2	-0.5	-4.9	-8.5
Total	**5.0**	**4.7**	**18.3**	**21.6**	**35.3**
Rautakirja					
Kiosk operations	6.3	6.4	16.4	12.3	11.8
Press distribution	5.3	5.0	9.5	8.9	8.3
Bookstores	-1.1	-1.4	6.0	4.7	4.0
Movie theatre operations	0.3	0.7	2.5	1.9	1.4
Restaurant operations	-0.9	-1.0	-2.2	0.8	0.5
E-business	-0.7	0.0	0.0	0.0	0.0
Others	9.4	2.6	5.2	4.8	4.7
Intracompany transactions	0.0	0.0	0.0	0.0	0.0
Total	**18.4**	**12.4**	**37.4**	**33.4**	**30.7**
Other companies **)**	**-5.8**	**-7.1**	**-16.0**	**-6.4**	**0.0**
Intragroup transactions	-3.4	-2.5	-3.8	-11.5	-23.5
Total	**30.2**	**33.8**	**85.3**	**71.7**	**71.2**

The data for 1998 and 1999 is based on comparative financial statements.
*) All the shares of results of associated companies included, see Accounting Principles, p. 103. In the interim reports published in 2001, corresponding adjustments have been made for the figures for the 1 - 12/2000 financial year.
**) The figure for 1998 includes printing operations
***) Includes a share of Rautakirja's results
****) Parent company SanomaWSOY Corporation, Swwap Oy (until 30.9.2000), and real estate and investment companies

VNU's Consumer Information Group

The financial and other information presented here on VNU's Consumer Information Group ("CIG") is based on the Stock Exchange release published by SanomaWSOY Corporation on 20 July 2001 concerning the transaction described here and on other press release material, on the financial statements of VNU N.V. ("VNU") for 2000, the pro forma information prepared in connection with the acquisition of CIG, the "Information Memorandum" which Merril Lynch International and Deutsche Bank AG London prepared for the sale of CIG, as well as other public sources. SanomaWSOY and the Arranger of the Convertible Capital Notes are responsible solely for ensuring that the information on CIG contained in this Prospectus has been reproduced correctly from the above mentioned sources. No assurances can be given as to whether the information gives a correct picture of CIG's business operations, financial position, or earnings.

Because the completion of the agreement on the acquisition of CIG by SanomaWSOY Corporation depends on the fulfilment of certain precedent conditions, no assurances can be given as to whether the agreement will lead to the acquisition of CIG in the manner described in this section.

Acquisition of CIG

On 20 July 2001, SanomaWSOY Corporation signed an agreement with VNU of the Netherlands on acquiring CIG. Part of the VNU Group of The Netherlands, CIG is a magazine publishing unit with a leading market position in The Netherlands (market share of about 50%) and Belgium (market share of about 39%) as well as major market positions in Hungary and the Czech Republic. In addition, CIG has operations in Great Britain, where it publishes puzzle magazines, in Slovakia, where the focus so far has been on the business-to-business magazine segment, as well as in Romania, where operations were started in 1999. The SanomaWSOY Group's new magazine sector comprising Helsinki Media and CIG will be one of Europe's leading magazine publishers, with an extensive portfolio in a number of market areas. The SanomaWSOY Group and CIG had pro forma aggregate net sales in 2000 of 2,264 million euros and a payroll, converted to a full-time basis, of about 14,600 employees.

The agreement on the acquisition of CIG is part of SanomaWSOY's strategy of expanding the Group's present businesses through acquisitions and alliances, and increasing the share of international business within the Group's net sales. Through the CIG acquisition, SanomaWSOY intends to form one of Europe's leading publishers of consumer magazines, with a particularly strong market position within magazines published outside the major language areas.

The SanomaWSOY Group intends to form a magazine publishing entity based on Helsinki Media and CIG which will participate in the ongoing consolidation in the field in order to strengthen further its market position.

CIG's Business

CIG's portfolio of 250 titles covers women's and family magazines, men's lifestyle magazines, hobby magazines, and magazines for young people. CIG publishes a wide range of magazines that encompasses nearly all phases of a person's life, beginning with magazines for pre-school children and ending with magazines targeted at people in the 50+ age bracket. CIG's magazines are generally considered to have high-quality content that commands premium pricing. CIG receives a relatively large part of its income from subscriptions and newstand sales. This makes CIG relatively less sensitive to cyclical fluctuations in the advertising field and guarantees a steady cash flow.

In 2000, The Netherlands accounted for 70% of CIG's net sales and 76% of EBITDA, with operations in Belgium making up 18% of net sales and 12% of EBITDA, and international operations representing 12% of net sales and EBITDA.

One of CIG's strengths is considered to be its wide product portfolio, which protects the business against fluctuations in the economic situation and makes it easy to move into new product areas. CIG's dominant market position in a number of geographical areas and its magazines focused on a number of sought-after consumer segments offer advertisers the possibility of directing their advertising at desirable target groups in different countries.

CIG has also expanded its operations to the Internet. For example, ilse.nl is the leading search engine in The Netherlands and startpagina.nl The Netherlands' leading general-interest portal.

CIG also owns Aldipress, which is The Netherlands' leading distribution and sales organisation for magazine newstand sales. Aldipress strengthens CIG's position in the magazine business.

CIG has succeeded in expanding its magazine brands into areas such as trade fairs, an activity which is believed to improve reader and advertiser loyalty.

Benefits of the Combination

Both SanomaWSOY's subsidiary group, Helsinki Media, and CIG are leading magazine publishers in their market areas. The entity resulting from the combination of Helsinki Media and CIG will be one of the leading magazine publishers in Europe, especially within magazines published outside the major language areas. SanomaWSOY believes that by combining the expertise of Helsinki Media with CIG's international know-how it will be able to establish a strong service concept amongst readers and advertisers. The combination will also extend the SanomaWSOY Group's geographical market reach. The Company's management believes that the combination will create a strong foundation for growth in these market areas.

The combination will bring economies of scale and improved cost-effectiveness, for example, through joint procurement. The combination also offers the possibility of utilising common systems, content, concepts, and brand development, as well as best practices. One of these opportunities will lie in the area of improved cooperation between magazine operations and distribution. SanomaWSOY believes, that in addition to magazine activities, the CIG acquisition will also offer an avenue for the expansion and international growth of other business segments and development projects.

SanomaWSOY believes that, through the acquisition, the Group's income and growth potential will be spread more evenly across different countries, different markets, and different phases of the business cycle, thereby leading to a balanced earnings trend.

SanomaWSOY's post-acquisition strategy

The new group resulting from the merger will have the following net sales break-down:

Share of 2000 pro forma net sales, %	
Magazine publishing	37
Newspaper publishing and printing	19
Electronic media	3
Book publishing and printing and calendar operations	9
Kiosk operations, press distribution, bookstores, movie theatre operations, and restaurant operations	32

In its operations, the Group will focus on improving profitability, a strong cash flow, enhanced competitiveness, and growth. This strategy will be implemented by transferring know-how among the Group's different units. After final approval of the transaction, SanomaWSOY and CIG will draft a joint business and integration plan as a basis for reorganising specific business units. SanomaWSOY's strategy has been discussed above in the section "Vision and Strategy".

Combining the organisation and administration

As a consequence of the acquisition, SanomaWSOY will establish a new magazines subgroup comprising the combined functions of CIG and Helsinki Media. The company's headquarters will be in The Netherlands. Theo

Bouwman, who has been a member of VNU's Board of Directors with responsibility for CIG's functions, will be appointed President of the magazines subgroup. Theo Bouwman will also be appointed a member of SanomaWSOY's Management Group. Eija Ailasmaa will be appointed Executive Vice President of the new subgroup and will continue as President of Helsinki Media. The combined entity will follow SanomaWSOY's administrative principles, under which subsidiary groups operate with a large degree of independence.

CIG and Helsinki Media do not have overlapping functions and, according to information available at the present time, the acquisition will not lead to staff redundancies.

CIG's Earnings in 2000

In 2000, CIG had net sales of EUR 816 million (EUR 730 million in 1999). The division had EBITDA of EUR 143 million (EUR 130 million). During the year, CIG strengthened and expanded through new products and acquisitions.

CIG's earnings in The Netherlands improved further. The trend in sales volumes shows a gradual shift from general magazines towards more specialised titles. Advertising income developed positively, owing to the good overall economic situation. CIG began implementing its strategy of offering consumers content through several channels, making the most of its strong brands. Examples of this thrust were the websites built around magazine brands, as well as various trade fairs and events.

The result of operations in Belgium weakened. This was attributable to a decrease in sales revenues and the downward trend in the advertising market compared with the previous financial year. The launch of new magazines resulted in sizeable costs.

The result of operations grew satisfactorily in Great Britain, the Czech Republic, Hungary, and Slovakia. In contrast, the result in Romania was slightly weaker than in 1999. Publishing activities in the Czech Republic, Hungary, and Romania were strengthened and expanded, primarily through acquisitions and also through the launch of new magazines.

Information on CIG's Financial Position

The following table shows selected financial data for CIG's last three financial years. Because CIG has not been a unified legal entity, an actual income statement and comparative data cannot be presented.

€ million	**2000**	**1999**	**1998**
Net sales	816	730	659
Circulation as a percentage of net sales	380	360	347
Advertising income as a percentage of net sales	220	181	154
Others	216	189	158
EBITDA	143	130	117
Operating profit before amortisation of goodwill	132	120	107
Personnel*	3 539	3 104	

* Information for 1998 is not available.

The above figures are based on the Information Memonrandum that was prepared for the sale of CIG. The figures are unaudited.

The following presents an unaudited pro forma balance sheet which has been adjusted in line with the acquisition. It has been prepared on the basis of CIG's carve out pro forma balance sheet at 31 December 2000, derived from audited financial statements. The aforementioned modifications have been made to the balance sheet in connection with the acquisition described here and relate, among other things, to the following:

- elimination of intercompany payables and receivables,
- elimination of outstanding cash assets,
- elimination of external debts,
- adjustment to headquarters-related items allocated to CIG,
- elimination of the World Directories shareholding, which is not included in the acquisition, and elimination of the items connected with said shareholding,
- elimination of subsidiary holdings which are not included in the acquisition,
- adjustment to discounts connected with the Group's internal operations,
- adjustment to the deferred tax liability,
- adjustments of value added tax (VAT) and income tax items to a stand-alone basis, and
- elimination of the items connected with the sale of buildings which was carried out in 2000 and, in the light of new information, has been annulled in 2001.

€ 1 000	**31. 12. 2000 Post Adjustments**
Fixed assets	
Land and Buildings	9 486
Machinery and Equipment	3 657
ICT	4 121
Other Tangible assets	38 555
Intangible assets	183 671
Loans outstanding	1 876
Total subsidiaries	9 350
Other stocks and shares	0
Total fixed assets	**250 716**
Current assets	
Cash and cash equivalents	0
Trade receivables third parties	92 481
Trade receivables/payables Group	-1 317
Inventories	13 534
Other current assets	22 055
Total current assets	**126 753**
Current liabilities	
Trade payables	72 648
Other current liabilities	118 773
Total current liabilities	**191 421**
Working capital	**-64 668**
Capital to be financed	**186 048**

€ 1 000	**31. 12. 2000 Post Adjustments**
Non current liabilities	
Deferred tax credit	-312
Other provisions	8 732
Loans borrowing	0
Other long term liabilities	19 142
Total non current liabilities	**27 562**
Shareholder's equity	
Capital stock	42 037
Total reserves	58 720
Total net earnings current year	52 169
Total Equity	**152 926**
Minority interest third parties	5 560
Financing Capital	**186 048**

CIG's Development in the Current Financial Year, 2001

The development of CIG's business during the first half of 2001 was somewhat weaker than during the comparable period in 2000. CIG's first-half result was adversely affected by a general softening of economic prospects, as well as various one-off items.

Legal Implementation and Financing of the Acquisition

SanomaWSOY Corporation and the Dutch holding company, Lastannet Netherlands B.V. owned by SanomaWSOY, will purchase from VNU the shares in the companies belonging to the CIG entity, these shares being owned by the five different selling companies. In addition, the parent company, VNU N.V., will be a party to the transaction, assuming responsibility for the liabilities and obligations of the selling companies. The transaction relates to about 75 companies in which the holding, directly or indirectly, is over 50%, and 28 companies in which the holding is less than 50%. The ownership structure will be decided when the transaction comes into effect.

SanomaWSOY will pay a total purchase price of EUR 1.25 billion (enterprise value) for VNU's Consumer Information Group. The final purchase price will be revised by deducting net liabilities and adding net receivables and by adding/deducting the increase/decrease in working capital as calculated according to an agreed formula. Inter-company loans will be repaid. The goodwill of about EUR 1.15 billion arising from the acquisition of CIG is to be amortised substantially over 20 years. SanomaWSOY Corporation will finance the purchase with its available cash funds, as well as with senior bank loans totalling a maximum of EUR 1.2 billion, which have been underwritten by the Lead Arrangers, Nordea, and Goldman Sachs International. In addition, the proceeds of the Convertible Capital Notes described in this Prospectus are to be used to finance the acquisition and to strengthen the Group's financial position following the acquisition. Details of the financing of the acquisition are also given in the section "Liquidity and Management of Financial Risks".

Terms and Conditions of the Acquisition

Implementation of the acquisition of CIG is subject to the following conditions, unless explicitly waived by an agreement between SanomaWSOY Corporation and the sellers:

- approval by the relevant competition authorities for the combination of SanomaWSOY Corporation and CIG
- the necessary licences from the authorities, including a positive statement concerning the combination from the statutory Works Council representing CIG's employees, as well as a favourable negotiation outcome with CIG's relevant trade unions
- the customary terms and conditions of an acquisition

Completion of the acquisition will call for the approval of the national competition authorities in the Czech Republic and Hungary. The competition authorities can set conditions for approval of the acquisition and, for example, require SanomaWSOY to give up certain of its own or CIG's businesses as a condition for approval of the acquisition.

The risks connected with the acquisition of CIG as set forth here are discussed in the section "Other Investment Considerations".

Information Affecting the Financial Position of the Group

Intangible Rights and Concessions

The role of intangible rights such as copyrights, licensing rights, trademarks, and patents is significant with regard to SanomaWSOY Corporation's activity and financial performance. Every effort is made to utilise intangible rights held by the Company as efficiently as possible in the Company's own business activity as well as separately, e.g through licensing.

The Group strives to develop and protect its intangible rights using the best possible specialist knowledge available in a cost-effective manner. The protection and defence of intangible rights are therefore coordinated by the Parent Company of the Group.

Efforts are made to react immediately and effectively in the event of possible infringements of intangible rights.

All licensing agreements strive to secure the ability to meet changing consumer needs by acquiring rights that are as extensive as possible. Special attention has also been focused on agreements on other intangible assets, such as agreements on know-how and confidential business information.

The following outlines the situation with respect to intangible rights in each subsidiary group.

Helsinki Media's magazine publishing is based on well-known brands such as ME NAISET, KODIN KUVALEHTI, GLORIA, VAUVA, and MIKROBITTI, all of which are Helsinki Media's trademarks. In addition, Helsinki Media publishes AKU ANKKA (Donald Duck) under a license from Disney and COSMOPOLITAN under a license from Hearst. VAUVA magazine and MBNET are also well-known Web brands of Helsinki Media. The articles and photographs published in the magazines are protected by copyright. The rights to these are acquired either from editors and photographers working for Helsinki Media or from freelancers with whom Helsinki Media has also concluded agreements securing future use of material. Helsinki Media does not hold any patents.

Sanoma Corporation's most important brands (trademarks) are HELSINGIN SANOMAT, ILTA-SANOMAT, and TALOUSSANOMAT. The majority of the freelancers used by the Group have accepted the Group's general terms and conditions for freelancers, as a result of which Sanoma Corporation is entitled to publish material produced by freelancers as part of the Company's products and services irrespective of the implementation and distribution method (from printed to electronic). In accordance with the industry's collective agreement, the employer is entitled to first use and reuse of material in the newspaper in question. Reuse also covers the publisher's electronic service in the event that the publisher is able to fully determine the contents of the service in question. This right also includes the right to edit editorial material. In addition, material may be used in conventional advertising and in circulation and PR activity. Apart from the rights rendered by collective agreements, as part of the SanomaWSOY Group's copyright programme, Sanoma Corporation has acquired all copyrights from part of its salaried employees. For example, all Startel Oy's employment contracts include a condition on transferring all copyrights to the employer.

Of the newspapers published by Sanoma Corporation, Helsingin Sanomat, Kymen Sanomat, Kouvolan Sanomat, and Etelä-Saimaa are included in the nationwide advertisement package offered by Kärkimedia. The Finnish Competition Authority has granted Kärkimedia Oy an exceptional permission for the nationwide and part-nationwide cooperation of newspapers in brand advertising and in the advertising of trade chains under terms and conditions more accurately referred to in the permission. The exceptional permission is the second consecutive one and valid until 30 September 2002. Advertising revenues coming through Kärkimedia constitute an important share of the advertising revenues of the newspapers. In Sanoma Corporation's view, Kärkimedia Oy will apply for a new exceptional permission by the aforementioned deadline.

The SWelcom Group covers several important electronic media operations, such as Oy Ruutunelonen Ab, an analogue TV licence-holder, and Helsinki Televisio Oy, a cable broadcaster. SWelcom Oy acts as the administrator, approved by the Ministry of Transport and Communications, of Finland's terrestrial digital-TV Multiplex C (MUX C). The Government has granted concessions to four operators in Multiplex C, of which two (Channel Four Finland (Nelonen), financed through commercials, and Elokuvakanava, a pay-TV service) are part of the SWelcom Group. Programmes and other content to be shown in both television and broadband are acquired either from content producers that are part of the SanomaWSOY Group or from outside producers. SWelcom's most important electronic media brand is NELONEN. In addition, other electronic media brands such as 2NDHEAD and WELHO have been launched. The intangible rights (e.g. patent application) of the Lumeveräjä Virtual Portal platform, developed by SWelcom jointly with other business groups, are owned by the Parent Company, SanomaWSOY Corporation, as the portal is utilised in different parts of the Group. A clause is generally applied in employment contracts in the SWelcom Group, under which all copyrights belong to the Company.

WSOY concludes annually about 700 domestic publishing contracts and hundreds of foreign translation contracts. In addition to books, publishing contracts cover Internet services, CD-ROMs, audio publications, and other audio-visual publications. WSOY holds important intangible rights related to content entities such as encyclopedia and dictionary materials and map materials. WSOY does not hold any patents or patent applications. WSOY's most important brands include WSOY, the UUDET KIRJAT and JOHANNA book clubs, and AJASTO, as well as numerous prominent domestic and foreign authors.

Rautakirja's most important brands include R-KIOSKI, LEHTIPISTE, SUOMALAINEN KIRJAKAUPPA, and FINNKINO. Operations are based essen-tially on supply contracts and cooperation agreements concluded with goods and service suppliers. Rautakirja is entitled to utilise the PIZZA HUT restaurant concept and the MOTOREST highway service station concept on a contract basis.

Research and Development

General

As part of its normal business activity, the SanomaWSOY Group makes continuous investments in the development of both its existing services and products and new business activity. The planning and implementation of development projects takes place in subsidiary groups. In recent years, subsidiary groups have started several development projects, the most noteworthy of which are described later in this section. Risks related to research and development projects are also described in the section "Uncertainty Regarding the Success of the SanomaWSOY Group's Development Projects and New Businesses".

Under the Group's accounting practice, research and development expenses are mainly booked directly as annual expenditure. The costs of research and development ventures are categorised as development expenses for a maximum of two years. The total expenses of the SanomaWSOY Group's development projects in the 1999 financial year amounted to approximately 13 million euros, and in the 2000 financial year to about 24 million euros. These figures do not include investments in the TV channel Channel Four Finland (Nelonen) and in the Taloussanomat business newspaper, both of which started operations in 1997. The latter expenses are included in the operative financial results of the relevant business operations.

Magazines and Newspapers

Helsinki Media has launched several magazines in recent years, including ITviikko, Cosmopolitan, MG, and Matkaopas in 1999, and three children's clubs. The risks associated with these ventures are of the type normally associated with the magazine business, related mainly to establishing loyal readers and cyclical variations in media advertising.

Sanoma Corporation established Taloussanomat, a business daily, in 1997. The newspaper is now part of the Group's normal business activity. The project's largest risks are related to general economic developments, as they influence both circulation and advertisement sales.

Television Operations

Channel Four Finland (Nelonen), which started operations in 1997, has been the most significant development venture of Helsinki Media and latterly of SWelcom in recent years. The net sales of the channel amounted to 51.7 million euros in 2000. According to Suomen Gallup Mainostieto Oy, measured in terms of net sales, Nelonen ranked as Finland's third largest advertising media in 2000. Development of the channel's programmes and advertising products is being pursued further. The general development of the market for television commercials has a significant impact on Nelonen.

SanomaWSOY Corporation's SWelcom subgroup administers Finland's terrestrial digital-TV Multiplex C, which gives the Group access to digital television activity. Terrestrial digital broadcasts will start in Finland in accordance with plans on a phased basis during 2001. In the future, the SanomaWSOY Group intends developing value-added services aimed at consumers linked to digital-TV.

The Telecommunications Administration Centre's interpretation of the broadcasting obligation of television channels offered in the cable systems (the ”must carry” principal) may cause such significant problems for terrestrial digital pay-TV operations in autumn 2001 that the holders of the licenses for pay-TV operations may not start broadcasting. According to the interpretation of the Telecommunications Administration Centre, pay-TV operators would not be obliged to broadcast terrestrial digital pay-TV channels in their systems without separate compensation. Accordingly, pay-TV channels would be forced to pay for broadcasting in cable systems, both to the holder of the terrestrial broadcasting network, Digita Oy, and to local cable system operators. The pending amendment to media legislation may result in major changes in the extent of the “must carry” principle. In the event that pay-TV channels do not start operations by 31 August 2001, their license will expire.

Broadband, Mobile, and Internet Operations

Consumers have been offered broadband access to the Internet via Helsinki Television's cable-TV system since 2000. In December 2000, HTV opened Finland's first broadband service, Welho, through which customers can access news videos, weather animations, television and radio broadcasts, and interactive games. The broadband service had about 14,000 customers at the beginning of July 2001.

SanomaWSOY has over 80 Internet services which, according to Suomen Gallup Web Oy, in May 2001 reached 45 per cent of Finnish Internet users per month. All of the Group's important Web services will be connected to SanomaWSOY's Virtual Portal (Lumeveräjä) by the end of summer 2001. In summer 2001, a customer relations management system (eCRM) will be launched on a phased basis. The intention is to use this as a central location for customer data on all of SanomaWSOY's Web services.

Swwap Oy, which was established in March 2000, opened the 2ndhead mobile portal in June the same year. Development work on the portal is continuing, in line with general developments in the mobile business.

The network-based eLearning environment, Opit, is among WSOY's most important eLearning ventures. Opit offers content designed for the Web that supplements traditional educational materials. The intention is to develop the environment into an international concept for the Nordic countries and Central Europe. In addition, Docendo develops corresponding solutions for corporate use, and Young Digital Poland develops multimedia products and learning environments intended for learning languages. WSOY has merged Geodata Oy and Karttakeskus Oy, which it acquired in 2000, into Genimap Oy. In addition to conventional map publishing, Genimap operates in the location information market and develops customer-based location information solutions.

Sanoma Group's online Oikotie classified advertisements service was reorganised as an independent business unit at the beginning of 2001. Oikotie has been developed since 1999 and its system and services will be completely updated in the course of 2001 to strengthen Sanoma's competitive position in the field of classified advertisements. The risks of the venture are related to market reaction to fee-based Internet services and to general economic development.

Rautakirja focused all its Web business operations into its Ferete Oy subsidiary in autumn 2000. The new company concentrates on the development of games and value-added services related to gambling and offered on the Internet in Finland and Estonia. In addition, Rautakirja has normal retail and concept development activity.

See also the section “Investments”.

Lawsuits and Arbitration Proceedings

SanomaWSOY Corporation or its subsidiaries are not aware of any pending trials or arbitration proceedings that could have a significant impact on the Group's financial position.

The chief shop steward of the printing business, which was transfered to Hansaprint Oy from SanomaWSOY Corporation's subsidiary, Helsinki Media Company Oy, has, on behalf of persons who have been members of the Pension Foundation of Sanoma Corporation and on his own behalf, brought a suit against Hansaprint Oy, Helsinki Media Oy, and the Pension Foundation of Sanoma Corporation regarding the maintenance of additional pension benefits provided by the Pension Foundation. The defendants have defended the suit and consider it groundless. The case will be heard at the Vantaa District Court in 2001.

The Helsinki District Court has found against SanomaWSOY's newspaper sector, Sanoma Corporation, and issued a fine totalling FIM 15 million (about 2.5 million euros) payable to Nostokonepalvelu Oy covering the company's financial damages, together with two fines of FIM 230,000 (about 39,000 euros) each to be paid to the owners of Nostokonepalvelu Oy, Messrs. Reino and Toivo Nieminen, covering mental stress and anxiety related to the case. The fines are linked to articles on Nostokonepalvelu Oy that appeared in Helsingin Sanomat in 1996 and 1997. The fines in accordance with the District Court's decision have been recorded as expenses, including interest, in the accounts for 2001. An appeal against the District Court's decision will be lodged with the Court of Appeal.

Personnel

Personnel, average *), by business area

1.1–31.12.	**2000**	**1999**	**1998**
Helsinki Media **)			
Magazine publishing	779	719	
Total	**779**	**719**	**1 123**
Sanoma			
Newspaper publishing and printing	3 396	3 437	
Total	**3 396**	**3 437**	**2 730**
SWelcom			
Electronic media	310	234	
Total	**310**	**234**	**---**
WSOY			
Publishing	776	686	
Printing	505	536	
Calendar operations	330	339	
Others	193	193	
Total	**1 803**	**1 754**	**1 824**
Rautakirja			
Kiosk operations	2 416	2 104	
Press distribution	180	191	
Bookstores	531	524	
Movie theatre operations	345	316	
Restaurant operations	445	432	
Others	61	65	
Total	**3 977**	**3 631**	**3 652**
Other companies ***)	85	42	0
Total	**10 350**	**9 816**	**9 329**

*) stated as average number of full-time salaried personnel
**) The figure for 1998 includes printing operations, and operations transferred to SWelcom
***) Parent Company SanomaWSOY Corporation, Swwap Oy (until 30.9.2000), and real estate and investment companies.

Liquidity and Management of Financial Risks

Liquidity

SanomaWSOY's liquidity is good. In addition to the cash flow generated by its strong business activity, the Group has a significant amount of financial securities on its balance sheet (See the Section "Holdings and Investment Portfolio" - "Financial Securities" below). The Group's equity ratio was 66.3% on 30 June 2001, and its net gearing -10.7%. The agreement made by the Company on the purchase of VNU's Consumer Information Group will influence the Group's liquidity position substantially. Further information on the acquisition can be found in the Section "VNU's Consumer Information Group".

The following table presents information on SanomaWSOY's consolidated cash flows and liquidity situation in the stated periods.

€ million	1–6/2001	2000	1999
Cash flow from operations	50.7	171.7	123.8
Cash flow from investments	-43.5	-134.6	-213.0
Cash flow from financing	-19.6	-31.2	-17.2
Exchange rate differences under liquidities	2.4	-10.1	-5.4
Increase (+) / decrease (-) in liquidities	-9.9	-4.3	-111.9
Liquidities at the beginning of the period	316.9	321.2	433.1
Liquidities at the end of the period	307.0	316.9	321.2

The data for 1999 is based on comparative financial statements.

Cash Flow from Business Operations. The liquidity of the SanomaWSOY Group is based primarily on the cash flow from its business operations. The Group's net cash flow consists of the income of operational business activity and major investment activity and changes in working capital. Cash flow from business operations, including the income of investment activity, rose to 171.7 million euros in 2000 from 123.8 million euros in 1999. The amount of working capital rose by 9.9 million euros from -32.1 million euros to -22.2 million euros in 2000.

The effect of the acquisition of CIG on the Group's cash flow from business operations will be positive. CIG's operating margin amounted to 142.9 million euros in 2000, and its working capital was -64.7 million euros on 31 December 2000. In these respects, CIG's cash flow will strengthen SanomaWSOY's debt payment capacity and will improve the Group's opportunities for investments.

Cash Flow from Investments. The cash flow of investments is generated mainly by SanomaWSOY's investments in fixed assets and by investments in new shares of subsidiaries and associated companies. In 2000, investments in fixed assets amounted to 118.6 million euros (113.7 million euros in 1999) and investments in shares amounted to 43.8 million euros (151.3). The funds required by investments are reduced by the cash flow from divested business operations and shares of associated companies that are sold. In 2000, this cash flow amounted to 28.0 million euros (19.0). CIG's net investments amounted to 13.2 million euros in 2000.

Cash Flow from Financing. The loans taken by SanomaWSOY and payment of dividends are the main factors influencing the cash flow of financing. In 2000, the net increase in the Group's interest-bearing loans was 51.0 million euros (1.7). The Group paid dividends amounting to 67.9 million euros in 2000 (46.6).

The acquisition of CIG will increase SanomaWSOY's debt and have a negative effect on cash flow from financing. The financing of the CIG acquisition is discussed below.

Sources of Capital

SanomaWSOY's sources of capital include income financing from operations, equity and equity-related financing and debt financing and, when necessary, realisable investment assets, and other assets not forming part of the Group's key business activity.

The Group's shareholders' equity on 30 June 2001 amounted to 788.4 million euros and interest-bearing net assets to 96.8 million euros. This comprised investment assets amounting to 307.0 million euros, short-term interest-bearing liabilities amounting to 129.9 million euros, and long-term interest-bearing liabilities amounting to 80.3 million euros. On 31 December 2000, the Group's distributable funds amounted to 650.3 million euros and the Parent Company's distributable funds to 627.8 million euros.

Select information on SanomaWSOY's long-term liabilities in accordance with the situation on 31 December 2000 can be found in the table below.

Long-term loans and amortisation schedule:

Capital per 31.12 € 1 000	Pension loans	Bank loans	Other loans	Total
2000	63 446	20 958	1 458	85 862
2001 (30.6)	58 160	20 745	1 375	80 280
2001	58 154	15 372	1 900	75 426
2002	52 533	8 399	1 351	62 283
2003	46 879	1 241	833	48 953
2004	41 261	474	522	42 257
2005	35 644		290	35 934
2006	30 026		58	30 084
2007	24 411			24 411
2008	21 455			21 455
2009	21 155			21 155
2010	20 855			20 855

In addition to these loans, SanomaWSOY has a domestic commercial paper programme at its disposal. This enables commercial papers to the value of 400 million euros to be issued. In addition, the Company has unused binding short-term credit limit agreements worth 200 million euros designed to maintain its financial flexibility.

The Company has agreed major financial arrangements in connection with its purchase of VNU's CIG business (see section "VNU's Consumer Information Group"). An international bank syndicate, with Nordea and Goldman Sachs International acting as Lead Arrangers, has signed a committed five-year revolving credit arrangement totalling 800 million euros with the Company, under which the Company can withdraw funds to the maximum amount of the limit.

In addition, the Company has agreed a 400 million euro revolving credit arrangement covering 364 days with Nordea, mainly for financing the acquisition of CIG.

The loan agreements of both of the aforementioned arrangements include various conventional financial covenants. These covenants are used to regulate the additional indebtedness of the Company. These covenants are not considered as having any major impact on the Group's business activity.

The Convertible Capital Notes covered in this Prospectus constitute part of the financing of the acquisition and consolidation of the capital structure related thereto.

SanomaWSOY's future liquidity and need for capital will depend on several factors, such as the financial result and extent of the Group's business operations and possible acquisitions. SanomaWSOY investigates possible acquisitions and other opportunities for growth. The Company's management believes that current and agreed capital arrangements are sufficient at the moment to meet the demands set by the Group's business operations, investments, and planned loan management.

Principles of Financing and Risk Management

A centralised Group Treasury and Asset Management Unit manages SanomaWSOY's treasury and asset management activity. The unit is divided into two functions: the Group Treasury, responsible for securing the Group's liquidity in all situations, arranging the financing required by growth projects, and operating as an internal bank; and the Asset Management Unit, which is responsible for achieving a good rate of return on the Group's asset portfolio at a reasonable level of risk so that funds are available for growth projects when required. SanomaWSOY's Board of Directors has approved a set of operational guidelines covering the activities of the Group Treasury and Asset Management function. Under this, activities are managed and monitored using modern online reporting systems. Rautakirja, however, handles its treasury and asset management independently.

The objective of managing SanomaWSOY's financial risks (currency, interest, share-related, and liquidity risks) is to identify the risks concerned and to protect the Group against these risks, securing financially stable conditions for the development of business activity.

In practice, SanomaWSOY's financial risks are related to its investment portfolio. The Company continually assesses the risks of various financial instruments and their possible effect on SanomaWSOY's financial result and business activity. Under the Group's current structure, prior to the CIG transaction, financial income have a considerable effect on the Company's financial result.

Unfavourable changes in the financial market may have an adverse effect on SanomaWSOY's financial position and prevent realisation of the Company's risk management policy in the desired way.

Management of Exchange Rate Risks

SanomaWSOY strives to minimise the effects of exchange rate changes on the Group's financial result and financial position. The Group's currency exposure is, in practice, related to investment activity, since the majority (about 92%) of the Group's cash flow from business operations are denominated in euros. In accordance with SanomaWSOY practice, significant currency positions related to financing and investment activity are generally hedged. The Group does not have significant currency positions related to operational activity prior to the acquisition of CIG. In connection with the acquisition of CIG, a currency exposure related to operational activity emerges for the SanomaWSOY Group, due to business operations outside the euro region. These operations accounted for less than ten per cent of the combined pro forma net sales of the SanomaWSOY Group and CIG in 2000.

Management of Interest and Share-Related Risks

In practice, SanomaWSOY's interest and share-related risks are investment asset risks. The activity of Group Treasury and Asset Management is based on efficiently diversifying risks geographically, by industries, and by interest rate profile. Investments in shares consist of listed shares, and investments focus on large international blue chip companies and interest investments in investment-grade bonds. This ensures that investment assets are always available for the needs of the Group's business activity.

Liquidity Risk Control

Liquidity risks are related to debt management, payment of dividends and investments, and sufficiency of working capital. SanomaWSOY strives to minimise its liquidity risks by securing adequate income financing, maintaining sufficient investment reserves, and balancing the repayment of its loans over different calendar years. SanomaWSOY's liquidity position is described more accurately elsewhere in this section.

Credit Risk Management

Managing the credit risks related to commercial activity is part of the activity of the Group's companies. Trading in financial instruments entails the risks of the counterpart's inability to fulfil his obligations. Efforts are made to minimise counterparty risks related to the Group's investment activity by selecting only leading and reputable counterparts as investment targets and counterparts.

Investments

The table below presents SanomaWSOY's gross investments broken down by subsidiary groups.

Gross investments, 1.1–31.12.

€ million	**1–6/2001**	**1–6/2000**	**2000**	**1999**	**1998**
Helsinki Media *)	2.4	1.6	4.2	16.0	23.1
Sanoma	49.9	35.4	70.0	142.0	68.8
SWelcom	6.6	3.5	33.7	20.9	---
WSOY	8.2	16.4	25.5	21.0	25.1
Rautakirja	14.9	12.8	28.6	72.1	31.6
Other companies **) and eliminations	16.5	4.7	6.4	7.7	0.0
Total	**98.5**	**74.5**	**168.4**	**279.7**	**148.7**

The data for 1998 and 1999 is based on comparative financial statements.
*) The figure for 1998 includes operations transferred to Swelcom.
**) SanomaWSOY Corporation, Swwap Oy (until 30 September 2000), real estate and investment companies.

In 1999, SanomaWSOY's gross investments amounted to 279.7 million euros. More than half of these investments focused on Sanoma's projects: the new Sanoma House and acquisitions of shares in Kymen Lehtimedia and other companies in SanomaWSOY's field of business. Sanoma Corporation invested in the upgrade of mailing equipment at the Sanomala and Varkaus printing plants and in the expansion of four-colour printing capacity at the Forssa printing plant. In addition, the Group acquired shares in the Group's own field of business, including raising its holding in Norwegian-based A-pressen ASA, and carried out normal replacement investments in fixed assets.

In 2000, SanomaWSOY's consolidated gross investments amounted to 168.4 million euros. Almost half of this sum focused on Sanoma projects, such as investments in printing plants, the purchase of the production premises of Kymen Lehtimedia, and the purchase of shares of companies operating in the Group's own field of business. Other major individual investments included WSOY's acquisition of Docendo Läromedel, Rautakirja's multiplex cinema venture in Tallinn, and increasing its holding in Jokerit HC and increasing SWelcom's holding in Oy Ruutunelonen Ab.

Investments realised in the course of the 2001 financial year have included increasing the holding in Infosto Oy, building a multiplex theatre in Tallinn, remodelling the Ludviginkatu premises, purchase of a 25 per cent holding in the Smena paper in St. Petersburg, purchase of a 60 per cent holding in the photo agency Compad Oy, purchase of Suomen Rakennuslehti Oy, purchase of Stellatum Oy's directory business, increasing the holding in Young Digital Poland, and an investment in WS Bookwell Oy's hardbinding line.

Concluded but unfinished investments include the modernisation of the production processes at Sanoma's printing plants (almost 80 million euros) and developing HTV's cable system and investments in cable modems. In addition, Rautakirja has concluded agreements on building a 15-screen multiplex cinema in Riga, signed a preliminary agreement to buy 90 per cent of the Lithuanian cinema company UAB Vingio kino teatras, and signed a letter of intent to participate as a guarantor for the financing of a multipurpose arena to be constructed in Hamburg (the guarantee is limited to a maximum of EUR 25 million). The section "VNU's Consumer Information Group" contains a more detailed description of the purchase of CIG.

The Group uses mainly income financing for its investments.

Holdings and Investment Portfolio

Financial Securities

In the interim financial statements published on 30 June 2001, the Parent Company's balance sheet includes financial securities, cash and bank receivables with a book value of 307.0 million euros and valued at a replacement value of 360.1 million euros. Investment activity is based on a diversified share and interest investment portfolio focused on North America and Europe. Investments in shares consist of listed shares and the investments focus is on large international blue chip companies, while fixed income and money market instruments focus on investment-grade bonds. The breakdown of financial securities between share and fixed income and money market instruments is presented in the following table.

	Share investments %	**Fixed income and money market instruments %**
31. 12. 1999	62	38
31. 12. 2000	66	34
30. 6. 2001	66	34

Other Investments

Group companies, associated companies, and the Parent Company's other investments are listed in the notes to the financial statements for 2000 in the section on shares booked under non-current assets.

Major changes in the Group and associated companies in the 2001 financial year include the increase of Sanoma Corporation's ownership of Infosto Oy to 100 per cent (35 per cent at closing) at a purchase price of 27.8 million euros, and increasing WSOY's holding in Young Digital Poland S.A to 49 per cent (29.07 per cent at closing).

Rautakirja Oyj and its wholly owned subsidiary Veikkausrasti Oy signed a merger plan on 24 January 2001, under which Veikkausrasti Oy, including its assets and liabilities, will merge with Rautakirja Oyj. The merger is scheduled to take place on 31 August 2001.

SanomaWSOY Corporation and its wholly owned subsidiaries Tiikerijakelu Oy, Kirjatuki Oy, and Sanomain Huoneisto and Kiinteistöholding Oy signed merger plans on 15 March 2001, under which Tiikerijakelu Oy, Kirjatuki Oy, and Sanomain Huoneisto and Kiinteistöholding Oy, and their assets and liabilities, will merge with SanomaWSOY Corporation. The merger is scheduled to take place on 30 September 2001.

A more detailed account of the purchase of CIG can be found in the section ”VNU's Consumer Information Group”.

Property Assets and Main Business Locations

In the financial statements for 2000, the book value of SanomaWSOY's buildings and structures was 171.9 million euros. The total floor area of the premises owned by the Group is 414,000 m^2. The total book value of land and water areas is 56.6 million euros. The area of non-built land and water areas was about 93 hectares and the area of built land areas about 45 hectares. Of the premises owned by the SanomaWSOY Group, about one quarter is leased to outsiders.

About 40 per cent of the area of the premises used by the Group is rented from other owners.

The Group's main locations of business and other important properties in Group ownership are presented in the table below:

Main locations of business

Company	Address	Own/rented Purpose of use	Office space (m^2)
SanomaWSOY Corporation	Ludviginkatu 6–8 Helsinki	In Group ownership Head Office, SWelcom's premises	7 340
Sanoma Osakeyhtiö	Töölönlahdenkatu 2 Helsinki	In Group ownership Sanoma Osakeyhtiö's premises	39 700
Sanoma Osakeyhtiö	Martinkyläntie 9 A Vantaa	In Group ownership Sanomala printing works	50 900
Sanoma Osakeyhtiö	Kassimäenkatu 2 Forssa	In Group ownership Forssa printing works	25 200
Sanoma Osakeyhtiö	Taipaleentie 17 Varkaus	In Group ownership Varkaus printing works	11 700
Helsinki Media	Höyläämötie 1 D Helsinki	Rented from outside Helsinki Media's premises	13 550
Werner Söderström Osakeyhtiö	Bulevardi 12 Helsinki	In Group ownership WSOY's premises	4 500
Werner Söderström Osakeyhtiö	Bulevardi 14* Helsinki	In Group ownership WSOY's premises	3 555
Werner Söderström Osakeyhtiö	Teollisuustie 4 Porvoo	In Group ownership Tarmola production unit	24 400
Werner Söderström Osakeyhtiö	Tenhusentie 3 Juva	In Group ownership Juva production unit	7 700
Rautakirja Oyj	Koivuvaarankuja 2 Vantaa	In Group ownership Rautakirja's premises	34 460

Other major real estate

Real estate company	Address	Leased/used by the Group	Office space (m^2)
Kiinteistöosakeyhtiö Miekkakala**	Ludviginkatu 2–10 Helsinki	Head Office, partly leased to outsiders	8 984
Kiinteistö Oy Porvoon Mannerheiminkatu 20	Mannerheiminkatu 20 Porvoo	Leased to outsider	29 600
Kiinteistöosakeyhtiö Erottajankatu 9 - 11	Erottajankatu 9–11 Helsinki	Leased mainly to outsider	7 107
Monsaksenpolun Kiinteistö Oy	Martinkyläntie 17 Vantaa	Leased to outsider	18 580

** 78.8% in Group ownership*
*** 77.7% in Group ownership*

Key Operational Ratios and Per Share Data

The following tables present SanomaWSOY Group's financial development and key indicators per share during the past three years. The key indicators for 1998 and 1999 are based on comparative financial statements. The accounting principles followed in the comparative financial statements are explained on page 103 of the Prospectus.

Key figures on the Group's financial performance

€ million	**2000**	**1999**	**1998**	**1997**	**1996**
Net sales	1 447.8	1 320.6	1 251.7	1 190.3	1 145.7
Operating profit	85.3	71.7	71.2	99.2	95.9
% of net sales	5.9%	5.4%	5.7%	8.3%	8.4%
Profit before extraordinary items	138.3	110.4	97.7	129.5	106.6
% of net sales	9.5%	8.4%	7.8%	10.9%	9.3%
Profit before taxes	140.3	110.7	211.3	165	125
% of net sales	9.7%	8.4%	16.9%	14%	11%
Balance sheet total	1 439.3	1 323.1	1 239.6	1 088.7	1 010.0
Gross investments	168.4	279.7	148.7	157.3	52.5
% of net sales	11.6%	21.2%	11.9%	13.2%	4.6%
Return on equity, % (ROE)	10.6%	9.2%	9.2%	16.1%	13.6%
Return on investment, % (ROI)	13.8%	12.5%	12.3%	18.5%	17.4%
Equity ratio, %	67.9%	71.0%	69.6%	63.9%	60.0%
Gearing, %	-16.6%	-24.0%	-40.3%	-19.0%	-13.0%
Personnel under employment contract	13 364	12 629	11 900	11 494	11 249
Personnel, average	10 350	9 816	9 329	9 786	9 503
Financial cost of liabilities	7.4	8.4	6.5	6.8	10.0
Interest-bearing liabilities	160.2	104.2	100.3	111.9	126.7
Interest-free liabilities	336.4	313.3	313.3	314.9	312.2
Financial securities, cash and bank	316.9	321.2	433.1	237.6	198.3

The figures for 1998 and 1999 are based on comparative financial statements.
The figures for 1996 and 1997 are unaudited and were presented in the listing particulars (Merger Memorandum) of SanomaWSOY issued on 18 June 1998.

Key figures on shares

	2000	1999	1998	1997	1996
Earnings/share, € *)	0.67	0.53	0.47	0.66	0.44
Equity/share, € *)	5.95	5.68	5.32	4.25	3.40
Cash flow/share, €	1.24	0.89			
Market capitalisation of all shares as of Dec. 31. € million	2 065.2	1 859.0			
Market capitalisation of shares on the market as of Dec. 31. € million	1 964.6	1 767.4			
Dividend/share, €	0.47	0.45			
Dividend/result, %	69.87%	84.80%			
Effective dividend yield, %, Series A	3.09%	3.50%			
Effective dividend yield, %, Series B	3.36%	3.55%			
P/E ratio, Series A	22.60	24.20			
P/E ratio, Series B	20.81	23.92			
Share price, Series A, €					
Annual low	13.00	11.25			
Annual high	24.37	18.50			
Average for the year	17.95	16.32			
As of the end of the year	15.20	12.90			
Share price, Series B, €					
Annual low	12.28	10.50			
Annual high	23.75	17.25			
Average for the year	16.46	13.15			
As of the end of the year	14.00	12.75			
Split-adjusted trading, Series A	263 549	413 056			
% of share capital	1.1%	1.7%			
Split-adjusted trading, Series B	6 209 129	6 439 504			
% of share capital	5.1%	5.3%			
Average issue-adjusted number of shares	145 521 596	145 521 596			
of which Series A	23 220 492	24 007 580			
of which Series B	122 301 104	121 514 016			
Issue-adjusted number of shares as of Dec. 31	145 521 596	145 521 596			
of which Series A	23 220 492	24 007 580			
of which Series B	122 301 104	121 514 016			

*) Figures for 1996 - 1998 are calculated using the number of shares in 1999.
The figures for 1998 and 1999 are based on comparative financial statements. The figures for 1996 and 1997 are unaudited and were presented in the listing particulars (Merger Memorandum) of SanomaWSOY 18 June 1998.

The figures for share trading and number of shares are adjusted for the effect of the four-for-one split in 2000.

Definitions of Key Indicators

Return on investments (ROI), %

$$= \frac{\text{Return before extraordinary items + interest and other financial expenses}}{\text{Balance sheet total - non - interest-beraing liabilities (average of monthly balances)}} \text{ x 100}$$

Return on equity (ROE), %

$$= \frac{\text{Result before extraordinary items - taxes}}{\text{Shareholders' equity + minority interest (average of monthly balances)}} \text{ x 100}$$

Equity ratio, %

$$= \frac{\text{Shareholders' equity + minority interest}}{\text{Balance sheet total - advances received}} \text{ x 100}$$

Net gearing, %

$$= \frac{\text{Interest-bearing liabilities - cash and bank, and financial securities}}{\text{Shareholders' equity + minority interest}} \text{ x 100}$$

Earnings / share (EPS)

$$= \frac{\text{Result before extraordinary items - taxes +/- minority interest}}{\text{Average issue-adjusted number of shares}} \text{ x 100}$$

The effect of extraordinary items on minority interest has been adjusted when calculating the result.

Cash flow / share

$$= \frac{\text{Cash flow from operations}}{\text{Average number of issue-adjusted shares on the market}}$$

Cash flow from operations including cash flow from Group's main operations according to the cash flow statement.

Shareholders' equity

$$= \frac{\text{Shareholders' equity at the end of the year}}{\text{Issue-adjusted number of shares on the balance sheet date}}$$

Dividend / share

$$= \frac{\text{Dividend distribution}}{\text{Issue-adjusted number of shares on the balance sheet date}}$$

Dividend ratio

$$= \frac{\text{Dividend / share}}{\text{Result / share}} \text{ x 100}$$

Dividend yield / share

$$= \frac{\text{Dividend / share}}{\text{Last issue-adjusted share price on the balance sheet date}} \text{ x 100}$$

P/E ratio

$$= \frac{\text{Last issue-adjusted share price on the balance sheet date}}{\text{Result / share}}$$

Market capitalisation = Number of shares at the end of the year x share price by series on the balance sheet date

The 7,187,726 SanomaWSOY Series B shares held by Group subsidiary Tiikerijakelu Oy on the balance sheet date have been subtracted from the total number of shares.

General Information about SanomaWSOY

SanomaWSOY Corporation was entered in the Trade Register on 1 May 1999. SanomaWSOY Corporation was established when Werner Söderström Corporation – WSOY, Helsinki Media Company Oy, Sanoma Corporation, and Oy Devarda Ab, which owned shares in the two last mentioned companies, merged through a combination merger and established a new company, SanomaWSOY, to which the assets, liabilities, obligations, and rights of the merging companies were transferred. SanomaWSOY's domicile is Helsinki and the address of the Company's Head Office is Ludviginkatu 6–8, 00130 Helsinki.

The Company's Trade Register number is 760.638 and corporate identity code 1524361-1. SanomaWSOY's financial period is one calendar year. SanomaWSOY Corporation is a public limited company governed by the Finnish Companies Act (734/1978).

According to Section 2 of the Articles of Association of SanomaWSOY Corporation, the purpose of the Company is the publication of books, newspapers, magazines, and other publications, other communication, as well as conducting industrial and commercial business related to these fields, and rental and investment activities. The Parent Company, SanomaWSOY, employed an average of 63 people during the official financial period between 1 May and 31 December 1999 and an average of 85 people in 2000 (figures have been converted to full-time employment).

Corporate Governance

Board of Directors

The Board of Directors is responsible for the Company's administration and the appropriate organisation of the Company's activity. The Board executes the resolutions of the General Meeting of Shareholders and elects the Company's President & COO, the Deputy President & COO, and appoints the Group's other senior managers. The Board also determines the remuneration of the Company's management and other benefits.

According to Section 9 of the Articles of Association of SanomaWSOY Corporation, the Company's Board of Directors comprises 5 to 11 members elected by the General Meeting of Shareholders of SanomaWSOY Corporation. In addition one or two representatives of personnel may be nominated to the Board of Directors provided an agreement covering the implementation of personnel representation and the appointment of representatives has been concluded between the Company and personnel in compliance with the Finnish Act on Co-operation within Undertakings, either in a joint meeting or in a negotiating body or if this is required by legislation concerning the representation of personnel in the management of companies. At the moment, the number of Board Members is eleven.

The General Meeting of Shareholders elects the Chairman and the Vice Chairman of the Board of Directors. The term of Board Members commences at the end of the Annual General Meeting and expires at the end of the third Annual General Meeting following the election. The term of the present Board of Directors will expire at the end of the Annual General Meeting of Shareholders in 2002.

The Executive Committee of the Board of Directors and other Committees

Matters to be dealt with by the Board are prepared by the Executive Committee in accordance with Section 8 of the Articles of Association. The Committee consists of the Chairman of the Board, the Vice Chairman, and the President & COO.

The Board of Directors may, annually after the Annual General Meeting, also appoint other committees it deems necessary. Subject to a Board resolution, the Audit and Compensation Committees have continued their work in 2001. The Board of Directors has confirmed regulations for the Audit Committee and confirmed tasks for the Compensation Committee. Both the Audit Committee and Compensation Committee consist of members of the Board of Directors.

When required, Audit Committee meetings are attended by the President & COO, the Senior Vice President responsible for Finance and Administration, the auditors, and other experts necessary with regard to the matters to be discussed.

President & Chief Operating Officer

The President & COO leads and supervises directly the day-to-day management of the Company in accordance with the decisions of the Board of Directors and ensures that the Company's accountancy is in compliance with the law and that the Company's asset management has been organised in a reliable way. The Board of Directors appoints SanomaWSOY's President & COO and the Deputy President & COO. At present, the Company does not have a Deputy President & COO.

Members of the Board of Directors

Jaakko Rauramo, born 1941
Chairman of the Board of Directors & CEO
Master of Science (Engineering)
Address: Suvikummuntie 10, 02120 Espoo
Employed by the Group. President & CEO of SanomaWSOY Corporation between 1 May 1999 and 29 March 2001. Served as a member of Sanoma Corporation's Board of Directors between 1979 and 1999. Held various positions in the Sanoma Group since 1966, most recently Chief Executive Officer of Sanoma Corporation between 1984 and 1999 until the merger.
Member of the boards of Metso Corporation, Rautakirja Oyj, Svenska Dagbladet AB, Reuters Founders Share Company Ltd. (trustee) and the European Publishers' Council.
Owns 2,425 SanomaWSOY Series A shares and 34,534 Series B shares.

Esko Koivusalo, born 1936
Vice Chairman of the Board of Directors
Professor, Master of Arts, Doctor of Medicine and Surgery h.c.
Address: Museokatu 34 A 5, 00100 Helsinki
Secretary-General of the Alfred Kordelin Foundation of General Reform and Education until 30 June 2001.
Owns 20 SanomaWSOY Series A shares and 4 Series B shares.

Robert Castrén, born 1957 (Elected at the Extraordinary General Meeting of Shareholders held on 21 August 2001)
Bachelor of Science (Economics)
Serves as Sales and Marketing Director at Seven Seas Oy, a subsidiary of UPM-Kymmene.
Address: Sotkatie 9, 00200 Helsinki
Member of the Board of Sanoma Corporation 1994–1999, Deputy Chairman since 1999.
Owns 7,040 SanomaWSOY Series A shares and 13,172 Series B shares.

Aatos J. Erkko, born 1932
Minister, Doctor of Social Sciences h.c.
Address: Merikatu 7 A 3, 00140 Helsinki
Held various positions in the Sanoma Group since 1953. Member of the Board of Directors of Sanoma Corporation between 1957 and 1999.
Sits on the board of News Corporation Limited.
Owns 5,125,832 SanomaWSOY Series A shares and 26,041,660 Series B shares and, through Oy Asipex Ab, 1,354,984 Series A shares and 10,313,060 Series B shares.

Jane Erkko, born 1936
Address: Merikatu 7 A 3, 00140 Helsinki
Member of the Board of Sanoma Corporation between 1990 and 1999.
Owns 43,808 SanomaWSOY Series A shares and 200,024 Series B shares.

Marjukka af Heurlin, born 1943
Master of Arts (Agriculture and Forestry)
Serves as a nutritionist at the Social Insurance Institution's Rehabilitation Services Unit.
Address: Lemlahdentie 391, 21630 Lielahti Tl
Owns 53,760 SanomaWSOY Series A shares and 29,220 Series B shares and, through Heurlin-Invest Oy 161,136 SanomaWSOY Series B shares, and through Marjukka af Heurlin Oy, 30,000 SanomaWSOY Series A shares and 31,920 Series B shares.

Paavo Hohti, born 1944
Doctor of Philosophy
Serves as Secretary-General of the Finnish Cultural Foundation
Address: Sandelsinkatu 8 B 38, 00260 Helsinki
Vice Chairman of the Board of Directors of Huhtamäki Van Leer Corporation.
Owns 824 SanomaWSOY Series B shares.

Kyösti Järvinen, born 1933
Bachelor of Science (Economics)
Address: Tehtaankatu 11 A 5, 00140 Helsinki
Does not own any SanomaWSOY shares.

Robin Langenskiöld, born 1946
Bachelor of Science (Economics)
Addresss: Hietaniemenkuja 3, 02160 Espoo
Served as a member of Sanoma Corporation's Board of Directors between 1990 and 1999 and that of Helsinki Media between 1995 and 1999.
Owns 1,119,604 SanomaWSOY Series A shares and 6,577,712 Series B shares.

Rafaela Seppälä, born 1954
Master of Science (Journalism)
Managing Director of Lehtikuva Oy since 1 April 2001.
Address: Puistokatu 9 C 37, 00140 Helsinki
Served as a member of Sanoma Corporation's Board of Directors between 1994 and 1999.
Served as Project Manager at Helsinki Media Company between 1994 and 2000.
Owns 1,119,600 SanomaWSOY Series A shares and 6,577,716 Series B shares.

Hannu Syrjänen, born 1951
Bachelor of Science (Economics), Master of Laws
Serves as SanomaWSOY Corporation's President & COO since 29 March 2001.
Address: Porttitie 21 A, 02180 Espoo
Joined Rautakirja in 1989 and served as the Company's President and CEO, Vice President, and Executive Vice President & Deputy CEO. Previously served as Vice President at TS-Yhtymä, Managing Director of Wihuri Oy, and Managing Director of Finnish Lawyers' Publishing Oy.
Member of Rautakirja Oyj's Board of Directors since 2000 and Chairman as of 2001.
Owns 4,000 SanomaWSOY Series B shares.

Management Group

Hannu Syrjänen, born 1951
Bachelor of Science (Economics), Master of Laws
SanomaWSOY Corporation's President & COO since 29 March 2001.
(see above "Members of the Board of Directors")

Eija Ailasmaa, born 1950
Master of Social Sciences
President, Helsinki Media Oy
Served in various positions in the Sanoma Group since 1973.
Owns 80 SanomaWSOY Series A shares.

Aarno Heinonen, born 1944
Master of Science (Economics)
Senior Vice President, Administration and Finance at SanomaWSOY, since 1 May 1999.
Served in various positions at Werner Söderström Corporation – WSOY between 1987 and 1999.
Member of the Board of Directors of WSOY since 1987.
Owns 200 SanomaWSOY Series A shares and 2,040 Series B shares.

Nils Ittonen, born 1954
Bachelor of Science (Economics)
Senior Vice President, Group Treasury and Asset Management at SanomaWSOY since 1 May 1999.
Served in various positions at Sanoma Corporation since 1977.
Served as a member of Rautakirja Oyj's Board of Directors since 2001.
Owns 41,000 SanomaWSOY Series B shares.

Erkki Järvinen, born 1960
Master of Science (Economics)
President & CEO, Rautakirja Oyj, since 30 March 2001.
Joined Rautakirja in 1997.
Does not own any SanomaWSOY shares.

Jorma Kaimio, born 1946
Doctor of Philosophy
President, Werner Söderström Corporation.
Served in various positions at WSOY since 1990.
Member of WSOY's Board of Directors since 1990.
Owns 4,480 SanomaWSOY Series B shares.

Tapio Kallioja, born 1948
Master of Science (Engineering)
President, SWelcom Oy
Served in various positions at Sanoma Corporation since 1980.
Owns 1,600 SanomaWSOY Series B shares.

Seppo Kievari, born 1943
President of Sanoma Corporation since 1 May 1999.
Served in various positions at Sanoma Corporation since 1966.
Does not own any SanomaWSOY shares.

Kerstin Rinne, born 1950
Master of Laws
Senior Vice President, Legal Affairs and Corporate Planning at SanomaWSOY since 1 May 1999.
Served in various positions at Sanoma Corporation since 1980.
Owns 1,200 SanomaWSOY Series B shares.

Remuneration of the Board and Management

The salaries and remunerations of SanomaWSOY's management amounted to a total of 5.2 million euros in 2000. SanomaWSOY Corporation's Board members, President & CEO and his Deputy, and the Presidents and their Deputies of the Parent Companies of the Subsidiary Groups are included in management. Only salaries and remunerations paid during the financial period to persons in the aforementioned positions are included.

The retirement age of senior executives employed by the Company is 60 years, and their pension is about 60 per cent of their salary. The period of notice for senior executives is six months, and payment in the case of termination of employment is equivalent to 12 months' salary.

It has been agreed that Jaakko Rauramo, acting as full-time Chairman of the Board of Directors as of 29 March 2001, shall be paid remuneration, bonuses, and other compensation amounting to 590,000 euros in 2001. In addition, Mr Rauramo is a participant in a long-term incentive system on which the Board's Compensation Committee decides annually. Mr Rauramo is entitled to retire after reaching the age of 60.

It has been agreed that Hannu Syrjänen, acting as SanomaWSOY's President and COO commencing 29 March 2001, shall be paid remuneration and compensation amounting to 303,000 euros in 2001. In addition, Mr Syrjänen is a member of the senior management incentive system covered by SanomaWSOY Group's annual and longer-term incentive period on which the Board's Remuneration Committee decides. Mr Syrjänen is entitled to retire after reaching the age of 60.

Management's Share Ownership

The share ownership of SanomaWSOY Corporation's management is presented in the sections "Members of the Board of Directors" and "Management Group". The total share ownership of Board members and the President & COO of the Company is 42.54% of shares and 39.19% of votes.

Incentive Systems and other Benefits

SanomaWSOY Corporation has a senior management incentive system based on annual and longer-term financial performance and partly on the development of the Company's market value.

Management does not have any option rights entitling holders to shares in Group companies, and the Company has not granted loans to Board or Management Group members or pledged securities on their behalf.

Share Capital and Shareholders

Sanoma WSOY Corporation has two share classes, Series A and Series B. Series A shares entitle holders to 20 votes at the General Meeting of Shareholders and Series B shares to one vote. According to Section 5 of the Company's Articles of Association, no shareholder at a General Meeting of Shareholders is entitled to use more voting rights than one fifth of the total number of votes of the shares represented at the Meeting. All shares entitle holders to an equal dividend. The book counter value of the shares is 0.43 euros. SanomaWSOY's shares are quoted on the main list of the Helsinki Exchanges.

The Company's share capital is 62,574,286.28 euros, which is fully paid up. Series A shares number 23,220,492 and Series B shares 122,301,104. The Company's minimum share capital according to Section 4 of the Articles of Association is 50,000,000 euros, and the maximum share capital 200,000,000 euros, within which limits the share capital may be increased or decreased without amending the Articles of Association. The maximum amount of Series A shares is 80,000,000. The minimum amount of Series B shares is 100,202,620 and the maximum amount 480,000,000.

According to Section 7 of SanomaWSOY Corporation's Articles of Association, a Series A share may be converted into a Series B share upon request of the owner of the share or, with respect to shares registered in the nominee account, upon request from the nominee registrar, provided the conversion can take place within the minimum and maximum limits set for the share series. A conversion claim can be presented at any time, however not after the Company's Board of Directors has made a resolution to convene a General Meeting of Shareholders. A conversion claim made in the time between such a resolution and the General Meeting of Shareholders following it is considered to have arrived and is dealt with after the General Meeting of Shareholders and the record date possibly following the Meeting.

Outstanding Capital Loans, Convertible Loans, Bonds with Warrants, and Stock Options

SanomaWSOY Corporation has not issued capital loans, convertible loans, bonds with warrants, or stock options.

Ownership of Company Shares

SanomaWSOY Corporation owns a total of 7,187,276 Series B shares, or 4.94% of all shares and 1.23% of all votes, through its subsidiary, Tiikerijakelu Oy. The total counter value of Company shares owned is 3,090,528.68 euros and the Group's total acquisition expense, 10,632,104.01 euros. The Company does not own any Series A shares. The total number of Series A shares and Series B shares on the market is 138,334,320 shares.

SanomaWSOY Corporation and Tiikerijakelu Oy signed a merger plan on 15 March 2001, under which Tiikerijakelu Oy will merge with SanomaWSOY Corporation. According to the plan, Tiikerijakelu and its assets and liabilities will merge with the Parent Company without consideration. The merger is scheduled to take place on 30 September 2001. Company shares will be transferred to the Parent Company as part of the merger.

SanomaWSOY's Board of Directors does not hold a valid authorisation to acquire or convey Company shares.

Board's Authorisation to Increase Share Capital

SanomaWSOY Corporation's Extraordinary General Meeting held on 21 August 2001 has authorised the Company's Board of Directors, in the course of one year from the General Meeting of Shareholders, to decide upon increasing the Company´s share capital through one or more share issues, one or more convertible loan issues, and/or stock options, on condition that the new shares to be offered for subscription as part of any share issue, against convertible loans and stock options shall be Series B shares and that the combined number of such shares shall be a maximum 29,104,319 shares, and that the Company´s share capital shall be increased as a result by a maximum of 12,514,857.17 euros.
If the authorisation to increase share capital is used fully, the proportion of new shares of total votes is 4.73 per cent.
The authorisation became effective on 21 August 2001 and will be valid until 21 August 2002.

Shareholders' Agreement

The principal shareholders of the companies merged in 1999, namely Oy Devarda Ab, Helsinki Media Company Oy, Sanoma Corporation, and Werner Söderström Corporation – WSOY, concluded a Shareholders' Agreement on 14 May 1998. The signatories of the Shareholders' Agreement are the Alfred Kordelin Foundation for General Reform and Education, the Alfred Kordelin Society, Kalevalaseura, the Finnish Literature Society, the Finnish Cultural Fund, Werner Söderström Corporation's Literature Foundation, Aatos Erkko, Jane Erkko, Patricia Seppälä, Rafaela Seppälä, Robin Langenskiöld, Oy Asipex Ab, and Lastannet Holding B.V. Tiikerijakelu Oy has subsequently become a party to the agreement replacing Lastannet Holding B.V. on 29 April 1999, as have Patricia Seppälä's grandchildren, Christoffer Langenskiöld, Sebastian Langenskilöld, Pamela Langenskiöld, Lorna Noyer, and Alex Noyer (along with Patricia Seppälä's donation of 16 April 1999). The current ownership of the parties to the agreement represented 64.13 per cent of the Company's shares and 70.08 per cent of the votes on 31 July 2001.

In order to ensure continuity, the parties to the agreement have agreed to contribute towards the traditional owners of Werner Söderström Corporation – WSOY, the Alfred Kordelin Foundation, the traditional owners of Sanoma Corporation and Aatos Erkko having the opportunity for their representatives to be elected to the Company's Board Of Directors so long as the voting rights represented by the ownership of shares of each party is at least one half of the voting rights at the moment of signing the agreement.

The parties to the agreement have also agreed on contributing towards the Company's dividend policy, for example, in such a way that SanomaWSOY distributes a dividend for the 1999 - 2001 financial years at least equal to the dividend (FIM 5.25 per share) distributed by Werner Söderström Corporation – WSOY for 1997, incremented by 10 per cent from the previous year's level each year and added by FIM 5.00 per share on average each year. According to the Shareholders' Agreement, the dividend distributable for 2001 will amount to EUR 0.51 per share (taking account of the four-for-one split of SanomaWSOY's shares in 2000).

A right of pre-emption has been agreed in the Shareholders' Agreement if a party to the agreement conveys his SanomaWSOY Series A shares in a manner other than within the groups to the agreement.

The Shareholders' Agreement is valid for five years, commencing from the signing date of 14 May 1998.

The Company's Board of Directors is not aware of any other existing agreements related to the holding and use of voting rights associated with Company shares.

Changes in Share Capital since 5 January 1996

Registration date	Event	Share capital	Number of shares: Series A	Series B	Total	Nominal value	Book counter value
1.5.1999	Company registration	FIM 363 803 990.00	6 001 895	30 378 504	36 380 399	FIM 10.00	
4.4.2000	Share conversion	FIM 363 803 990.00	5 805 123	30 575 276	36 380 399	FIM 10.00	
9.5.2000	Share split	FIM 363 803 990.00	23 220 492	122 301 104	145 521 596	FIM 2.50	
9.5.2000	Bonus issue	€ 62 574 286.28	23 220 492	122 301 104	145 521 596		€ 0.43

Share Conversion

The Articles of Association contain a stipulation under which Series A shares can be converted into Series B shares. In connection with the merger leading to the establishment of the Company, the parties to the Shareholders' Agreement agreed to reduce the voting rights of the traditional owners of Sanoma Corporation. In accordance with the agreement, Oy Asipex Ab (Aatos Erkko's investment company), Rafaela Seppälä, and Robin Langenskiöld converted their Series A shares into Series B in spring 2000 as follows:

Oy Asipex Ab	150 701 shares
Robin Langenskiöld	23 035 shares
Rafaela Seppälä	23 036 shares

After conversion, the number of Series A shares totalled 5,805,123, and the number of Series B shares 30,575,276. The conversion was registered on 4 April 2000.

Share Split and Bonus Issue

SanomaWSOY's Annual General Meeting held on 18 April 2000 decided on a four-for-one share split. The number of shares was increased from 36,380,399 shares to 145,521,596 shares by reducing the nominal value of each share from FIM 10 to FIM 2.50. As a result of the share split, Series A shares number 23,220,492 and Series B shares 122,301,104.

In connection with the share split, the Company's share capital was converted to euros. In addition, the Company abandoned the nominal value of shares and increased the share capital by a bonus issue of 1,386,847.56 euros to 62,574,286.28 euros, by transferring the sum corresponding to the increase from the premium fund to the share capital. New shares were not issued as part of the bonus issue. After the conversion of the share capital into euros, the abandonment of nominal value, and the bonus issue, the book counter value of the Company's share is 43 cents.

The share split, the abandonment of nominal value, and the bonus issue were entered in the Trade Register on 9 May 2000.

No changes have taken place in share capital between 1 January and 30 June 2001.

Principal Shareholders as of 31 July 2001

		Number of shares		% share	
		Series A	Series B	of shares	of votes
1	Aatos Erkko	6 480 816	36 354 720	29.44	28.29
	Aatos Erkko	5 125 832	26 041 660	21.42	21.91
	Oy Asipex Ab	1 354 984	10 313 060	8.02	6.38
2	Patricia Seppälä's estate	2 317 876	10 378 524	8.72	9.67
3	Robin Langenskiöld	1 119 604	6 577 712	5.29	4.94
4	Rafaela Seppälä	1 119 600	6 577 716	5.29	4.94
5	Tiikerijakelu Oy (Company shares)		7 187 276	4.94	1.23
6	Alfred Kordelin Foundation for General Reform and Education	1 801 332	3 214 084	3.45	6.69
7	Helsingin Sanomat's Centennial Fund	915 932	4 086 796	3.44	3.82
8	Ilmarinen Mutual Pension Insurance Company	720 544	3 762 142	3.08	3.10
9	Sampo Group	435 976	2 880 076	2.28	1.97
	Sampo Life Insurance Company Limited	310 664	1 695 900	1.38	1.35
	Sampo Insurance Company Ltd	82 574	780 313	0.59	0.41
	Industrial Insurance Company Ltd	42 738	403 863	0.31	0.21
10	Pohjola Group	326 100	2 761 976	2.13	1.59
	Pohjola Non-Life Insurance Company Ltd	326 100	1 486 896	1.25	1.37
	Pohjola Group Insurance Corporation		1 275 080	0.88	0.22
11	Finnish Cultural Foundation	1 848 956	622 480	1.70	6.41
12	Foundation for Actors' Old Age Home	386 248	1 824 484	1.52	1.63
13	WSOY Literature Foundation	1 338 300	633 780	1.36	4.67
14	Suomi Group		1 950 000	1.34	0.33
	Suomi Mutual Life Insurance Company		950 000	0.65	0.16
	Suomi Insurance Company		1 000 000	0.69	0.17
15	Finnish Literature Society	264 000	1 133 800	0.96	1.09
16	Päivälehti Archives Foundation	345 992	676 656	0.70	1.29
17	Lorna Noyer	87 056	873 208	0.66	0.45
18	Alex Noyer	87 044	873 216	0.66	0.45
19	Pension Fund Polaris		812 000	0.56	0.14
20	Graphic Industry Research Foundation	178 788	604 080	0.54	0.71
Total		**19 774 164**	**93 854 826**	**78.11**	**83.42**
Nominee registrations, total		68 779	1 215 282	0.88	0.44

Shareholders by Groups and
Breakdown of Share Ownership as of 31 July 2001

	Number of shares	%	Number of votes	%
Companies	22 154 506	15.22	52 408 472	8.93
Financial and insurance institutions	13 299 063	9.14	30 312 176	5.17
Public corporations	10 367 909	7.12	30 005 101	5.28
Non-profit organisations	23 196 532	15.94	169 915 558	28.96
Households	76 043 540	52.26	301 509 947	51.39
Foreign countries, registered	263 114	0.18	821 790	0.14
Nominee registrations	1 284 061	0.88	2 590 862	0.44

Number of shares	Number of shares	%	Number of votes	%
1–100	71 298	0.05	426 617	0.07
101–1 000	1 445 131	0.99	4 480 153	0.76
1 001–10 000	5 159 054	3.55	13 969 829	2.38
10 001–100 000	8 297 730	5.70	27 058 805	4.61
100 101–1 000 000	22 354 364	15.36	64 491 196	10.99
1 000 001–999 999 999 999	107 997 087	74.21	475 546 444	81.05
Total	145 324 664	99.86	585 973 044	99.87
On joint account	196 932	0.14	737 900	0.13
Number of shares on the market	145 521 596	100.00	586 710 944	100.00

Financial Statements of the SanomaWSOY Group

Report of the Board of Directors for 2000

SanomaWSOY

The SanomaWSOY Group consists of four wholly owned subgroups or sectors - Helsinki Media, Sanoma, SWelcom, and WSOY - and Rautakirja, a company listed on the Helsinki Exchanges, in which Sanoma WSOY has a 55.06% holding.

Business environment

Economic growth continued to be brisk in Finland during 2000. Gross output rose in line with expectations by 5.7% and the employment situation also improved, although more slowly than projected. Average unemployment during the year stood at 9.8% (10.2%). Consumer prices rose faster than in 1999, increasing by an average of 3.4%. True household purchasing power rose by 4.5%.

The level of media advertising, a major contributor to SanomaWSOY's income, increased somewhat faster than during 1999, by 7.7% (5.6%) according to Gallup Ad Facts, to FIM 6.6 billion.

Newspapers accounted for by far the largest share of this, 52%. Television advertising accounted for 19% and magazines 17%. The largest growth, 89%, was seen in Internet advertising, although its overall share of the market continued to be very small, at around 1%.

The role of newspapers as Finland's key advertising media was reinforced during 2000, and newspaper advertising revenue increased by 9%. Magazine advertising grew similarly, by 8%.

Television advertising continued to grow at a modest rate, some 4%. The same increase was seen in TV viewing, which totalled an average of 2 hours 48 minutes a day. The bulk of this growth was generated by increased viewing figures at Channel Four Finland.

Home Internet use grew significantly. Figures from Suomen Gallup Web show that around 1 million Finns logged on daily from home in October and November, an increase of 24% on 1999. The number of users logging on weekly rose by over 40%. The volume of Internet retailing also increased significantly. Over 600,000 Finns bought products or services over the Web during 2000, up 38%. Books were the single largest product.

The year was a good one for books overall. Preliminary data from the Finnish Book Publishers Association indicates that sales to bookshops and other retailers increased by a little under 9%, book clubs sales by 8%, and sales of educational materials by 5%.

Printing industry exports rose by over 20%, or over FIM 300 million between January and October. Exports for the year as a whole are expected to total over FIM 1.9 billion. Sales to Russia rose to some FIM 530 million (397 million).

Increased pressure on newsprint and paper prices was evident towards the end of the year, and price increases were duly announced at the beginning of 2001.

Net sales

SanomaWSOY's net sales for 2000 rose in line with projections by some 10% to FIM 8,608.5 million (1999: 7,851.7 million). All of the Group's sectors contributed to this growth, with the largest growth coming from SWelcom's Channel Four. The Group's comparable year-on-year growth, taking account of acquisitions and divestments, rose by over 7%.

Consolidated result

SanomaWSOY's profit before extraordinary items totalled FIM 822.0 million (656.4 million). This over 25% increase on 1999 was driven by the improved profit performance of the Group's business units and a good asset management result. Net financial income rose to FIM 322.6 million (233.6 million), primarily as a result of capital gains on sales of shares.

The Group's operating profit totalled FIM 507.0 million (426.2 million), up 19%. Depreciation totalled FIM 510.4 million (427.3 million), of which goodwill-related depreciation accounted for FIM 61.3 million (36.4 million). Research and development costs, booked as expenses, virtually doubled to FIM 140 million.

The Group's return on investment was 13.8% (12.5%), and its return on equity 10.6% (9.2%). Earnings per share rose to FIM 4.00 (3.17).

Balance sheet

The Group's balance sheet increased by FIM 690.8 million and totalled FIM 8,557.7 million (7,866.9 million) at the end of the year. The Group's shareholders' equity totalled FIM 4,891.1 million (4,674.1 million), or FIM 35.36 (33.79) a share. The Group's equity ratio was 67.9% (71.1%), and gearing was -16.6% (24.0%).

Financing

SanomaWSOY's financing position remains good. The book value of financial assets in the form of securities, cash, and bank totalled FIM 1,884.5 million (1,909.8 million), and their market value totaled FIM 2,335.5 million (2,750.1 million). Interest-bearing liabilities increased to FIM 952.4 million (619.7 million).

Investments

SanomaWSOY's gross investments during 2000 totalled FIM 1,001.0 million (1,663.1 million). Just under half of this total was accounted for by Sanoma projects, including printing press investments, the purchase of Kymen Lehtimedia production premises, and purchases of media company shares.

Other major investments included WSOY's acquisition of Docendo Läromedel, Rautakirja's multiplex cinema project in Tallinn and purchase of additional shares in Jokerit HC Oyj, and SWelcom's purchase of additional shares in Oy Ruutunelonen Ab.

Administration

SanomaWSOY's Board of Directors comprises Aatos Erkko (Chairman), Esko Koivusalo (Vice Chairman), Jane Erkko, Marjukka af Heurlin, Paavo Hohti, L.J.Jouhki, Kyösti Järvinen, Robin Langenskiöld, Jaakko Rauramo, Rafaela Seppälä, and Antero Siljola (until July 18,2000).

President & CEO Jaakko Rauramo serves as Chairman of SanomaWSOY's Man-agement Group, the other members of which are Eija Ailasmaa (as of July 1, 2000), Aarno Heinonen, Nils Ittonen, Tapio Kallioja, Jorma Kaimio (as of September 12, 2000), Seppo Kievari, Kerstin Rinne, and Hannu Syrjänen. Antero Siljola served as Deputy President & CEO of SanomaWSOY and Vice Chairman of the Management Group until July 18, 2000, when he resigned as President of WSOY and from the Boards of SanomaWSOY, Rautakirja, and their subsidiaries.

The Company's auditors are Pekka Nikula, APA and SVH Pricewaterhouse Coopers Oy, where Tauno Haataja serves as the Group's lead auditor.

Personnel

The number of personnel in salaried employment in Group companies totalled an average of 13,364 (12,629). Translated into full-time equivalent positions, the average number of personnel totaled 10,350 (9,816). Salaries and wages paid totalled FIM 1,761.6 million (1,604.4 million), including bonuses. Profit sharing sums totalling FIM 35.3 million (31.7 million) were paid to Sanoma's and Helsinki Media's Personnel Funds.

Shares and shareholdings

SanomaWSOY's Annual General Meeting held on April 18, 2000 decided on a four-for-one share split, which came into force on May 10, quadrupling the number of Company shares.

Following the split, the number of SanomaWSOY Series A shares totals 23,220,492 and the number of Series B shares, 122,301,104. The Group owns 7,187,276 Series B shares through Tiikerijakelu Oy, equivalent to 4.94% of shares and 1.23% of voting rights.

A total of 263,549 (413,056) Series A shares were traded in 2000, and 6,209,129 (6,439,504) Series B shares. Adjusted for the split, the highest price paid for Series A shares was Euro 24.37 or FIM 144.91 and the lowest price, Euro 13.00 or FIM 77.29. The highest price paid for Series B shares was Euro 23.75 or FIM 141.21 and the lowest price, Euro 12.28 or FIM 73.03. SanomaWSOY's market capitalisation as of the end of the year, excluding Company shares held by the Group, totalled Euro 1,964.5 million (1,767.4 million) or FIM 11,680.7 million (10,508.3 million).

Dividend policy

SanomaWSOY pursues an active dividend policy, based on the principle of distributing one third of the consolidated profit for the financial year in the form of a dividend.

The dividend payable between 1999 and 2001 is linked to the shareholder agreement made at the time of the merger, under which dividends will be at least FIM 5.25 per share (FIM 1.31 after the split), which corresponds to the dividend level offered by WSOY in 1997, increased by 10% annually. In addition, an average of FIM 5 per share (FIM 1.25 after the split) will be added to this during the years concerned.

The Board proposes that a dividend of Euro 0.7 or FIM 2.79 should be paid for 2000.

Key developments

In May, SanomaWSOY decided to form two new sub-groups or sectors, dedicated to electronic media and magazine publishing. Helsinki Media's television operations and other electronic media activities were transferred to SWelcom, together with the Parent Company's electronic media projects. SWelcom and the new Helsinki Media began operations at the beginning of July and as separate legal entities as of October 1.

SanomaWSOY increased its holding in A-pressen ASA, one of Norway's leading media companies, to 29.6% during the year. Listed on the Oslo Stock Exchange, A-pressen had a market value of some FIM 1.14 billion as of the end of the year.

In February, Sanoma decided to invest in two new printing presses for its Sanomala facility. The investment, valued at a total of FIM 456 million, forms part of a larger project to modernise all of the plant's production process. As part of this, Sanoma announced in the autumn that it had decided to acquire a new-generation printing press from Man Roland Druckmaschine AG. The investment is valued at FIM 225 million and will significantly enhance quality and the plant's four-colour printing capability and overall production flexibility. The new production process is due to be commissioned in 2003.

SWelcom increased its holding in Oy Ruutunelonen Ab to 90.55%. Under a share swap and related transaction at the end of the year, Oy Suomen Medianelonen Ab, previously owned by SWelcom and TS-Yhtymä, became a wholly owned subsidiary of Ruutunelonen.

Swwap Oy launched its 2ndhead mobile portal in June, offering a range of news and factual and entertainment content from SanomaWSOY units and outside providers.

In December, Helsinki Television launched Finland's first broadband portal, Welho, for its cable modem customers. Welho is an open platform and currently offers services designed to take advantage of the high speed made possible by broadband technology, including on-demand news clips and weather animations.

In the spring, WSOY acquired Sweden's leading publisher of IT books and eLearning solutions, Docendo Läromedel AB. Docendo and WSOY's subsidiary Teknolit Oy were merged into a single unit known as the Docendo Group at the end of the year. In September, WSOY acquired 80.1% of Finland's leading map company, Karttakeskus Oy, which was subsequently merged with WSOY's own map company, Geodata Oy, at the end of the year. The combined company was named Genimap Oy and will become a separate legal entity as of April 1, 2001.

In May, Rautakirja subsidiary Eurostrada and Neste signed an agreement under which the Motorest chain of highway service stations will be transferred to Eurostrada on a phased basis by the end of July 2003. As of the end of 2000, four Motorest units had been transferred to Foodstop Oy, a 99%-owned Rautakirja subsidiary.

In August, Rautakirja acquired the remaining 20% of the shares of Veikkausrasti Oy, and the company became a wholly owned subsidiary. Also in August, Rautakirja's Estonian subsidiary, Lehti-Maja Eesti, acquired 90% of AS Megapanus, licensed to operate variable odds betting activities in Estonia.

In October, Suomalainen Kirjakauppa acquired 60% of Estonian-based book etailer, Astro Raamatud. Rautakirja's associate company, Narvesen Baltija SIA, signed a letter of intent the same month to acquire 85% of Preses Apvieniba, the leading chain of kiosks in Latvia with 450 outlets. The outlets were transferred to Narvesen Baltija on January 1, 2001.

Three senior executive appointments were made during the year. Eija Ailasmaa was appointed President of Helsinki Media and Tapio Kallioja, President of SWelcom, as of July 1. Jorma Kaimio was appointed President of WSOY as of September 12.

Helsinki Media

Helsinki Media's pro forma net sales totalled FIM 950.4 million (880.2 million), up 8% on 1999. The increased level of net sales was primarily driven by higher advertising revenue at the company's magazines, which increased by 18% or more than double the increase recorded by magazine publishing in Finland as a whole. Helsinki Media's magazines also increased their subscription revenue, and news stand sales similarly developed positively. New titles accounted for around 3% of the increase in net sales, which was mainly driven by established products.

Helsinki Media's pro forma operating profit nearly doubled to FIM 60.9 million (30.9 million), reflecting improved profitability and, above all, stronger performance by the sector's associated companies.

Helsinki Media's investments totalled FIM 25.1 million (95.2 million) and were largely focused on information technology (IT) projects. In December, Helsinki Media increased its holding in the licensing specialist, Pro Licensing Nordic Ab.

Sanoma

Sanoma's net sales rose to FIM 2,724.2 million (2,563.6 million) during 2000, driven in particular by an increase in Helsingin Sanomat's advertising sales. The paper's advertising sales rose faster than the market average, and the paper emerged as Finland's leading advertising media. Taloussanomat, the Startel News Agency, and Esmerk also contributed to higher net sales.

The growth in advertising revenue was also reflected in Sanoma's overall operating profit, which rose 16% to FIM 331.3 million (285.8 million). The sector's own operations generated FIM 296.6 million (249.5 million). One-time writedowns totalling FIM 12.3 million made on the assets and goodwill of Startel subsidiary, Onbusiness Oy, negatively impacted Sanoma's operating profit. Sanoma's holding in Rautakirja generated a profit of FIM 36.6 million (35.5 million).

Sanoma's investments totalled FIM 416.5 million (844.4 million) and included investments in enhancing four-colour printing capabilities, online services, the purchase of Kymen Lehtimedia production premises, and acquisitions of media company shares. Sanoma acquired 10.4% of the votes in Top Press, the owner of Esan Kirjapaino Oy; and Kymen Lehtimedia acquired a majority holding in Uutisvuoksi, a local paper in South-East Finland. Startel acquired Oy Radiolinja Ab's 40% holding in the companies' new media joint venture, Onbusiness Oy, in December, making the company a wholly owned Startel subsidiary. A proportion of investments also went on modernising the production process at Sanoma's main printing plant in Greater Helsinki.

SWelcom

SWelcom's pro forma net sales for 2000 include the electronic media operations transferred from Helsinki Media for the whole year and those of Swwap Oy for the last quarter.

SWelcom's net sales totalled FIM 66.7 million (334.0 million). The largest contribution to this, FIM 107.2 million, was made by Channel Four. The latter's advertising revenue increased by 53%, and Channel Four's share of the TV advertising market rose from 16.5% to 24.5%, the largest such increase seen in the Finnish media industry in 2000. Channel Four's profit performance improved significantly, although it still recorded a loss, as a result of investments in programming.

Channel Four's improved performance was also reflected in SWelcom's over all pro forma operating profit, which totalled FIM -99.3 million (-110.7 million).

SWelcom's investments totalled FIM 200.3 million (124.3 million) and were largely focused on purchases of shares in the sector's subsidiaries. In August, SWelcom acquired Egmont Holding Oy's 25.01% holding in

Ruutunelonen, and TS-Yhtymä's 5.02% holding in December, bringing SWelcom's holding as of the end of the year to 90.55%.

In a share swap in December, Oy Suomen Medianelonen Ab became a wholly owned Ruutunelonen subsidiary. The sector's largest other investments covered the upgrading of Helsinki Television's cable system and the company's cable modem service.

WSOY

WSOY's net sales totalled FIM 1,209.4 million (1,151.7 million), up 5% on 1999. Adjusted for acquisitions and divestments, comparable net sales rose by a little under 3%.

WSOY's operating profit totalled FIM 108.9 million (128.3 million). WSOY's own operations accounted for FIM 62.6 million (81.5 million), and WSOY's holding in Rautakirja for FIM 48.3 million (6.8 million). The performance of WSOY's traditional book publishing and printing business improved, but investments in electronic publishing had a negative impact. The calendar business turned in a loss, despite rationalisation measures.

In the publishing area, bookshop sales recorded the largest increase, 19%. Book club sales increased by 11%, and sales of educational materials by 4%.

WSOY's investments totalled FIM 151.8 million (125.0 million). The largest single investments were the acquisition of the Swedish IT publisher and eLearning solutions provider, Docendo Läromedel, and the acquisition of 80.1% of map company, Karttakeskus.

Rautakirja

Pre-tax sales at the Rautakirja Group increased by over 14% to more than FIM 6.7 billion. The sector's net sales, including only the commission component of commission-based sales, rose by 10% to FIM 3,832.9 million (3,748.3 million). Allowing for the impact of acquisitions, the sector's comparable growth on 1999 was 6.5%. Net sales developed positively in all of Rautakirja's core businesses.

Operating profit rose by 12% to FIM 222.6 million (198.5 million). Profit performance improved in all divisions, with the exception of the restaurant business, which recorded a loss as a result of the poor profitability of Pizza Hut's restaurants. Rautakirja's profit before extraordinary items rose by 3% to FIM 227.8 million (221.1 million).

Rautakirja's investments totalled FIM 170.1 million (428.6 million). The largest single projects were the purchase of additional shares in Jokerit HC Oyj and the multiplex cinema in Tallinn, due to be completed in March 2001. Rautakirja also increased its kiosk and bookshop operations in Estonia through acquisitions.

Rautakirja published its own financial statements for 2000 on February 26, 2001.

Board authorisations

As of the end of the year, SanomaWSOY's Board of Directors was not authorised to acquire or convey Company shares, arrange share issues, or issue convertible bonds or bonds with warrants.

Developments in 2001

In January 2001, Sanoma increased its holding in the Infosto Group from 65% to 100% by acquiring the company's Finnish and Estonian operations under a letter of intent signed in November. Rautakirja and Stockmann signed a letter of intent with a Latvian construction company in January covering the transfer of a site in the centre of Riga to a company jointly owned by Rautakirja and Stockmann. The two companies plan to build a Stockmann department store and a 15-screen multiplex to be operated by Rautakirja's Latvian subsidiary, Baltic Cinema SIA. If the project proceeds as planned, the building should be completed in late autumn 2002.

Rautakirja sold its shares in Norwegian-based Reitan Narvesen ASA in January in a transaction valued at NOK 285 million, or some FIM 203 million. The sales generated capital gains of FIM 45 million. Rautakirja had a 10% holding in Narvesen prior to its merger with Reitan, which was reduced to 4.8% after the merger.

WSOY increased its holding in the Polish eLearning solutions provider, Young Digital Poland S.A. in February from 29.07% to 49%, equivalent to 44.6% of voting rights. The parties also agreed an option for WSOY to acquire a majority holding at the beginning of 2004.

Suomen Nettirahastot Oy,owned by Startel, the HEX Group, and three mutual funds companies, was merged with Sonera Plaza Rahastopalvelut Oy in February. Startel's holding in the new company is approximately 5%.

Outlook for 2001

The growth in Finland's gross domestic product is projected to slow by around 1% compared to 2000. General economic trends such as this tend to have a delayed impact on the media industry.

Advertising volumes are expected to continue to grow in 2001, although at a slightly slower pace than during 2000. A poll of advertising sentiment published in January 2001 indicated that advertisers will focus most on direct mail, event marketing, retail marketing, and Web advertising. Newspapers and magazines are also expected to win a share of the projected growth. Television advertising, in contrast, is expected to see only modest growth, with the service industry being the only one likely to increase TV advertising.

Net sales at Helsinki Media are projected to grow by some 5% in 2001. A large part of this will come from advertising sales. Helsinki Media also expects to record an improved profit. Helsinki Media is committed to further strengthening its position as Finland's leading magazine publisher, and aims to increase its share of the business-to-business market. Helsinki Media will also target expanding its international operations in selected areas.

Net sales at Sanoma are expected to rise by 7% to some FIM 3 billion. Additional net sales will be generated by Infosto, for example, which was acquired in January 2001. The sector's operating profit is expected to be somewhat below that recorded in 2000, as a result of planned development projects and increased level of depreciation covering goodwill and investments in the Sanomala printing plant. The significant increase in newsprint prices and falling print exports will also have a downward impact on profit performance. Sanoma will continue to develop its online activities during 2001 and enhance its customer relationship management.

Net sales at SWelcom are projected to rise by some 30%, particularly as a result of Channel Four. SWelcom's operating loss is projected to be in excess of FIM 100 million. SWelcom does not expect to record an operating profit during the next few years, as a result of its investments in digital-TV, the 2ndhead mobile portal, and new Internet services.

Net sales at WSOY are forecast to increase by around 8%. The group's profit from its own operations is expected to exceed that recorded in 2000, despite a projected growth in development-related investments. WSOY plans to invest in its electronic media operations, particular in location information and its learning portal project, as well as corporate eLearning. Book clubs and calendar operations will also be the focus of development activities during 2001.

Net sales at Rautakirja are projected to increase by over 7% to more than FIM 4 billion. The operating profit generated by its various businesses is expected to remain at the 2000 level, as a result of investments and acquisitions. Taking into account capital gains already booked against operating profit in 2001, Rautakirja's overall profit is projected to be an improvement on that for 2000.

SanomaWSOY's growth and profitability targets are challenging. A number of important development projects and investments have been initiated to achieve these targets that will have a down ward impact on the Group's profit performance. The expected financial benefit of these projects will be achieved in future years.

SanomaWSOY's net sales for 2001 are projected to grow at a faster ate than growth in the media industry generally, to well over FIM 9 billion. Planned business development-related investments will be higher than in 2000, and will be booked directly as expenses, in line with Group practice. Despite major development-elated investments and goodwill depreciation already booked against acquisitions, the Group's operating profit is projected to be at least equivalent to that for 2000.

The Group is committed to developing and expanding its current business through selected acquisitions and alliances. SanomaWSOY's aim is to increase net sales and market share by drawing on the Group's strengths. Acquisitions will be focused on those areas of SanomaWSOY where it is strong and on markets in which it is possible to achieve a significant market share over a reasonable time-frame. The Group will grow its businesses systematically and in line with its commitment to shareholders to pursue an active dividend policy.

Board of Directors
SanomaWSOY Corporation

Group Income Statement, 1998 - 2000

€ million	1.1–31.12.2000	1.1–31.12.1999	1.1–31.12.1998
NET SALES 1)	**1 447.8**	**1 320.6**	**1 251.7**
Increase (+) / decrease (-) in inventories of finished goods and work in progress	0.7	2.0	-2.1
Production for internal use	0.0	0.1	0.0
Other operational income 2)	36.4	24.9	20.5
Share of result of associated companies	7.6	1.2	4.0
Materials and services 3)	648.1	598.7	549.1
Personnel expenses 4)	370.2	340.8	324.6
Depreciation 5)	85.8	71.9	65.0
Other operational expenses 6)	303.2	265.7	264.2
OPERATING PROFIT (LOSS)	**85.3**	**71.7**	**71.2**
Share of result of associated companies	-1.3	-0.6	-0.1
Financial income and expenses 7)	54.3	39.3	26.5
PROFIT (LOSS) BEFORE EXTRAORDINARY ITEMS	**138.3**	**110.4**	**97.7**
Extraordinary items 8)	2.0	0.3	113.6
PROFIT (LOSS) AFTER EXTRAORDINARY ITEMS	**140.3**	**110.7**	**211.3**
Direct taxes 9)	-39.3	-31.6	-29.0
Minority interest of the result for the year	-6.8	-5.1	-13.3
PROFIT (LOSS) FOR THE YEAR	**94.2**	**74.0**	**169.0**

The data for 1998 and 1999 is based on comparative financial statements.

Group Balance Sheets, 1998 - 2000

€ million	31.12.2000	31.12.1999	31.12.1998
ASSETS			
NON-CURRENT ASSETS 10)			
Intangible assets	56.5	63.0	52.0
Consolidated goodwill	82.1	51.0	14.0
Tangible assets	415.1	374.7	332.5
Investments	273.7	255.8	153.2
NON-CURRENT ASSETS, TOTAL	**827.4**	**744.5**	**551.7**
CURRENT ASSETS			
Inventories 11)	102.2	94.6	84.5
Receivables, long-term 12)	43.2	33.4	6.7
Receivables, short-term 13)	149.5	129.3	163.7
Financial securities 14)	268.3	281.5	314.5
Cash and bank	48.6	39.7	118.6
CURRENT ASSETS, TOTAL	**611.9**	**578.6**	**688.0**
ASSETS, TOTAL	**1 439.3**	**1 323.1**	**1 239.6**
LIABILITIES			
SHAREHOLDERS' EQUITY 15)			
Share capital	62.6	61.2	61.2
Premium fund	16.1	16.1	0.0
Other funds	364.1	365.7	377.7
Retained earnings	285.7	269.1	119.7
Profit (loss) for the year	94.2	74.0	169.0
SHAREHOLDERS' EQUITY, TOTAL	**822.6**	**786.1**	**727.6**
MINORITY INTEREST	**120.1**	**119.4**	**98.4**
STATUTORY PROVISIONS 16)	**2.3**	**1.7**	**2.0**
LIABILITIES			
Deferred tax liability 17)	**37.6**	**41.5**	**42.8**
Long-term liabilities 18)	**85.9**	**93.5**	**87.4**
Current liabilities 19)	**370.7**	**280.9**	**281.5**
LIABILITIES, TOTAL	**1 439.3**	**1 323.1**	**1 239.6**

The data for 1998 and 1999 is based on comparative financial statements.

Group Cash Flow Statement, 1999 - 2000

€ million	1.1–31.12.2000	1.1–31.12.1999
Operations		
Operating profit	85.3	71.7
Adjustments to operating profit 1)	68.2	66.0
Change in working capital 2)	-9.9	-7.4
Cash flow from operations before financial items and taxes	**143.7**	**130.3**
Interest received from operations	8.3	13.0
Interest paid on operations	-7.0	-6.0
Dividend received from operations	10.4	1.5
Other financial items	54.8	34.4
Tax paid on operations	-38.5	-49.4
Cash flow from operations	**171.7**	**123.8**
Investments		
Acquisition of tangible and intangible assets	-118.6	-113.7
Acquired group companies 3)	-23.1	-48.6
Acquired associated companies	-11.5	-66.4
Acquisition of other holdings	-9.2	-36.3
Sales of tangible and intangible assets	19.7	10.9
Group companies sold 4)	0.9	0.0
Associated companies sold	3.6	0.8
Sales of other companies	3.8	7.3
Long-term loans granted	0.0	1.2
Repayments of long-term loan receivables	0.0	-1.1
Increase (-)/decrease (+) in current loan receivables	-2.2	32.8
Investments in other assets	-0.1	-0.9
Sales of other investments	0.2	3.1
Interest received from investments	0.3	2.1
Dividend received from investments	1.6	3.4
Tax paid on investments	0.0	-7.6
Cash flow from operations	**-134.6**	**-213.0**
Cash flow before financing	**37.1**	**-89.3**
Financing		
Minority capital investment / repayments of equity loans	-15.1	8.7
Sale of own shares	0.0	18.4
Drawings on short-term loans	64.4	33.2
Repayments of short-term loans	-11.2	-40.2
Drawings on long-term loans	8.5	18.2
Repayments of long-term loans	-10.7	-9.5
Dividends paid	-67.9	-46.6
Donations	-0.3	-0.2
Other distribution of profits	0.0	-0.1
HTV subscription fees	1.0	0.8
Cash flow from financing	**-31.2**	**-17.2**
Change in liquidities according to the cash flow statement	5.9	-106.5
Exchange rate differences under liquidities	-10.1	-5.4
Net increase (+)/decrease (-) in liquidities	**-4.3**	**-111.9**
Liquidities according to the balance sheet at Jan. 1	321.2	433.1
Liquidities according to the balance sheet at Dec. 31	**316.9**	**321.2**

The data for 1999 is based on comparative financial statements.

Notes to the Group Cash Flow Statement

€ million		1.1–31.12.2000	1.1–31.12.1999
1)	Adjustments to operating profit		
	Depreciation	85.8	71.9
	Profit (-) and loss (+) on sales of non-current assets	-10.8	-4.4
	Interest in the results of associated companies, in profit (-) and loss (+)	-7.6	-1.2
	Change in statutory reserves	0.7	-0.3
	Other adjustment items	0.1	0.0
		68.2	**66.0**
2)	Change in working capital		
	Increase (-) / decrease (+) in current assets	-5.5	-9.3
	Increase (-) / decrease (+) in interest-free short-term receivables	-15.1	-1.7
	Increase (+) / decrease (-) in interest-free short-term debts	10.7	3.6
		-9.9	**-7.4**
3)	Supplementary information on acquired Group companies		
	Impact of acquired companies on the Group's assets and liabilities		
	Non-current assets	-27.3	-64.8
	Current assets	-8.8	-20.4
	Long-term liabilities	5.3	12.7
	Current liabilities	5.0	15.6
	Other items	-0.7	1.4
	Cash flow	**-26.5**	**-55.5**
	Liquidities of acquired companies	3.4	6.9
	Investments in Group companies	**-23.1**	**-48.6**
4)	Supplementary information on sold Group companies		
	Impact of sold companies on the Group's assets and liabilities		
	Non-current assets	0.7	0.0
	Other items	0.2	0.0
	Cash flow	**0.9**	**0.0**
	Liquidities of sold companies	0.0	0.0
	Income on the sale of Group companies	**0.9**	**0.0**

The data for 1999 is based on comparative financial statements.

Notes to the Group Income Statement

€ million	1.1–31.12.2000	1.1–31.12.1999
1) NET SALES		
Net sales by industry		
Helsinki Media		
Magazine publishing	159.8	148.0
Total	**159.8**	**148.0**
Sanoma		
Newspaper publishing and printing	443.0	422.4
Financial & new media products	18.9	12.0
Intracompany transactions	-3.7	-3.2
Total	**458.2**	**431.2**
SWelcom		
Electronic media	78.5	56.2
Total	**78.5**	**56.2**
WSOY		
Publishing	127.4	113.1
Printing	61.4	60.1
Calendar operations	36.7	38.6
Others	3.8	2.4
Intracompany transactions	-25.9	-20.5
Total	**203.4**	**193.7**
Rautakirja		
Kiosk operations	336.8	295.3
Press distribution	154.2	142.5
Bookstores	107.2	101.3
Movie theatre operations	43.6	41.8
Restaurant operations	38.4	35.8
Others	0.0	0.0
Intracompany transactions	-35.6	-31.6
Total	**644.6**	**585.0**
Intragroup transactions	-96.7	-93.5
Total	**1 447.8**	**1 320.6**
Net sales by market area		
Finland	1 328.8	1 211.7
Other EU countries	59.7	54.7
Other countries	59.3	54.2
Total	**1 447.8**	**1 320.6**

The data for 1999 is based on comparative financial statements.

Notes to the Group Income Statement

€ million	1.1–31.12.2000	1.1–31.12.1999
2) OTHER OPERATIONAL INCOME		
Rental income	19.4	16.4
Profit on sales of assets	8.3	2.1
Profit on sales of machinery & equipment	2.8	2.7
Other operational income	6.0	3.7
Total	**36.4**	**24.9**
3) MATERIAL AND SERVICES		
Materials and supplies		
Purchases during the year	545.3	507.2
Change in inventories	-4.6	-8.0
Total	**540.7**	**499.2**
Purchased services		
Purchased transport and distribution services	56.6	55.2
Other purchased services	50.7	44.2
Total	**107.3**	**99.5**
Total	**648.1**	**598.7**
4) PERSONNEL EXPENSES		
Wages, salaries & fees	296.3	269.8
Bonuses	5.9	5.3
Pension expenses	39.9	39.6
Other social expenses	28.0	26.0
Total	**370.2**	**340.8**
REMUNERATION TO MANAGEMENT		
Presidents, Deputies, and Board members		
Total	**5.2**	**5.3**
PERSONNEL, AVERAGE *)		
Helsinki Media	779	719
Sanoma	3 396	3 437
SWelcom	310	234
WSOY	1 803	1 754
Rautakirja	3 977	3 631
Other companies **)	85	42
Total	**10 350**	**9 816**

*) stated as average number of full-time salaried personnel.
**) Parent Company (SanomaWSOY Corporation), Swwap Oy (until 30.9.2000), and real estate and investment companies.
The data for 1999 is based on comparative financial statements.

€ million	1.1–31.12.2000	1.1–31.12.1999
5) DEPRECIATION		
Depreciation according to plan	74.9	65.4
Depreciation in the value of non-current assets	0.7	0.4
Depreciation on consolidated goodwill	10.3	6.1
Total	**85.8**	**71.9**
6) OTHER OPERATIONAL EXPENSES		
Rents	46.0	42.2
Voluntary social expenses	9.6	9.1
Advertising and marketing	71.8	71.4
Commissions	38.8	31.4
Office and IT expenses	44.8	38.4
Travel expenses	17.1	13.3
Other expenses	75.0	59.9
Total	**303.2**	**265.7**
7) FINANCIAL INCOME AND EXPENSES		
Dividend income (incl. avoir fiscal)		
From associated companies	1.5	0.3
From other companies	9.1	3.8
Total	**10.7**	**4.0**
Interest income, long-term:		
From other companies	4.0	3.7
Total	**4.0**	**3.7**
Other interest and financial income		
From associated companies	0.1	0.1
From other companies	68.3	40.5
Exchange rate gains	3.0	2.9
Total	**71.4**	**43.5**
Value decreases		
Investments under non-current assets	0.0	-0.7
Papers under current assets	0.0	1.1
Total	**0.0**	**0.3**
Interest and other financial expenses		
To associated companies	0.0	0.0
To other companies	29.9	11.5
Exchange rate losses	1.9	0.0
Total	**31.8**	**11.5**
Total	**54.3**	**39.3**

The data for 1999 is based on comparative financial statements.

€ million	1.1–31.12.2000	1.1–31.12.1999
8) EXTRAORDINARY ITEMS		
Extraordinary income		
Other extraordinary income	2.0	2.2
Extraordinary expenses		
Sales losses	0.0	1.9
Total	**2.0**	**0.3**

Other extraordinary income includes deferred taxes relating to previous financial years.

9) DIRECT TAXES

Tax on operational income	-48.3	-42.1
Change in deferred tax liability/accrued tax receivable *)	9.0	10.6
Total	**-39.3**	**-31.6**
*) Change in deferred tax liability/accrued tax receivable		
From activation differences	4.5	7.1
From provisions	3.6	2.5
From consolidation measures	0.8	2.1
Due to change in tax rate	0.0	-1.2
Total	**9.0**	**10.6**

The data for 1999 is based on comparative financial statements.

€ million	31.12.2000	31.12.1999
10) NON-CURRENT ASSETS		
Intangible assets		
Immaterial rights	7.7	24.6
Goodwill	9.6	15.7
Other long-term investments	38.7	22.7
Advance payments and work in progress	0.5	0.1
	56.5	**63.0**
Consolidated goodwill	**82.1**	**51.0**
Tangible assets		
Land and water	56.6	57.4
Buildings and structures	171.9	167.2
Machinery and equipment	149.7	141.2
Other tangible assets	2.4	2.2
Advance payments and work in progress	34.5	6.7
	415.1	**374.7**
Investments		
Interest in associated companies	152.0	140.4
Receivables from associated companies	2.4	2.3
Other shares and holdings	117.4	111.3
Other receivables	1.7	1.7
Advance payments and work in progress	0.2	0.2
	273.7	**255.8**
Total	**827.4**	**744.5**

The data for 1999 is based on comparative financial statements.

Notes to the Group Balance Sheet

	Acquisition cost at Jan. 1, 2000 a)	Differences in rates and transfers between balance sheet items	Increases b)	Decreases c)
10) NON-CURRENT ASSETS, € million				
Intangible assets				
Immaterial rights	65.4	-34.6	5.7	-9.6
Goodwill	41.9	3.0	0.6	-2.0
Other long-term investments	51.4	31.5	12.5	-6.5
Advance payments and work in progress	0.1	0.1	0.5	-0.1
	158.7	0.0	19.3	-18.3
Consolidated goodwill				
Consolidated goodwill	67.3	-2.4	43.9	-1.0
Consolidation difference	-0.5	0.0	0.0	0.2
	66.8	-2.4	43.9	-0.9
Tangible assets				
Land and water	49.5	0.0	0.7	-1.5
Revaluations	7.9	0.0	0.0	0.0
Total land and water	57.4	0.0	0.7	-1.5
Buildings and structures	200.8	0.8	12.3	-2.3
Revaluations	9.2	0.0	0.0	0.0
Total buildings and structures	210.0	0.8	12.3	-2.3
Machinery and equipment	475.0	1.9	57.1	-22.9
Other tangible assets	10.2	-0.2	0.7	-0.1
Advance payments and work in progress	6.7	-0.5	28.2	0.0
	759.3	2.0	99.0	-26.7
Investments				
Interest in associated companies e)	141.7	-0.7	12.7	-2.8
Receivables from associated companies	2.3	0.0	0.1	0.0
Other shares and holdings	114.9	-0.3	9.5	-3.0
Other receivables	1.7	0.0	0.2	-0.2
Advance payments and work in progress	0.2	0.0	0.0	0.0
	260.7	-1.0	22.5	-6.0
TOTAL NON-CURRENT ASSETS	1 245.6	-1.4	184.6	-51.9

Book value of production machinery at December 31, 2000

a) Acquisition costs include fixed assets entailing costs that have not been fully booked as planned depreciation and/or with a financial lifetime with time still left to run.
b) Includes fixed asset acquisition costs current at the time of the acquisition of companies and businesses.
c) Includes the acquisition costs of fixed assets that were eliminated, sold, or scrapped by the end of the year, and the purchase price current at the time of the sale of fixed assets of divested companies and business.
d) Includes the accumulated depreciation of acquired companies and businesses at the time of acquisition.
e) Acquisition costs include original purchase prices, but exclude Group-level associated company transfers.
f) Value decreases of shares.

Aqcuisition cost at Dec. 31, 2000	Differences in rates and bookings relating to the value of shares in associated companies	Accumulated depreciation and value decreases at Jan. 1, 2000	Accumulated depreciation and value decreases of decreases and transfers d)	Planned depreciation for the period	Book value at Dec. 31, 2000
26.8	0.2	-40.8	25.0	-3.5	7.7
43.6	0.0	-26.2	1.0	-8.8	9.6
88.9	0.0	-28.7	-9.9	-11.6	38.7
0.5	0.0	0.0	0.0	0.0	0.5
159.8	0.2	-95.7	16.1	-23.9	56.5
107.8	0.0	-16.2	1.0	-10.3	82.3
-0.3	0.0	0.4	-0.2	0.0	-0.1
107.5	0.0	-15.9	0.9	-10.3	82.1
48.7	0.0	0.0	0.0	0.0	48.7
7.9	0.0	0.0	0.0	0.0	7.9
56.6	0.0	0.0	0.0	0.0	56.6
211.5	0.0	-42.8	1.0	-6.9	162.7
9.2	0.0	0.0	0.0	0.0	9.2
2 20.7	0.0	-42.8	1.0	-6.9	171.9
511.1	0.2	-333.8	15.8	-43.6	149.7
10.6	0.0	-8.0	0.2	-0.4	2.4
34.5	0.0	0.0	0.0	0.0	34.5
833.5	0.1	-384.6	17.0	-51.0	415.1
150.9	1.1	0.0	0.0	0.0	152.0
2.4	0.0	0.0	0.0	0.0	2.4
121.0	0.0	-3.6	0.7	-0.7 f)	117.4
1.7	0.0	0.0	0.0	0.0	1.7
0.2	0.0	0.0	0.0	0.0	0.2
276.2	1.1	-3.6	0.7	-0.7	273.7
1 376.9	1.5	-499.8	34.6	-85.8	827.4
					70.2

Notes to the Group Balance Sheet

SHARES BOOKED UNDER NON-CURRENT ASSETS	Participa-tion of the Parent Company %	Participa-tion of the sub-group's parent company %	Participa-tion of the Group %	Number	Shares owned by the Parent Company Par value € 1 000	Book value € 1 000
GROUP COMPANIES						
Helsinki Media						
Helsinki Media Oy, Helsinki *)	100.0		100.0	427 090	5 125	36 637
Liiketieto-Business Information Oy, Helsinki		100.0	100.0			
Milvus Förlags Ab, Sweden		100.0	100.0			
Suomalainen Yritystiedosto Oy, Helsinki		100.0	100.0			
Sanoma						
Sanoma Corporation, Helsinki *)	100.0		100.0	3 000 000	30 000	108 745
Arnedo Oy, Helsinki		60.0	60.0			
Baltic Media Oy, Anjalankoski		7.3	89.0			
Bilton Capital Oy, Kouvola		100.0	100.0			
Digital Future Finland Oy,. Kouvola			100.0			
Esmerk Americas Inc, USA			90.0			
Esmerk Argentina S.A., Argentina			90.0			
Esmerk Brasil LTDA, Brazil			90.0			
Esmerk GmbH, Germany			90.0			
Esmerk Information (HK) Limited, Hong Kong			90.0			
Esmerk Information AB, Sweden			90.0			
Esmerk Information S.L., Spain			89.5			
Esmerk Information SARL, France			90.0			
Esmerk Information Services Pte Ltd, Singapore			90.0			
Esmerk Information Services Sdn. Bhd., Malaysia			90.0			
Esmerk Informatsioon OÜ, Estonia			90.0			
Esmerk Limited, Great Britain			90.0			
Esmerk Oy, Helsinki			90.0			
Esmerk ZAO, Russia			90.0			
Etelä-Karjalan Jakelu Oy, Lappeenranta			100.0			
Etelä-Saimaan Sanomalehti Oy, Lappeenranta			100.0			
Helsingin Päivälehti Oy, Helsinki		100.0	100.0			
Keskiaukeama Oy, Helsinki		100.0	100.0			
Kiinteistö Oy Myllymäentie, Vantaa	22.8	77.2	100.0	7 815	2 535	2 535
Kiinteistö Oy Tommolankatu, Kouvola			100.0			
Kiinteistö Oy Virolahden Mäkitie 3, Virolahti			100.0			
Kymen Lehtimedia Oy, Anjalankoski		86.1	100.0			
Kymen Sanomalehti Oy, Kotka			100.0			
Kymen Viestintä Oy, Kouvola			100.0			
Lehtikanta Oy, Kouvola			100.0			
Lehtikuva Oy, Helsinki		100.0	100.0			
Leijonajakelu Oy, Vantaa		100.0	100.0			
Nytnet Oy, Helsinki		80.0	80.0			
Onbusiness Oy, Helsinki			54.0			
Päiväverkko Oy, Vantaa		100.0	100.0			
Saimaan Lehtipaino Oy, Lappeenranta			100.0			
Startel Oy, Helsinki		90.0	90.0			
Tampereen Sanomain Oy, Helsinki		100.0	100.0			
Uutisvuoksi Oy, Imatra			75.0			
SWelcom						
SWelcom Oy, Helsinki *)	100.0		100.0	436 185	5 234	4 250
Helsinki Televisio Oy, Helsinki		100.0	100.0			
Oy Måndag Ab, Helsinki			100.0			

SHARES BOOKED UNDER NON-CURRENT ASSETS	Participation of the Parent Company %	Participation of the sub-group's parent company %	Participation of the Group %	Number	Shares owned by the Parent Company Par value € 1000	Book value € 1000
Oy Ruutunelonen Ab, Helsinki		90.6	90.6			
Oy Suomen Medianelonen Ab, Helsinki			90.6			
SW Television Oy, Helsinki		100.0	100.0			
Swwap Oy, Helsinki		100.0	100.0			
Tuotantotalo Werne Oy, Helsinki		75.8	100.0			
WSOY						
Werner Söderström Corporation, Helsinki *)	100.0		100.0	2 000 000	20 000	78 618
AB Förlagsinkasso, Sweden			100.0			
Ajasto Osakeyhtiö, Vantaa		100.0	100.0			
Almanacksförlaget, Sweden			100.0			
Bertmark A/S Danmark, Denmark			100.0			
Bertmark Media AB, Sweden			100.0			
Bertmark Norge AS, Norway			100.0			
Bertmarks Förlag AB, Sweden			100.0			
Docendo Finland Oy, Jyväskylä		100.0	100.0			
Docendo Norge AS, Norway			100.0			
Docendo Produktion Aktiebolag, Sweden			100.0			
Docendo Sverige AB, Sweden		100.0	100.0			
Emil Moestue AS, Norway			100.0			
Geodata Oy, Helsinki		100.0	100.0			
Karinkorpi I Oy, Vihti			100.0			
Karttakeskus Oy, Vantaa		80.1	80.1			
Kiinteistö Oy Bulevardi 12, Helsinki		100.0	100.0			
Kiinteistö Oy Bulevardi 14, Helsinki		78.8	78.8			
Kustannusperintä Oy, Espoo			100.0			
Lönnberg Painot Oy, Helsinki		100.0	100.0			
Nummi-Plast Oy, Helsinki			100.0			
Simultan Interaktiv Svenska AB, Sweden			100.0			
Tummavuoren Kirjapaino Oy, Vantaa		80.0	80.0			
Weilin+Göös Oy, Helsinki		100.0	100.0			
Werner Söderström GmbH, Germany		100.0	100.0			
Werner Söderström Lakitieto Oy, Helsinki		100.0	100.0			
WS Bookwell Oy, Porvoo		100.0	100.0			
WSOY - Hyvä-Kirja Oy, Helsinki		100.0	100.0			
WSOY Koulukanava Oy, Helsinki		100.0	100.0			
Rautakirja						
Rautakirja Oyj, Vantaa *) **)	0.4		55.1	26 050	88	1 289
AS Megapanus, Estonia			90.0			
AS MPDE, Estonia			90.0			
Astro Raamatüd OÜ, Estonia			60.0			
Asunto Oy Imatran Sassinkulma, Imatra		60.6	74.7			
Baltic Cinema SIA, Latvia			90.0			
Eurostrada Oy, Vantaa		100.0	100.0			
Ferete Oy, Vantaa		100.0	100.0			
Finnkino Oy, Vantaa		100.0	100.0			
Foodstop Oy, Vantaa			99.0			
Interprint Oy, Helsinki			100.0			
Kiinteistö Oy Hallahepe, Toijala		100.0	100.0			
Kiinteistö Oy Jokela City 1, Tuusula		57.0	100.0			
Kiinteistö Oy Keravan Toripaviljonki, Kerava		50.8	50.8			
Kiinteistö Oy Kuusankosken Kioski, Kuusankoski		58.9	58.9			
Kiinteistö Oy Porin Liisankatu 6, Kuusankoski		100.0	100.0			
Kiinteistö Oy Porin Porin Promenaadikeskus, Pori		73.2	73.2			

Notes to the Group Balance Sheet

SHARES BOOKED UNDER NON-CURRENT ASSETS	Participation of the Parent Company %	Participation of the sub-group's parent company %	Participation of the Group %	Number	Shares owned by the Parent Company Par value € 1 000	Book value € 1 000
Kiinteistö Oy Porin Liisankatu 6, Pori		100.0	100.0			
Kiinteistö Oy Porin Promenadikeskus, Pori		73.2	73.2			
Kiinteistö Oy Salon Torikioski, Salo		55.6	55.6			
Kirjasoppi Oy, Vantaa		90.0	100.0			
Lehtijakelu Driva-Rack Oy, Vantaa		90.0	100.0			
Lehti-Maja Eesti AS, Estonia		100.0	100.0			
Lehti-Maja Oy, Vantaa		98.9	100.0			
Lehtipiste Oy Pressco, Vantaa		100.0	100.0			
O.Y. Lelutaide A.B., Helsinki		100.0	100.0			
P.M. Drockila Oy, Vantaa		100.0	100.0			
Pro Kirja Oy, Helsinki		50.0	50.0			
Suomalainen Kirjakauppa Oy, Helsinki		99.5	100.0			
Stailus OÜ, Estonia			100.0			
Veikkausrasti Oy, Helsinki		100.0	100.0			
VIP Enterprises Finland Oy, Helsinki		100.0	100.0			
Real estate and investment companies						
ECI Communications AG, Switzerland			100.0			
Helsingin Oikotie Oy, Helsinki	100.0		100.0	850	9	9
Kiinteistö Oy Myllymäenpolku, Helsinki	100.0	100.0		46 500	4 974	2 535
Kiinteistö Oy Porvoon Mannerheiminkatu 20, Porvoo			100.0			
Kiinteistö Oy Postikuja 2, Helsinki	100.0		100.0	4 200	4 200	4 200
Kiinteistö Oy Vantaan Valtatie 3, Helsinki	100.0		100.0	68 500	7 131	5 887
Kiinteistö Oy Vantaankosken Isotammi, Helsinki	100.0		100.0	47 000	790	790
Kiinteistö Oy Vantaankosken Kuningastie, Helsinki	100.0		100.0	30 000	505	505
Kiinteistöosakeyhtiö Erottajankatu 9–11, Helsinki	89.4		89.4	3 289	55	8 783
Kiinteistöosakeyhtiö Miekkakala, Helsinki	97.8		97.8	15 866	10 674	12 542
Kiinteistöosakeyhtiö Sanomalan Keskusalue, Helsinki	100.0		100.0	69 940	26 742	17 324
Kirjatuki Oy, Helsinki	100.0		100.0	414 000	2 089	2 478
Lastannet Holding B.V., The Netherlands	100.0		100.0	140 000	NLG 140	13 523
Lastannet Oy, Hyvinkää	100.0		100.0	15	3	3
Monsaksenpolun Kiinteistö Oy, Helsinki	100.0		100.0	41 000	6 896	6 896
Sanoma Finance AG, Switzerland	100.0		100.0	1 090 000	CHF 109 000	70 161
Sanoma Inc., USA	100.0		100.0	100	USD 10	816
Sanoma WSOY AS, Norway	100.0		100.0	500	NOK 50	1 682
Sanomain Huoneisto ja Kiinteistöholding Oy, Helsinki	100.0		100.0	62 000	10 428	10 463
Tiikerijakelu Oy, Helsinki	100.0		100.0	100 000	1 000	1 001
						391 670

*) Parent company of the sub-group.

**) Group holding: Sanoma Corporation 22.94%, Werner Söderström Corporation 31.72%, and SanomaWSOY Corporation 0.4%.

SHARES BOOKED UNDER NON-CURRENT ASSETS	Participation of the Parent Company %	Participation of the sub-group's parent company %	Participation of the Group %	Number	Shares owned by the Parent Company Par value € 1 000	Book value € 1 000
ASSOCIATED COMPANIES						
Helsinki Media Company Oy						
Egmont Kustannus Oy Ab, Tampere *)		50.0	50.0			
Hansaprint Oy, Turku		40.0	40.0			
Oy Kirjalito Ab, Vantaa *)		50.0	50.0			
Oy Pro Licensing Nordic Ab *)		50.0	50.0			
Sanoma Corporation						
Anjalankosken Painotalo Oy, Anjalankoski			48.2			
Ecovision Ab, Sweden			30.1			
Hämeen Sanomat Oy			41.5			
Ilkka-Yhtymä Oyj, Seinäjoki			20.5			
Infosto Oy, Tampere		35.0	35.0			
Janton Oyj, Helsinki		21.4	21.4			
Lappeenrannan Kirjapaino Oy, Lappeenranta			40.0			
Maakuntien Viestintä Oy, Jyväskylä		3.0	46.0			
Netwheels Oy, Helsinki		20.1	20.1			
Savon Mediat Oy, Jyväskylä		21.7	21.7			
Suomen Nettirahastot Oy, Helsinki			21.1			
Suomen Tietotoimisto Oy, Helsinki		20.8	22.1			
SWelcom Oy						
Maxisat Oy (group), Helsinki		40.6	46.2			
Suomen Urheilutelevisio Oy		35.0	35.0			
Vantaan Yhteisverkko Oy			24.0			
Werner Söderström Corporation						
Asunto Oy Uudenmaankatu 13		26.7	26.7			
Everscreen Mediateam Oy		25.0	25.0			
Taskukirja Loiste Oy, Helsinki		25.0	25.0			
Young Digital Poland, Poland		29.0	29.0			
Rautakirja Oyj						
AB Districo International, Sweden		25.0	25.0			
AS Lehepunkt, Estonia *)		50.0	50.0			
Asunto Oy Kuopion Suomuurain, Kuopio			26.0			
Asunto Oy Maaherrank. 26, Mikkeli		36.1	36.1			
Asunto Oy Oulunkylänt. 7, Helsinki		30.0	30.0			
Asunto Oy Tikkurilan Asematie 6, Vantaa		38.0	38.0			
Asunto Oy Veljeskulma, Virkkala		23.7	23.7			
Asunto Oy Vihdin Yhdystalo, Vihti		25.8	25.8			
Baltlab OÜ, Estonia			33.3			
JHC Arena Holding, Helsinki		30.0	30.0			
Jokerit HC Oyj, Helsinki		28.3	34.5			
Kiint. Oy Haminan Puistokatu 4, Hamina		22.0	22.0			
Kiint. Oy Haukiputaan Revontie 1, Haukipudas		48.2	48.2			
Kiint. Oy Hämeenkatu 12, Hyvinkää		46.0	46.0			
Kiint. Oy Joutsenon Torirakennus, Joutseno		28.4	28.4			
Kiint. Oy Kaukajärven Liiketalo, Tampere		22.9	28.2			

Notes to the Group Balance Sheet

SHARES BOOKED UNDER NON-CURRENT ASSETS	Participation of the Parent Company %	Participation of the sub-group's parent company %	Participation of the Group %	Number	Shares owned by the Parent Company Par value € 1 000	Book value € 1 000
Kiint. Oy Kiuruveden Toritalo, Kiuruvesi		23.0	23.0			
Kiint. Oy Köpmansgatan 2 i Karis, Karjaa		14.8	39.0			
Kiint. Oy Kuopion Tullinportink. 33, Kuopio		22.2	32.7			
Kiint. Oy Loimaan Torikioski, Loimaa		38.6	38.6			
Kiint. Oy Mikkelin Torikioski, Mikkeli		36.6	36.6			
Kiint. Oy Nastolan Nappi, Nastola			29.5			
Kiint. Oy Nokian Liikekeskus, Nokia		34.4	34.4			
Kiint. Oy Palosaarentie 31, Vaasa		21.5	21.5			
Kiint. Oy Puistolan Pankkitalo, Helsinki		3.9	41.8			
Kiint. Oy Ristiniäri, Pieksämäki		33.4	33.4			
Kiint. Oy Ruukintori, Ruukki		23.7	23.7			
Kiint. Oy Sampotalo, Pori		48.0	48.0			
Kiint. Oy Taulumäen Toripaviljonki		47.6	47.6			
Kiint. Oy Vaasan Teollisuustalo, Vaasa			34.3			
Kiint. Oy Välikero, Rovaniemi			39.5			
Kirjavälitys Oy, Vantaa		17.4	20.1			
Koivulan Säästökulma, Pori		20.5	20.5			
Kokkolan Linja-autoas.kiint. Oy, Kokkola		20.4	20.4			
Nakkilan Liikekeskus Oy, Nakkila		24.5	24.5			
Narvesen Baltija SIA, Latvia		35.1	35.1			
Valkeakosken Yhteistalo Oy, Valkeakoski		39.1	39.1			
SanomaWSOY Corporation and other companies						
A-pressen ASA, Norway			29.6			
Asunto Oy Laajavuorenkuja 3, Vantaa	41.0		41.0	4184	1 443	1 443
						1 443

*) Consolidated on a line-by-line basis in accordance with the size of the holding.

OTHER SHARES OWNED BY THE PARENT COMPANY	Book value € 1 000
Shares in housing corporations	4 720
Other shares	1 500
	6 220

€ million	31.12.2000	31.12.1999
11) INVENTORIES		
Materials and supplies	5.9	6.5
Work in progress	6.3	5.7
Finished products/goods	61.5	73.1
Other current assets	17.2	0.1
Advance payments	11.3	9.2
Total	**102.2**	**94.6**
12) RECEIVABLES, LONG-TERM		
Trade receivables	3.5	3.7
Prepaid expenses and accrued income	5.2	4.3
Other receivables	3.2	2.9
Deferred tax receivables	31.4	22.5
Total	**43.2**	**33.4**
13) RECEIVABLES, SHORT-TERM		
Trade receivables	99.6	88.6
Prepaid expenses and accrued income *)	30.3	26.4
Loan receivables	3.3	1.0
Other receivables	15.2	10.4
Deferred tax receivables	1.1	2.9
Total	**149.5**	**129.3**
Receivables from associated companies		
Trade receivables	1.3	1.2
Prepaid expenses and accrued income	0.0	0.0
Loan receivables	2.5	0.7
Total	**3.8**	**2.0**
*) Prepaid expenses and accrued income, short-term		
Activated personnel expenses	3.8	5.3
Activated interest income	1.5	2.5
Activated income tax	2.7	1.1
Other prepaid expenses and accrued income	22.2	17.5
Total	**30.3**	**26.4**

Other prepaid expenses and accrued income include activated agency commissions, Rautakirja's estimate for returned magazines, and receivables related to sold bonds.

14) DIFFERENCE BETWEEN THE REACQUISITION COST AND THE BOOK VALUE OF PUBLICLY TRADED SECURITIES

€ million	31.12.2000	31.12.1999
Other shares under non-current assets		
Reacquisition cost	102.9	75.0
Book value	80.6	63.7
Difference	**22.3**	**11.3**
Financial securities		
Reacquisition cost	344.2	422.8
Book value	268.3	281.5
Difference	**75.9**	**141.3**

The data for 1999 is based on comparative financial statements.

Notes to the Group Balance Sheet

€ million	1.1–31.12.2000	1.1–31.12.1999
15) SHAREHOLDERS' EQUITY		
Share capital at Jan. 1	61.2	61.2
Share issue	1.4	0.0
Share capital	**62.6**	**61.2**
Premium fund at Jan. 1	16.1	0.0
Selling price of company shares	0.0	18.4
Purchase premium on shares sold	0.0	-2.3
Share premium account	**16.1**	**16.1**
Contingency fund at Jan. 1	1.1	0.7
Transfer of profits	-1.1	0.4
Contingency fund	**0.0**	**1.1**
Other funds at Jan. 1	364.5	377.0
Change	-0.5	-12.5
Other funds	**364.1**	**364.5**
Profit (loss) brought forward at Jan. 1	343.2	288.7
Dividend distribution	-62.5	-39.0
Change in translation difference	4.2	4.5
Purchase premium on shares sold	0.0	2.3
Donations	-0.3	-0.2
HTV subscription fees	1.0	0.8
Transfer from restricted equity	0.2	12.1
Other changes	0.0	-0.1
Profit (loss) brought forward at Dec. 31	**285.7**	**269.1**
Profit (loss) for the year	**94.2**	**74.0**
TOTAL SHAREHOLDERS' EQUITY	**822.6**	**786.1**
Distributable assets at Dec. 31		
Other distributable funds	355.8	357.9
Profit brought forward	285.7	269.1
Profit for the year	94.2	74.0
Depreciation difference booked in equity	-83.7	-92.1
Interest or other reimbursement payable on equity loan	-1.6	-2.4
Assets distributable from equity	**650.3**	**606.6**

Composition of the Parent Company's share capital by share class:

NUMBER OF SHARES	
Series A shares (20 votes / share)	23 220 492
Series B shares (1 votes / share)	122 301 104
NOMINAL VALUES	€
Series A shares (20 votes / share)	9 984 811.56
Series B shares (1 votes / share)	52 589 474.72

Tiikerijakelu Oy holds 7,178,276 series B shares in the Parent Company, representing a nominal value of EUR 3,090,528.68. The Group's acquisition cost associated with these shares totalled EUR 10,632,104.01.

The data for 1999 is based on comparative financial statements.

€ million	1.1–31.12.2000	1.1–31.12.1999
16) STATUTORY PROVISIONS		
Pension liability reserve	2.3	1.7
Total	**2.3**	**1.7**

17) DEFERRED TAX LIABILITIES/RECEIVABLES

DEFERRED TAX RECEIVABLES		
From activation differences	30.0	22.5
From consolidation measures	2.5	2.9
Total	**32.5**	**25.5**
DEFERRED TAX LIABILITIES		
From activation differences	0.9	0.0
From provisions	36.2	40.7
From consolidation measures	0.5	0.8
Total	**37.6**	**41.5**
DEFERRED TAXES IN CONSOLIDATED BALANCE SHEET		
Receivables, long-term	31.4	22.5
Receivables, short-term	1.1	2.9
Liabilities, long-term	37.6	41.5
Total deferred tax liabilities (-) / receivables (+)	**-5.1**	**-16.0**

The estimated income tax on the value appreciation of land and buildings totals EUR 4.9 million.

18) LONG-TERM LIABILITIES

Loans from financial institutions	21.0	15.1
Pension loans	63.4	73.6
Other debts	1.5	4.8
Total	**85.9**	**93.5**

19) CURRENT LIABILITIES

Loans from financial institutions	2.2	2.2
Pension loans	6.5	6.1
Trade bills	63.5	0.0
Trade payables	87.6	81.6
Accrued expenses and prepaid income *)	137.4	121.8
Advances received	50.8	47.6
Other debts	22.7	21.6
Total	**370.7**	**280.9**
Owing to associated companies		
Trade payables	2.0	2.7
Accrued expenses and prepaid income	0.1	0.1
Advances received	0.2	0.0
Other debts	0.3	0.3
Total	**2.6**	**3.2**
*) Accrued expenses and deferred income		
Activated personnel expenses	67.0	58.7
Activated interest expenses	0.9	1.1
Activated income tax	14.9	8.0
Other accrued expenses and deferred income	54.6	54.0
Total	**137.4**	**121.8**

Other accrued expenses and deferred income include activated royalties and Rautakirja Group's income on magazine sales from its consignment stock.

Debts maturing in five years or later		
Loans from financial institutions	3.1	3.7
Pension loans	13.3	18.6
Other debts	0.7	9.3
Total	**17.0**	**31.6**

The data for 1999 is based on comparative financial statements

€ million	31.12.2000	31.12.1999
20) CONTINGENCIES AND PLEDGED ASSETS		
Debts with collateral consisting of property and shares		
Pension loans	25.3	32.2
Loans from financial institutions	7.9	9.2
Other loans	15.1	18.4
Mortgages, real property, total	21.9	20.8
Mortgages, movable property, total	3.2	4.9
Pledged securities, total	54.3	54.3
Other assets pledged for own debt		
Mortgaged bearer bonds	0.9	4.8
Industrial mortgages	4.9	3.1
Book value of pledged securities	19.5	13.1
Deposits	0.2	0.0
Guarantees	2.5	2.5
Total	**28.1**	**23.5**

Assets pledged as security for derivative instruments included LEX share lendings with a total book value of EUR 2.8 million. Of this total, UPM-Kymmene Corporation shares (345,000 shares) accounted for a book value of EUR 2.2 million and Nokia Corporation shares (35,200 shares) for EUR 0.6 million.

€ million	31.12.2000	31.12.1999
Assets pledged for associated companies		
Guarantees	**1.0**	**1.0**
Assets pledged for others		
Guarantees	**0.8**	**0.8**
Other contingencies		
Leasing liabilities		
Leasing liabilities for 2001	2.3	1.1
Leasing liabilities beyond 2001	2.4	1.6
Total	**4.7**	**2.7**
Interest on equity loans	**1.6**	**2.4**
Pension liabilities		
Current pensions	0.6	0.1
Total	**0.6**	**0.1**
Repurchase liabilities	**3.3**	**3.3**
Other liabilities	**13.2**	**19.3**
Other contingencies, total	**23.4**	**27.7**
All liabilities, total	**132.7**	**133.1**

The data for 1999 is based on comparative financial statements.

PAR VALUE AND CURRENT VALUE OF THE GROUP'S OPEN DERIVATIVE CONTRACTS € million	Nominal value 31.12.2000	Nominal value 31.12.1999	Market value 31.12.2000	Market value 31.12.1999
Currency derivatives				
Forward contracts	47.5	23.0	3.9	-0.1
Total	**47.5**	**23.0**	**3.9**	**-0.1**
Share derivatives				
Forward contracts	22.1	45.0	-0.8	-3.0
Option contracts				
Put	0.0	3.2	0.0	-0.7
Total	**22.1**	**48.2**	**-0.8**	**-3.7**
Total	**69.6**	**71.2**	**3.1**	**-3.9**

Derivatives contracts are mainly used for regulating the risk profile of the investment portfolio.

SanomaWSOY Corporation

Income Statement and Balance Sheet of the Parent Company, 1999 - 2000

Income Statement of the Parent Company, 1999 - 2000

€ million	1.1–31.12.2000	1.5-31.12.1999
NET SALES	**0.0**	**0.0**
Other operational income 1)	5.4	3.5
Personnel expenses 2)	5.6	3.1
Depreciation 3)	0.8	0.5
Other operational expenses 4)	10.6	6.9
OPERATING PROFIT (LOSS)	**-11.7**	**-7.0**
Financial income and expenses 5)	41.5	132.1
PROFIT (LOSS) BEFORE EXTRAORDINARY ITEMS	**29.8**	**125.1**
Extraordinary items 6)	16.8	0.0
PROFIT (LOSS) AFTER EXTRAORDINARY ITEMS	**46.7**	**125.1**
Provisions	-0.1	0.0
Direct taxes	-8.5	-1.7
PROFIT (LOSS) FOR THE YEAR	**38.0**	**123.4**

Balance Sheets of the Parent Company, 1999 - 2000

€ million	31.12.2000	31.12.1999
ASSETS		
NON-CURRENT ASSETS 7)		
Intangible assets	2.5	1.4
Tangible assets	15.5	15.4
Investments	697.7	675.5
NON-CURRENT ASSETS, TOTAL	**715.8**	**692.3**
CURRENT ASSETS		
Receivables, short-term 8)	58.1	18.9
Financial securities 9)	85.7	110.0
Cash and bank	6.2	3.0
CURRENT ASSETS, TOTAL	**150.0**	**131.9**
ASSETS, TOTAL	**865.8**	**824.2**
LIABILITIES		
SHAREHOLDERS' EQUITY 10)		
Share capital	62.6	61.2
Other funds	355.7	357.0
Retained earnings	234.1	176.8
Profit (loss) for the year	38.0	123.4
SHAREHOLDERS' EQUITY, TOTAL	**690.3**	**718.4**
ACCUMULATED PROVISIONS 11)	**1.3**	**1.1**
STATUTORY PROVISIONS	**0.0**	**0.0**
LIABILITIES		
Current liabilities 13)	**174.2**	**104.7**
LIABILITIES, TOTAL	**865.8**	**824.2**

Cash Flow Statement of the Parent Company

€ million	1.1–31.12.2000	1.5–31.12.1999
Operations		
Operating profit (loss)	-11.7	-7.0
Adjustments to operating profit 1)	-0.4	0.2
Change in working capital 2)	2.8	-2.0
Cash flow from operations before financial items and taxes	**-9.2**	**-8.8**
Interest received from operations	13.1	4.4
Interest paid on operations	-4.7	-1.7
Dividend received from operations	6.3	119.6
Other financial items	28.0	9.7
Tax paid on operations	-4.4	1.2
Cash flow from operations	**29.1**	**124.5**
Investments		
Acquisition of tangible and intangible assets	-1.9	-0.4
Group companies acquired	-5.5	-4.2
Other holdings acquired	0.0	0.0
Sales of tangible and intangible assets	0.2	0.5
Group companies sold	0.9	0.0
Associated companies sold	1.2	0.1
Sales of other companies	0.7	0.7
Increase (-)/decrease (+) in current loan receivables	-9.5	-10.5
Investments in other assets	-64.7	-47.3
Sales of other investments	43.9	48.6
Dividend received from investments	0.0	0.1
Value added tax on structural arrangements	0.0	-12.6
Cash flow from investments	**-34.7**	**-25.1**
Cash flow before financing	**-5.6**	**99.3**
Financing		
Drawings on short-term loans	63.5	63.5
Repayments of short-term loans	-13.1	-118.8
Dividends paid	-65.7	0.0
Donations	-0.3	0.0
Cash flow from financing	**-15.5**	**-55.4**
Change in liquidities according to the cash flow statement	**-21.0**	**44.0**
Exchange rate differences under liquidities	-0.1	-3.2
Net increase (+)/decrease (-) in liquidities	**-21.1**	**40.8**
Liquidities according to the balance sheet at Jan. 1	113.0	72.2
Liquidities according to the balance sheet at Dec. 31	91.9	113.0

Notes to the Cash Flow Statement and Income Statement of the Parent Company

Notes to the Cash Flow Statement of the Parent Company

€ million	1.1–31.12.2000	1.5–31.12.1999
1) Adjustments to operating profit		
Depreciation	0.8	0.5
Profit(-) and loss(+) on sales of non-current assets	-1.2	-0.2
	-0.4	**0.2**
2) Change in working capital		
Increase (-)/decrease (+) in interest-free short-term receivables	-0.9	-1.0
Increase (+)/decrease (-) in interest-free short-term debts	3.7	-1.0
	2.8	**-2.0**

Notes to the Income Statement of the Parent Company

€ million	1.1–31.12.2000	1.5–31.12.1999
1) OTHER OPERATIONAL INCOME		
Rental income	2.1	1.0
Rental income, internal	1.9	2.2
Profit on sales of assets	0.2	0.0
Profit on sales of machinery & equipment	0.1	0.0
Other operational income	1.1	0.3
Total	**5.4**	**3.5**
2) PERSONNEL EXPENSES		
Wages, salaries & fees	4.4	2.4
Bonuses	0.0	0.1
Pension expenses	0.9	0.5
Other social expenses	0.3	0.2
Total	**5.6**	**3.1**
REMUNERATION TO MANAGEMENT		
President, Deputy, and Board members		
Total	0.8	0.5
PERSONNEL, AVERAGE *)	77	63

**) stated as average number of full-time salaried personnel.*

€ million	1.1–31.12.2000	1.5–31.12.1999
3) DEPRECIATION		
Depreciation according to plan	0.8	0.5
Total	**0.8**	**0.5**

Notes to the Income Statement of the Parent Company

€ million	1.1–31.12.2000	1.5–31.12.1999
4) OTHER OPERATIONAL EXPENSES		
Rents	4.6	2.7
Voluntary social expenses	0.3	0.3
Advertising and marketing	0.7	0.4
Office and IT expenses	1.1	0.6
Travel expenses	0.3	0.2
Other expenses	3.6	2.6
Total	**10.6**	**6.9**
5) FINANCIAL INCOME AND EXPENSES		
Dividend income (incl. avoir fiscal)		
From subsidiaries	1.8	119.6
From other companies	6.7	0.1
Total	**8.5**	**119.7**
Interest income, long-term:		
From subsidiaries	8.0	4.8
Total	**8.0**	**4.8**
Other interest and financial income		
From subsidiaries	1.1	0.5
From other companies	30.0	8.0
Exchange rate gains	0.8	1.3
Total	**31.9**	**9.8**
Value decreases		
Papers under current assets	0.1	0.4
Total	**0.1**	**0.4**
Interest and other financial expenses		
To subsidiaries	3.9	1.7
To other companies	1.2	0.1
Exchange rate losses	1.7	0.0
Total	**6.8**	**1.8**
Total	**41.5**	**132.1**
6) EXTRAORDINARY ITEMS		
Extraordinary income		
Group contributions received	29.3	0.0
Extraordinary expenses		
Group contributions given	5.6	0.0
Income tax on extraordinary items	6.9	0.0
Total	**16.8**	**0.0**

Notes to the Balance Sheet of the Parent Company

	Acquisition cost at Jan. 1, 2000 a)	Transfers between balance sheet items	Increases	Decreases b)
7) NON-CURRENT ASSETS, € million				
Intangible assets				
Immaterial rights	0.1	0.0	0.2	0.0
Other long-term investments	3.8	-0.1	1.0	-0.1
Advance payments and work in progress	0.0	0.1	0.4	-0.1
	3.9	0.0	1.6	-0.2
Tangible assets				
Land and water	6.9	0.0	0.0	0.0
Revaluations	4.8	0.0	0.0	0.0
Total land and water	11.7	0.0	0.0	0.0
Buildings and structures	2.4	0.0	0.0	0.0
Machinery and equipment	9.7	0.0	0.6	-0.3
Advance payments and work in progress	0.0	0.0	0.1	0.0
	23.8	0.0	0.7	-0.3
Investments				
Interest in group companies	384.3	0.0	5.5	-0.7
Receivables from group companies	277.2	0.0	64.5	-43.9
Interest in associated companies	4.7	0.0	0.0	-0.7
Receivables from associated companies	0.1	0.0	0.0	0.0
Other shares and holdings	6.5	0.0	0.0	-0.3
Other receivables	1.7	0.0	0.2	0.0
	674.4	0.0	70.2	-45.6
TOTAL NON-CURRENT ASSETS	702.1	0.0	72.6	-46.0

a) Acquisition costs include fixed assets entailing costs that have not been fully booked as planned depreciation and/or with a financial lifetime with time still left to run.
b) Includes the acquisition costs of fixed assets that were eliminated, sold, or scrapped by the end of the year.

Aqcuisition cost at Dec. 31, 2000	Differences in rates	Accumulated depreciation and value decreases at Jan. 1, 2000	Accumulated depreciation and value decreases of decreases and transfers	Planned depreciation for the period	Book value at Dec. 31, 2000
0.3	0.0	0.0	0.0	0.0	0.2
4.7	0.0	-2.5	0.1	-0.4	1.9
0.4	0.0	0.0	0.0	0.0	0.4
5.3	0.0	-2.5	0.1	-0.4	2.5
6.9	0.0	0.0	0.0	0.0	6.9
4.8	0.0	0.0	0.0	0.0	4.8
11.7	0.0	0.0	0.0	0.0	11.7
2.4	0.0	-1.0	0.0	-0.1	1.3
10.0	0.0	-7.4	0.2	-0.4	2.4
0.1	0.0	0.0	0.0	0.0	0.1
24.2	0.0	-8.4	0.2	-0.5	15.5
389.1	0.0	0.0	0.0	0.0	389.1
297.8	-1.4	0.0	0.0	0.0	296.4
4.0	0.0	0.0	0.0	0.0	4.0
0.1	0.0	0.0	0.0	0.0	0.1
6.2	0.0	0.0	0.0	0.0	6.2
1.8	0.0	0.0	0.0	0.0	1.8
699.1	-1.4	0.0	0.0	0.0	697.7
728.6	-1.4	-10.9	0.3	-0.8	715.8

Notes to the Balance Sheet of the Parent Company

€ million	31.12.2000	31.12.1999
7) NON-CURRENT ASSETS		
Intangible assets		
Immaterial rights	0.2	0.1
Other long-term investments	1.9	1.3
Advance payments and work in progress	0.4	0.0
	2.5	**1.4**
Tangible assets		
Land and water	11.7	11.7
Buildings and structures	1.3	1.4
Machinery and equipment	2.4	2.3
Advance payments and work in progress	0.1	0.0
	15.5	**15.4**
Investments		
Interest in Group companies	389.1	384.3
Receivables from Group companies	296.4	278.3
Interest in associated companies	4.0	4.7
Receivables from associated companies	0.1	0.1
Other shares and holdings	6.2	6.5
Other receivables	1.8	1.7
	697.7	**675.5**
Total	**715.8**	**692.3**

8) RECEIVABLES, SHORT-TERM

Trade receivables	0.1	0.4
Prepaid expenses and accrued income *)	46.5	6.4
Loan receivables	9.0	10.7
Other receivables	2.5	1.3
Total	**58.1**	**18.9**
Receivables from group companies		
Trade receivables	0.1	0.4
Prepaid expenses and accrued income	44.5	3.8
Loan receivables	9.0	10.7
Total	**53.6**	**14.9**
*) Prepaid expenses and accrued income, short-term		
Activated interest income	1.4	2.2
Activated interest income, consolidated	1.6	1.4
Other prepaid expenses and accrued income	43.5	2.8
Total	**46.5**	**6.4**

9) DIFFERENCE BETWEEN THE REACQUISITION COST AND THE BOOK VALUE OF PUBLICLY TRADED SECURITIES

Financial securities		
Reacquisition cost	128.4	180.7
Book value	85.7	110.0
Difference	**42.7**	**70.7**

€ million	31.12.2000	31.12.1999
10) SHAREHOLDERS' EQUITY		
Share capital at Jan. 1 /May 1	61.2	61.2
Share issue	1.4	0.0
Share capital	**62.6**	**61.2**
Other funds at Jan. 1 /May 1	357.0	357.0
Change	-1.4	0.0
Other funds	**355.7**	**357.0**
Profit (loss) brought forward at Jan. 1 /May 1	300.2	176.8
Dividend distribution	-65.8	0.0
Donations	-0.3	0.0
Other changes	0.0	-0.1
Profit (loss) brought forward at Dec. 31	**234.1**	**176.8**
Profit (loss) for the year	**38.0**	**123.4**
TOTAL SHAREHOLDERS' EQUITY	**690.3**	**718.4**
Distributable assets at Dec. 31		
Other distributable funds	355.7	357.0
Profit brought forward	234.1	176.8
Profit for the year	38.0	123.4
Assets distributable from equity	627.8	657.2

11) ACCUMULATED PROVISIONS

Accumulated provisions consist of cumulative depreciation differences.

12) DEFERRED TAX LIABILITIES/RECEIVABLES

Deferred tax liabilities and accrued tax receivables of the Parent Company are not recorded in the balance sheet.
Accrued tax receivables consisting of activation differences total EUR 0.1 million.
Deferred tax liabilities corresponding to provisions total EUR 0.4 million.
Anticipated income tax relating to the value appreciation of land is EUR 1.4 million.

Notes to the Balance Sheet

€ million	31.12.2000	31.12.1999
13) CURRENT LIABILITIES		
Trade bills	63.5	0.0
Trade payables	2.9	0.8
Accrued expenses and prepaid income *)	19.8	2.9
Advances received	0.0	0.0
Other debts	88.0	100.9
Total	**174.2**	**104.7**
Owing to Group companies		
Trade payables	0.5	0.4
Accrued expenses and prepaid income	5.9	0.2
Other debts	87.6	100.6
Total	**93.9**	**101.3**
*) Accrued expenses and deferred income		
Activated personnel expenses	1.1	0.8
Activated interest expenses	0.2	0.0
Activated interest expenses, consolidated	0.3	0.2
Activated income tax	10.6	1.7
Other accrued expenses and deferred income	7.7	0.1
Total	**19.8**	**2.9**

€ million	31.12.2000	31.12.1999
14) CONTINGENCIES AND PLEDGED ASSETS		
Other assets pledged for own debt		
Book value of pledged securities	4.4	3.4
Total	**4.4**	**3.4**
Assets pledged for others		
Guarantees	0.4	0.3
Other contingencies		
Other liabilities	0.1	1.2
Other contingencies, total	**0.1**	**1.2**
All liabilities, total	**4.8**	**5.0**

PAR VALUE AND CURRENT VALUE OF OPEN DERIVATIVE CONTRACTS € million	Nominal value 31.12.2000	Nominal value 31.12.1999	Market value 31.12.2000	Market value 31.12.1999
Currency derivatives				
Forward contracts	6.7	2.2	0.5	-0.1
Total	**6.7**	**2.2**	**0.5**	**-0.1**
Share derivatives				
Forward contracts	17.6	31.5	-0.8	-0.9
Total	**17.6**	**31.5**	**-0.8**	**-0.9**
Total	**24.3**	**33.7**	**-0.4**	**-1.0**

Derivatives contracts are mainly used for regulating the risk profile of the investment portfolio.

Accounting Principles used in the Financial Statements for 2000

SanomaWSOY's consolidated financial statements have been prepared in accordance with Finnish regulations. SanomaWSOY Corporation was created by a combination merger on May 1, 1999, and the comparative data used in the financial statements for 2000 is based on the official financial statements prepared for the Company's first accounting year, from May 1, 1999 to December 31, 1999, together with pro forma financial statements for the entire financial year, from January 1 to December 31, 1999. In practice, the Group's companies have operated on a common basis since the start of 1999.

Consolidated financial statements

The consolidated financial statements have been prepared by consolidating the Parent Company's income statements, balance sheets, and notes to the financial statements, and those of its subsidiaries. The separate financial statements of Group companies have been adjusted in accordance with the Group's standard accounting practices prior to consolidation.

In addition to SanomaWSOY Corporation, the consolidated financial statements cover those companies in which the Parent Company, either directly or indirectly, held over 50% of voting rights at the end of the accounting year. Intra-Group shareholdings have been eliminated using the acquisition cost method. Companies acquired during the period under review have been included in the consolidated statements from the date of acquisition or another date based on the agreement in question, while divested companies have been included up until the time of their sale. Elimination differences between the acquisition cost of shares in subsidiaries and the shareholders' equity of subsidiaries at the time of acquisition generated during the elimination of share ownership have been booked primarily to the relevant asset and liability items in the Group's balance sheet. The remainder of elimination differences have been presented as goodwill, which is depreciated according to the plan over the relevant economic lifetime.

Associated companies are consolidated in accordance with the equity method. A portion of companies' profits or losses have been booked to income prior to the operating profit in cases where companies' operations are linked to those of the Group. In other cases, such as investment-type holdings, a portion of the company's profits or losses have been booked to financial income and expenditure. Goodwill and reserves generated in the consolidation of associated companies are generally entered as revenue within five to 10 years. The depreciation period used for A-pressen ASA and Hansaprint Oy is 15 years. Figures for associated real estate and housing companies have been entered under other shareholdings, rather than under associated companies.

Joint companies, in which the Group is responsible for management together with the other owner, have been consolidated on a line-by-line basis in proportion to SanomaWSOY's holding.

Minority shareholdings have been separated from the Group's shareholders' equity, reserves, and result, and are presented as a separate entry in the income statement and balance sheet.

Group companies' internal income and expenses, mutual receivables and liabilities, together with significant internal margins and internal distribution of profits, have been eliminated in the consolidated figures.

Items denominated in foreign currencies

Items associated with the Group's Finnish companies denominated in foreign currencies are booked at the rates of exchange prevailing on the dates of the transactions in question. Receivables, debts, and liabilities on the balance sheet date have been translated into Finnish markka at the rate quoted on that date. Exchange rate differences of trade receivables and trade payables are booked either as sale or purchase adjustment items. Exchange rate differences generated when assessing other receivables and liabilities are booked under financial income and expenses.

The income statements of foreign subsidiaries have been translated into Finnish markka using the average exchange ate for the accounting year, and their balance sheets using the exchange ate quoted on the balance sheet date. Translation differences between different rates have been booked to the Group's shareholders' equity. The following exchange rates have been used when consolidating the financial statements of Group companies:

	Year-end rates	Average rates
USD	6.3898	6.4376
GBP	9.5269	9.7554
CHF	3.9034	3.8165
SEK	0.6733	0.7040
NOK	0.7221	0.7329
DKK	0.7967	0.0598
JPY	0.0556	0.0598
LVL	10.3153	10.6160
PLN	1.5444	1.4834

	Year-end rates	Average rates
EEK	0.3800	0.3800
SGD	3.6870	3.6870
HKD	0.8192	0.8192
ARS	6.3435	6.3435
BRL	3.2478	3.2478
MYR	1.6666	1.6666
RUB	0.2218	0.2218
EUR	5.94573	5.94573

Translation differences arising from translating the balance sheets of foreign subsidiaries and associated companies have generally been booked to consolidated shareholders' equity. The booking practice covering changes in translation differences used with foreign investment subsidiaries was changed during the year under review. Changes are now booked directly to shareholders' equity if the investments of the subsidiaries concerned are long-term in nature. Translation differences elated to the Group's internal long-term loans have been treated in the same way as those associated with shareholders' equity.

Currency derivative instruments have been valued at their market value on the balance sheet date. Unrealised derivative losses have been booked to the income statement.

Non-current assets

Fixed assets have been booked to the balance sheet at the original acquisition cost minus depreciation according to the plan. Balance sheet values include evaluations totalling FIM 101.4 million covering land and buildings. Depreciation on fixed assets according to the plan is based on the original acquisition cost and the following estimated economic lifetimes:

Intangible rights	3–10 years	Buildings and structures	10–40 years
Consolidated goodwill	5–15 years	Machinery and equipment	3–15 years
Other long-term expenditure	5–10 years		

Booking practice covering software was changed during the period under review. Software purchased from outside suppliers is now booked primarily to intangibles in respect of licenses, and to other long-term expenditure otherwise.

Inventories

Inventories are presented in accordance with the average acquisition cost method, as acquisition costs or lower replacement costs, or as anticipated sale prices. The value of inventories includes only the variable costs associated with acquisition and manufacture.

Cash, bank, and financial securities

The balance sheet item covering cash and bank contains cash, bank accounts, and cash equivalents. The balance sheet item covering financial securities contains bonds, convertible bonds, commercial papers, mutual fund holdings, and listed shares.

Financial securities have been valued at acquisition cost or the lower market cost. Unrealised exchange rate losses of interest rate instruments resulting from changes in market interest rates, together with unrealised exchange rate losses associated with foreign securities on the balance sheet date, have been used to adjust financial income in the income statement. The valuation of financial securities switched largely to the average acquisition cost method during the period under review.

Deferred tax liabilities and receivables

In respect of booking deferred tax liabilities and receivables, SanomaWSOY follows the requirements of the Finnish Accounting Act, under which items are booked only on those periodisation differences affecting the income statement and on consolidation-related measures and year-end provisions with an impact on the Group's result. Revaluation-related deferred tax liability is presented in the notes to the financial statements.

Derivatives

Derivatives are generally used by SanomaWSOY for hedging purposes, in accordance with the Group's approved asset management policy, to anticipate future market developments in financing instruments. Unrealised derivative losses are booked as financial expenses, while unrealised profits are ignored. Changes in the value of contracts made for hedging purposes are taken into account as adjustment items in respect of the equivalent changes in the hedges booked for the hedged positions.

Net sales and other expenses

When calculating net sales, sales income has been adjusted for discounts given, indirect taxes, and sales-related exchange rate differences. Net sales on commission sales include commissions. Advertising agency fees elated to magazines and newspapers are booked as other expenses.

Research and development expenses

Research and development expenses are booked as annual expenses. Items of this type refer to expenses incurred in developing new products and services intended for commercial sale or significantly enhancing the properties of existing products, or expanding business activities. From a chronological perspective, research and development expenses are typically incurred primarily before a company is able to begin benefiting financially. In respect of development projects, the Group generally uses project schedules of a maximum of two years. The costs associated with launching a new magazine title, for example, are only booked as research and development expenses for the first two years of its existence.

Pension cover

The statutory pension cover of personnel employed by SanomaWSOY Corporation and its Finnish subsidiaries, with the exception of Werner Söderström Corporation and WS Bookwell Oy, is handled through insurance policies taken out with pension institutions. The statutory pension cover of personnel employed by Werner Söderström Corporation and WS Bookwell is handled through Section B of WSOY's pension fund. Section A of the latter fund is for voluntary pension cover, and was closed on December 31, 1980. The fund has no uncovered liability and its assets exceed its liabilities by FIM 56.0 million.

Additional pension cover for SanomaWSOY Corporation and 22 subsidiaries has been arranged through Sanoma Corporation's pension fund. The fund has no uncovered liability and its assets at current values exceed its liabilities by FIM 71.7 million. The fund was closed on August 31, 1981.

Voluntary pensions for personnel employed by Rautakirja Oyj, Finnkino Oy, Eurostrada Oy, and P.M.Drockila Oy are covered by Rautakirja's pension fund. The total liability of the latter as of the end of the year was FIM 111.2 million, of which FIM 10.3 million was unfunded. The latter item has been booked in previous years mainly as expenses and compulsory reserves. The fund was closed on June 30, 1974.

The retirement age of the members of the Management Group of SanomaWSOY's Parent Company, the presidents and deputy presidents of subsidiaries, and the editors-in-chief of the Group's largest newspapers has been agreed at 60 to 65 years.

Level of accuracy

The pro forma income statements, balance sheets, and key indicators for 1996 - 1998 presented for comparative purposes were prepared on the essential relevance principle for the merger plan. The accuracy of these figures does not match that of the figures for 1999 and 2000 in every respect.

All figures are presented in line with mathematical rules for rounding figures up or down.

Accounting policy of the comparative financial statements for 1998 and 1999

The 1999 comparative financial statements of the SanomaWSOY Group for the 1 January - 31 December 1999 financial year have been prepared according to the same principles and the same level of accuracy as the official financial statements for the 1 May - 31 December 1999 and 1 January-31 December 2000 periods.

The comparative income statement, balance sheet, and key figures for 1998 have been prepared in accordance with the principle of materiality for the purposes of the merger plan of Helsinki Media Company Oy, Oy Devarda Ab, Werner Söderström Corporation WSOY, and Sanoma Corporation, which was implemented on 1 May 1999. The level of accuracy of the figures does not correspond in all respects to the level of accuracy for 1999 and 2000.

The financial statements of the companies consolidated in 1998 have been prepared substantially according to uniform principles. The separate financial statements have been converted on a comparable basis, for example, by transfering shares and investments that were previously booked under non-current assets to financial securities, and extraordinary capital gains to other operating income. In contrast to the approved financial statements, all WSOY's rental income has been treated as other operating income, and the bonuses paid by Sanoma Corporation and Helsinki Media Company Oy as personnel expenses.

In consolidating the accounts, intra-company share ownership has been deducted primarily from restricted equity and, to the extent that restricted equity has not sufficed, from non-restricted equity. In calculating key ratios, the balance sheet value of the Helsinki Media Company Oy shares which Sanoma Corporation's subsidiary Lastannet Holding B.V. owned in 1998 has been deducted from non-restricted equity and the shares have been deducted from the total number of shares. The revaluation entries made in Sanoma Corporation's 1998 consolidated financial statements have been reversed. The translation differences arising from internal share ownership have, as a rule, been treated as a credit or charge to earnings. Intra-group business transactions have been substantially eliminated.

Remarks on the comparability of financial statement figures

In the financial statement figures for 1998 - 2000, the profit or loss of associated companies in respect of investment-type holdings is stated under the heading "Financial income and expenses". From the beginning of 2001, the share of the earnings of associated companies has been entered in its entirety before operating profit. The comparative figures for 2000 given in the interim reports and the 2001 financial statements have been converted in this respect to a comparable basis, in line with the 2001 figures.

Auditors' Reports

Auditors' Report for the Financial Period January 1 – December 31, 2000

To the shareholders of SanomaWSOY Corporation

We have audited the accounting, the financial statements, and the corporate governance of SanomaWSOY Corporation for the period from January 1, 2000 to December 31, 2000. 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 President. 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 as to 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 President 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, together with the consolidated financial statements, can be adopted, and the members of the Board of Directors and the President 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, 2001
SVH Pricewaterhouse Coopers Oy
Authorised Public Accountants

Tauno Haataja	Pekka Nikula
Authorised Public Accountant	Authorised Public Accountant

Auditors' Report for the Financial Period January 1 – December 31, 1999

To the shareholders of Sanoma-WSOY Oyj

We have audited the accounting, the financial statements and the corporate governance of Sanoma-WSOY Oyj for its first accounting period that ended December 31, 1999. 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 President. 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 members of the Board of Directors and the President 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 President 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 23, 2000
SVH Pricewaterhouse Coopers Oy
Authorised Public Accountants

Tauno Haataja	Pekka Nikula
APA	APA

Auditors' Statement concerning the comparative statements

To the Board of Directors of SanomaWSOY Corporation
Auditors' statement on the comparative financial statements for 1.1–31.12.1999 and 1.1–31.12.1998

We have audited as a review audit that the financial information on pages 69-89 of the Prospectus drawn up by the Board of SanomaWSOY Oyj has been prepared in accordance with the Finnish Institute of Authorised Public Accountants' guidance 'Pro forma – financial information in prospectuses prepared pursuant to the Securities Markets Act', as well as the principles explained on pages 100-103 of the Prospectus. This financial information contains the group profit and loss statement, the balance sheet, the cash flow statement and key figures for 1999, and the group profit and loss statement and the balance sheet for 1998. On basis of our audit, we give our statement, founded upon the guideline of the Financial Supervision Authority No. K21/99/PMO, on the financial information on pages 68-69 of this Prospectus.

Our review audit has been carried out according to the recommendations of the Finnish Institute of Authorised Public Accountants. In this case the audit is planned and carried out in order to obtain reasonable certainty that the financial information presented on pages 69-89 on the Prospectus is free from material misstatement. The audit is principally limited to inquiries made to company personnel and certain analytical audit procedures, thus giving a lesser certainty than a full audit. We have not carried out a full audit and will thus not issue an auditors' report.

On basis of our review audit, nothing has come to our attention leading us to believe that the financial information presented on pages 69-89 on the Prospectus would not be free from material misstatement as stipulated by the Accounting Act and other rules and regulations governing the preparation of Prospectus and, as defined in the Financial Supervision Authority guideline, give a true and fair view of the result of operations, as well as of the financial position of SanomaWSOY Corporation, which could essentially effect any decision on subscribing to the Capital Note.

Helsinki, 21 August 2001
SVH Pricewaterhouse Coopers Oy
Authorised Public Accountants

Johanna Perälä	Pekka Nikula
APA	APA

Interim Report 1.1–30.6.2001

CONSOLIDATED KEY INDICATORS	30.6.2001	30.6.2000	Change, %	31.12.2000
Net sales, € million	**723.6**	694.9	4.1	1 447.8
Operating profit, € million	**30.2**	33.8	-10.8	84.0
% of net sales	**4.2**	4.9		5.8
Operating profit before depreciation *), € million	**36.6**	37.9	-3.5	94.3
% of net sales	**5.1**	5.5		6.5
Profit before extraordinary items, € million	**45.7**	91.0	-49.8	138.3
% of net sales	**6.3**	13.1		9.5
Balance sheet total, € million	**1 440.9**	1 356.2	6.2	1 439.3
Gross investments, € million	**98.5**	74.5	32.1	168.4
% of net sales	**13.6**	10.7		11.6
Equity ratio, %	**66.3**	70.6		67.9
Gearing, %	**-10.7**	-22.0		-16.6
Financial cost of liabilities, € million	**7.4**	2.7	173.9	7.4
Interest-bearing liabilities, € million	**210.2**	102.5	105.1	160.2
Interest-free liabilities, € million	**322.0**	344.1	-6.4	336.4
Financial securities, cash and bank, € million	**307.0**	302.1	1.6	316.9
Earnings/share, €	**0.19**	0.47	-58.2	0.67
Cash flow/share, €	**0.37**	0.70	-47.8	1.24
Equity/share, €	**5.70**	5.69	0.1	5.95
Market capitalisation, € million	**1 644.0**	2 406.2	-31.7	1 964.6
Personnel under employment contract	**13 895**	13 160	5.6	13 364
Personnel, average	**10 942**	10 165	7.6	10 350

Net sales

SanomaWSOY's net sales during the first half rose by over 4% to € 723.6 million (1-6/2000: € 694.9 million), driven by increased sales in all sectors. Acquisitions and divestments contributed around € 25 million, giving a comparable growth figure of just under 2%.

Result

SanomaWSOY's profit before extraordinary items totalled € 45.7 million (€ 91.0 million). This decline was mainly the result of a drop of € 41.6 million in net financial income. The latter was particularly high during the first half of 2000 as a result of the sale of a large number of technology shares held as part of the Group's investment portfolio. Earnings per share were € 0.19 (0.47).

The Group's operating profit totalled € 30.2 million (33.8 million). Softer advertising sales had a particularly negative impact on Sanoma's operating profit, which was also reduced by damages payable as a result of the Nostokonepalvelu case, and increased costs. Higher programming expenses and goodwill depreciation contributed to a larger loss at SWelcom. Operating profit at Helsinki Media, WSOY, and Rautakirja increased. R&D expenditure booked as Group expenses totalled some € 9.0 million (9.2 million). The Group has initiated various cost-saving measures to take account of the changed market situation.

Market developments

The growth in the Finnish economy is expected to slow this year. Projections published by the Research Institute of the Finnish Economy at the beginning of June indicate that Finnish GDP will grow 3.8% this year; this compares to nearly 6% last year. In July, the Ministry of Finance cut its GDP growth projection for 2001 from 3.7% to 2.7%. The retail sector grew 4.4% between January and May. Consumer confidence remained reasonable during the first half, but was weaker than in 2000.

Advertising expenditure fell by around 2% during the first half. TV advertising fell back by 9% and newspaper advertising by 2%, while magazine advertising rose by 3%. Cinema advertising increased by 39%, while the strong growth seen in Web-based advertising fell to 6%. Paper prices began to move up last autumn, and price rises were introduced early this year.

Key events

In March, SanomaWSOY Corporation and its wholly owned subsidiaries Tiikerijakelu Oy, Kirjatuki Oy, and Sanomain Huoneisto ja Kiinteistöholding Oy signed a merger agreement under which the three latter companies and their assets and liabilities will merge with SanomaWSOY Corporation without payment of any consideration. The intention is to complete the merger on September 30, 2001.

In June, the Helsinki District Court fined Sanoma Corporation a sum of approximately € 2.5 million payable to Nostokonepalvelu Oy covering the company's financial damages linked to articles that appeared in Helsingin Sanomat in 1996 and 1997. The fine has been booked as an expense; and an appeal will be lodged with the Court of Appeal.

Also in June, Rautakirja's press distribution subsidiary, Lehtipiste, signed a letter of intent with four of Latvia's leading publishers covering the launch of marketing and distribution of news stand copies of newspapers and magazines in Latvia. As part of the agreement, Rautakirja will take a 52% holding in Press Agency Santa, currently owned by the Latvian publishers in question.

Changes in senior management

A number of changes took place in the composition of the Board and senior management at the AGM held in March. Aatos Erkko stepped down as Chairman of the Board, but remains a Board member. SanomaWSOY's President & CEO, Jaakko Rauramo, was appointed Chairman & CEO; and Rautakirja's President & CEO, Hannu Syrjänen, was appointed SanomaWSOY's President & COO and a member of the Board. Erkki Järvinen was appointed President & CEO of Rautakirja.

Events after June 30

In July, SanomaWSOY and the Dutch-based media and information group, VNU, signed an agreement under which SanomaWSOY will acquire VNU's Consumer Information Group, CIG. The acquisition is valued at € 1,250 million (enterprise value), and the expectation is to close the deal at the beginning of October this year.

CIG had net sales of € 816 million in 2000 and an EBITDA of € 143 million. The combined SanomaWSOY-CIG will have pro forma net sales of € 2,264 million (2000), and an EBITDA of € 313 million (2000). The transaction will generate around € 1,150 million of goodwill, which SanomaWSOY plans to amortise over 20 years.

As part of the acquisition, SanomaWSOY will set up a new magazines sector responsible for the operations of CIG and Helsinki Media based in The Netherlands. Theo Bouwman, currently a member of VNU's Executive Board with responsibilities that include CIG, will be appointed President of the new sector and Managing Director of its Dutch parent company; he will also join SanomaWSOY's Management Group. Eija Ailasmaa, currently President of Helsinki Media, will be appointed Executive Vice President of the new sector. Eija Ailasmaa will continue to head Helsinki Media.

L.J. Jouhki, a member of SanomaWSOY's Board, resigned in July for health reasons.

Balance sheet and financial position

The Group's consolidated balance sheet increased by around 6% to € 1,440.9 million (1,356.2 million) as of the end of June. Consolidated shareholders' equity totalled € 788.4 million (787.7 million), and equity per share € 5.70 (5.69). The Group's equity ratio stood at 66.3% (70.6%).

The Group's financial position continues to be strong. The book value of financial asset securities, cash, and bank as of June 30 totalled € 307.0 million (302.1 million), and their market value € 360.1 million (379.1 million). Net financial income totalled € 30.3 million (67.7 million), of which a major part, € 16.9 million, came from profits made on the sale of securities. Financing costs totalled € 14.7 million (10.6 million), of which the majority, € 9.8 million, resulted from write-downs on financial asset securities.

Dividend

SanomaWSOY paid a dividend of € 0.47 (0.45) for 2000, totalling € 68,395,150.12 (65,776,496.62). The dividend was booked to the first quarter, unlike 2000, when the dividend was paid in the second quarter.

Investments

The Group's gross investments totalled € 98.5 million (74.5 million). The bulk of these were Sanoma projects, the largest being increasing ownership of Infosto to 100%. Other major investments included printing machinery projects at Sanomala and the remodelling of the Group's premises on Ludviginkatu.

Shares

A total of 64,376 SanomaWSOY Series A shares were traded during the first half, and 2,264,349 Series B shares. Series A shares were traded at an average price of € 13.16 and Series B shares at an average of € 12.68. The half-year high for Series A shares was € 16.50, and the half-year low, € 11.55. The comparable figures for Series B were € 15.00 and € 11.21. Total share turnover was € 29.6 million.

SanomaWSOY's market value as of June 30, minus 7,187,276 Series B shares held by the Group, was € 1,644.0 million (2,406.2 million).

Personnel

The average number of people employed by the Group's various companies during the first half totalled 13,895 (13,160). Converted into full-time positions, this was equivalent to 10,942 (10,165).

Outlook

The clear slow-down in the growth of the Finnish economy was reflected in an overall reduction in spending on advertising. The impact of this was felt in different ways in different sectors. TV and newspaper advertising declined clearly, while magazine advertising continued to grow. The fall-off in job advertising affected Sanoma's performance, and SWelcom also turned in a weaker-than-expected result.

SanomaWSOY plans to integrate CIG during the last quarter of the year. Following the acquisition, the Group will review and refocus its growth-related investments. Increased attention will also be given to cost efficiency, and non-core assets will be divested at an appropriate time. The impact of these measures will be felt, however, primarily in future years.

We project that SanomaWSOY's net sales in 2001 will increase by around 5%, excluding the impact of the CIG acquisition. The latter will increase the Group's net sales in the last quarter by more than € 200 million.

In accordance with our previous projection, SanomaWSOY's profit before extraordinary items will be below that recorded in 2000, as asset management-related income will not reach the exceptionally good level seen last year. Excluding the impact of the CIG acquisition, the Group's operating profit is expected to be slightly below the 2000 figure. The CIG acquisition will have a positive impact on the operating margin for 2001, but the related goodwill depreciation and financing costs will have a downward impact on the Group's profit before extraordinary items.

We project that SanomaWSOY's net sales in 2002 could well reach close to € 2.5 billion, which is the target figure set for the Group to achieve in 2005. We will continue to develop and grow our businesses through selected acquisitions and alliances in areas where a significant market share can be achieved within a reasonable timeframe. We will make use of Internet, mobile, and digital-TV opportunities in all of our businesses, and leverage the Group's expanded international infrastructure in further expansion. SanomaWSOY's focus will now be on Europe as a whole.

HELSINKI MEDIA
Magazine publishing

KEY INDICATORS	**30.6.2001**	30.6.2000	Change, %	31.12.2000
Net sales, € million	**80.9**	78.8	2.7	159.8
Operating profit, € million	**7.3**	4.1	75.2	10.2
% of net sales	**9.0**	5.3		6.4
Operating profit before depreciation *), € million	**7.4**	4.2	74.6	10.4
% of net sales	**9.1**	5.4		6.5
Operating profit excl. associated companies, € million	**1.5**	0.4	261.4	3.5
% of net sales	**1.9**	0.5		2.2
Balance sheet total, € million	**69.7**	52.3	33.2	56.9
Gross investments, € million	**2.4**	1.6	49.6	4.2
Personnel under employment contract	**865**	793	9.0	814
Personnel, average	**832**	760	9.5	779

*) Depreciation on consolidated goodwill

OPERATIONAL INDICATORS, 1.1–30.6	**2001**	2000	1999
Share of Finnish magazine advertising market	**18.8%**	17.5%	
Audited magazine circulation 1.1 - 31.12, thousands		1 909	1 803
Number of books published	**93**	109	

Net sales at Helsinki Media rose by 3% during the first half, to € 80.9 million (78.8%). Subscription revenue, news stand sales, and advertising sales all developed positively, while book sales came in below 2000. Helsinki Media's operating profit improved 75% to € 7.3 million (4.1 million), driven by good performance at associate company, Hansaprint, reduced depreciation, and a refund of social security payments.

Investments totalled € 2.4 million (1.6 million) and were focused mainly on IT and equipment purchases, and the acquisition of Stellatum Oy's directory business.

Helsinki Media's advertising revenue increased by 8%, one of the strongest growth rates seen in the industry and nearly double the overall growth in magazine advertising in Finland. This upswing saw Helsinki Media's share of magazine advertising rise to 19% between January to May.

News stand sales also developed well, and Helsinki Media's share of volumes here rose to 19.9% between January and May. Circulation figures published in March showed that Helsinki Media remains the largest magazine publisher in Finland, with 32% of the market.

The first half was a good one for the Magazines Unit. Advertising sales grew strongly, particularly in respect of Cosmopolitan and the Gloria family of magazines. The revamp of family magazine, Kodin Kuvalehti, was well-received by both readers and advertisers. Following the revamp, news stand sales have increased by 47%. Circulation at the 50+ magazine, ET-lehti, also developed well. Circulation and advertising revenue both rose strongly at the health and fitness title, Hyvä Terveys, which has become Finland's largest magazine in its category.

Comics were the best performers in the Children's and Juvenile Entertainment Unit. Circulation at Aku Ankka (Donald Duck) developed well, and other comic products also developed positively. Book sales, in contrast, came in at below last year's levels, largely as a result of a weaker book club market. The Lego Club was closed in the spring, and efforts refocused on Lasten Oma Kirjakerho and Sisters' Club.

The Business Media Unit, responsible for all Helsinki Media's activities in the B-to-B area as well as IT titles, started operations at the beginning of April. The portfolio was extended in March with the acquisition of Stellatum Oy's directory business; and at the beginning of July through the acquisition of a 60% holding in Suomen Rakennuslehti Oy, a publisher of construction and real estate titles. A new electronics title, Elektroniikkabisnes, was also launched.

Helsinki Media's full-year net sales are projected to increase by around 4%, driven by both advertising and subscription revenue. IT advertising has fluctuated, and growth projections have been cut as a result, while women's magazine advertising has developed better than expected. Helsinki Media's operating profit is projected to improve.

SANOMA
Newspaper publishing and printing

KEY INDICATORS	30.6.2001	30.6.2000	Change, %	31.12.2000
Net sales, € million	**238.1**	228.3	4.3	458.2
Operating profit, € million	**21.5**	28.1	-23.5	55.7
% of net sales	**9.0**	12.3		12.2
Operating profit before depreciation *), € million	**24.2**	29.8	-18.7	59.7
% of net sales	**10.2**	13.1		13.0
Operating profit excl. associated companies, € million	**17.6**	25.8	-31.9	49.9
% of net sales	**7.4**	11.3		10.9
Balance sheet total, € million	**486.3**	449.4	8.2	465.1
Gross investments, € million	**49.9**	35.4	41.0	70.0
Personnel under employment contract	**4 880**	4 681	4.2	4 704
Personnel, average	**3 584**	3 377	6.1	3 396

*) Depreciation on consolidated goodwill

OPERATIONAL INDICATORS, 1.1-30.6	2001	2000	1999
Helsingin Sanomat			
Weekday circulation, copies *)	**439 902**	451 463	
Sunday circulation, copies *)	**510 370**	524 919	
Advertising volume (column metres)	**24 579**	25 061	
Ilta-Sanomat			
Circulation, 1.1 - 31.12, copies *)		214 610	218 931
Advertising volume (column metres)	**3 647**	3 465	
Taloussanomat			
Circulation, copies *)	**32 141**	23 454	
Advertising volume (column metres)	**2 527**	1 961	

*) Audited circulation figures

Net sales at Sanoma rose 4% to € 238.1 million (228.3 million). Comparable net sales rose by just under 1%. The downturn in overall media advertising spending impacted Sanoma. Ilta-Sanomat, Taloussanomat, and Infosto, now wholly owned by Sanoma, all contributed to increased net sales.

Sanoma's operating profit fell 24% to € 21.5 million (28.1 million), as a result of a decline in advertising revenue at Helsingin Sanomat, a charge of € 3 million booked to cover the cost of the fine imposed on the paper by the Helsinki District Court, together with associated interest and legal costs, and higher projected costs, including a 10% increase in newsprint prices. Sanoma's holding in Rautakirja contributed € 3.3 million (2.5 million).

Investments increased, and totalled € 49.9 million (35.4 million). Increasing Sanoma's holding in Infosto to 100% was the largest single project. Investments also included printing plant modernisation and IT projects. The printing plant project at Sanomala is on time, and the new production process is due to be commissioned in 2003. Sanoma also acquired a 60% holding in the picture agency, Compad Oy; and a 19% holding in the St Petersburg-based publisher of Smena, ZAO Smena. This was increased to 25% as planned, after the end of the reporting period.

Net sales at Helsingin Sanomat came in at 2% below the comparable figure for 2000, as a result of the depressed advertising market. This was most felt in job advertising, which fell 7% between January and June and 22% between April and June. The unit's operating profit was also down.

Circulation at Helsingin Sanomat fell back more than 2.5%. This drop had been projected, and the intention is to turn this around and recover 2000 circulation levels by the end of the year.

Net sales at Ilta-Sanomat rose by 11%, and profitability improved significantly compared to last year. This growth was driven by higher news stand sales, together with the cover price increase introduced at the end of last year. Ilta-Sanomat's share of the total volume of news stand sales in the quality daily tabloid segment in the first half was 61.1%. Advertising revenue was up 2%.

Net sales at Kymen Lehtimedia fell 4% and the company's operating profit was also down, as a result of reduced print exports to Russia. Higher paper prices introduced at the start of the year and the strong Euro made winning new print customers difficult and slowed print exports. The circulation of Kymen Lehtimedia's dailies fell slightly, although readership levels remained unchanged, reflecting the shift in population away from south-east Finland and the region's high unemployment and ageing population. Printer Lehtikanta Oy, based in Kouvola, plans to make 13 people redundant, while Kymen Sanomalehti Oy has decided to lay off its entire workforce for 12 days.

Circulation revenue at Infosto Media's Keltainen Pörssi title fell slightly compared to 2000, as a result of the growth in the popularity of the paper's online edition, tougher competition, and the slow-down in car sales. Advertising revenue at Keltainen Pörssi grew clearly, in contrast, and the loss recorded during the first quarter became a profit in the second quarter.

Net sales continued to grow strongly at Startel, although the pace of growth has slowed as the year has progressed as a result of softer advertising sales at Taloussanomat. Net sales rose by 17%, and the size of the unit's operating loss was cut. Net advertising sales at Taloussanomat rose by 33%, and the paper's circulation continued to grow strongly, at virtually the same pace as at the beginning of the year. Circulation of the Saturday edition broke the 40,000 barrier for the first time.

Sanoma's full-year net sales are projected to increase by something under 3%. Growth projections have been corrected downwards as a result of weaker economic prospects and the strong decline in media advertising. Ilta-Sanomat, Startel, and Infosto are expected to contribute an increased share of net sales.

Sanoma's operating profit is projected to be clearly below that recorded in 2000, despite cost-cutting to be implemented during the latter part of the year. The fall-off in media advertising, particularly in job advertisements in Helsingin Sanomat, the significant rise in newsprint prices, and the decline in print exports, will all contribute to this. Sanoma's performance will also be negatively impacted by the group's long-term development projects, higher depreciation, and the fine imposed on Helsingin Sanomat.

SWELCOM
Electronic media

KEY INDICATORS	**30.6.2001**	30.6.2000	Change, %	31.12.2000
Net sales, € million	**42.4**	39.3	7.7	78.5
Operating profit, € million	**-12.8**	-5.9	-117.7	-16.7
% of net sales	**-30.3**	-15.0		-21.3
Operating profit before depreciation *), € million	**-11.5**	-5.7	-101.6	-15.7
% of net sales	**-27.0**	-14.4		-19.9
Operating profit excl. associated companies, € million	**-12.5**	-5.9	-111.4	-16.7
% of net sales	**-29.4**	-15.0		-21.3
Balance sheet total, € million	**123.1**	86.2	42.8	131.0
Gross investments, € million	**6.6**	3.5	89.6	33.7
Personnel under employment contract	**433**	296	46.2	325
Personnel, average	**397**	289	37.2	310

*) Depreciation on consolidated goodwill

OPERATIONAL INDICATORS, 30.6	**2001**	2000
Channel Four's share of Finnish TV advertising, Jan.–June	**26.1%**	24.2%
Number of cable-TV-connected households, thousands	**214**	206
Number of pay-TV subscriptions, thousands	**40**	43

Net sales at SWelcom rose by 8% and totalled € 42.4 million (39.3 million), driven in particular by Helsinki Television's Welho broadband service and Internet development and maintenance projects carried out for other parts of the SanomaWSOY Group.

SWelcom recorded an operating loss of € -12.8 million (-5.9 million), reflecting Channel Four's programming expenditure, the goodwill depreciation associated with increasing SanomaWSOY's holding in the channel, and the fact that 2ndhead's figures are now consolidated with SWelcom's. Up until October 1, 2000, 2ndhead's figures were booked under 'other units'.

Investments totalled € 6.6 million (3.5 million). The largest of these were accounted for by the continued development of Helsinki Television's cable system and its interactive potential, and development work on the company's cable modem environment.

Channel Four has emerged as Finland's third-largest advertising media in terms of net sales. The channel's net sales remained at 2000 levels during the first half. Advertising revenue totalled € 26.2 million (26.7 million), despite a nearly 9% contraction in the overall TV advertising market. The channel's operating loss increased by 24%. The one-off sales of advertising time on sports programmes broadcast by the Finnish Broadcasting Company in May and June 2000, however, complicates the comparison of figures for both net sales and operating loss.

Channel Four's daily viewer coverage totalled 42% (40%), and its weekly viewer coverage 74% (70%). The channel, which celebrated four years of operation in June, also broke its viewer records in the spring. In April, the channel decided to spin off its news and current affairs programme production into a separate subsidiary during 2001.

Helsinki Television's net sales rose 14% during the first half, and profitability continued to improve clearly. Over 214,000 households were connected to the company's cable system as of the end of June. Work on upgrading the system for interactive services continued, and some 98% of households had been upgraded by the end of June. The remainder will be upgraded during the autumn.

The Welho broadband service launched in December 2000 has become the Finnish market leader in consumer broadband services, and had over 13,500 subscribers as of the end of June.

In February, the companies responsible for managing Finland's digital-TV multiplexes formed a joint technology platform provider, Platco Oy, of which SWelcom, which manages Multiplex C, owns one third. Terrestrial digital broadcasts will begin on a phased basis.

The national digital-TV user-interface to be used in Finland will be the first worldwide to implement the new Multimedia Home Platform (MHP) standard. Use of features such as supertext-TV, advanced programme guides, and interactive services will be impossible with the first wave of desk-top boxes, as MHP-enabled equipment is not expected to be on the market until the beginning of next year.

HTV carried out a small-scale test launch of digital pay-TV services and Channel Four Digital using its cable system at the beginning of May.

SWelcom merged its IP services and products-related activities into one company in June. The new company is responsible for SWelcom's Internet and broadband content in both fixed and mobile networks, and for developing interactive digital-TV applications. The unit is also responsible for implementing a large part of SanomaWSOY's various Internet sites. Some 50,000 customers a month used 2ndhead's chargeable services during the second quarter.

A total of 56 Group online services were integrated with SanomaWSOY's joint Virtual Portal platform as of the end of June. The introduction of an electronic customer relationship management (eCRM) system at SanomaWSOY's Internet sites has been started as part of the Virtual Portal project.

SWelcom's net sales for the full year are projected to be in excess of € 94 million, and its operating loss to be in the order of € -24 million. SWelcom will continue to keep its costs in check and its investments in line with the market situation. Net sales at Channel Four are expected to increase by over 7%, and its operating profit performance is also projected to improve. The development of the overall TV advertising market will have a major impact on these projections.

WSOY
Publishing, printing, and calendars

KEY INDICATORS	30.6.2001	30.6.2000	Change, %	31.12.2000
Net sales, € million	**94.1**	86.8	8.4	203.4
Operating profit, € million	**5.0**	4.7	6.6	18.3
% of net sales	**5.3**	5.4		9.0
Operating profit before depreciation *), € million	**6.3**	6.0	5.0	21.2
% of net sales	**6.7**	6.9		10.4
Operating profit excl. associated companies, € million	**1.2**	1.5	-24.4	10.5
% of net sales	**1.2**	1.8		5.2
Balance sheet total, € million	**269.5**	270.9	-0.5	277.1
Gross investments, € million	**8.2**	16.4	-50.0	25.5
Personnel under employment contract	**1 972**	1 838	7.3	1 899
Personnel, average	**1 853**	1 751	5.8	1 803

*) Depreciation on consolidated goodwill

OPERATIONAL INDICATORS, 1.1–30.6.	2001	2000
Number of new titles published		
Books	**258**	259
Electronic products	**79**	53
Number of reprints published		
Books	**715**	670
Electronic products	**126**	121
Printed books, million copies	**10.2**	10.8
Paper consumption, tonnes	**5 665**	5 501

Net sales at WSOY rose over 8% to € 94.1 million (86.8 million). Adjusted to take account of acquisitions, net sales increased by 7%. Publishing recorded the largest growth, over 8%.

WSOY recorded an operating profit of € 5.0 million (4.7 million); or € 1.2 million (1.5 million) excluding the contribution made by associated companies. Performance in traditional publishing had a positive impact on performance, while eLearning-related investments had a downward impact. Rautakirja contributed € 4.4 million (3.3 million) to WSOY's result.

Investments totalled € 8.2 million (16.4 million). The largest projects were the increase in WSOY's holding in Young Digital Poland S.A, a major developer of multimedia products and learning solutions for language teaching, and replacement investments in the printing area.

The market for general literature slowed compared to last year. WSOY's sales rose by 9%. Sales to bookshops were up 5% and book club sales up 13%. The advance orders placed by bookshop chains for the autumn also rose. Book club sales were driven by the rise in book club members to over 200,000. A new book club for children, Uppo-Nalle, was launched. Taskukirja Loisto Oy, a jointly owned paperback company designed to promote the sales of paperbacks and extend the overall book market in Finland, sold nearly 90,000 books during its first months of operation between April and June.

Sales of Weilin+Göös' multi-volume publications were below those last year, although the new 10-volume Maailma tutuksi (Get to know the world) for children sold very well. Performance-enhancement measurements are being introduced. Bertmark, a publisher of annual publications in the Nordic region, had a good first half and its order book rose by around 25% compared to 2000.

Spring orders for comprehensive school textbooks for the 2001/2002 school year were healthy. The Educational Material Unit expects that orders for the full year could rise by 10%, and that WSOY's strong market share will be further consolidated.

Work on the Opit eLearning portal, the main product of eLearning specialist, eWSOY, progressed according to plan. The first digital learning products for comprehensive schools as part of this will be launched in August. The first half also went to plan at WSOY's 49%-owned associate company, Young Digital Poland. The company has targeted full-year net sales of over € 5 million, and projects only a minor operating loss, despite development expenses.

Sales of business books by the Special Publishing Unit developed well. Sales of IT publications and eLearning products produced by the Docendo Group, however, suffered from weak demand, particularly in Sweden. Overall, the corporate eLearning market has not developed as projected. Reflecting this, the group has reorganised operations and made 17 people redundant. Book production has been concentrated in Finland. The benefits of these measures will be felt in the last quarter.

The early months of location information company, Genimap Oy, created by the merger of Geodata Oy and Karttakeskus Oy, went to plan, and the synergy benefits resulting form the merger enabled the company to turn in a clearly better performance than last year. Growth expectations in location information services continue to be good. In April, Geodata signed an agreement with TeleAtlas covering digital map data for car navigation use in Finland; and in June agreed to supply Nokia's new Communicator models with its AddressFinder service.

Sales and performance at the Printing Unit during the first half remained good, despite somewhat unfavourable currency rate developments and uncertainty in the industry as a whole. Based on requests for bids and the current order book, prospects for the unit are reasonable. The largest investments made during the first half were a new hard cover line at WS Bookwell's Porvoo site and a new AO four-colour offset unit at Lönnberg Painot.

The seasonal nature of the calendar business was reflected in the loss recorded by the Calendar Unit during the first half. Prospects at Ajasto in Finland remain good. In Norway, efforts continued to improve performance at Emil Moestue. The Calendar Unit is projected to show a clearly better operating profit performance than last year and record a modest profit.

WSOY's full-year net sales are projected to rise by 8%. The group's operating profit is expected to be an improvement on last year, unless market developments decline significantly during the rest of the year.

RAUTAKIRJA
Kiosks, press distribution, bookshops, cinemas, restaurants, and eBusiness

KEY INDICATORS	**30.6.2001**	30.6.2000	Change, %	31.12.2000
Net sales, € million	**321.5**	305.2	5.3	644.6
Operating profit, € million	**18.4**	12.4	48.5	36.2
% of net sales	**5.7**	4.1		5.6
Operating profit before depreciation *), € million	**19.2**	13.1	46.8	37.6
% of net sales	**6.0**	4.3		5.8
Operating profit excl. associated companies, € million	**19.3**	12.8	50.2	37.4
% of net sales	**6.0**	4.2		5.8
Balance sheet total, € million	**359.2**	335.7	7.0	365.5
Gross investments, € million	**14.9**	12.8	16.9	28.6
Personnel under employment contract	**5 659**	5 469	3.5	5 534
Personnel, average	**4 193**	3 909	7.3	3 977

*) Depreciation on consolidated goodwill

OPERATIONAL INDICATORS, 1.1–30.6 *)	**2001**	2000
Customer volume in kiosk operations, thousands *)	**41 073**	43 139
Customer volume in bookstore operations, thousands	**2 734**	2 723
Customer volume in movie theatres, thousands	**1 599**	1 944
Number of magazines sold (press distribution), thousands	**66 278**	67 238

*) Own units in Finland

Net sales at Rautakirja rose 5% to € 321.5 million (305.2 million). Comparable net sales rose by slightly over 3%. With the exception of cinema operations, all the group's business increased their net sales.

Rautakirja's operating profit increased 48% to € 18.4 million (12.4 million), driven in part by the profit made on the sale of shares in Narvesen in January, booked as other business income. The operations-related operating profit fell slightly, as a result of new acquisitions. Rautakirja's comparable operating profit improved by nearly 5%.

Investments totalled € 14.9 million (12.8 million). The largest single project was the new multiplex cinema completed in Tallinn.

Net sales at kiosk operations rose by over 3% to € 168.5 million. All units recorded positive development, with the strongest growth being seen in Estonia. Operating profit, at € 6.3 million, was over 1% below 2000, although the second quarter was slightly better than a year ago. Finnish-based R-Kiosk outlets and Veikkausrasti recorded an improved result, while the result at Estonian outlets was at 2000 levels. The Latvian business recorded a loss, as a result of start-up costs.

Sales at R-kiosks in Finland were impacted immediately following the introduction of more liberal opening hours for small premises in January, but the impact of the change was much reduced by the second quarter.

The slight downswing in demand for Veikkaus' betting and lottery products was reflected in sales of these products at R-kiosks and Veikkausrasti outlets. Sales of trotting betting products rose significantly, however.

Net sales at press distribution were up 7%, at € 80.9 million. The division's operating profit was up 6%, at € 5.3 million. Sales and performance improved in both Finland and Estonia.

Net sales at bookshop operations rose by over 5% to € 48.6 million. Despite a € 0.2 million improvement, the division recorded an operating loss of € -1.1 million, reflecting the fact that bookshop profits are traditionally concentrated towards the end of the year. Book sales developed well, but sales of stationery and CD-ROMs were below 2000 levels. Rautakirja's 60%-owned Estonian subsidiary, Astro Raamatud, recorded net sales of € 1.2 million.

Net sales at cinema operations fell 2% to € 20.3 million, mainly as result of the lack of any major box-office attractions. Operating profit was down € 0.5 million on last year, at € 0.3 million. The new 11-screen multiplex opened in Tallinn in March clearly exceeded targets. In January, Rautakirja announced that it intends building a 15-screen multiplex in Riga. In July, Finnkino signed a letter of intent to acquire 90% of the Lithuanian cinema operator, UAB Vingio kino teatras, which is expected to have full-year net sales this year of some € 1.7 million.

Net sales at restaurant operations rose 8% to € 19.3 million. An operating loss of € 0.9 million was recorded, a slight improvement on last year. The integration and remodelling costs associated with the take-over of Motorest outlets, and the continuing tough competition on the fast food market, had a negative impact on performance. As part of efforts to improve profitability in the Pizza Hut chain, operations have been concentrated on Greater Helsinki and other large towns.

eBusiness specialist, Ferete, concentrated on getting its operations under way and planning future developments. The bulk of the unit's new services will be launched towards the end of the year.

Rautakirja's full-year net sales are projected to increase by around 6% to more than € 670 million. As a result of investments and acquisitions, the performance of operational units is projected to remain at the level recorded in 2000. Taking into account profits on sales of securities already booked, Rautakirja's overall result is expected to be better than last year's.

Rautakirja published its own interim report on August 2, 2001.

GROUP INCOME STATEMENT

€ million	1.1–30.6.01	1.1–30.6.00	Change, %	1.1–31.12.00
Net sales	**723.6**	694.9	4.1	1 447.8
Increase (+) / decrease (-) in inventories of finished goods and work in progress	**6.2**	6.1	0.7	0.7
Production for own use	**0.0**	0.0	-40.4	0.0
Other operational income	**25.2**	17.0	48.0	36.4
Share of result of associated companies	**4.2**	2.9	43.9	6.4
Materials and services	**330.7**	307.8	7.4	648.1
Personnel expenses	**196.6**	185.0	6.2	370.2
Depreciation	**43.2**	39.4	9.7	85.8
Other operational expenses	**158.4**	154.9	2.3	303.2
Operating profit	**30.2**	33.8	-10.8	84.0
Financial income	**30.3**	67.7	-55.3	86.1
Financial expenses	**14.7**	10.6	39.6	31.8
Profit before extraordinary items	**45.7**	91.0	-49.8	138.3
Extraordinary items	**0.0**	0.0		2.0
Profit after extraordinary items	**45.7**	91.0	-49.8	140.3
Direct taxes (profit-related)	**-12.9**	-23.9	-46.2	-39.3
Minority interest of the result for the period	**-5.9**	-2.6	126.5	-6.8
Profit for the period	**27.0**	64.5	-58.2	94.2

GROUP BALANCE SHEET

€ million	30.6.01	30.6.00	Change, %	31.12.00
Assets				
Non-current assets				
Intangible assets	**59.5**	63.8	-6.7	56.5
Consolidated goodwill	**108.5**	58.4	85.6	82.1
Tangible assets	**426.8**	379.7	12.4	415.1
Investments	**250.4**	271.5	-7.8	273.7
Non-current assets, total	**845.1**	773.5	9.3	827.4
Current assets				
Inventories	**106.8**	108.4	-1.5	102.2
Receivables, long-term	**46.7**	38.0	23.1	43.2
Receivables, short-term	**135.2**	134.2	0.8	149.5
Financial securities	**267.0**	262.4	1.8	268.3
Cash and bank	**40.0**	39.8	0.7	48.6
Current assets, total	**595.8**	582.7	2.3	611.9
Assets, total	**1 440.9**	1 356.2	6.2	1 439.3
Liabilities				
Shareholders' equity				
Share capital	**62.6**	62.6	0.0	62.6
Premium fund	**16.1**	16.1	0.0	16.1
Other funds	**364.1**	364.0	0.0	364.1
Retained earnings	**318.7**	280.5	13.6	285.7
Profit for the period	**27.0**	64.5	-58.2	94.2
Shareholders' equity, total	**788.4**	787.7	0.1	822.6
Minority interest	**120.4**	121.9	-1.3	120.1
Statutory provisions	**5.4**	1.7	222.8	2.3
Liabilities				
Deferred tax liability	**37.0**	40.5	-8.6	37.6
Long-term liabilities	**80.3**	88.4	-9.2	85.9
Current liabilities	**409.4**	316.0	29.6	370.7
Liabilities, total	**1 440.9**	1 356.2	6.2	1 439.3

GROUP CASH FLOW STATEMENT

€ million	**1.1–30.6.01**	1.1–30.6.00	Change, %	1.1–31.12.00
Operating profit (loss)	**30.2**	33.8	-10.8	84.0
Adjustments to operating profit	**30.4**	33.1	-8.2	69.5
Change in working capital	**4.8**	4.6	4.0	-9.9
Cash flow from operations before financial items and taxes	**65.4**	71.5	-8.6	143.7
Financial items and taxes	**-14.7**	25.6	-157.3	28.0
Cash flow from operations	**50.7**	97.2	-47.8	171.7
Cash flow from investments	**-43.5**	-54.0	-19.5	-134.6
Cash flow before financing	**7.2**	43.2	-83.2	37.1
Cash flow from financing	**-19.6**	-61.0	-67.9	-31.2
Change in liquidities according to the cash flow statement	**-12.3**	-17.8	-30.8	5.9
Exchange rate differences under liquidities	**2.4**	-1.2	-294.6	-10.1
Net increase (+)/decrease (-) in liquidities	**-9.9**	-19.1	-47.9	-4.3
Liquidities according to the balance sheet at Jan. 1	**316.9**	321.2	-1.3	321.2
Liquidities according to the balance sheet at June 30 / Dec. 31	**307.0**	302.1	1.6	316.9

NOTES

DEPRECIATION

€ million	**1.1–30.6.01**	1.1–30.6.00	Change, %	1.1–31.12.00
Depreciation according to plan	**36.8**	35.3	4.2	74.9
Depreciation in the value of non-current assets	**0.0**	0.0	0.0	0.7
Depreciation on consolidated goodwill	**6.4**	4.1	56.7	10.3
Total	**43.2**	39.4	9.7	85.8

PERSONNEL, AVERAGE *)	**1.1–30.6.01**	1.1–30.6.00	Change, %	1.1–31.12.00
Helsinki Media	**832**	760	9.5	779
Sanoma	**3 584**	3 377	6.1	3 396
SWelcom	**397**	289	37.2	310
WSOY	**1 853**	1 751	5.8	1 803
Rautakirja	**4 193**	3 909	7.3	3 977
Other companies **)	**83**	79	5.1	85
Total	**10 942**	10 165	7.6	10 350

*) Stated as average number of full-time salaried personnel.
**) SanomaWSOY Corporation, Swwap Oy (until 30.9.2000), and real estate and investment companies.

SHAREHOLDERS' EQUITY

€ million	30.6.01	30.6.00	31.12.00
Share capital at Jan. 1	**62.6**	61.2	61.2
Share issue	**0.0**	1.4	1.4
Share capital	**62.6**	62.6	62.6
Premium fund at Jan. 1	**16.1**	16.1	16.1
Share premium account	**16.1**	16.1	16.1
Contingency fund at Jan. 1	**0.0**	1.1	1.1
Transfer of profits	**0.0**	-1.1	-1.1
Contingency fund	**0.0**	0.0	0.0
Other funds at Jan. 1	**364.1**	364.5	364.5
Change	**0.0**	-0.5	-0.5
Other funds	**364.1**	364.0	364.1
Profit (loss) brought forward at Jan. 1	**379.9**	343.2	343.2
Dividend distribution	**-65.0**	-62.5	-62.5
Change in translation difference	**3.4**	-0.6	4.2
Donations	**-0.3**	-0.1	-0.3
HTV subscription fees	**0.6**	0.4	1.0
Transfer from restricted equity*)	**0.0**	0.2	0.2
Other changes	**0.1**	-0.1	0.0
Profit (loss) brought forward	**318.7**	280.5	285.7
Profit (loss) for the period	**27.0**	64.5	94.2
Total shareholders' equity	**788.4**	787.7	822.6

CONTINGENCIES AND PLEDGED ASSETS

€ million	30.6.01	30.6.00	Change, %	31.12.00
Debts with collateral consisting of property and shares				
Pension loans	**23.4**	30.6	-23.5	25.3
Loans from financial institutions	**7.4**	8.6	-13.9	7.9
Other loans	**14.4**	32.9	-56.3	15.1
Mortgages, real property, total	**21.9**	21.0	4.2	21.9
Mortgages, movable property, total	**3.0**	4.5	-32.6	3.2
Pledged securities, total	**54.3**	72.1	-24.7	54.3
Other assets pledged against own debt				
Mortgaged bearer bonds	**0.9**	0.9	0.0	0.9
Industrial mortgages	**4.6**	4.0	12.8	4.9
Book value of pledged securities	**11.7**	16.9	-30.7	19.5
Deposits	**1.0**	0.1		0.2
Guarantees	**2.6**	2.3	10.4	2.5
Total	**20.8**	24.3	-14.4	28.1
Assets pledged for associated companies				
Guarantees	**7.5**	1.0	626.2	1.0
Assets pledged for others				
Guarantees	**0.8**	0.9	-3.3	0.8
Other contingencies				
Leasing liabilities	**3.5**	3.0	17.0	4.7
Interest on equity loans	**2.0**	3.3	-39.8	1.6
Pension liabilities	**0.7**	0.1	931.3	0.6
Repurchase liabilities	**3.3**	3.3	0.0	3.3
Other liabilities	**12.0**	14.0	-14.3	13.2
Other contingencies, total	**21.5**	23.8	-9.4	23.4
All liabilities, total	**129.9**	147.6	-12.0	132.7

PAR VALUE OF THE GROUP'S OPEN DERIVATIVE CONTRACTS

€ million	30.6.01	30.6.00	Change, %	31.12.00
Currency derivatives				
Forward contracts	**39.6**	35.5	11.5	47.5
Option contracts				
Call	**0.0**	5.2		0.0
Put	**0.0**	5.2		0.0
Total	**39.6**	46.0	-13.9	47.5
Share derivatives				
Forward contracts	**8.8**	32.9	-73.3	22.1
Total	**8.8**	32.9	-73.3	22.1
Total	**48.4**	78.9	-38.7	69.6

CURRENT VALUE OF THE GROUP'S OPEN DERIVATIVE CONTRACTS

€ million	30.6.01	30.6.00	Change, %	31.12.00
Currency derivatives				
Forward contracts	**0.9**	2.5	-65.3	3.9
Option contracts				
Call	**0.0**	-0.2		0.0
Put	**0.0**	0.0		0.0
Total	**0.9**	2.4	-62.6	3.9
Share derivatives				
Forward contracts	**0.4**	2.5	-83.9	-0.8
Total	**0.4**	2.5	-83.9	-0.8
Total	**1.3**	4.8	-73.5	3.1

Derivatives contracts are mainly used for regulating the risk profile of the investment portfolio.

GROUP INCOME STATEMENT BY QUARTER

€ million	1–3/01	**4–6/01**	1–3/00	**4–6/00**	7–9/00	10–12/00	1–12/00
Net sales	361.4	**362.2**	345.9	**349.0**	345.5	407.4	1 447.8
Increase (+) / decrease (-) in inventories of finished goods and work in progress	5.4	**0.8**	4.4	**1.8**	0.1	-5.6	0.7
Production for own use	0.0	**0.0**	0.0	**0.0**	0.0	0.0	0.0
Other operational income	15.8	**9.4**	7.8	**9.3**	6.8	12.6	36.4
Share of result of associated companies	-0.6	**4.8**	1.1	**1.8**	4.0	-0.5	6.4
Materials and services	169.1	**161.6**	159.3	**148.5**	155.3	184.9	648.1
Personnel expenses	99.9	**96.7**	91.1	**93.9**	84.4	100.7	370.2
Depreciation	21.3	**21.9**	19.3	**20.1**	20.7	25.7	85.8
Other operational expenses	79.0	**79.5**	76.3	**78.6**	69.3	79.0	303.2
Operating profit	12.7	**17.5**	13.1	**20.7**	26.6	23.6	84.0
Financial income	16.2	**14.1**	44.2	**23.5**	5.8	12.6	86.1
Financial expenses	10.8	**3.9**	5.9	**4.7**	10.5	10.8	31.8
Profit before extraordinary items	18.1	**27.6**	51.4	**39.6**	21.9	25.4	138.3
Extraordinary items	0.0	**0.0**	0.0	**0.0**	0.0	2.0	2.0
Profit after extraordinary items	18.1	**27.6**	51.4	**39.6**	21.9	27.5	140.3
Direct taxes (profit-related)	-6.6	**-6.3**	-13.5	**-10.4**	-6.9	-8.5	-39.3
Minority interest of the result for the period	-4.4	**-1.5**	-1.5	**-1.1**	-1.9	-2.3	-6.8
Profit for the period	7.1	**19.8**	36.4	**28.1**	13.1	16.6	94.2

NET SALES BY BUSINESS AREA

€ million	1–3/01	4–6/01	1–3/00	4–6/00	7–9/00	10–12/00	1–12/00
Helsinki Media							
Magazine publishing	39.2	**41.7**	39.5	**39.3**	35.8	45.3	159.8
Total	39.2	**41.7**	39.5	**39.3**	35.8	45.3	159.8
Sanoma							
Newspaper publishing	119.9	**118.3**	112.3	**116.0**	110.0	119.9	458.2
Total	119.9	**118.3**	112.3	**116.0**	110.0	119.9	458.2
SWelcom							
Electronic media	20.8	**21.6**	18.7	**20.7**	15.2	24.0	78.5
Total	20.8	**21.6**	18.7	**20.7**	15.2	24.0	78.5
WSOY							
Publishing	29.9	**38.3**	27.8	**35.1**	28.9	35.5	127.4
Printing	15.6	**14.9**	15.6	**14.5**	15.3	16.0	61.4
Calendar operations	1.9	**2.9**	1.9	**3.3**	12.4	19.0	36.7
Others	1.0	**1.0**	0.8	**1.0**	0.7	1.3	3.8
Intracompany transactions	-6.3	**-5.1**	-6.8	**-6.4**	-6.2	-6.6	-25.9
Total	42.1	**52.0**	39.4	**47.5**	51.3	65.3	203.4
Rautakirja							
Kiosk operations	80.7	**87.8**	80.0	**83.1**	85.0	88.7	336.8
Press distribution	39.3	**41.6**	35.1	**40.7**	40.1	38.3	154.2
Bookstores	32.1	**16.6**	30.1	**16.0**	23.0	38.1	107.2
Movie theatre operations	11.8	**8.4**	12.8	**7.8**	10.1	12.9	43.6
Restaurant operations	8.3	**11.0**	8.1	**9.8**	11.2	9.3	38.4
Intracompany transactions	-7.7	**-8.6**	-8.4	**-10.0**	-8.9	-8.3	-35.6
Total	164.6	**156.9**	157.8	**147.4**	160.5	178.9	644.6
Intragroup transactions	-25.2	**-28.3**	-21.7	**-21.8**	-27.3	-26.0	-96.7
Total	361.4	**362.2**	345.9	**349.0**	345.5	407.4	1 447.8

OPERATING PROFIT BY BUSINESS AREA

€ million	1–3/01	**4–6/01**	1–3/00	**4–6/00**	7–9/00	10–12/00	1–12/00
Helsinki Media							
Magazine publishing	1.0	**6.2**	0.6	**3.5**	1.0	5.1	10.2
Total	1.0	**6.2**	0.6	**3.5**	1.0	5.1	10.2
Sanoma							
Newspaper publishing and printing *)	14.2	**7.3**	12.4	**15.7**	14.6	13.1	55.7
Total	14.2	**7.3**	12.4	**15.7**	14.6	13.1	55.7
SWelcom							
Electronic media	-7.0	**-5.8**	-3.6	**-2.3**	-4.4	-6.4	-16.7
Total	-7.0	**-5.8**	-3.6	**-2.3**	-4.4	-6.4	-16.7
WSOY							
Publishing	-1.0	**7.1**	0.7	**6.4**	3.9	-2.8	8.3
Printing	2.2	**1.6**	3.1	**1.7**	2.6	1.9	9.3
Calendar operations	-4.1	**-3.5**	-4.1	**-3.9**	3.1	3.2	-1.8
Others *)	2.6	**-0.1**	1.5	**-0.4**	0.0	2.0	3.1
Intracompany eliminations	-0.7	**0.9**	-1.1	**0.9**	-0.3	0.1	-0.5
Total	-1.0	**6.0**	0.1	**4.6**	9.3	4.3	18.3
Rautakirja							
Kiosk operations	3.1	**3.2**	3.2	**3.1**	5.4	3.9	15.7
Press distribution	2.5	**2.8**	2.0	**3.0**	2.7	1.8	9.5
Bookstores	0.8	**-1.9**	0.8	**-2.1**	0.6	6.8	6.0
Movie theatre operations	0.8	**-0.5**	1.5	**-0.8**	0.3	1.5	2.5
Restaurant operations	-0.7	**-0.2**	-0.8	**-0.1**	0.7	-1.9	-2.2
E-business	-0.3	**-0.4**	0.0	**0.0**	0.0	0.0	0.0
Others	8.5	**0.9**	1.2	**1.4**	1.1	0.9	4.6
Intracompany eliminations	0.0	**0.0**	0.0	**0.0**	0.0	0.0	0.0
Total	14.6	**3.9**	7.9	**4.5**	10.8	13.0	36.2
Other companies **)	-4.7	**-1.1**	-2.1	**-5.0**	-1.0	-7.9	-16.0
Intragroup eliminations	-4.4	**1.0**	-2.1	**-0.4**	-3.7	2.4	-3.8
Total	12.7	**17.5**	13.1	**20.7**	26.6	23.6	84.0

*) Includes share of Rautakirja's results.
**) SanomaWSOY Corporation, Swwap Oy (until 30.9.2000), and real estate and investment companies.

Figures are unaudited.

Report of the Board of Directors on Events after the Interim Report for January – June 2001 that have a material effect on the Position of the Company

In the view of SanomaWSOY, the interim report for 1 January – 30 June 2001 published on 13 August 2001 presents all events that have taken place after the end of the last financial year, except for the events presented below and that, according to the Company's understanding, have a material effect on the position of the Group.

SanomaWSOY's Extraordinary General Meeting of Shareholders held on 21 August 2001 elected Robert Castrén to the Company's Board of Directors for the remainder of the term of office that will end at the 2002 Annual General Meeting of Shareholders. In addition, the Meeting authorised the Board of Directors to decide to increase the Company's share capital through an issue of stock, a convertible loan, and/or stock options. The Board of Directors decided the same day to offer the Convertible Capital Notes of a maximum amount of EUR 250 million referred to in this Prospectus for subscription by professional investors as of 31 August 2001. The Company will take the final decision on or about 31 August 2001 on the issuance of the Notes and the issue price on the basis of offers submitted by subscribers.

See sections "Corporate Governance – Board of Directors" and "Share Capital and Shareholders – Board's Authorisation to Increase Share Capital".

Outlook for the Future

The SanomaWSOY management's understanding of the Group's outlook for the future is included in the Interim Report for 1 January – 30 June 2001 published on 13 August 2001. The future outlook for the Parent Company is included in the Group's outlook for the future.

Auditors' Statement on the Listing Prospectus

Pursuant to the Securities Markets Act Chapter 2, Section 3, Paragraph 5, and the resolution of the Ministry of Finance in respect of Prospectus (19.3.1998/197) Chapter 1, Section 5, we confirm having verified that the group financial statements of SanomaWSOY Corporation for the periods 1.5–31.12.1999 and 1.1–31.12.2000, as appearing in the Prospectus of SanomaWSOY Corporation dated 21.8.2001, are in accordance with the audited financial statements adopted by the Annual General Meeting. The auditors' reports issued on the above mentioned financial periods do not contain any remarks. On the basis of the issued auditors' reports, the financial statements and the group financial statements of SanomaWSOY Corporation give a true and fair view of the result of operations as well as of the financial position of both SanomaWSOY Corporation and the group.

We have audited as a review audit the comparative financial statements of SanomaWSOY Corporation covering the periods 1.1–31.12.1998 and 1.1–31.12.1999. Our statement regarding this general audit is attached to the Prospectus.

The financial statements for 1999-2000 and the information about the comparative financial statements for 1998-1999 as appearing in the Prospectus (pages 50-52 and 62-103) are in accordance with the official financial statements and comparative financial statements of the said years.

Helsinki, 21 August 2001
SVH Pricewaterhouse Coopers Oy
Authorised Public Accountants

Johanna Perälä	Pekka Nikula
APA	APA