

TietoEnator signs partnership agreement with Ericsson

TietoEnator and Ericsson have today signed a partnership agreement meaning that TietoEnator takes over parts of the activities within Ericsson's product development operations within fixed networks and mobile systems. 860 employees at Ericsson in Karlstad, Luleå, Umeå and Skellefteå will be transferred to TietoEnator who thereby consolidates its position as the Nordic regions' leading provider of research and development (R&D) services for the telecom industry.

The employees concerned will be transferred to a new business unit within TietoEnator Telecom & Media, Sweden, and will constitute a strong competence basis for TietoEnator's further activities within the telecom area. TietoEnator estimates the order value of the agreement to approximately 90 MEUR per year initially, coming from Ericsson and other customers. After the transfer, TietoEnator Telecom & Media will have 2800 employees of which 1800 work within high value-added R&D projects.

The full payment is approximately 500 MSEK (approximately 55 MEUR) and the effect on yearly goodwill amortisations is calculated to be 5 MEUR. The earnings per share (EPS) is expected to be positive already from the start. The transfer of Ericsson's development operations to TietoEnator will take place in the beginning of November, 2002, pending Swedish Competition Authority.

- TietoEnator's aim is to be a world-leading provider of high value added IT services within selected industries. Telecommunications is seen to be one of the main engines of the information society. Establishing partnerships with world leading customers in the selected industries is a cornerstone in TietoEnator's strategy and Ericsson belongs to this target group, says Åke Plyhm, Deputy CEO, TietoEnator.

- The sale is yet another step in our overall strategy to consolidate and streamline our development activities. With their strong telecom focus, we see TietoEnator as the best partner for these activities, says Per-Arne Sandström, Chief Operating Officer at Ericsson.

- This agreement means a new strategic co-operation with Ericsson who already is an important customer. It also gives us the possibility to reuse the competence in co-operation with other customers. Ericsson is a long term partner to TietoEnator and the new agreement strengthens our position as the leading provider of R&D services within the areas of mobile telecommunications and information technology communications, says Pentti Heikkinen, President of TietoEnator Telecom & Media.

TietoEnator Telecom & Media co-operates with customer industries that form a full value chain from telecom operators and terminal manufacturers, to content providers. The business area operates in 13 countries.

Number of employees concerned:

Karlstad: 460 employees

Luleå: 180 employees

Umeå: 120 employees

Skellefteå: 100 employees

For further information, please call:

Åke Plyhm, Deputy CEO, TietoEnator, +46 705 65 86 31, +46 8 632 14 10

Eric Österberg, Senior Vice President, Corporate Communications, TietoEnator

+46 705 90 05 99, +46 8 632 14 26

Pentti Heikkinen, President of TietoEnator Telecom & Media business area, +358 9 862 60780,

+358 400 438 611

Carl-Harald Andersson, Senior Vice President of TietoEnator Telecom & Media, +46 705 35 36 01

With almost 12,000 employees and annual net sales of EUR 1.1 billion, TietoEnator is a leading supplier of high value-added IT services in Europe. TietoEnator specialises in consulting, building and hosting its customers' business operations in the digital economy. The Group's services are based on a combination of deep industry-specific expertise and latest information technology.

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