Annual Report
2014

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Tieto in 2014

Tieto is the largest IT services company in the Nordics providing full lifecycle IT services. We also provide global product development services for companies in the communications and embedded technologies arena. Our approximately 800 customers operate both in the private and public sectors. Through industry insight, technology vision, and innovative thinking, Tieto proactively strives to inspire and engage our customers in finding new ways of accelerating their business.

Building on a strong Nordic heritage, Tieto combines global capabilities with local presence. Headquartered in Helsinki, Finland, Tieto has approximately 14 000 experts in more than 20 countries.

At Tieto, we are committed to developing enterprises and society through IT.

KEY FIGURES

	2014	2013
Net sales, EUR million	1 522.5	1 606.8
Operating profit (EBIT), EUR million	61.1	85.7
Operating margin, %	4.0	5.3
Operating profit (EBIT) excl. one-off items, EUR million	150.2	141.2
Operating margin excl. one-off items, %	9.9	8.8
Profit before taxes, EUR million	56.6	79.1
Earnings per share, EUR	0.48	0.86
Earnings per share excl. one-off items, EUR	1.6	1.48
Equity per share, EUR	6.44	7.08
Dividend per share, EUR	1.30	0.90
Investments, EUR million	43.5	71.7
Return on equity, %	7.1	12.0
Return on capital employed, % [1)]	9.8	13.5
Gearing, %	-12.6	3.0
Equity ratio, %	47.8	49.3
Personnel on average	14 007	15 170
Personnel on 31 Dec	13 720	14 318

[1)] *When calculating Return on capital employed the negative net impact on interest rate swaps and exchange differences are now considered as other financial expenses. The key figure for year 2013 has been correspondingly restated.*

CEO's review

Reorienting for growth

Digitalization keeps pushing the limits of technology, and as the leading IT services provider in the Nordics, we are the first in line to adopt it as a new normal. The transformation we continuously talk about with reference to our customers has not left us untouched. Tieto has undergone a major change during the past two years, which has opened new business opportunities and the door for growth.

The scale of change all businesses need to face with digitalization resembles that of the industrial revolution. Concepts such as big data and industrial internet will transform traditional business models, offering countless possibilities for all industries. IT service companies need to constantly be able to review and transform their portfolio and competencies. For Tieto, this has meant finding innovative ways to create benefits for our customers.

In 2014 our focus has been on increasing quality and profitability, establishing growth investments and expanding competencies. The new digital world requires new kinds of services and competencies, which has opened career opportunities and accelerated skill development at Tieto. By active renewal of our competence pool, we can ensure being the best possible business partner to our customers.

Growth emerging in IT services driven by cloud

During the year we saw healthy order intake in many of our businesses spanning from financial services to public, healthcare and welfare, manufacturing and retail industries. Managed Services, Consulting and System Integration together with Industry Products enabled good performance for IT services. On the whole, our IT services business grew organically by around 3% in 2014.

Cloud was driving faster-than-market growth – for example, in Managed Services cloud grew by over 150% in 2014. Cloud has become a standard part of new offers as customers seek ways to reduce the total cost of ownership. Due to greater automation, services are becoming less labour-intensive and more cost-efficient, helping service providers to remain competitive. Tieto’s extensive product portfolio and industry expertise makes us an ideal long-term business partner for companies looking for new opportunities through cloud.

In the future we anticipate double-digit growth also from our start-up operations Industrial Internet and Customer Experience Management. In the long run we aim at growing faster than the market in all IT services.

Improved profitability despite changes in market environment

During the year, we also managed to improve our profitability. Improvement was driven by increased business focus, higher quality and additionally, we reduced our cost base by around EUR 40 million compared with the previous year due to the efficiency programme started in 2013. With underlying operating margin of 9.9%, we continued to take steps towards our long-term ambition.

However, the market environment for our Product Development Services business remains challenging due to market changes. Consequently, we have initiated actions to reduce the cost base and to improve our performance within our existing customer base. Additionally, we continue to seek growth for PDS through new customers globally.

Growth investments established

In 2014 we established two in-house start-ups driven by the accelerating digitalization, Industrial Internet and Customer Experience Management. These start-ups not only drive our business forward by enlarging our portfolio and competencies, but also bring a new kind of start-up culture within Tieto - leading us into increased agility and new ways of working. These investments also support our aim of being the best possible business partner for our customers in all their IT and transformation needs.

One of the key focus areas has been Customer Experience Management. Companies need to create a seamless customer experience across all touchpoints combining digital and physical. This is where Tieto steps in – we take a holistic approach towards CEM, working from vision to execution, and seeing the business value of CEM in addition to technology. By using industry knowledge, technological expertise and innovation ecosystem Tieto is able to create value through transforming our customers' businesses.

With the other burning topic of the year, Industrial Internet, we are supporting our customers' businesses and creating opportunities in the connected world. By utilizing new ways to connect devices, analyse data and distribute intelligence and autonomy among devices, our customers are able to increase efficiency, create new business and improve the service experience for end customers. There is huge potential in the Industrial Internet and Tieto is well positioned to take an active role in the development.

Our third growth investment with a lot of growth potential is the healthcare sector. Increasing regulation and digitalization of healthcare and welfare processes are the key drivers for Tieto's business. Tieto is planning on new investments in the suite of applications, with a number of new launches expected in 2015 and 2016. Tieto is currently the leading IT solution provider for the healthcare and welfare sector in the Nordic countries.

In addition to the growth investments, we continued to build our competitiveness by industrializing our infrastructure and Application Management services, increasing offshore capability and growing our cloud service and industry product portfolio. This left us well positioned in our target markets.

Ready to accelerate growth in IT services

In 2014, we witnessed a new kind of optimism at Tieto. Our actions have supported our strategy, and we seized the opportunities the accelerating digitalization set for us. We worked hard to get closer to our target profitability, and the efficiency improvements played a big part in getting us there. We are now getting ready for growth.

With improved profitability, growth and a healthy cash flow, the shareholder return increased to 36%. For this we are proud and determined to keep on creating value for our owners. Looking into 2015, our journey toward growth continues with the support of new products, competencies and a bit of start-up attitude.

I would like to warmly thank our customers, employees, partners and shareholders in supporting us on our continued renewal!

Kimmo Alkio
President and CEO

The year in brief

JANUARY

15.1. Tieto reinforces its Product Development Services portfolio by acquiring part of Siemens Convergence Creators telecom R&D.

FEBRUARY

10.2. Tieto's Leadership team gets a new member as Håkan Dahlström is appointed as Executive Vice President of Public, Healthcare & Welfare.

MARCH

6.3. Glatfelter CFBU chooses Tieto as its IT-partner. The two-year contract covers implementing Tieto's Integrated Paper Solution (TIPS), which combines best practice SAP and paper industry specific planning.

20.3. Annual General Meeting gathers over 500 shareholders in Helsinki, Finland.

APRIL

7.4. Mikko Leinonen is appointed as Head of Customer Experience Management, one of Tieto's key growth investments.

14.4. Tieto and LähiTapiola expand their collaboration by signing a framework agreement on application maintenance and development.

16.4. Tieto Sweden is awarded with the 2014 Oracle Excellence Award Engineered Systems – Sweden, for being the Specialized Partner of the Year.

24.4. Tieto releases a study on business transformation from the Nordic executives' perspective

MAY

12.5 Taneli Tikka is appointed to lead Tieto's Industrial Internet business. The agile start-up within Tieto will move Tieto to the frontiers of the next industrial revolution.

20.5 Tieto and Microsoft launch a new Lifecare home care application for Windows 8 tablets and Windows phones.

JUNE

18.6 Tieto is included in the Magic Quadrant for Integration Service Providers, giving confirmation to Tieto's mission to provide end-to-end integration services.

26.6 Tieto begins partnership with the Finnish construction company Lemminkäinen by IT outsourcing.

JULY

10.7 Tieto signs a five-year agreement with Swedish Volvofinans Bank to improve its IT infrastructure and end-user services.

SEPTEMBER

3.9 Tieto and UPM expand their partnership in the Application Management services. UPM will outsource and consolidate the services of certain business areas and functions to Tieto with the three-year agreement that includes two optional years.

16.9 Tieto and SAP's 20 years of co-operation awards Tieto the SAP Gold VAR Partner status.

29.9 According to Prime Investment annual review, Tieto ranks among the top IT service companies in the Baltics.

OCTOBER

6.10 Tieto takes Varma to the cloud and signs a five-year agreement to deliver operations management services.

9.10 Finland's biggest retailer, the S Group, selects Tieto as one of its main partners for data centre and capacity services.

14.10 Tieto and Cisco announce a close collaboration on the Internet of Everything and a new Tieto Industrial Internet platform for Internet of Things (IoT) applications

21.10 Energy company Vattenfall selects Tieto as the provider of its Energy Utilities Industry Software as a Service solution (SaaS) to support Vattenfalls retail business in the Finnish market.

22.10 Tieto signs a contract with the Finnish Government ICT Centre Valtori for data centre and capacity services. Tieto aims to generate government-level cost savings through economies of scale.

27.10

Tieto and the global leader International Paper sign an agreement for the delivery of a new Manufacturing Execution System (MES).

28.10

Tieto's sustainability work is rewarded as Tieto earns leadership status by the CDP for climate change transparency.

28.10

After ten years of collaboration, If Insurance extends its IT infrastructure agreement with Tieto for the third time. With the new agreement, If gets access to modern and cost-effective cloud services.

NOVEMBER

26.11

Tieto wins an outsourcing deal with Jämtland County Council. The four-year deal includes the delivery of IT infrastructure services for service desk, server operations and network operations.

DECEMBER

8.12

Tieto and Outokumpu expand their partnership in infrastructure server capacity services by using the Tieto Cloud Server. The renewed three-year agreement covers all Outokumpu locations globally.

10.12

FOREX Bank selects Tieto for developing and renewing the customer experience in its digital channels.

11.12

The international entertainment group Modern Times Group (MTG) extends its existing outsourcing agreement with Tieto. The new agreement runs for three years with an optional fourth year extension.

Financial targets

Our dividend policy was updated in 2014 – the rest of the objectives remained unchanged

Target for 2016	Development in 2014
EBIT margin 10% (reported)	Profitability remained below our target level due to continued restructuring activities and high impairment charges. Our operating margin (EBIT) was 4.0% (5.3). However, the margin excluding one-off items rose to the target level and was 9.9% (8.8). The improvement reflects the efficiency measures initiated in 2013 and 2014 and good opportunities to further improve margins in IT services still remain.
Annual increase in dividends in absolute terms (payout ratio at minimum 50% of net results)	Our dividend has increased by 15% in average during the past years (CAGR 2009–2014). In 2014, the proposed dividend is up to EUR 1.00 (0.90) and additionally, an extra dividend of EUR 0.30 is proposed. Dividend yield is 6% and payout ratio 271%, including extra dividend.
Net debt/EBITDA ratio: upper limit at 1.5 in the long run.	Our capital structure is very strong and net debt/EBITDA declined to -0.4. The proposal to pay extra dividend addresses our objective to achieve a level close to 1. Tieto will maintain its capacity to invest in future growth both organically and inorganically after dividends.

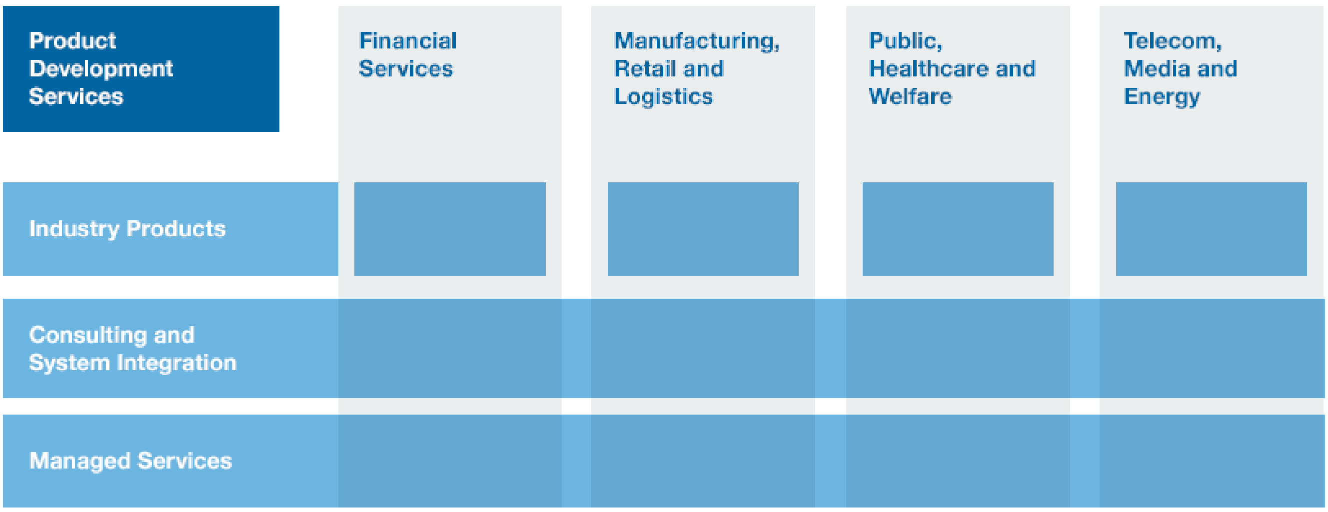
Operating model

The service lines develop Tieto's offerings, support in sales and provide resources to IT projects and service deliveries to customers. Furthermore they are responsible for capabilities needed and competence development.

Tieto's industry groups drive sales within their defined areas and develop customer relationships.

The service lines work across all industry groups. The service lines and industry groups collaborate through a project based model.

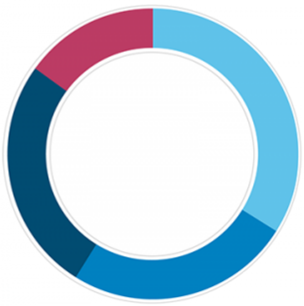
In addition, Product Development Services, PDS, provides services in the field of communications and embedded technologies for a global customer base. PDS's aim is to be its customers' preferred product development partner throughout the product lifecycle.



Service lines

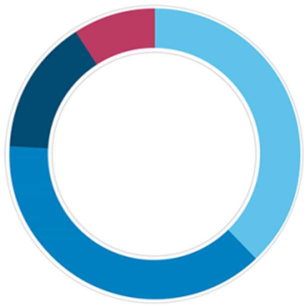
	Consulting & System Integration	Managed Services	Industry Products
Headed by	Satu Kiiskinen	Ari Karppinen	Led within each Industry Group, overall coordination Per Johanson
Business	Consulting and system integration services, application management and transformation consulting.	IT infrastructure and cloud provider, enterprise platform services and end user solutions.	Industry-specific software products and productized solutions.
Highlights of 2014	Higher than market growth in the areas of business consulting, customer experience management, enterprise applications and system integration services. A major outsourcing contract won with UPM.	Major infrastructure modernization contracts won during the year. Tieto Cloud Server and Tieto Productivity Cloud continue to be in strong demand. Cloud sales reached to around EUR 50 million (20 million in 2013).	Growth in license and maintenance revenues. Development of Lifecare applications proceeding as planned.
Sales, MEUR	387	512	395
Share of Tieto's sales, %	25	34	26
Operating margin (EBIT) excl. one-off items, %	9.9	7.5	17.8
Employees, 31 Dec 2014	3 953	3 321	3 181
Markets	Nordic countries	Nordic countries	Mainly Nordic countries. Global scope in some product areas, e.g., oil & gas, cards and forest, and paper products
Market position	Leader in Finland, among top three in Sweden.	Leader in Finland, among top three in Sweden.	Leading position in selected industries in the Nordic countries, globally leading products in forest and paper products, oil and gas and cards.
Business drivers	Efficiency and industrialization in applications services, growth of digital customer experience management and service integration.	Reduction of the total cost of ownership through cloud services. Modernization of IT infrastructure to digitalize tools and process to improve agility, innovation speed and time to market.	Large structural changes within the healthcare and welfare area, e.g., interoperability, customer experience focus and mobility. The same drivers, customer experience and mobility, impact financial services sector as well, in addition to regulatory.
Focus in 2015	Continued focus on industry-specific service offering portfolio, growth driven by digital customer experience management and industry consulting. Competence renewal to address new growth areas and more industrialized applications services. Building new cloud services with partner ecosystems. Continue to focus on delivery excellence.	Continue to grow in cloud services. Increase automation to support hybrid delivery model. Competence renewals to support new customer demands and delivery models. Deliver a new and improved service experience for customers by launching new Tieto Service Channel.	Investing in industrialized products and digitalization of services will continue. Interest in the market to buy software as a service.

Sales by service line



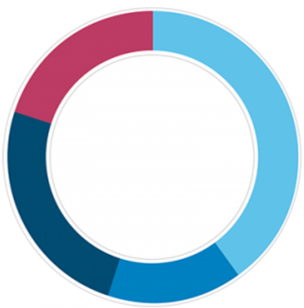
- Managed Services 34%
- Consulting and System Integration 25%
- Industry Products 26%
- Product Development Services 15%

Sales by service line in Finland



- Managed Services 38%
- Consulting and System Integration 38%
- Industry Products 15%
- Product Development Services 9%

Sales by service line in Sweden



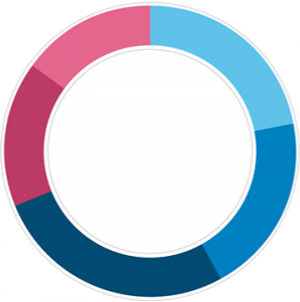
- Managed Services 40%
- Consulting and System Integration 15%
- Industry Products 25%
- Product Development Services 20%

Industry groups

The industry groups provide full life-cycle IT services and products to their respective businesses

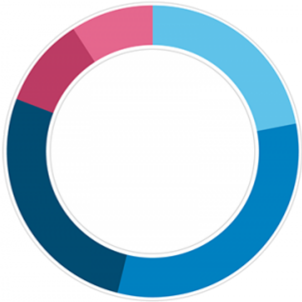
	Financial Services	Manufacturing, Retail & Logistics	Public Healthcare & Welfare	Telecom, Media & Energy
Headed by	Per Johanson	Ari Järvelä	Until 1 April 2014 Ari Järvelä (acting). After 1 April Håkan Dahlström.	Kolbjørn Haarr
Highlights of 2014	Solid performance with more than 1.4 BtB and strong growth in Customer Experience Management (CEM), cloud services and industry solutions. Launches of new concepts such as SmartBanking and SmartCapital.	Digitalization is driving remarkable change. Growth investments in Customer Experience Management (CEM) and Industrial Internet were received well and are expected to bring significant business model changes and back-end simplification for core systems. Cost efficiency is driving outsourcing business; Tieto's offering matches this market need.	Solid performance in 2014 with several major agreements throughout all sectors. Accelerated development for Lifecare solutions based on high market demand resulted in significant improvements for Nordic citizens. Infrastructure outsourcing and especially cloud services has developed beyond expectations.	First customer contract on Energy Utility Solution as a Service. Solid performance with several Telecom customers. Energy Components retains its strong market position.
Major new agreements	Varma, If, FOREX Bank, MedMera.	S Group, Volvo Finans, UPM, Lemminkäinen, Glatfelter, International Paper (IP).	Finnish Tax Administration, Region Skåne, Valtori, Jämtlands Läns Landsting, National Interoperability for HCW in Finland.	Aidon, Com Hem, Qatargas, MTG, Vattenfall.
Sales, MEUR	335	311	410	238
Share of Tieto's sales, %	22	20	27	16
Markets	Nordic countries, The Baltics, UK, Eastern Europe and Russia.	Nordic countries. Also serving customers globally.	Nordic countries.	Nordic countries. Also serving oil and gas segments globally.
Market position	Strong position in the Nordic countries. Number one in Finland, among top three in Sweden. Strong niche position in Norway.	Market leader in Finland, among top providers in Sweden. In top three globally in Manufacturing Execution System products in the Forest sector.	Number one in Finland, second in Sweden. Challenger position in Norway.	Strong position in the Nordic countries within Telecom sector. Nordic market leader in Customer Information Systems for electricity utilities companies. Global market leader in Hydro Carbon Accounting within the oil and gas industry.
Industry drivers	Profitability drives cost savings and rationalization initiatives, including cloud services. Customer experience, mobile, analytics and omnichannel impact business/IT investments. Regulatory demands have effects on compliancy and risk management solutions. Core process automation and modernization initiatives drive demand for industry solutions and transformation services.	Digital revolution affects all industry customers. This has effects on managing customer experience, transforming towards demand driven supply chains and reduction of fixed cost.	A shift to citizen centricity mainly focusing on higher transparency and citizen involvement through web and mobile. Digitalization of processes, need of regional and national interoperability and information availability as well as healthcare and welfare process optimization due to demands of aging population. Shared and outsourced infrastructure to reach higher efficiency.	Profitability focus drives initiatives for cost efficient solutions. Time to market and deploy new solutions.
Focus in 2015	Focus on Nordic key customers with full life cycle of IT services and transformation services. International growth based on competitive and scalable industry solutions.	Focus on selected key areas: Customer Experience Management in Retail, Holistic Manufacturing Intelligence HMI3 in Forest, Industrial Internet in Manufacturing, and supply chain optimization in all industry sectors.	Focus on Lifecare portfolio, full life cycle of IT services and transformation services in the Nordic public sector.	Focus on expanding Nordic customer base with competitive Industry solutions and transformation services. Growth in existing customers with full life cycle IT services.

Sales by industry group



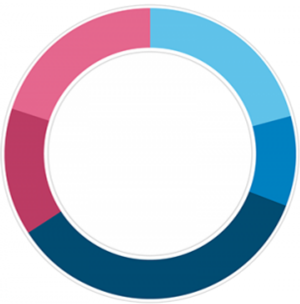
- Financial Services 22%
- Manufacturing, Retail and Logistics 20%
- Public, Healthcare and Welfare 27%
- Telecom, Media and Energy 16%
- Product Development Services 15%

Sales by industry group in Finland



- Financial Services 22%
- Manufacturing, Retail and Logistics 32%
- Public, Healthcare and Welfare 27%
- Telecom, Media and Energy 10%
- Product Development Services 9%

Sales by industry group in Sweden



- Financial Services 21%
- Manufacturing, Retail and Logistics 10%
- Public, Healthcare and Welfare 35%
- Telecom, Media and Energy 14%
- Product Development Services 20%

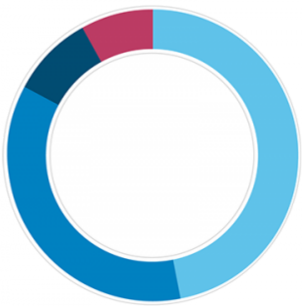
Product Development Services

Headed by	Antti Vasara
Markets	Global
Highlights of 2014	Sales decreased due to some key customers' continued insourcing. Focus on embedded telecommunications R&D and embedded software. Winning several new customers in the US and Asia. New strategy in implementation. Adjustment of resources to reflect demand change. Operational efficiency.
Major new agreements	Won Samsung Electronics as a new customer in the networks business area. Moreover, other new customer wins in the semiconductor area and some new openings with existing customers in the mobile devices area.
Sales, MEUR	229
Share of Tieto's sales, %	15
Operating margin (EBIT) excl. one-off items, %	9.5
Employees, 31 Dec 2014	2 114
Business drivers	Telecom R&D is going through a transformation and providing new business opportunities for R&D outsourcing companies. This allows opportunities for new outcome-based business models in addition to traditional time and material delivery.
Focus in 2015	Grow and build customer base globally. Enhance close cooperation with the existing customers. Continue operational efficiency.

New Markets

Headed by	Kolbjørn Haarr
Business	Go-to-market activities and developing niche markets.
Highlights of 2014	New Markets drives local go-to-market activities in Russia, the Baltics and Austria. Due to the international situation, the Russian market has been unfavorable. Yet, with focus on Nordic customers operating in Russia, Financial Services and some local customers, Tieto has been able to maintain a stable and profitable situation. Austria has a solid top line growth compared to 2013 (25%), primarily coming from MRL. The Baltics keep the overall profitabilty at a healthy level, but top line is somewhat declined due to reduced FS license sales. CSI business performance has improved in all New Markets countries and is at a healthy level.
Major new agreements	Several important customer wins in MRL, including Glatfelder and International Paper. Also, a SAP win with Österreichische Post. In Russia there have been several wins within CSI for Nordic customers operating there.
Markets	Serves customers in Austria, the Baltics and Russia, with its employees based in those particular countries.
Market position	In most of the markets, Tieto's position is still modest, but there have been improvements in execution capability across the board.
Business drivers	Deep industry knowledge, thorough understanding of customers' processes and businesses, strong industry specific software as well as customers seeking new ways to optimize output and streamline costs in response to need of innovation, changes in macroeconomic, and improved customer experience.
Focus in 2015	We will focus on further improving profitability and preparing for future growth with a priority to create scale for selected Tieto industry groups and service lines in countries outside the Nordic countries.

Sales by market



- Finland 47%
- Sweden 36%
- Norway 9%
- Other markets 8%

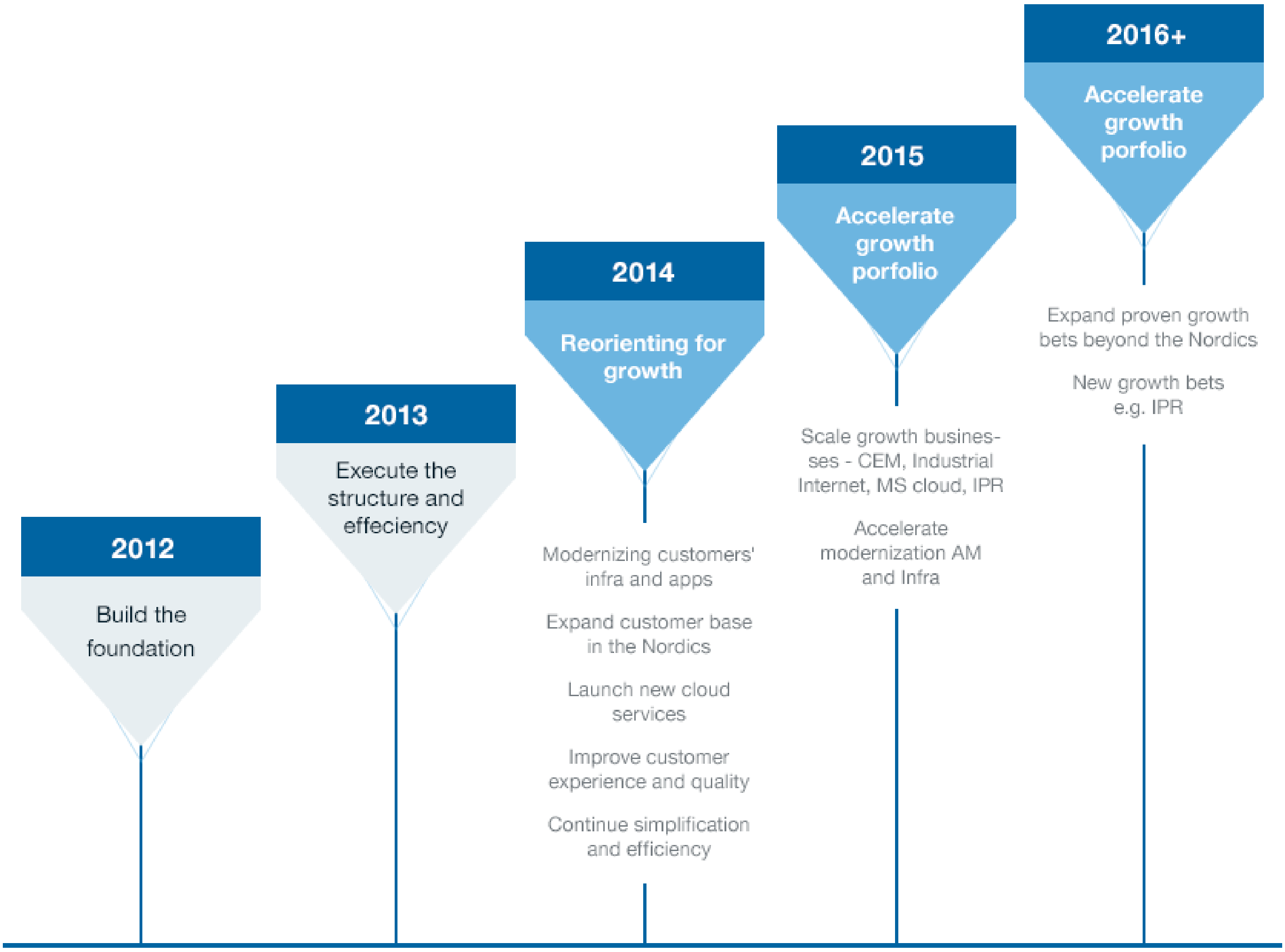
Strategy

The strategy that we launched in 2012 together the choices we made back then make Tieto a competitive and growing company. We are over halfway through with the journey and making good progress. The foundation of our strategy is to:

- reinforce industry expertise for enterprises and the public sector
- emphasize full life-cycle IT services comprising industry products, consulting and system integration and managed services
- focus IT services in the Nordic countries and on PDS scales globally

In 2014, we have increased our investments in Customer Experience Management, Lifecare, Industrial Internet, Enterprise Cloud as well as modernization of application and infrastructure services. With these decisions we aim to seize the opportunities in the IT market set by digitalization.

During the year, we continued to follow our strategy. We reoriented our businesses for growth while implicitly aiming for efficiency in our businesses. Our overall operational and financial performance developed according to the strategic plan, even though a large customers insourcing decision caused volatility in our Product Development Service business.



Confirmed modernization capabilities. During 2014, we made good progress with infrastructure modernization through cloud services with our Nordic customers. Cloud services also exhibited high double digit growth during the year. Our investments in industrialized application management provided initial results and improved customer confidence. Industrialized deliveries including solid global delivery capabilities, provides us a strong market position.

Customer base expansion. We experienced successful expansion of our customer base especially in manufacturing, retail and in the Swedish public sector. Product Development Services gained new global customers, although the total performance was affected by the insourcing decision of a large customer.

Improved quality rigor. We improved our delivery quality especially in infrastructure services, which was driven by standardization of services. We focused especially on project quality driven by standardized processes and significant support for project management during the year. We took decisive actions together with our customers to end projects that were not reaching common objectives. Unified ways of working and delivery across all locations enabled improvement in global delivery capabilities, reaching offshoring levels of 46%.

Growth investments and innovation. We continued our investment commitment to new services across customer experience management, industrial internet and healthcare businesses. During 2014, we established an internal start-up and innovation programme to boost innovation and growth.

Our performance during the year showed solid strategy execution, resulting in improved customer confidence and overall performance of Tieto.

Looking into 2015

In 2015, we will continue to pursue growth with our growth investments, Customer Experience Management, Industrial Internet and Lifecare as well as application and infrastructure modernization. We also seek to expand growth investments to new areas both industry-specific and horizontal solutions. In addition we will take further steps in the industrialization of application and infrastructure services to achieve speed, quality and improved customer experience. This will be our first big step in digitalizing Tieto. Digitalization driving growth with new services, industrialized deliveries and needed competence renewal will be high on the agenda during 2015.

Our people

As we work in the intersection of business and technology we need employees who have competence that supports, develops and transfers our customers' businesses as well as a deep knowledge of IT and experience of the latest technologies.

In 2014, Tieto accelerated its business transformation. Continuous transformation is setting high demands on competence development and resource planning. Ensuring competences that support Tieto's strategic objectives was the focus area for business and HR in 2014.

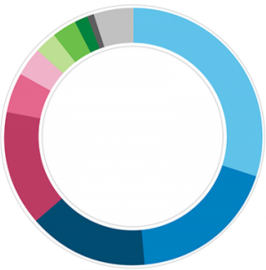
During the year, we continued to strengthen our core businesses and also started to recruit new competencies for our new business areas, especially Industrial Internet and Customer Experience Management (CEM). These new start-up operations drive innovation with our customers and provide highly agile ways of working. The start-ups serve as good role models for reinventing the culture within Tieto. At the beginning of 2014, we also established a new Sales and Large Deals Team.

Today's IT landscape provides new opportunities for individual employees. We support this with opportunities for continuous learning and competence development in multiple ways, including job rotation, on-the-job learning, self-study, working in different assignments, and various training and e-learning courses to mention a few.

We drive for an Open Source culture, which aims at empowering employees to influence their work, and to create an open and transparent working environment. Our Open Source culture is an aspiration that we all share and work for. In addition it presents an opportunity to share, grow and learn as well as develop Tieto together. In 2014, a pilot mentoring programme was launched to support this cultural aspiration in order to increase internal cross-border networking and individual development. Furthermore Accelerating Success programme for leaders continued to establish new ways of working.

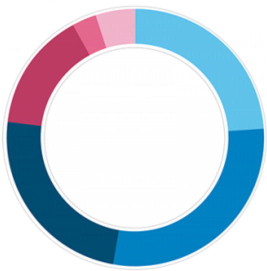
According to our employee satisfaction survey, VOICE, which reached an excellent response rate of 89%, we improved in or continued to be strong in areas of empowerment and trust in leadership. We have strong customer orientation and people feel great accountability of what they do.

Personnel by country



- Finland 30%
- Sweden 19%
- Czech Republic 14%
- India 14%
- Latvia 5%
- Poland 4%
- China 3%
- Norway 3%
- Philippines 2%
- Lithuania 1%
- Other 5%

Personnel at 31 Dec 2014



- Managed Services 24%
- Consulting and System Integration 29%
- Industry Products 24%
- Product Development Services 15%
- Industry groups 3%
- Support functions and global management 5%

Case gallery

Industrial Internet

Unwrap the opportunities offered by the Industrial Internet

UPM

Application Management Systems. Consolidation and Outsourcing enables simplicity, clarity and real value for UPM

Lifecare

Tieto's integrated product family for healthcare and welfare

Cloud

Speeding up the pace of digitalization through cloud enabled business - three customer cases

CEM

Digitally Empowered Customer Experience

Industrial Internet

Unwrap the opportunities offered by the Industrial Internet

Industrial Internet applications are increasing at a breathtaking pace, integrating the Internet into a wide range of everyday devices as well as manufacturing and other industries. Aside from improving automation and offering savings, the new applications also provide new business opportunities.

Known as the third wave of the Internet, this revolution will create threats and benefits in all sectors. Tieto's ambition is to serve as an agent of change for its customers to convert the threats into victories and opportunities.

One of Tieto's strengths in the field of the Industrial Internet is its new approach to business called the internal start-up. It combines the expertise and customer contacts possessed by a large corporation with the agility and flexibility of a start-up company.

UPM

Application Management Services. Consolidation and outsourcing enable simplicity, clarity and real value for UPM

Tieto has had a long-term partnership with UPM, the global leader in bio and forest industries who during this year decided to expand its cooperation with Tieto into new areas. There was a need for cost efficiency, scalability, flexibility and predictability in its IT service landscape.

To achieve this goal, UPM decided to outsource and consolidate Application Management Services (AMS) in their Paper, Forest and Timber businesses to a single partner that will have end-to-end responsibility for the complete application portfolio. The agreement includes complete landscape solutions and services of the corporate wide Global Functions and Shared Services. Furthermore, it will contribute to continuous service improvements and innovations.

Tieto has already been a major provider of application and integration services for UPM, and the new agreement will further strengthen the partnership. Tieto has extensive industry expertise and understanding of UPM's transforming business needs that will help them achieve efficiency and flexibility. As part of the agreement, 47 employees from UPMs IT Service Centres will be transferred to Tieto.

"We have had a long and successful cooperation with Tieto who now delivers us commercially efficient and scalable Application Maintenance Services. Their offering is a good fit with our strategic targets", says Turkka Keskinen, CIO of UPM.

This type ofonsolidation and outsourcing of services offers companies more than just easier maintenance and cost savings. Tieto's customers benefit also from the ability to scale service usage up and down, seamless match of Application Management with other IT segments and industrialized services with global delivery capacity.

Lifecare

Tieto's integrated product family for healthcare and welfare

Lifecare is Tieto's integrated product family for healthcare and welfare. The main goal of Lifecare is to provide right information at the right time for right care and service. This not only improves patient safety and contributes to higher quality of service but also saves time and resources.

Advancing national interoperability

In 2014, 90% of the public healthcare customers of Tieto were connected to the Finnish Patient Data Repository. It is a national service in which healthcare units enter the patient records from their own patient information system in a secure way. In practice, this means that Tieto's public healthcare customers are now in production with nationally compatible systems. This forms an excellent basis for the Finnish healthcare and welfare reform from the IT perspective. In 2015, private healthcare customers will connect to the national repository. New Lifecare technology is used to link customers' patient information systems of Tieto's customers to the repository.

Lifecare home care increases time for direct customer work

In the city of Stockholm, IT has simplified the everyday life for homecare workers, care receivers and their families alike. The care providers can optimize and ensure the quality of their activities through a planning system, and the employees can use their mobile phones to access work schedules and case book notes via the Lifecare Mobile Homecare Service, ParaGå. Approximately 6 500 home care units of the city were using the solution in the end of 2014.

Lifecare mobile home care was launched in 2014 in Finland. The first customer experiences have shown that with the introduction of Lifecare mobile home care and home care optimization there is a direct impact to the financials and higher customer service quality. The integrated homecare planning, optimization and mobile reporting help to improve the planning, resource management and reporting of home care activities with better identification of the needs of the care recipients. The first results in Finland have been very positive showing that time for direct customer work can be even doubled after the introduction of the new technology.

Next generation dental solution introduced in Sweden

Lifecare provides a one-stop solution for both administrative and care-related procedures in dental care. It guides the treatment provider through the entire treatment process which enhances both efficiency and patient safety. The solution is being introduced gradually in Sweden. For example, in Folktandvården Sörmland the expected outcome of Lifecare Dental is that the examination time, including registration of health status and diagnosis, can be reduced by 15%.

High interest for citizen eServices

Lifecare My Service for social services has received very good response from the citizens in 2014. For example in the city of Espoo the Lifecare My Service for supplementary benefits became the most popular online service shortly after its introduction. The citizens' opportunity to monitor their own social service data online is expected to reduce calls related to payments substantially and in turn give the personnel more time to do the actual customer service.

Cloud

Speeding up the pace of digitalization through cloud enabled business - three customer cases

The market for transferring operations into scalable and flexible cloud environments is growing fast. Currently, cloud services are more or less a standard part of all new offers as customers seek ways to reduce the total cost of ownership. Due to greater automation, we are able to deliver secure services with high quality and superior user experience at competitive prices.

In 2014, Tieto revenues from cloud services grew by over 150% compared with the previous year. This was driven by sales of our enterprise cloud offerings, such as Tieto Cloud Server and Tieto Productivity Cloud, and the fact that transformation to cloud has become an essential part of any outsourcing case for our customers. Cloud business is currently the fastest growing area in Tieto, and by 2020, around 80% of Managed Services revenues are expected to derive from cloud.

To elaborate the benefits, cloud can offer, we illustrate here three different types of cloud offerings provided to our customers S Group, If and Vattenfall.

New level in cost efficiency and flexibility for S Group

Biggest Finnish retailer S Group chose Tieto to be one of its main partners for data centre and capacity services. Tieto and S Group have worked together since 1990s and expanded the cooperation further to infrastructure services with the agreement. The multiyear agreement represents a significant value. Tieto will provide S Group with standardized modern services using the benefits of Tieto's latest cloud and hybrid solutions.

"Our target is to achieve a new level in cost efficiency and flexibility by managing and producing the IT services in a new way. Tieto's wide portfolio of services answered well to our needs", says Marko Myllyniemi, CIO, SOK IT Services/ Infrastructure.

Tieto got renewed confidence from If

After ten years of collaboration, If Insurance extended its IT infrastructure agreement with Tieto for the third time. The new contract runs for four years with an option for two more.

"The digitization means an increased demand for more personalized services that can be brought to the customers at a faster pace. We believe that Tieto is the right partner to help us improve and develop our business", says Kjell Rune Tveita, CIO at If.

With the new agreement, If gets access to modern and cost-effective cloud services with a flexible pricing structure. The foundation of the new solution is the Tieto Productivity Cloud which includes a Microsoft software suite for customer management, business intelligence, and Office. Delivery will be made via private, hybrid and central cloud solutions.

Vattenfall selected Tieto to deliver new Industry Cloud solutions

Energy company Vattenfall selected Tieto to deliver its Energy Utilities Industry Software as a Service solution (SaaS) for Vattenfall Finland. Tieto will deliver the latest cloud solutions to support Vattenfall´s retail business in the Finnish market. The initial contract duration is five years with an option for two additional years.

The service solution is specially designed for the Nordic retail business and includes support for core business processes such as CRM, sales, digital online services and billing. It provides true scalability while meeting the strict security requirements by leveraging Tieto's private cloud platform delivered from its data centres in the Nordic countries.

The new solution is continuously adapted to current and future Nordic electricity market regulatory requirements. The service will commence in 2015.

The Industry SaaS is the future business model for retail companies. It enables them to scale their core operations and make the cost predictions they need to ensure their competitiveness in the market. Tieto is the front-runner of this development and fully committed to the journey of Nordic market harmonization.

See what cloud can do for your organisation.

CEM

Digitally Empowered Customer Experience

Our objective is to help enterprises to create seamless customer experience across all touch points combining digital and physical in areas such as retail and banking business. We believe in creating a more customer-centric world with a seamless and mutually rewarding interaction between our clients and their customers.

Importantly, Tieto takes a distinctively holistic approach to CEM working from vision to execution, seeing it in terms of business value, not only technology. *We give you the power to step into the hearts and minds of your customers – and transform your business.*

Tieto works from vision to value

As a Nordic leader with a proven track record in digital customer experience management, Tieto has the ability to create end-to-end value. In helping our customers to transform their business, Tieto leverages in-depth industry knowledge, technological expertize and comprehensive innovation ecosystem.

Our services cover the full customer journey, enabling a seamlessly rewarding customer experience from vision to value: advise to create digital strategies, design to create a comprehensive customer experience, build and run solutions to sharpen your customers competitive edge by accelerating revenue, maximising business intelligence usage and optimising operational efficiency.

The Following examples illustrate the broad spectrum of customer experience management solutions where Tieto has been helping its customers.

Example FOREX Bank

FOREX Bank chose Tieto for developing and renewing the customer experience in their digital channels. The solution includes a full retail online banking service and new interface for the internet bank experience. This gives FOREX Bank a modern environment and a complete end-to-end banking solution delivered as a service. The new contract complements Tieto's current core banking installation which has been used by FOREX Bank for seven years.

Overall, in the banking sector Tieto has a long experience transforming the service experience from manual transactions to web, and later to mobile.

Example Helen's solar panel campaign attracts lots of attention on green energy

Helen wanted to run a solar panel campaign to have a distinct wow factor that would sell solar panels quickly and create a broader interest in solar panels and green energy. The campaign was a tremendous success: solar panels were sold out and the feedback in social media channels' daily media was excellent. Tieto helped Helen to create a compelling web experience making the purchase easy, innovative and easy to share.

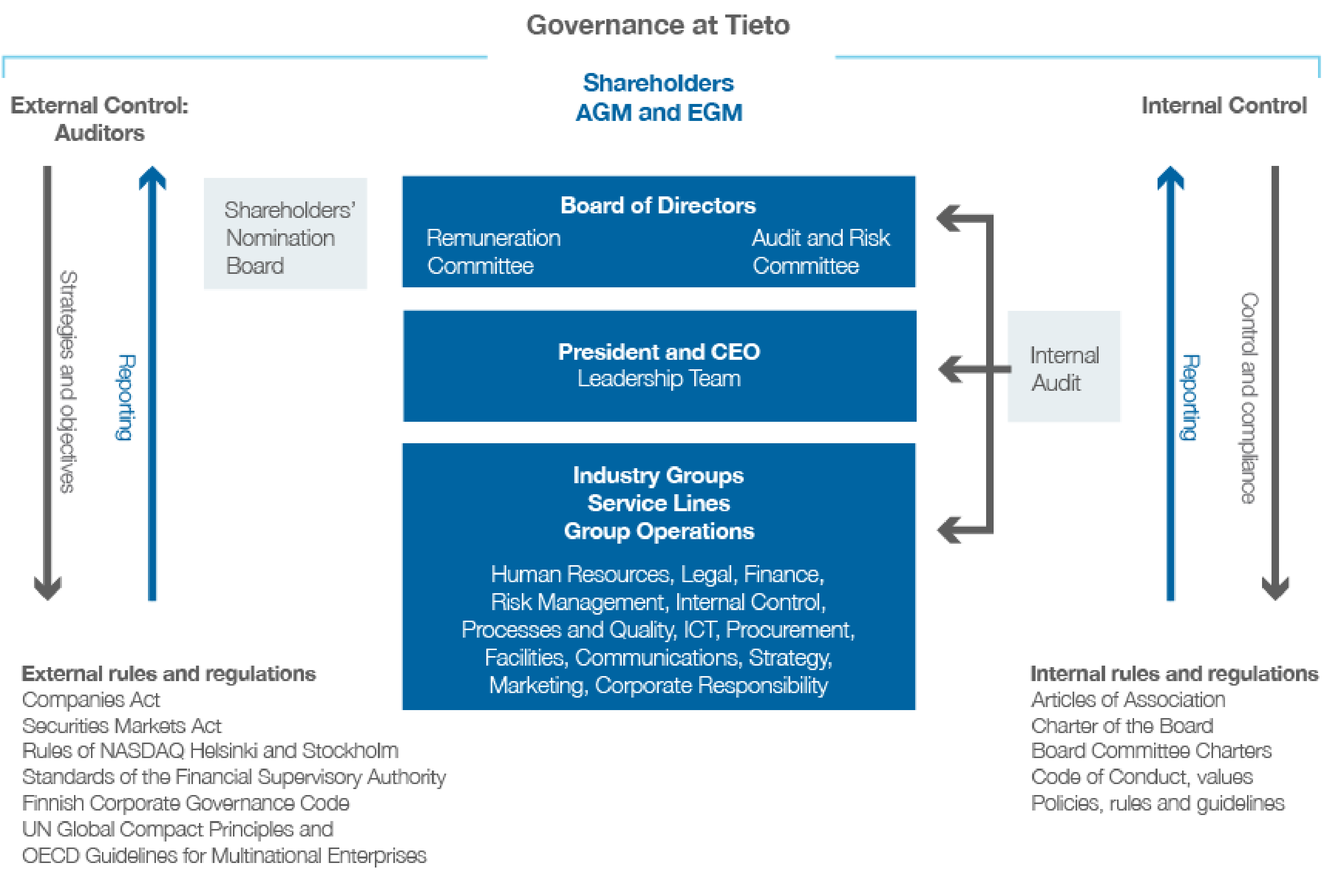
Corporate Governance Statement

Tieto is committed to good corporate governance. In addition to the relevant legislation and rules of the Helsinki and Stockholm stock exchanges, Tieto fully complies with the Finnish Corporate Governance Code issued by the Securities Market Association of Finland in 2010.

This Corporate Governance Statement has been prepared in accordance with the Finnish Corporate Governance Code. The code is available at www.cgfinland.fi. This statement has been issued separately from the report by the Board of Directors and included in the Financial Review 2014.

Tieto's Audit and Risk Committee has reviewed this statement and our independent external auditor, PricewaterhouseCoopers Oy, has checked that the statement has been duly issued and that the description of the main features of the internal control and risk management systems related to the financial reporting process is consistent with the financial statements of the company.

This document and previous statements have been published on the company's website (www.tieto.com/Investors). Updated and additional information is also available on the website. The Governance section of the website provides further information on matters such as the Annual General Meeting (AGM), Articles of Association, Board of Directors, Leadership Team and auditors, as well as remuneration.



Annual General Meeting

Tieto's supreme decision-making body is the AGM. Every shareholder has a right to participate in the AGM and each share in Tieto entitles its holder to one vote. However, no shareholder is allowed to vote at a General Meeting with more than one fifth (1/5) of the votes represented at the meeting.

The AGM elects the members of the Board of Directors (including the Chairman) and appoints auditors, decides on their compensation and discharges the members of the Board and President and CEO from liability. The AGM's approval is required for option programmes as well as Board authorizations for share repurchases and share issues. The meeting also makes the decision on the Boards dividend proposal.

The following persons are present at Tieto's AGM:

- Board of Directors: Chairman, proposed new members and usually the majority of other Board members
- Leadership Team: President and CEO, CFO
- Auditors

For more information regarding AGM 2015 and previous meetings, shareholders and participation possibilities please visit the company's website.

Tieto's AGM 2014

- In 2014, the AGM convened on 20 March at Finlandia Hall in Helsinki, Finland. Altogether 548 shareholders and 46 873 226 shares (64.1% of the total outstanding shares) were represented at the meeting.
- No Extraordinary General Meetings were held in 2014.

Shareholders' Nomination Board (SNB)

Tieto's AGM decided in 2010 to establish a Shareholders' Nomination Board, which is a body of shareholders responsible for preparing the proposals to the AGM for the election and remuneration of the members of the Board of Directors.

The SNB consists of five members. Four of the members represent the four major shareholders who on 31 August hold the largest number of votes conferred by all shares in the company and who wish to participate in the nomination process. The fifth member is the Chairman of the Board of Directors of Tieto Corporation. The term of office of the SNB members expires when a new SNB has been appointed. The SNB itself is an organ that has been established for the time being.

The SNB preparing the proposals to AGM 2015 consists of the following representatives announced by Tieto's four largest shareholders:

Nominated by Cevian Capital Partners Ltd:

Martin Oliw
Main occupation: Partner, Cevian Capital AB
Year of birth 1977
Nationality: Swedish
Education: MSc. (Econ.), MSc. (Eng.)

Nominated by Solidium Oy:

Kari Järvinen
Main occupation: Managing Director, Solidium Oy
Year of birth: 1962
Nationality: Finnish
Education: MSc. (Eng.), MBA

Nominated by Etera Mutual Pension Insurance Company:

Lauri Vaittinen
Main occupation: Chief Securities Officer, Etera Mutual Pension Insurance Company
Year of birth: 1978
Nationality: Finnish
Education: MSc. (Econ.)

Nominated by Ilmarinen Mutual Pension Insurance Company:

Timo Ritakallio
Main occupation: President and CEO, Ilmarinen Mutual Pension Insurance Company
Year of birth: 1962
Nationality: Finnish
Education: LL.M., MBA

Representing the Board of Directors of Tieto Corporation:

Markku Pohjola

The Nomination Board decided that Martin Oliw shall act as Chairman. The SNB convened three times and provided Tieto's Board of Directors on 22 January 2015 with its proposals for AGM 2015. The SNB proposes to the Annual General Meeting that the Board of Directors shall have eight members that the current Board members Kurt Jofs, Eva Lindqvist, Sari Pajari, Markku Pohjola, Endre Rangnes, Teuvo Salminen and Jonas Synnergren be re-elected and that Lars Wollung be elected as a new Board member. The Shareholders' Nomination Board proposes that Markku Pohjola shall be re-elected as the Chairman of the Board of Directors.

The biographical details of the candidates and information on their holdings in Tieto are available on the company's website (www.tieto.com/proposal).

The Shareholders' Nomination Board proposes that the Board of Directors be paid the following annual fees as remuneration: EUR 83,000 to the Chairman, EUR 52,500 to the Deputy Chairman and EUR 34,500 to the ordinary members of the Board of Directors. The same fee as to the Board Deputy Chairman will be paid to the Chairman of a Board Committee unless the same individual is also the Chairman or Deputy Chairman of the Board. In addition to these fees, it is proposed that each member of the Board of Directors be paid a remuneration of EUR 800 for each Board meeting and for each permanent or temporary committee meeting. It is the company's practice not to pay fees to Board members who are also employees of the Tieto Group.

The Shareholders' Nomination Board proposes that 40% of the fixed annual remuneration be paid in Tieto Corporation shares purchased from the market. The shares will be purchased within two weeks from the release of the interim report for 1 January - 31 March 2015. According to the proposal, the Annual General Meeting will resolve to acquire the shares directly on behalf of the members of the Board which is an approved manner to acquire the company's shares in accordance with the applicable insider rules. The Shareholders' Nomination Board is of the opinion that increasing the long-term shareholdings of the Board members will benefit all shareholders.

The Board of Directors

It is the general obligation of Tieto's Board of Directors to safeguard the interests of the company and its shareholders.

Composition and election of Tieto's Board of Directors

According to Tieto's Articles of Association, the Board of Directors shall consist of at least six and no more than twelve members. Board members have a term of office of one year, expiring at the closing of the first AGM following the election. Tieto's Board members shall be professionally competent and as a group have sufficient knowledge of and competence in, inter alia, the company's field of business and markets.

The SNB, which consists of representatives nominated by the company's largest shareholders, prepares a proposal on the composition of the Board to be presented to the AGM for its decision.

In addition to the members proposed by the SNB and elected by the AGM, Tieto's personnel elect two members and two deputy members to the Board of Directors. The personnel representation has been agreed in a Personnel Representation Cooperation Agreement between Tieto Corporation and the personnel of the Group. The term of office for the personnel representatives is two years.

The objectives of personnel representation are, inter alia, to provide opportunities for the personnel to influence and affect the organization, to improve communication and decision-making within the Group, to increase mutual trust and confidence between corporate management and the personnel as well as to increase and develop the feeling of security among the personnel. The personnel representatives, however, are not entitled to participate in the handling of matters that concern the appointment or dismissal of corporate management, the contractual terms of the management, the terms of employment of staff or matters related to industrial actions.

Board of Directors as at 31 December 2014

Name	Born	Nationality	Education	Main occupation
Markku Pohjola (Chairman)	1948	Finnish	BSc. (Econ.)	Professional Board member
Kurt Jofs (Deputy Chairman)	1958	Swedish	MSc. (Eng.)	Entrepreneur, investor and Board member
Eva Lindqvist	1958	Swedish	MSc. (Eng.), MBA	Professional Board member
Sari Pajari	1968	Finnish	MSc. (Eng.)	Senior Vice President, Business Development, Metsä Board
Risto Perttunen	1954	Finnish	MSc. (Eng.), BSc. (Econ.), MBA	Entrepreneur, investor and Board member
Endre Rangnes	1959	Norwegian	BBA (Econ.)	Professional Board member
Teuvo Salminen	1954	Finnish	MSc. (Econ.), Authorised Public Accountant	Professional Board member
Jonas Synnergren	1977	Swedish	MSc. (Econ.)	Partner, Cevian Capital AB
Esa Koskinen (Personnel representative)	1955	Finnish	MSc. (Econ.)	Test Engineer
Anders Palklint (Personnel representative)	1967	Swedish	MSc. (Electrical Engineering)	Senior Project Manager

Independency and attendance at Board and its Committees' meetings in 2014

	Member since	Independent	Board	Audit & Risk Committee	Remuneration Committee	Temporary committee[1]
Markku Pohjola	2009	Yes	16/16	-	11/11	6/6
Kurt Jofs	2010	Yes	14/16	-	11/11	6/6
Eva Lindqvist	2010	Yes	16/16	5/6	-	-
Sari Pajari	2012	Yes	16/16	-	11/11	-
Risto Perttunen	2008	Yes	16/16	-	11/11	-
Endre Rangnes[2]	2014	Yes	15/15	5/5	-	6/6
Teuvo Salminen	2010	Yes	16/16	6/6	-	6/6
Jonas Synnergren	2012	No	16/16	6/6	-	6/6
Ilkka Sihvo[3]	2012	Yes	1/1	1/1	-	-
Esa Koskinen	2014	-	13/13[4]	-	-	-
Anders Palklint	2014	-	12/12	-	-	-
Ingela Öhlund[5]	2013	-	1/1	-	-	-

[1] *Temporary committee established for strategy work follow-up.*
[2] *Board member as from 20 March 2014.*
[3] *Board member until 20 March 2014.*
[4] *Substituted in one meeting by Ilpo Waljus. Personnel representatives were not entitled to participate in three meetings in 2014.*
[5] *Board member until 20 March 2014.*

All Board members of Tieto are independent of the company and seven out of eight members are independent of the company's significant shareholders. The independence of the members is evaluated at the Board's constitutive meeting. The Board members shall inform the Board if any changes in these circumstances occur, in which case their independence will be re-evaluated.

More detailed background information regarding the Board members, such as working experience, past and present positions of trust and the Remuneration Statement, is presented on the company's website (www.tieto.com/Investors).

Tasks of Tieto's Board

The main duties and working principles of the Board have been defined in a written charter. Additionally, the work of the Board is based on an annual action plan.

More specifically, the Board:

- approves the company's values, strategy and organizational structure
- defines the company's dividend policy
- approves the company's annual plan and budget and supervises their implementation
- monitors management succession issues, appoints and discharges the President and CEO
- decides on the President and CEO's compensation, sets annual targets and evaluates their accomplishment
- decides on the compensation of the President and CEO's immediate subordinates
- addresses the major risks and their management at least once a year
- reviews and approves interim reports, annual reports and financial statements
- reviews and approves the company's key policies
- meets the company's auditors at least once a year without the company's management
- appoints the members and Chairmen of the Board's committees and defines their charters
- reviews assessments of its committees as well as the President and CEO
- evaluates its own activities

Work of Tieto's Board

The Board has scheduled meetings every one to two months. Besides the Board members, the meetings are attended by the President and CEO, Chief Financial Officer (CFO) and General Counsel, who acts as secretary of the meetings. In addition to the scheduled meetings, the Chairman shall convene the Board whenever needed as well as at the request of any of its members or the President and CEO.

Matters to be handled are prepared by the Board committees and the President and CEO. The Board receives information on the company's financial performance monthly and more detailed financial reports quarterly. Any material related to issues to be handled by the Board is provided five days prior to the meeting. Other case-specific materials are delivered at the management's initiative or the Board's request. Board members shall be informed about all significant company events immediately.

Work of Tieto's Board in 2014

- The Board convened 16 times in 2014 and the average attendance was 99.1%.
- The Board met two times during the year without the management present.
- The Board held one joint meeting with the auditors.
- The Board met the auditors once without the presence of the management.

Assessment of the Board

The performance of Tieto's Board is assessed annually; the latest assessment was carried out together with an external consultant in late 2014. Assessments review the Board's knowledge of the company's operations and management as well as its understanding of the field of business. Additionally, the effectiveness of the Board work is evaluated. The SNB is informed of the results, which are also taken into consideration when the Board draws up its next annual plan.

Board committees

Tieto's Board is assisted by two permanent committees that prepare matters for which the Board is responsible. The Board defines the charters of the committees and decides on their composition.

The entire Board remains responsible for the duties assigned to the committees. That said, the Audit and Risk Committee prepares independently a proposal on the nomination of the company's auditors for the AGM on behalf of the whole Board and assesses their compensation as well as arranges the tender process.

Remuneration Committee (RC)

The RC comprises at least three non-executive directors elected by the Board. The majority of the members shall be independent of the company. The head of Human Resources (HR) acts as secretary of the meetings.

In 2014, all committee members were non-executive directors who were independent of the company and of significant shareholders. Based on the Boards decision, the RC was composed of:

- Markku Pohjola (Chairman)
- Kurt Jofs
- Sari Pajari
- Risto Perttunen.

The committee meets regularly and at least twice a year. The Chairman of the committee reports to the Board when applicable. The main tasks of the committee are to:

- monitor the targets of the compensation schemes, implementation of the compensation schemes, performance assessment and compensation determination
- ensure that the targets set for earning the bonuses defined in the compensation scheme are met
- prepare a proposal for the Deputy Chairman of the Board
- prepare a proposal on the committees (members and Chairmen, and the duties and responsibilities of the committees)
- monitor corporate governance
- prepare a compensation proposal concerning the President and CEO and his immediate subordinates, and the principles of personnel compensation
- prepare for the Board option schemes and other share-based incentive schemes
- evaluate the performance of the President and CEO
- prepare the assessment of the Leadership Team
- prepare a proposal on the Board's charter

Work of Tieto's RC in 2014

- The committee convened 11 times in 2014 and attendance was 100%.
- The main issues considered by the Remuneration Committee were approving the short-term incentive (STI) results for 2013, reviewing the remuneration for the Leadership Team, following up progress on 2014 bonus performance criteria, and approving the Long-Term Incentive Programme (LTI) 2012–2014 nominations. The remuneration committee approved the renewed STI framework design for 2015 and new Long-Term Incentive programme for 2015.

Audit and Risk Committee (ARC)

The ARC comprises at least three non-executive directors who are independent of the company and out of whom at least one member shall be independent of the significant shareholders. At least one committee member must have expertise in accounting, bookkeeping or auditing. One of Tieto's Legal Counsels acts as secretary of the meetings.

In 2014, all committee members were non-executive directors who were independent of the company and three of them independent of significant shareholders. All members have extensive experience in corporate management and financial issues and therefore have the required expertise.

Based on the Board's decision, the ARC was composed of

- Teuvo Salminen (Chairman)
- Eva Lindqvist
- Endre Rangnes
- Jonas Synnergren

The committee convenes regularly at least four times a year and meets the company's auditors, also without the company's management present. The Chairman of the committee reports to the Board when applicable. The main tasks of the committee are to:

- review and supervise internal control – particularly the financial reporting process – and risk management issues
- discuss and review the interim and annual reports and the financial statements
- assess compliance with legislation, official regulations and the company's Code of Conduct
- evaluate the sufficiency of internal control and the internal audit
- examine, assess and approve the internal audit plan
- assess the appropriate coverage of risk management and monitor the efficiency of risk management
- review significant risks and unusual business events
- prepare a proposal for the AGM on the nomination of external auditors and their compensation
- evaluate the external auditors' independence, assess the audit plan and examine the audit reports
- monitor the statutory audit and consult with the auditors' regarding matters that should be brought to the Board's attention

Work of Tieto's ARC in 2014

- The committee convened six times in 2014 and attendance was 96.6%.
- In addition to its regular agenda items, the committee focused on management of project risks and follow-up of changes in the external and internal audit.

The President and CEO and operative management

Tieto Group's operative management consists of the President and CEO, the Leadership Team and the Industry Group, Service Line and Product Development Services (PDS) organizations.

The President and CEO is appointed by the Board and he is responsible for the Group's operative management, internal efficiency and quality.

The President and CEO is assisted by the Leadership Team, which includes the heads of Industry Groups and Service Lines, the head of Product Development Services, the head of New Markets, the CFO and the head of HR. Appointments of Leadership Team members are approved by the Chairman of the Board based on the President and CEO's proposal.

The Leadership Team members are accountable for the performance and development of their management areas and they supervise the operations of the units belonging to their areas. As a general rule, the business units in both management dimensions (Industry Groups, Service Lines and PDS) make their own operative decisions and are responsible for conducting their operative duties. Industry Group, Service Line and PDS organizations have a profit and loss responsibility.

Members of the Leadership Team as at 31 December 2014

Kimmo Alkio
President and CEO
Born 1963
Nationality Finnish
BBA and Executive MBA
Joined the company in 2011

Håkan Dahlström [1]

Executive Vice President, Public, Healthcare & Welfare
Born 1962
Nationality Swedish
MSc. (Eng.)
Joined the company in 2014

[1] Leadership Team member as from 1 April 2014.

Kolbjørn Haarr
Executive Vice President, Telecom, Media & Energy and New Markets
Born 1960
Nationality Norwegian
Engineer in Electronics with biomedical specialization
Joined the company in 2009

Lasse Heinonen
Chief Financial Officer, Executive Vice President
Born 1968
Nationality Finnish
Education MSc. (Econ.)
Joined the company in 2011

Per Johanson
Executive Vice President, Financial Services
Born 1962
Nationality Swedish
Education BA, Marketing and MBA
Joined the company in 2009

Ari Järvelä
Executive Vice President, Manufacturing, Retail & Logistics
Born 1969
Nationality Finnish
MSc. (Eng.)
Joined the company in 2001

Ari Karppinen
Executive Vice President, Managed Services
Born 1957
Nationality Finnish
MSc. (Eng.)
Joined the company in 1987

Satu Kiiskinen
Executive Vice President, Consulting and System Integration
Born 1965
Nationality Finnish
Education MSc. (Econ.)
Joined the company in 2013

Katariina Kravi
Executive Vice President, Human Resources
Born 1967
Nationality Finnish
LL.M., trained on the bench
Joined the company in 2012

Antti Vasara
Executive Vice President, Product Development Services
Born 1965
Nationality Finnish
Doctor of Technology
Joined the company in 2012

The remuneration of the Leadership Team is presented in the tables of the Remuneration Statement. More detailed background information, such as full CVs of the Leadership Team, is presented on the company's website (www.tieto.com/Investors).

Internal control, risk management and internal audit

Internal control and risk management

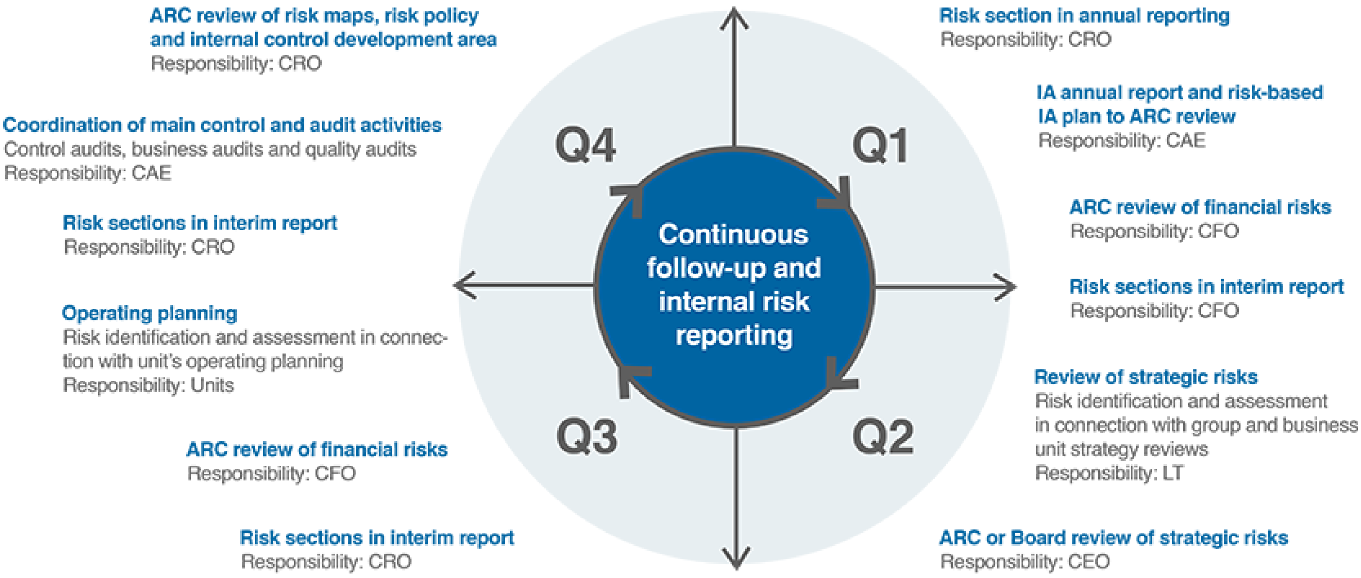
Tieto's internal control framework supports the execution of the strategy and ensures regulatory compliance. The foundation for internal control is set by the risk management framework, financial control, internal audit and the supporting policies.

The aim of Tieto's internal control framework is to assure that operations are effective and efficiently aligned with the strategic goals. The internal control framework is intended to ensure reliable, complete and timely financial reporting and management information. The framework endorses ethical values, good corporate governance and risk management practices.

The activities related to internal control and risk management are part of Tieto's management practices and integrated into the business and planning processes.

Risk Management Framework

Tieto uses systematic risk management as a means of developing efficiency and control of business operations, their profitability and continuity. The role of the risk management organization is to develop and maintain the company's risk management framework and report risk exposures consisting of strategic, financial, operational, and compliance risks.



CRO: Chief Risk Officer
CAE: Chief Audit Executive
IA: Internal Audit

The risk management framework consists of the risk management organization, related policies, operating principles, and tools. The owner of each process is responsible for the continuous development of the established procedures, including controls and risk management. The Chief Risk Officer (CRO) has the responsibility to arrange and lead Tieto's risk management. The Internal Audit (IA) assures the efficiency of the framework and risk management in business operations. The Audit and Risk Committee (ARC) monitors the adequacy of the company's risk management, financial control, and internal audit functions.

Continuous development of the risk framework

The risk management framework has been adapted to Tieto's operating model and organization.

The development of the risk management framework continued throughout the whole of 2014. The main achievements were the deployment of a Risk Governance model in the organization, deployment of methods and tools, and improvement of Tieto's risk management culture.

The development is carried out in close co-operation with Tieto units and approved by Tieto LT and reviewed by the ARC.

Financial control

The purpose of internal control over financial reporting is to ensure the correctness of financial reporting, including interim and annual reports, and the compliance of financial reporting with regulatory requirements.

Tieto's ARC has the oversight role in Tieto's external financial reporting.

Financial reporting process and responsibilities

Tieto has a common accounting and reporting platform, Tieto ERP. Group consolidation and reporting are based on the reporting system, which facilitates common control requirements for all cost centres and legal entities reporting to the Group. Financial reporting consists of monthly performance reports, including all the key performance indicators, rolling forecasts and interim financial reports.

Monitoring activities of financial reporting

Financial reports are regularly reviewed by Finance Partners in the units, the Leadership Teams and the Board of Directors. The follow-up is based on a thorough comparison of the actual figures with the set objectives, forecasts and previous periods. If the figures deviate, the Leadership Team members are responsible for initiating corrective actions.

Internal audit

Tieto's Internal Audit function carries out both business and control related audit activities.

Business audit activities aim to ensure the efficiency and appropriateness of Tieto's operations. Control related audit activities are intended to assess and assure the adequacy and effectiveness of internal controls and risk management framework within Tieto. Internal audits are planned and carried out independently but in coordination with other control functions and the external auditors. Internal Audit reports to the CFO, the President and CEO and the ARC. The annual audit plan and the annual internal audit report are approved by the ARC.

Major risks

Risks at Tieto are categorized as strategic, operational, financial, and compliance risks.

Strategic risks are related to market volatility, IT market transformation to new technologies (including the digitalization of the society), change management, ability and speed to re-skill, agility in response to new entrants in the market, dependencies on a few big customers in some business areas, and stabilizing the delivery quality in the dynamic business environment.

Operational risks refer to the changing business model in continuous services, risk and continuity management, customer bidding and requirement analysis, and maintaining high professional standards in delivery management and quality assurance.

Financial risks mainly consist of credit risks, currency risks, interest rate risks and liquidity risks.

Compliance risks are connected to a great number of changes in requirements in the following areas: internal policies and rules, ethics and integrity, laws (anti-corruption, anti-bribery, insider matters, trade compliance legislation), and other external regulations.

Risks are aggregated by utilizing corporate risk reporting tools, resulting in risk maps that are reviewed by Leadership Teams in the units and the Audit and Risk Committee. Tieto's major risks and the measures for their mitigation are described below.

Market volatility

Changes in the Nordic core markets have a direct effect on market conditions and result in volatility that might have a negative impact on Nordic market growth. Changes in the economic environment and customer demand could possibly affect both business volumes and price levels, which might result in slower income growth than expected.

These potential impacts are partly mitigated through multi-year contracts for continuous services. Tieto also aims to maintain long-term business relations and to be a preferred supplier to its key customers. The company executes tight cost and investment control with continuous investment performance monitoring, accompanied with a clear structure for decision rights. Global service capabilities, cross-selling and tough price competition are the main drivers in the IT sector for the development of the global delivery model. Tieto aims at being the leading enterprise cloud provider in the Nordics. This is supported by existing competencies, the choice of right partners and development of cloud skills.

Change and transformation

In large scale adaptation to the market by means of organizational transformation and right-sizing, resistance to change can prolong the transition, which may affect operational efficiency long after the change. In case of extensive outsourcing, saturation could limit the solution portfolio and the cost of offshore locations might increase. Keeping the right balance between resources and focus and clarity in solution portfolios in the home markets and in the emerging markets is essential. The change management capacity is concentrated in a common programme management office (PMO), which provides standard tools and systems for the change, including communication, target setting, and training for the transition period of strategy execution. PMO can also be used to plan re-skill and staff retention measures in response to challenges from new entrants in the market.

Dependence on big customers and few markets or industries

Close to 50% of Tieto's sales and the majority of profits are generated in Finland, where Tieto's high market share makes growth challenging. Sweden is the second-biggest market and has clear growth potential. The telecom and financial services customer sectors account for close to half of the company's sales. Additionally, around half of our current services are non-recurring services. Sudden changes in the market environment, customer demand and customer strategies or the competitive landscape in these areas might harm Tieto's operations and profitability.

To diversify the business, Tieto also provides services to a number of other industries and aims to develop its business mix with a view to providing full stack IT services and thereby strengthen its position amongst both current and new customers. An industrialized and standardized way of providing services and solutions is a means of improving competitiveness and reducing risk.

Service continuity

Zero downtime is the basis of fostering the trust of customers and society. Thus, business continuity planning is a high priority in Tieto's operational management; this includes careful reviews of the services and systems to avoid single point of failure patterns.

To reduce the service continuity risk and better understand the interdependencies in data centres, IT asset management, configuration management and monitoring systems are constantly reviewed and maintained. In addition to a comprehensive business interruption insurance portfolio, Tieto has recovery procedures and backup systems in place to handle potential service interruptions. Incident analysis, best practices and experiences from previous incidents help in preparing for and mitigating service continuity risk.

Quality costs related to customer bidding and delivery management

Inability to appropriately understand and analyze customers changing needs, their business processes and the exact requirements can lead to misjudgements in setting the scope of projects or services and, consequently, difficulties in meeting the specifications of customer agreements. This in turn can result in project overruns, operating losses or termination of customer contracts. In some cases, even the company's brand might be tarnished.

Tieto continuously gathers customer feedback to establish the requirement baselines and checklists for different business areas. Bidding risk management, requirement analysis, delivery management and the quality assurance of the deliveries are continiously improved to mitigate the risk. Also specific risk assessment tools are used to enhance understanding of customer bidding and end-to-end risk management, from sales to the closure of the delivery. In case of changes in customers business requirements, it is contractually agreed that the consequent changes in project deliveries are managed throughout the project organization in a standard manner.

Retention of employees

In order to respond to fresh competition and demands for new services, we require the ability and speed to re-skill, attract new and retain existing competences and business knowledge for new service models and offerings. Tieto's success is built on passion, innovation, attracting talent, skills renewal, business knowledge and maturity of the organization. In addition, the performance of its employees and managers both locally and in its delivery centres worldwide are vital to success.

Inability to retain key employees and to recruit new talent with the required competence might have a negative impact on the company's performance and strategy implementation. High employee turnover might also cause delays in customer projects, leading to penalties or loss of customer accounts.

To reduce these risks, Tieto implements unified delivery models across sites and offers its employees challenging jobs, diverse development possibilities, social recognition, and training opportunities as well as interesting career paths through job rotation. Furthermore, the company has competitive compensation packages, including a company-wide incentive system. Attractive recruitment tools and strategies, talent management and competence development have a high strategic priority at Tieto. The company also focuses on Employer Branding to build and strengthen Tieto's image as an attractive employer both internally and externally.

Credit risks

Changes in the general market environment and global economy can usher in additional financial risks. Credit risks might arise if customers or financial counterparties are not able to fulfil their commitments towards Tieto.

Under Tieto's Credit Policy, the finance department together with the business organization is responsible for assessing customers creditworthiness, taking into account past experience, their financial position and other relevant factors. Credit risk regarding financial counterparties is managed by using counterparty limits, as set out in Tieto's Treasury Policy.

A special focus has been put on raising awareness of credit risks with additional reporting and training processes. The collection process has been designed to better correspond to higher credit risks.

Currency risks

Tieto's currency transaction exposure arises from foreign trade, cash management and internal funding in foreign currencies. Translating the balance sheets and income statements of Group companies into euros creates a translation exposure.

As a substantial proportion of the Group's consolidated revenues are generated in Sweden, fluctuations of the Swedish krona against the euro may have an impact on the consolidated financial statements.

Tieto's Treasury Policy defines the principles and risk limits under which Group Treasury manages Tieto's currency risks.

Liquidity risks

Exceptional market conditions in the financial market might impose temporary limitations on raising new funding and lead to an increase in funding costs.

Group Treasury monitors and manages Tieto's liquidity position by maintaining a sufficient loan and investment portfolio. Analyses of alternative financing sources for the company and their pricing are continuously updated. Tieto's financial risks are described in full in the notes to the financial statements.

Compliance risks

In Tieto, governance, risk, and compliance (GRC) are closely linked and consistently defined in corporate policies and guidelines with proper controls. In the finance function, for example, financial reporting, compliance and risk monitoring are efficiently integrated into daily operations. Thanks to automated processes and compliance management tools, Tieto can readily adapt to changes in business conditions, regulations or corporate policies with the necessary compliance risk controls in place.

Auditors

The ARC prepares a proposal on the appointment of Tieto's auditors, which is then presented to the AGM for its decision. The compensation paid to the auditors is decided by the AGM and assessed annually by the ARC.

The ARC proposes to the AGM that the auditor to be elected at the AGM be reimbursed according to the auditor's invoice and in compliance with the purchase principles approved by the committee. Further, ARC proposes to the AGM that the firm of authorized public accountants PricewaterhouseCoopers Oy be re-elected as the company's auditor for the financial year 2015.

Auditing

The 2014 AGM re-elected the firm of authorized public accountants PricewaterhouseCoopers Oy as the company's auditor for the financial year 2014. PricewaterhouseCoopers Oy notified the company that authorized public accountant Tomi Hyryläinen acts as chief auditor. In 2014, Tieto Group paid the auditors a total of EUR 0.7 (1.0) million in audit fees, of which EUR 0.7 (1.0) million to the Group’s auditor PricewaterhouseCoopers Oy, and a total of EUR 1.0 (1.5) million for other services, of which EUR 0.9 (1.4) to the Group’s auditor.

Remuneration Statement

The aim of Tieto's remuneration principles is to attract and retain talent, motivate key people and align the goals of the company's shareholders and executives in order to enhance the value of the company.

Rules for how the company shall compensate its employees are defined in Tieto's HR Policy. The policy is globally applied at all Tieto entities and units to support the company's strategy, objectives and values.

Remuneration of the Board of Directors is decided by the AGM of Tieto based on a proposal by the SNB. The RC is responsible for planning the remuneration of the Leadership Team members and preparing the principles underlying the remuneration of Tieto personnel. The Board of Directors decides on the remuneration of the President and CEO and other members of the Leadership Team based on a proposal by the RC.

Remuneration of the Board

According to the decision of AGM 2014, the annual remuneration of the Board of Directors is the following:

- EUR 72 000 to the Chairman,
- EUR 48 000 to the Deputy Chairman and
- EUR 31 500 to the ordinary members of the Board of Directors.

The same fee as to the Board Deputy Chairman will be paid to the Chairman of a Board Committee unless the same individual is also the Chairman or Deputy Chairman of the Board. In addition, a remuneration of EUR 800 is paid for each Board meeting and for each permanent or temporary committee meeting.

Further, AGM 2014 decided that 40% of the fixed annual remuneration will be paid in Tieto Corporation's shares purchased from the market. No restrictions have been set on Board members concerning how they may assign these shares, but the company recommends that Board members should retain ownership of all the shares they have received as remuneration for as long as they serve on Tieto's Board.

In addition to the aforementioned share remuneration, the Board members do not belong to or are not compensated with other share-based arrangements, nor do the members have any pension plans at Tieto. Tieto executives or employees are not entitled to compensation for their Board positions or meeting attendance in the Group companies. None of the Board members, except the personnel representatives, have an employment relationship or service contract with Tieto.

Compensation of individual Board members and the Board in 2014[1]

	Annual remuneration		Meeting based, EUR[3]
	EUR (60%)[4]	Shares (40%)[5]	
Markku Pohjola (Board and RC Chairman)	43 200	1 449	24 800
Kurt Jofs (Deputy Chairman)	28 800	966	23 200
Teuvo Salminen (ARC Chairman)	28 800	966	20 800
Eva Lindqvist	18 900	634	15 200
Sari Pajari	18 900	634	20 000
Risto Perttunen	18 900	634	20 000
Endre Rangnes	18 900	634	18 400
Ilkka Sihvo[2]	N/A	N/A	1 600
Jonas Synnergren	18 900	634	20 800
In total	**EUR 195 300**	**Shares 6 551**	**EUR 164 800**

[1] The Board members have not received any other benefits.
[2] Board member until 20 March 2014.
[3] In 2014, the Board and ARC held two per capsulam meetings. No compensation is paid for per capsulam meetings.
[4] Gross compensation before taxes.
[5] Shares were purchased and delivered in May 2014.

Board of Directors' shareholdings in Tieto

Name	At 31 Dec 2014	At 31 Dec 2013
Markku Pohjola (Board and RC Chairman)	23 949	22 500
Kurt Jofs (Deputy Chairman)	10 589	9 623
Teuvo Salminen (ARC Chairman)	9 369	8 403
Eva Lindqvist	3 544	2 910
Sari Pajari	2 377	1 743
Risto Perttunen	6 344	5 710
Endre Rangnes[6]	634	N/A
Jonas Synnergren	2 377	1 743

[6] *Board member as from 20 March 2014.*

Remuneration of the Leadership Team

Remuneration of the Leadership Team members consists of

- base salary and benefits
- short-term incentives: an annual bonus
- long-term incentives, such as option or other share-based programmes and pension plans.

Short-term incentives

The purpose of the annual bonuses is to reward performance that surpasses expectations. Tieto's bonus system is based on company-level and individual measurable targets. Weighting of the reward factors for the President and CEO and other Leadership Team members is described in a separate table.

The reward targets are set annually by the Board of Directors. The bonus for the President and CEO as well as other Leadership Team members is 30% of the annual base salary when the performance measures up to the expected level; the maximum bonus is 60%. The amount of bonuses is decided by the Board of Directors after the financial statements have been prepared and the bonuses are then paid by the end of May.

Share-based long-term incentives

Tieto has two types of share-based long-term incentive arrangements: the Long-Term Incentive Programme and option programmes.

The terms and conditions of the share-based plans are approved by the Board of Directors. Long-Term Incentive Programme 2012-2014 currently covers the Leadership Team members and approximately 105 key employees. The first performance period began on 1 January 2012 and the final performance period ended on 31 December 2014. Individual performance periods are followed by a restriction period of two years for the executive management or one year for the other participants, during which the earned shares are not disposable.

The authorizations required by the Board to repurchase the company's own shares and to issue shares shall be proposed to be approved at the AGM on an annual basis. Key principles of Tieto's share plans, such as the basis and size of rewards, are described on the company's website (www.tieto.com/Investors).

Tieto has not established any new option plans since AGM 2009. The terms and conditions of option programmes (2009 A, 2009 B and 2009 C) were approved by the AGM and option allocations were approved by the Board of Directors with a view to rewarding individual performance. The current programmes cover the Leadership Team and around 150 employees. Further information about Tieto's option programmes is available on the company's website (www.tieto.com/Investors).

Pension plans

Tieto operates a number of different pension plans in accordance with national requirements and practices. In addition to statutory pension plans, Leadership Team members are provided with additional pension schemes.

Most of the additional schemes are classified as defined contribution plans.[7] In contribution-based plans, the payments to the plans are recognized as expenses for the period to which they relate. After the payment of the contribution, the company has no further obligations in respect of such plans.

In the arrangements for most Finnish members of additional pension plans, annual payments to the plans managed by a pension insurance company amount to 15% or 23% of the participants annual base salary. The accumulated pension, including return on capital investment, is paid to the participant during a period starting at the age of 60–70, as individually decided by the participant. The annual expenditure related to the pension plans of the President and CEO and CFO amounts to 23% of their annual base salary, while that of other Finnish Leadership Team members covered by the additional pension plans amounts to 15% of their annual base salary.

The company provides Leadership Team members based outside Finland with individual pension plans according to local practices.

[7] The exception is the scheme of one member who is covered by a fund-based pension system previously adopted by Tieto.

Remuneration of the President and CEO

The table below summarizes the remuneration and the main terms and conditions of the President and CEO's employment.

President and CEO

Kimmo Alkio	
Salary	From January to March EUR 500 000/year (EUR 41 667/month) and from April to December EUR 550 000/year (EUR 45 833/month) including car benefit. Total EUR 537 500.
Additional success-based incentive	Tieto paid in January 2015 to the President and CEO an additional success-based incentive. The incentive was based on reaching, by the end of 2014, the challenging targets set by the Board of Directors in accordance with the company's strategic and financial objectives. The initial bonus was set at EUR 1 000 000. Based on the results, the Board of Directors approved a bonus of EUR 500 000, which consisted of 10 688 treasury shares and a cash payment.
Bonus 2014	Not yet determined (EUR 0 paid in 2014 for performance year 2013).
Basis of bonus	Target 30% of base salary based on the Group's external revenue, profit, TCV and strategy implementation when achievements meet the targets
	Maximum 60% of base salary based on the Group's external revenue, profit, TCV and strategy implementation when achievements exceed the targets. Weighting of the reward factors:
	• Profit of the company 30% • External revenue of the company 20%. • TCV 20% • Strategy implementation 30%
Options	2009 C option programme: right to subscribe for 30 000 shares.
	• In accordance with the director's agreement, the options 2009 C allocated to the President and CEO had a transfer restriction until 2 January 2015. • The fair value of the option rights is EUR 330 000.[8]
	Terms and conditions of the option programmes are available on the company's website (www.tieto.com/Investors)
Long-Term Incentive programme 2012-2014	The reward to be paid to the President and CEO at target corresponds to 50% of his annual gross salary and at maximum 120% of his annual gross salary. In spring 2013 a total of 4 006 shares were transferred as a reward from Performance Period 2012 to the President and CEO. The shares are under transfer restriction according to the terms of the programme. The fair value of these allocations amounts to EUR 581 250.[9] Further information is available on the company's website (www.tieto.com/Investors). No shares were delivered in 2014 from Performance Period 2013.
Share-based reward plan	Entitled to a total of 9 200 shares if the criteria set for the plan are met. The plan will run until the end of 2016. The fair value of these allocations amounts to EUR 197 892.[10]
Share ownership guideline	The recommended minimum investment in the company's shares corresponds to the executive's one-time annual gross base salary.
Expenditures related to share-based incentives (including option programmes)	EUR 328 868
Retirement age	63
Pension expenditure	In 2014, EUR 217 526
	In addition to the statutory pension provision: a defined contribution pension plan where the expenditure is 23% of the annual base salary.[11]
Period of notice	If the agreement is terminated by Tieto, the period of notice is 12 months.
	If the agreement is terminated by the President and CEO, the period of notice is 6 months.
Severance payment	If the agreement is terminated by Tieto, the company shall pay a severance payment equivalent to the base salary and the short-term incentive for 6 months in addition to the salary for the notice period of 12 months.
	If the agreement is terminated by the President and CEO, the severance payment shall not be paid.

[8] Calculated on the basis of the fair market value of one Tieto 2009 C stock option on 30 December 2014, EUR 11.00.

[9] The fair market value for Long-Term Incentive Programme 2012-2014 is the estimated total value of current grants and 31 December 2014 estimates. The number of shares this percentage allocation gives entitlement to will be confirmed after each earning period. In connection to the share delivery, a cash payment was made to cover payroll taxes.

[10] The fair market value for the share-based reward plan is calculated using the value of Tieto share on 31 December 2014, EUR 21.51.

[11] Payments to defined contribution plans are recognized as expenses for the period to which they relate. After payment of the contribution the Group has no further obligations in respect of such plans.

Leadership Team (excluding the President and CEO)

Total salaries	EUR 2 541 108
Total benefits	EUR 134 983
Special payments	EUR 496 364
Total bonuses 2014	Not yet determined (EUR 0 paid in 2014 for performance year 2013).
Basis of bonus	The basis of bonus as well as target and maximum amounts for bonuses vary between the Leadership Team members. The purpose of the bonus is to reward for
	• company performance and • individual performance
	These two form overall performance evaluation (OPE). OPE for each LT member is confirmed by the Board.
	CFO: in addition to individual performance measurement, bonus is based on company performance, measured by the following factors
	• Profit of the company • External revenue • Cash flow improvement
	Other LT members: in addition to individual performance measurement, the bonus is based on
	• company-related and/or • own Industry Group- or Service Line-related performance criteria (operative margin, external revenue and other operational targets)
Options	2009 B option programme: right to subscribe for 10 000 shares.
	• The fair value of the option rights is EUR 76 200.[12]
	2009 C option programme: right to subscribe for 46 125 shares.
	• The fair value of the option rights is EUR 507 375[13]
	Terms and conditions of the option programmes are available on the company's website.
	See the insider register on the company's website for updated information on the options held by each member.
Long-Term Incentive Programme 2012–2014	The reward to be paid to other members of the Leadership Team on the basis of the Long-Term Incentive Programme 2012–2014 at target corresponds to 30-40% of the annual gross salary and at maximum 60-80% of the annual gross salary. The rewards from Performance Period 2012 were paid in spring 2013 and in spring 2014. A total 8 057 are in the possession of current LT members (excl. CEO) and under transfer restriction according to the terms of the programme. The fair value of these allocations amounts to EUR 1 069 006.[14]
	No shares were delivered from Performance Period 2013.
	Further information is available on the company's website (www.tieto.com/Investors).
Share-based reward plan	Leadership Team members are entitled to a total of 26 300 shares if the criteria set for the plan are met. The plan will run until the end of 2016. The fair value of these allocations amounts to EUR 565 713.[15]
Expenditures related to share-based incentives (including option programmes)	EUR 803 204
Share ownership guideline	The recommended minimum investment in the company's shares corresponds to the executive's one-time annual gross base salary.
Retirement age	According to applicable local regulations.
Pension expenditure	In 2014, in total EUR 1 015 004.
	CFO: In addition to the statutory pension provision: a defined contribution pension plan where the expenditure is 23% of the annual base salary.[16]
	Most other Leadership Team members based in Finland with no prior pension plans: In addition to the statutory pension provision, defined contribution pension plans where the expenditure is 15% of the annual base salary.[16] The company provides Leadership Team members based outside Finland with individual pension plans according to local practices.
Period of notice	Various terms, between 6 and 12 months.
Severance payment	Various terms, amounts corresponding to the periods of notice.

[12] Calculated on the basis of the fair market value of one Tieto 2009 B stock option on 30 December 2014, EUR 7.62.

[13] Calculated on the basis of the fair market value of one Tieto 2009 C stock option on 30 December 2014, EUR 11.00. The 15 October 2013 grant, 10 125 of the 2009 C options include a performance criterion (Telecom, Media and Energy operative margin 2014) that must be attained in order for this grant to vest.

[14] The fair market value for Long-Term Incentive Programme 2012-2014 is the estimated total value of current grants and 31 December 2014 estimates. The number of shares this percentage allocation gives entitlement to will be confirmed after each earning period. In connection to the share delivery, a cash payment was made to cover payroll taxes.

[15] The fair market value for the share-based reward plan is calculated using the value of the Tieto share on 31 December 2014, EUR 21.51.

[16] Payments to defined contribution plans are recognized as expenses for the period to which they relate. After payment of the contribution the Group has no further obligations in respect of such plans.

Shareholdings of the Leadership Team

	Shares at 31 Dec 2014	Shares at 31 Dec 2013	Options at 31 Dec 2014	Options at 31 Dec 2013
Kimmo Alkio	15 973	15 973	30 000	60 000
Håkan Dahlström[17]	1 000	N/A	0	N/A
Kolbjørn Haarr	1 171	0	39 000	46 000
Lasse Heinonen	8 731	8 731	15 000	18 000
Per Johanson	1 079	1 079	0	8 000
Ari Järvelä	2 478	2 478	9 000	15 000
Ari Karppinen	6 539	6 539	8 000	28 000
Satu Kiiskinen	1 000	0	0	0
Katariina Kravi	1 090	1 090	0	0
Antti Vasara	4 640	3 000	0	0

[17] *Leadership Team member as from 1 April 2014.*

The compensation of the whole Leadership Team in 2014 is also summarized in note 7 of the financial statements. The remuneration statement is available on the company's website (www.tieto.com/Investors).

Report by the Board of Directors

Highlights 2014

In IT services, organic growth in local currencies close to 3% – strong development in cloud services.

Customer insourcing resulted in lower volumes in Product Development Services.

Underlying operating margin around 10% mainly due to continued efficiency improvement.

Investments in growth businesses accelerated towards the year end.

Market development

Adoption of emerging technologies and new ways to consume IT accelerated during 2014, witnessed by strong growth in cloud services. However, the decline in traditional services coupled with the challenging macroeconomic environment, especially in Finland, affected overall market growth, which remained modest in Tieto's main markets throughout the year.

The overall IT services market in the Nordic countries is expected to grow by around 2% in 2015. GDP growth in Tieto's Nordic core countries is forecasted to be less than 2%, with Sweden achieving the highest increase. Finland is expected to experience slightly negative GDP growth, which might mean that IT market development will be somewhat slower than in the rest of the core markets. The shift from traditional IT to emerging services, such as cloud computing and customer experience management, will continue. The industrial internet market will also start to build up in the Nordic countries.

Clients continue to look for ways to stay competitive in their businesses and they continuously seek to differentiate themselves from their competitors with a superior customer experience, enabled by digital technologies and business models. Digital technologies are anticipated to disrupt clients' business and it will be critical for enterprises to have a digital strategy in place and the right competences to make it through the transformation.

- **Customer experience management** provides companies with means to differentiate themselves from their competitors by excelling in digitally empowered experience and utilizing advanced user behaviour analysis. Enterprises such as traditional retailers and banks need to invest in ensuring customer loyalty and new revenue streams through services that provide a seamless customer experience across multiple channels. The Nordic market is expected to grow by an annual rate of around 20% in the coming years.

- In **industrial internet**, clients utilize new ways to connect devices, collect and handle data and distribute intelligence and autonomy among devices. Clients are able to increase efficiency and to create entirely new businesses based on intelligent automated services. In these services, smart connected devices can be used in monitoring, optimization and self-coordination of operations and in taking predictive action. Benefits include increased availability and utilization of assets, lower maintenance costs and improved customer service. Industrial internet is utilized, for example, in remote diagnostics and operations, maintenance execution, supply chain management and service analytics. The Nordic market is expected to grow by an annual rate of around 50% (CAGR) to over EUR 5 billion by 2020.

- **Cloud services**: The market for transferring operations into scalable and flexible cloud environments is growing fast. Cloud-based technologies combined with global delivery and industrialized processes also enable enterprises to lower the total cost of ownership. Currently, cloud services are a standard part of new offers. The cloud market, including public and private cloud, is expected to grow annually by around 30% (CAGR 2013–2018) during the coming years. Private clouds are typically used as platforms for business critical core processes and are one of Tieto's focus areas. Due to the greater demand for standardized environments, Tieto is able to utilize automation. As a result, services are becoming less labour-intensive and more scalable due to the 1-to-many service model.

Industry sector drivers

Additionally, industry-specific drivers affect the IT service market:

- In the **financial services** sector, customer experience and digitalization, both in the front end and back office operations, remain focus areas for the banking and insurance sectors across all markets while some cautiousness to start new larger projects is evident. At the same time, cost savings pressure drives demand for infrastructure and application modernization and interest towards outsourcing and cloud services. In the small and medium-sized business segment, the market is dominated by the "as a service" model and there is also growing interest in the "business process as a service" models.

- In the **manufacturing and forest** sectors, cloud services continue to drive growth. Digitalization of manufacturing with embedded advanced analytics is accelerating, providing new opportunities, e.g. for industrial internet solutions in the long term. Cost savings and efficiency improvements in the demand supply chain are important drivers for initiating new IT projects.

- In the **retail and logistics** sector, changes in consumer behaviour continue to drive investments. Enterprises are investing in more advanced commerce solutions in order to achieve better consumer understanding, customer engagement, loyalty and increased revenue. This trend is creating higher demand for Customer Experience Management solutions for brick-and-mortar stores with online sales. Customers' ongoing cost cutting programmes also create demand for outsourcing and infrastructure services that enable them to reduce costs.

- In the **public sector**, the weak financial outlook affects IT spending in Finland. However, cost cutting increases the pressure to deploy shared IT services and utilize existing frame agreements. Tieto sees relatively healthy demand for data centre and capacity services in Finland. In Sweden, the outsourcing trend continues to be strong and there is robust demand for cloud services.
- In the **healthcare and welfare** sector in Finland, deliveries related to national interoperability have continued in the healthcare sector. Based on current estimates, healthcare customers in the public sector will be connected to the national archive during spring 2015. In 2015, deliveries will also continue to healthcare customers in the private sector, as they are required to connect to the archive by the end of the year. The reform of healthcare and welfare services may be delaying some decisions. Increasing regulation and digitalization of healthcare and welfare processes are expected to keep activity at a good level in all Nordic countries.
- In the **energy utilities** sector, clients are starting preparatory activities related to regulatory changes and the harmonization of the Nordic markets prior to making further IT investments. The market for advanced metering infrastructure in Norway is progressing well. In the oil & gas market, investment levels are down due to ongoing cost cutting in this segment.
- In the **media** sector, customers are driving business transformation reflecting the increased deployment of digital services. Due to clients' tight budgets, investment decisions are driven by cost reductions. This is expected to result in new outsourcing opportunities in the mid-term.
- In the **telecom** sector, telecom operators remain under pressure and consolidation continues. Large transformation programmes are divided into smaller projects and customers have tightened their requirements for additional business value. Additionally, IT service providers are experiencing aggressive competition in this sector.
- In the market for **telecom product development**, the share of software development in overall product design is increasing as the telecom and mobile area is going through many sweeping technology shifts. The communications infrastructure market is likely to experience a disruptive change over the next few years, as the network infrastructure may gradually go through a transition to cloud solutions. At the same time, semiconductor vendors are increasing their share in the value chain by offering ready-made solutions to infrastructure and device manufacturers.

Company strategy

Tieto provides a full range of IT services comprising integration and operations management services complemented with its own products. The company aims to be at the forefront of efficient delivery of high-quality services and pursue new service models enabled by the ongoing market change. Digitalization is currently the biggest change driver, providing opportunities for enterprises, including IT service providers, who play a critical role in this transformation. The company proactively renews and strengthens its service portfolio and competencies in order to be a preferred digitalization partner to customers.

Product Development Services (PDS) is the largest Nordic provider of product development services in the telecom sector. PDS continues to increase efficiency and maintain profitability within its existing business operations. In addition, PDS aims to build its scale globally.

To grow faster than the market in the longer term, Tieto will continue to invest in its high-growth services and new talent. The company has defined its future key offerings, compensating for the decline of traditional IT services. The selected offerings and the company's measures to increase the industrialization of its services are expected to contribute to growth and the long-term operating margin (EBIT) target of 10% towards 2016.

Investments in future high-growth offerings driving significant growth over the following few years

- Customer Experience Management – providing Tieto's customers in the financial services and retail sectors with a competitive advantage by excelling in customer interaction and service
- Lifecare – the leading Nordic industry-specific solution for the healthcare and welfare sector
- Industrial Internet – supporting customers' business beyond pure equipment sales by extending to services, especially in the manufacturing sector.

Investments in other key services to enhance scalability of selected key offerings

- Selected offerings in Industry Products to further strengthen well-performing solutions in the areas of financial services, hydrocarbon accounting and supply chain management
- Standardization of services in application management and automation in infrastructure management to drive quality, speed, efficiency and customer experience
- Cloud services, mainly in Managed Services, to further drive growth of existing services, e.g. Tieto Cloud Server and Tieto Productivity Cloud, and to launch new services.

Customer Experience Management (CEM) as well as Business and IT Transformation practices are segments with attractive double-digit growth potential for CSI. In the CEM area, Tieto has won new cases, e.g. in the finance and retail sectors, providing customers with improved business value by opening new opportunities to attract customers and accelerate revenue growth. Examples of Tieto's role in this area include serving as an advisor for digital customer experience innovations and a provider of a "Software as a Service" -based online and mobile bank.

The market for Lifecare has remained good due to the ongoing digitalization of the healthcare and welfare sector. Further investments will be made in the suite of applications, with a number of new launches being expected also in 2015 and 2016. In 2014, the number of Lifecare applications and interfaces launched by Tieto rose to over 30, of which around half in the fourth quarter. Key applications are designed for areas such as national interoperability, mobile homecare and eServices for citizens. The market for Finnish national interoperability has been active in 2014. Currently, over 90% of Tieto's healthcare customers in the public sector have been connected to the national archive. In 2015, preparations to connect healthcare customers in the private sector are ongoing. In the Finnish market, Tieto's applications in this area represent a substantial share of customer solutions.

In Industrial Internet, Tieto's growth-stage investment, the focus has been on the design of offerings and the partner network. The first pilot cases and negotiations on continuing activities are currently ongoing. In 2014, Tieto and Cisco announced that they will collaborate on the Internet of Everything solutions, which will help various industries, e.g. manufacturing, to take advantage of data being generated by machines and derive more value from their existing networks. In 2014, Tieto focused on the development of offerings for various sectors and won new customers in the areas of manufacturing and welfare. In 2015, the company will focus on creating scale and growth.

Tieto provides a variety of services, including cloud-related consulting and integrations in addition to cloud-based capacity services. In Managed Services, Tieto Cloud Server and Tieto Productivity Cloud continue to see strong demand. The service line also continues to invest in user interface development and self-services as well as industry-specific offerings combining the company's technological competences with industry expertise, e.g. in the public and healthcare sector. In the full year, cloud services grew by 153%. Cloud offerings currently represent close to 10% of Managed Services' sales.

Tieto has increased standardization and automation in application management and infrastructure management. This enables Managed Services to further automate deliveries and reduce system downtime. Investments in increasing competitiveness are already paying off. In both application management and managed services areas, Tieto has won large agreements that will be based on global delivery capability and industrialized processes.

To stay competitive, Tieto plans to continue to recruit new competences and retrain existing employees to match the needs in new service areas. New roles include data analysts, industry consultants, system architects and technical specialists among others. As new services are less labour-intensive and automation via self-service channels will reduce the need for certain existing roles, Tieto announced personnel adjustments in January.

Performance improvement in 2015

The company seeks organic growth in its full-year sales of IT services in 2015 in line with the market, and the trend in IT services profitability is expected to remain favourable. Sales growth in early 2015, may be slower than that expected for the full-year. New contracts visible in the year-end strong order backlog are expected to start contributing to sales growth later during the year. In IT services, the reductions initiated in 2014 and 2015 are anticipated to result in gross cost savings of around EUR 35 million in 2015, largely in the second half. However, the impact of savings on the IT services cost base will be partly offset by recruitments of new talent within growth areas. During 2015, the company expects to add several hundred positions in new competence areas. The company continues to invest in its high-growth businesses and new service innovation. Offering development costs are expected to be at least at the level of 2014. In early 2015, currency fluctuations are anticipated to have a negative impact on sales and operating profit compared with corresponding period in the previous year.

In Product Development Services (PDS), 950 of the redundancies are related to the business volume decline caused by the insourcing decision made by one key customer. As a result of this decision, sales for PDS are anticipated to decline as from the first quarter of 2015. Full-year sales related to this customer represented around 5% of Group sales in 2014 but this share is anticipated to decline to less than 2% in the first quarter. Tieto plans to adjust its cost base in parallel with the reduction in business volumes. Measures to lower the cost base will include personnel reductions, initiated in 2014, as well as reduced subcontracting, facility and other operational costs. The total net cash flow impact of the measures related to the insourcing is expected to be slightly positive during 2015, as the release of working capital will offset the negative impact of reduced business volumes.

Tieto aims to proactively manage its competence structure and continuously follows changes in the operating environment. In 2014, Tieto announced efficiency measures in both IT services (160 employees in CSI) and Product Development Services (1 200 employees). In January 2015, Tieto initiated personnel negotiations related to the company's service and competence renewal. The planned reductions will affect the Managed Services (up to 650) and Consulting and System Integration (up to 190) service lines.

Tieto's investments (OPEX) in offering development and innovation increased in 2014 from the 2013 level of EUR 40 million to around EUR 50 million. The increase was visible mainly in Industry Products and Consulting and System Integration. In 2015, investments are expected to be at least at the 2014 level. A great proportion of offering development will be directed at high-growth offerings, including Customer Experience Management, Industrial Internet, Lifecare, cloud services and selected industry-specific products. Additionally, investments in the industrialization of services will continue. Capital expenditure (CAPEX) in 2014 declined to EUR 42.4 (68.3) million and is anticipated to remain at the level of 3–4% of sales which is below the current depreciation level (EUR 63.4 million in 2014).

Related to measures initiated in January 2015, Tieto will book restructuring costs of some EUR 35 million. Currently, there are no other major restructuring plans while the company continuously monitors the changes in the demand for its services.

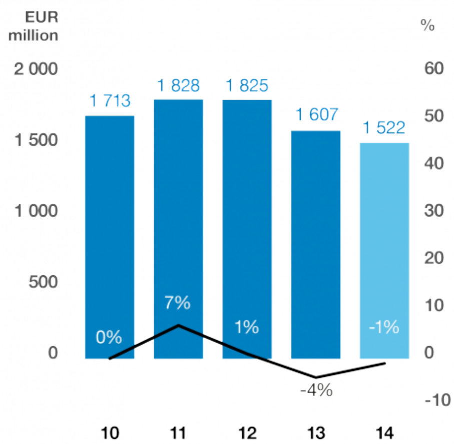
Financial performance

Comparison figures in this report have been restated according to the new standard IFRS 11, Joint arrangements.

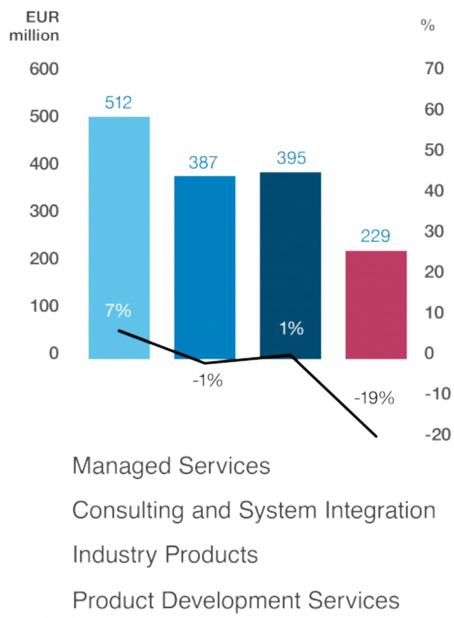
Full-year net sales were down by 5.3% and amounted to EUR 1 522.5 (1 606.8) million. Divestments had a negative impact of EUR 43 million and acquisitions added EUR 17 million to sales.

Currency fluctuations had a negative impact of EUR 42 million on sales. Organically, net sales in local currencies declined by 1.1%. In IT services, net sales in local currencies were organically up by 2.6%. Clients in Product Development Services continued to cut external spending.

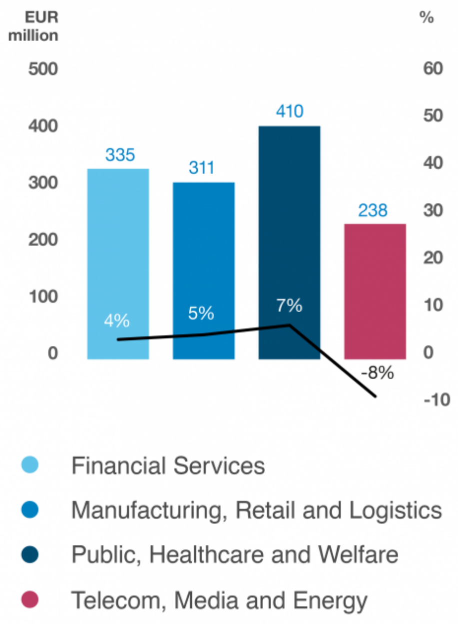
Net sales and organic growth



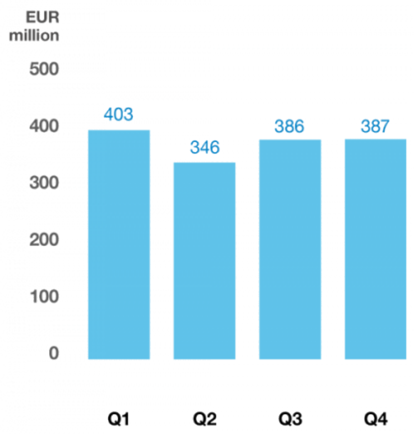
Net sales and organic growth by service line



Net sales and organic growth by industry group



Net sales by quarter, EUR million

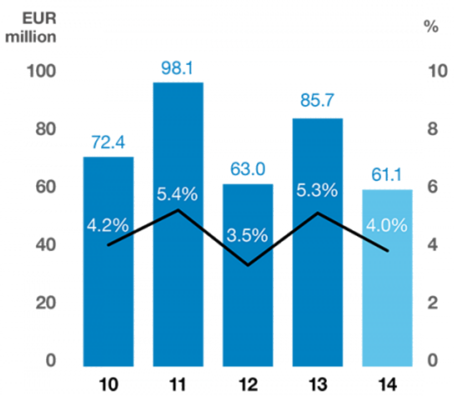


Operating profit (EBIT) amounted to EUR 61.1 (85.7) million, representing a margin of 4.0% (5.3). Operating profit included EUR 39.6 million in goodwill impairment charges, EUR 49.8 million in restructuring costs and EUR 0.3 million in capital gains. Operating profit excl. one-off items[1)] stood at EUR 150.2 (141.2) million, or 9.9% (8.8) of net sales. The efficiency measures taken in 2013 and 2014 had a positive effect of around EUR 47 million on operating profit compared with 2013.

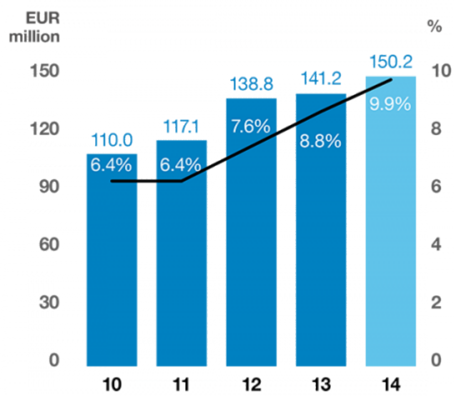
On the other hand, personnel expenses were strained by salary inflation of around EUR 21 million and the increase in bonus accruals of around EUR 18 million. Additionally, Tieto increased its investments in offering development by EUR 10 million. Currency changes had a negative impact of EUR 6 million on operating profit.

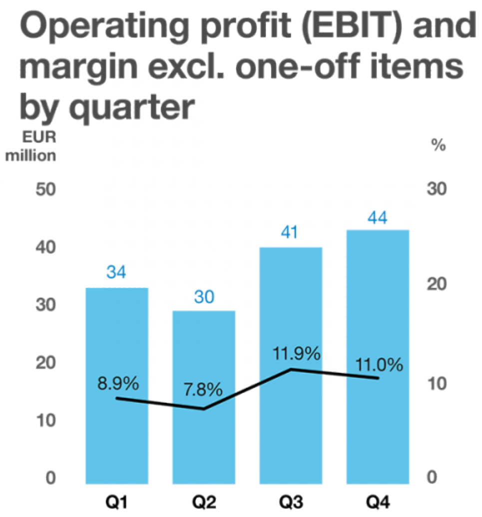
1) Excl. capital gains, goodwill impairments charges and restructuring costs

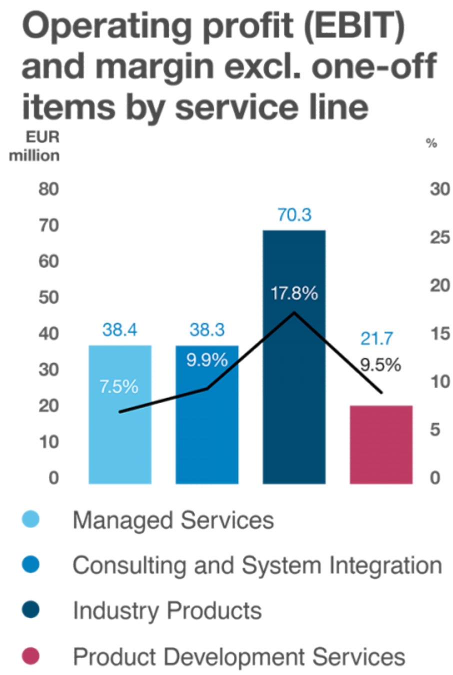
Operating profit (EBIT) and margin



Operating profit (EBIT) and margin excl. one-off items







Depreciation, impairment and amortization amounted to EUR 104.0 (89.7) million. The figure includes goodwill impairment of EUR 39.6 (8.0) million. The decrease in depreciation is mainly due to a major mainframe and software agreement. Due to this agreement, depreciation is decreasing while software costs are up. Net financial expenses stood at EUR 4.5 (6.6) million in the full year. Net interest expenses were EUR 2.8 (6.5) million and net losses from foreign exchange transactions EUR 0.8 (positive 0.8) million. Other financial income and expenses amounted to EUR -0.9 (-0.9) million.

Full-year earnings per share (EPS) totalled EUR 0.48 (0.86). Earnings per share excluding one-off items[1)] amounted to EUR 1.56 (1.48). The non-recurring taxes related to the divestment are excluded from the 2013 figure.

Financial performance by service line

EUR million	Customer sales 1–12/2014	Customer sales 1–12/2013	Change, %	Operating profit 1–12/2014	Operating profit 1–12/2013
Managed Services	512	492	4	37.6	10.2
Consulting and System Integration	387	410	-6	34.9	9.0
Industry Products	395	416	-5	68.1	81.2
Product Development Services	229	289	-21	-42.9	8.4
Support Functions and Global Management				-36.5	-.23.0
Total	**1 522**	**1 607**	**-5**	**61.1**	**85.7**

Operating margin by service line

%	Operating margin 1–12/2014	Operating margin 1–12/2013	Operating margin excl. one-off items 1–12/2014	Operating margin excl. one-off items 1–12/2013
Managed Services	7.3	2.1	7.5	4.3
Consulting and System Integration	9.0	2.2	9.9	7.8
Industry Products	17.3	19.5	17.8	19.9
Product Development Services	-18.7	2.9	9.5	6.7
Total	**4.0**	**5.3**	**9.9**	**8.8**

[1] *Excl. capital gains, goodwill impairment charges and restructuring costs*

Organic change in local currency by service line

EUR million	Customer sales adj. for acquisitions and currency 1–12/2014	Customer sales adj. for divestments 1–12/2013	Change, %
Managed Services	525	491	7
Consulting and System Integration	390	394	-1
Industry Products	412	406	1
IT services	1 326	1 292	3
Product Development Services	222	272	-19
Total	**1 548**	**1 564**	**-1**

The following divestments affected sales: local businesses in Germany and the Netherlands and the security solutions business in Denmark. Additionally, the acquisitions of Canvisa Consulting and part of Siemens Convergence Creators' business are eliminated.

In **Managed Services**, sales in local currencies grew organically by 7%. The market for projects to transform IT infrastructure to cloud-based environments remained strong and sales of cloud services amounted to EUR 48 million, up by 153%. Growth is partly attributable to revenue recognized from equipment sales Tieto being the lessor and an internal transfer of some business operations in Tieto's joint venture. Comparable growth was around 5%. Solid development in the underlying operating margin was attributable to improved efficiency.

In **Consulting and System Integration**, good demand for Customer Experience Management services and industry consulting continued throughout the year while traditional application management experienced price erosion and reduced revenues. Further investments were made to increase standardization and efficiency in application management and offering development for Customer Experience Management. Healthy development in the underlying operating margin was attributable mainly to improved efficiency.

In **Industry Products**, the healthcare and welfare sector was the strongest growing sector. Sales in the financial services sector were down, partly due to the negative development in Eastern Europe. Demand in the oil and gas sector also weakened towards the year end. Profitability of the underlying business declined mainly due to investments in offering development as well as negative currency effect.

In **Product Development Services** (PDS), sales decreased in 2014 mainly due to insourcing by one key customer. The new customer wins are promising, but their overall financial impact is still limited. PDS adjusted resources to the decline in business volumes during the year to improve profitability. Profit improvement is driven by certain temporary commercial terms in the fourth quarter.

Customer sales by industry group

EUR million	Customer sales 1–12/2014	Customer sales 1–12/2013	Change, %
Financial Services	335	331	1
Manufacturing, Retail and Logistics	311	305	2
Public, Healthcare and Welfare	410	403	2
Telecom, Media and Energy	238	279	-15
IT services	1 293	1 318	-2
Product Development Services	229	289	-21
Total	**1 522**	**1 607**	**-5**

Organic change in local currency by industry group

EUR million	Customer sales adj. for acquisitions and currency 1–12/2014	Customer sales adj. for divestments 1–12/2013	Change, %
Financial Services	342	328	4
Manufacturing, Retail and Logistics	315	301	5
Public, Healthcare and Welfare	428	393	7
Telecom, Media and Energy	248	270	-8
IT services	1 326	1 292	3
Product Development Services	222	272	-19
Total	**1 548**	**1 564**	**-1**

The following divestments affected sales: local businesses in Germany and the Netherlands and the security solutions business in Denmark. Additionally, the acquisitions of Canvisa Consulting and part of Siemens Convergence Creators' business are eliminated.

In **Financial Services**, sales in local currencies grew organically by 4% mainly due to good development in Consulting and System Integration and Managed Services with several large customers, both existing and new. Around half of growth is attributable to revenue recognized from equipment sales Tieto being the lessor and an internal transfer of some business operations in Tieto's joint venture. In Industry Products, comparable sales remained at the previous year's level due to negative development in Eastern Europe.

In **Manufacturing, Retail and Logistics**, sales in local currencies grew organically by 5% growth mainly coming from outsourcing services. Both the manufacturing and retail sectors saw healthy development due to several new agreements concluded during the year.

In **Public, Healthcare and Welfare**, sales in local currencies were organically up by 7%. The healthcare and welfare segment and the Swedish public sector posted strong growth. In Finland, the initiative to create national interoperability in the healthcare and welfare sector proceeded well during the year and created new cases for Tieto.

In **Telecom, Media and Energy**, sales in local currencies were down by 8%. In the telecom, media and energy segment, expiring projects affect volumes, as few new projects are being started up. Growth in the oil and gas segment also turned negative due to reduced investment levels. Advanced metering infrastructure in Norway was progressing well with a number of additional new agreements.

Cash flow, financing and investments

Full-year net cash flow from operations amounted to EUR 167.9 million (159.0), including the decrease of EUR 17.4 (24.0) million in net working capital. The decrease in net working capital was mainly attributable to a decrease in accounts receivable. Payments for restructuring amounted to about EUR 40.5 (37.3) million in the full year.

Tax payments declined to EUR 7.0 (18.8) million in the full year due to refunds of EUR 8.2 million in the second quarter and EUR 4.1 million in the fourth quarter in Finland.

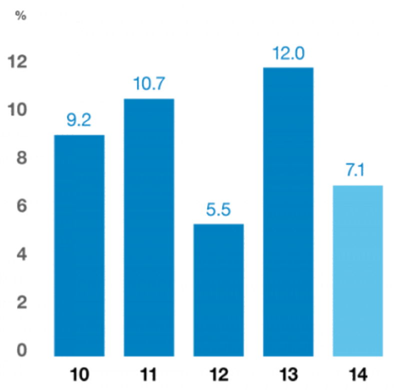
Impact of acquisitions on cash flow in the full year was positive EUR 3.7 million (-1.7 in 2013).

Full-year capital expenditure totalled EUR 43.5 (71.7) million, of which paid EUR 43.0 (58.5) million. Capital expenditure, including EUR 1.1 million (3.4) in investments in shares, represented 2.9% (4.5) of net sales and was mainly related to data centres.

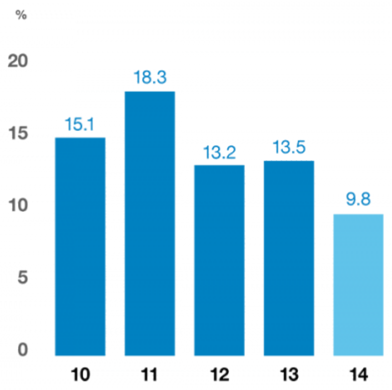
The equity ratio was 47.8% (49.3). Gearing decreased to -12.6% (3.0). Net debt totalled EUR -59.2 (15.5) million, including EUR 112.4 million in interest-bearing debt, EUR 0.3 million in finance lease liabilities, EUR 10.1 million in finance lease receivables, EUR 1.2 million in other interest-bearing receivables and EUR 160.6 million in cash and cash equivalents.

The EUR 100 million bond matures in May 2019 and it carries a coupon of fixed annual interest of 2.875%. Interest-bearing long-term loans amounted to EUR 100.8 million at the end of December. Interest-bearing short-term loans amounted to EUR 11.5 million, mainly related to joint venture cash pool balances and an agreement for software licence financing. The syndicated revolving credit facility of EUR 100 million maturing in May 2016 was not in use at the end of December.

Return on equity, %



Return on capital employed, %



Order backlog

Total Contract Value (TCV) for the deals signed in the full year amounted to EUR 1 867 (1 747) million and book-to-bill stood at 1.2 (1.1). According to the current definition for TCV, the total value, including the part beyond the notice period, is included in the TCV. The order backlog rose to EUR 1 784 (1 540) million. The strong backlog is expected to start contributing to growth later during 2015. During the current year, 50% (56) of the backlog is expected to be invoiced.

Business transactions

In January, Tieto signed an agreement with Siemens to acquire part of Siemens Convergence Creators Network Directory Server (NDS), IP Multimedia Systems (IMS), Home Location Register (HLR) and Radio Access (RA) businesses. The transaction will strengthen Tieto Product Development Services (PDS) portfolio in the voice and IP transformation area.

As part of the acquisition, approximately 220 employees were transferred to Tieto. Based on the acquisition, new business related to a significant customer will also be transferred to Tieto PDS. The final transition to Tieto took place on 1 April 2014.

In the first quarter, Tieto divested its PKI security solutions business in Denmark. The annual sales of the divested business amounted to around EUR 2 million.

In December, Tieto acquired all the shares in FD Finanssidata, joint venture previously owned by OP-Pohjola, Ilmarinen and Tieto. In connection with the acquisition, approximately 50 employees were transferred to Tieto. The arrangement does not have any material impact on Tieto's Group results.

Major agreements

Financial Services

In March, Tieto and LähiTapiola decided to expand their collaboration and have now signed a five-year framework agreement with an option of two additional years on application maintenance and development. The agreement covers key financial and personnel management systems and implementation of SAP software.

In March, OP-Pohjola selected Tieto as the provider of a new platform for its customer services. The platform is provided as a Service. The total value of the agreement running over two years is close to EUR 6 million.

In June, Tieto and Arek concluded an agreement on maintenance, development and project services. The agreement runs for four and a half years.

In June, ELO selected Tieto as its infrastructure renewal partner with a total contract value of over EUR 13 million. The agreement runs for four years with an option for one additional year. Tieto and ELO also concluded a frame agreement on IT services.

In June, Ilmarinen selected Tieto as its partner for front-end renewal and maintenance.

In August, Tieto and EnterCard agreed on an extension of the existing outsourcing agreement with Tieto. The new contract is worth approximately EUR 20 million and involves the modernization of EnterCard's IT environment with new technical solutions based on cloud and capacity services. The contract runs for five years with an option for two additional years.

In September, Tieto and Varma Mutual Pension Insurance Company signed a contract for the delivery of operations management services. In addition to the traditional capacity, communication and network solutions, the five-year contract covers cloud services. The contract is an extension of the service contract signed in 2009.

In September, FOREX Bank chose Tieto to develop and renew the customer experience in their digital channels. The new delivery will provide FOREX Bank with a modern IT environment and a complete end-to-end banking solution delivered as a service. The new contract complements Tieto's current core banking installation, which FOREX Bank has used for seven years.

In October, If Insurance extended its IT infrastructure agreement with Tieto. The new contract will run for four years with an option for two additional years.

In October, SBAB, a Swedish state-owned mortgage lender, extended its IT operation agreement with Tieto to continue modernization and improve efficiency with new capacity and cloud solutions. The agreement is valid for five years.

In December, Tieto and Veritas Pension Insurance agreed to continue cooperating on infrastructure services. In addition to capacity, telecommunications and network solutions, the seven-year contract includes application management services and Tieto's cloud services. The agreement is an extension of the service contract signed in 2009.

Manufacturing, Retail and Logistics

In January, Metso and Valmet signed an extensive five-year contract with Tieto on IT capacity services. The cloud-based solution is expected to bring significant cost savings and long-term flexibility for Metso and Valmet.

In January, Mondi selected Tieto as the provider of Holistic Manufacturing Intelligence for Advanced Process Control, a sustainable performance solution for paper and board production. The project is expected to be finalized in 2016 and the total value of the agreement is around EUR 3 million.

In March, HSB and Tieto concluded a new three-year agreement on infrastructure services with a total contract value of EUR 5 million. In April, the agreement was expanded to cover additional services in the cloud and workplace area.

In June, Tieto and Lemminkäinen concluded a four-year agreement on infrastructure outsourcing.

In June, Onninen chose Tieto as a provider of SAP-related infrastructure services and cloud services. The agreement runs for three years.

In July, Volvo Finance and Tieto concluded an agreement on infrastructure outsourcing. The value of the five-year contract is around EUR 7 million.

In September, Tieto and UPM agreed to expand their partnership in the application management services area. The three-year agreement – with an option to extend by two years – has significant contract value. As part of the agreement, it is planned that 47 employees from UPM will transfer to Tieto.

In July, Volvo Finance and Tieto concluded an agreement on infrastructure outsourcing. The value of the five-year contract is around EUR 7 million.

In September, S Group chose Tieto to be one of its main partners for data centre and capacity services. The multiyear agreement holds significant value. Tieto will provide S Group with standardized modern services harnessing the benefits of the company's latest cloud and hybrid solutions.

In December, Tieto expanded its business intelligence and application management agreement with Kesko covering two existing and two new applications. The contract is valid until June 2017.

In December, Tieto and RAY concluded the prolongation of a SAP lifecycle management contract. The agreement is valid for three years.

Public, Healthcare and Welfare

In January, Nacka municipality extended its outsourcing agreement on infrastructure services with Tieto. The contract value is SEK 45 million and is valid until 2017.

In February, Stockholm County Council concluded an outsourcing agreement on infrastructure services with Tieto. The contract value is close to EUR 7 million and is valid until 2015.

In February, Tietokarhu, a joint venture of Tieto and the Finnish state, signed a contract extension enabling the Finnish Tax Administration to continue to use Tietokarhu's services in a flexible manner during 2017–2019. The value of the agreement is estimated to be around EUR 9–10 million annually.

In March, the Finnish Transport Safety Agency and Tieto concluded an agreement on infrastructure services as part of the large frame agreement with Hansel, signed in May 2013. The agreement is valid until 2021 and the contract value is around EUR 14 million.

In June, Region Skåne decided on a two-year extension to its existing contract. The contract value is EUR 11 million.

Based on the Hansel frame agreement concluded in May 2013, the Finnish Transport Safety Agency chose Tieto as a partner for managed services in the second quarter. The total value of the contract is EUR 8 million.

In June, Tieto, the Finnish National Police Board and the Finnish ICT Agency Haltik decided to terminate the agreement on the inter-government IT system project Vitja. The parties mutually agreed that Tieto will pay a one-time fee of EUR 7.5 million to the Finnish National Police Board. In addition to the provisions reported earlier, the company booked a loss of around EUR 3 million in the second quarter. A cash flow effect of EUR 7.5 million materialized in the third quarter.

In September, Tieto and Valtori, the Finnish Government ICT Centre, signed a multi-annual agreement on data centre and capacity services. The agreement is based on the framework agreement concluded with Hansel in 2013, and it covers a significant part of the framework agreement's full potential. Based on the agreement, Valtori may acquire IT services for its own use or for its customers' use. Some of these agreements also include options to extend by additional years.

In November, the Finnish Parliament signed an agreement with Tieto in application management services area. The agreement started in 2014 and will run for three years.

In November, Tieto concluded a new agreement with Jämtland County Council on IT infrastructure services, including service desk, server operations and network operations. The deal is valued at SEK 80 million and is valid from April 2015 to December 2019. It includes an option to extend the partnership for another four years.

In December, the Ministry of Justice, decided to prolong its existing application management agreement with Tieto for 2015.

In December, the municipalities of Haninge, Nynäs and Södertälje in Sweden prolonged their infrastructure service agreement for two years. The contract value is EUR 12 million.

In December, Tieto renewed its agreement with Aditro in Sweden for at least three additional years. Based on the agreement, Tieto will continue to deliver IT services for Aditros payroll application. The agreement is valid from January 2015 and its value is EUR 5 million.

Telecom, Media and Energy

Telecom, Media and Energy experienced a solid inflow of new contracts, mainly in the telecom and energy sectors. However, according to the terms and conditions of these agreements, Tieto is not able to disclose the contracts in most cases.

In July, Vattenfall selected Tieto to deliver its Energy Utilities Industry Software as a Service solution (SaaS) for Vattenfall Finland. Tieto will deliver the latest cloud solutions to support Vattenfall´s retail business in the Finnish market. The contract runs for five years with an option for two additional years.

Personnel

The number of full-time employees amounted to 13 720 (14 318) at the end of December. The number of full-time employees in the global delivery centres totalled 6 334 (6 483), or 46.2% (45.3) of all personnel. In Product Development Services, the offshore ratio was 62.0% (60.2). In IT services, the offshore ratio continued to rise and stood at 43.8% (41.3) at the end of December.

During the full year, the number of full-time employees decreased by a net amount of around 600. Acquisitions and outsourcing agreements added around 300 employees and net recruitments around 100 employees while job cuts reduced the number of personnel by around 1 000. More than 300 of the job cuts were related to the 2013 efficiency programme, which was concluded in the first quarter of 2014. The 12-month rolling employee turnover stood at 10.5% (9.3) at the end of December. The average number of full-time employees was 14 007 (15 170).

Wages and salaries for 2014 were EUR 631.6 (674.0) million. In 2014, 72% (72) of personnel were male and 28% (28) female. Salary inflation was over 3% in 2014 and is expected to remain on that level on average in 2015. In offshore countries, salary inflation is clearly above the average. Markets like India may see double-digit salary hikes.

In 2014, Tieto accelerated its business transformation which was reflected in personnel-related planning. The company continued to retrain its employees and initiated recruitments for growth businesses while adjusting resources in traditional services. Continuous transformation is setting high demands on competence development and resource planning. Ensuring resources that support Tieto's strategic objectives is the current focus area for businesses and Human Resources.

In today's IT landscape, more and more intelligent services are offered from the cloud, with increased automation and standardization, and new types of roles arise while others disappear. From the competence and resource planning perspective this trend adds extra pressure on the company to develop existing competences and acquire new ones. To strengthen talent in growth areas, Tieto increased recruitments, for example, of data analysts, industry consultants, information architects and other experts for Customer Experience Management. More detailed information about the competence transformation and the related measures initiated in 2014 is available in the Company strategy section.

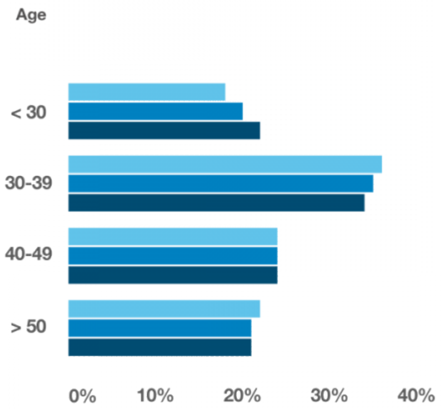
Tieto's development focus has started to shift from traditional individual driven training towards business driven sharing and collaboration. The company seeks to foster an Open Source culture, where all employees are encouraged to share, grow and learn – and thereby be prepared for the vast industry change. In 2014, a mentoring pilot was started to support this cultural aspiration to increase internal networking and individual development. The Accelerating Success programme continued in 2014 and aims at helping Tieto leaders to learn and establish new ways of working based on Neuro Science thinking. Around 200 employees participated in this programme in 2014.

The objective to become the employer of choice also supports Tieto's business needs. In the Nordic countries, there is a shortage of certain competences. Currently, the company's actions to attract new and retain existing talent include targeted messages to selected professional groups. Tieto also actively utilizes social media, both internally and externally, to promote its role as a preferred employer.

Tieto conducted its annual employee engagement survey in autumn 2014 with a high response rate of 89%. The results were two-fold, which is anticipated to reflect rapid change in both the business environment and the company. Overall results were strong in areas of empowerment and trust in leadership. However, in project management, Tieto still has room for improvement to empower managers to be successful. Generally, employees feel that Tieto currently has a strong customer orientation and they have good accountability for what they do. The results on strong leadership are good, given the fact that Tieto renewed its criteria on leadership to reflect the Open Source culture, and also to evaluate whether we are able to lead this organization through the change.

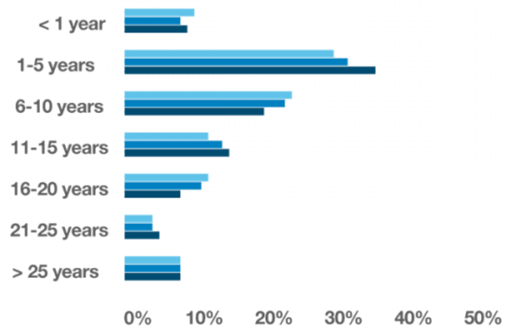
Tieto's short-term incentive structure was renewed during the year and it will be applied as from the beginning of 2015. Incentive renewal emphasizes overall individual performance, including success in living up to the company's Open Source culture. Additionally, the company made preparations for new long-term incentive programmes. Further information about incentives is available at www.tieto.com/Investors.

Personnel by age



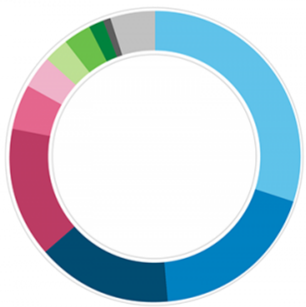
- 2014
- 2013
- 2012

Length of employment



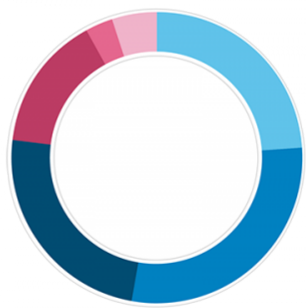
- 2014
- 2013
- 2012

Personnel by country



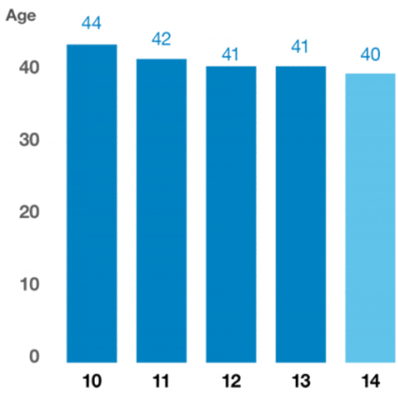
- Finland 30%
- Sweden 19%
- Czech Republic 14%
- India 14%
- Latvia 5%
- Poland 4%
- China 3%
- Norway 3%
- Philippines 2%
- Lithuania 1%
- Other 5%

Personnel at 31 Dec 2014



- Managed Services 24%
- Consulting and System Integration 29%
- Industry Products 24%
- Product Development Services 15%
- Industry groups 3%
- Support functions and global management 5%

Average age of employees, 2010–2014



Environment

Tieto supports a preventative approach to environmental challenges and a responsible way of conducting business operations. The company is included in several sustainability indices and has also been certified according to international standards.

In 2014, Tieto renewed its commitment to the United Nations Global Compact (UNGC). The UNGC is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

Tieto's environmental impact is mainly related to energy consumption (heating, cooling, and electricity) for running data centres, offices and other facilities, and to business travel and use of paper and other consumables.

In accordance with the company's environmental management system (EMS), a systematic method is used to identify and evaluate the main environmental aspects. The company's EMS is compliant with ISO 14001. Implementation is based on customer demand and secured through ISO 14001 certification of business operations. The Environmental Policy states that employees are responsible for including environmental awareness and actions in their everyday work. Managers shall ensure that the policy is understood and acted upon within their organizations.

The energy needed for running servers and computers in data centres, including the energy consumed for cooling, accounts for a great part of Tieto's total energy consumption and greenhouse gas emissions. Usually, data centres represent around 30% of the company's total greenhouse gas emissions. Tieto works in a number of ways to improve energy efficiency in the data centres, e.g. by using virtual servers. In addition, the company is re-using energy by recycling excess heat, which is fed back to the local district heating network. This solution is currently in use in the companys new-generation data centre in Espoo, Finland.

To avoid environmental risks in the supply chain and reduce the environmental impacts from purchased goods and services, Tieto is continuing its dialogue with suppliers, subcontractors and partners. The aim is to ensure that they fulfil the high ethical and environmental requirements stated in the company's Supplier Code of Conduct Rule. This code is based on the UNGC and requires having an environmental management system equivalent to ISO 14001 or the Eco-Management and Audit Scheme (EMAS) in place.

To reduce greenhouse gas emissions and other environmental impacts, Tieto aims to cut down travelling as much as possible. The company's travel policy encourages minimizing travel to internal meetings and favouring the use of digital tools such as video and teleconferences or live meetings.

For the fourth consecutive year, Tieto achieved a position of leadership with regard to the quality of climate change data it had submitted to the global marketplace through CDP, the international NGO that drives sustainable economies. The achievement was announced in the CDP Nordic 2014 report - Natural capital disclosure for business resilience. Tieto has earned leadership status by submitting climate change information through CDPs global environmental disclosure system for independent assessment against CDPs widely-respected scoring methodology. Company disclosures to CDP are marked out of a total of 100. Those organizations graded within the top 10% constitute the CDLI. Tieto's score was 98. High scores indicate the provision of robust climate data upon which decisions that will catalyse progress towards low carbon economies can be made. The index highlights companies providing a high level of transparency in their disclosure of climate-related information.

Tieto published its fifth GRI-based Corporate Responsibility (CR) report in 2014. This report, including an overview of Tieto's environmental, social and economic performance during 2013, followed the new Global Reporting Initiative G4 guideline (core level) and was externally assured according to the AA1000 standard. An overview of Tieto's CR performance in 2014 will be published in a separate CR report during spring 2015.

Development

Tieto's offering development costs totalled around EUR 50 million in 2014, representing 3.2% of net sales (EUR 40 million in 2013, representing 2.4% of net sales). These costs comprise service and product development with the focus, for example, on Customer Experience Management, Industrial Internet and Lifecare, Tieto's product for the healthcare and welfare sector, as well as cloud services and selected industry products. Additionally, the costs related to standardization in application management and automation in managed services are included in this amount. Development costs for major new business concepts and software products are capitalized as intangible assets if they fulfil the requirements stated in the accounting principles. No development costs were capitalized for either 2014 or 2013.

Shareholders' Nomination Board

The largest shareholders were determined on the basis of the shareholdings registered in the Finnish and Swedish book-entry systems on 31 August 2014. The shareholders who wished to participate in the work of the Shareholders' Nomination Board have nominated the following members: Martin Oliw, Partner, Cevian Capital AB; Kari Järvinen, Managing Director, Solidium Oy; Lauri Vaittinen, Chief Securities Officer, Etera Mutual Pension Insurance Company; Timo Ritakallio, President and CEO, Ilmarinen Mutual Pension Insurance Company, and Markku Pohjola, Chairman of the Board of Directors, Tieto Corporation.

Board of Directors

The Annual General Meeting 2014 re-elected the Board's current members Kurt Jofs, Eva Lindqvist, Sari Pajari, Risto Perttunen, Markku Pohjola, Teuvo Salminen and Jonas Synnergren. Endre Rangnes was elected as a new member.

Shares and share-based incentives

Tieto's share price rose by 32% in Helsinki and 41% in Stockholm during the year. At the same time, the OMX Helsinki Price Index rose by 6%. The OMX Stockholm Price Index was up by 11% in 2014. The company had 25 430 registered shareholders at the end of 2014. Based on the ownership records of the Finnish and Swedish central securities depositories, 42.7% of Tieto's shares were held by Finnish and 3% by Swedish investors. In total, there were 23 916 retail investors in Finland and Sweden and they held 13% of Tieto's shares.

Tieto's issued and registered share capital on 31 December 2014 totalled EUR 76 555 412.00 and the number of shares was 73 675 903.

Between 11 November and 31 December 2014, a total of 26 663 new Tieto shares were subscribed for with the company's stock options 2009B and a total of 10 401 new shares with stock options 2009C. The shares subscribed for were registered in the Trade Register on 20 January 2015. On that date, the number of Tieto shares increased to 73 712 967.

On 31 December, the company held a total of 510 819 own shares, representing 0.7% of the total number of shares and voting rights. The number of outstanding shares, excluding the treasury shares, was 73 165 084 at the end of the year.

In 2014, there were no announcements of changes in the company's shareholding.

Additional information regarding shares and share-based incentives is available in the Shares and Shareholders section and the Remuneration section in the Corporate Governance Statement.

Dividend

The distributable funds of the Parent company amount to EUR 674.9 million, of which net profit for the current year amounts to EUR 48.2 million. The Board of Directors proposes a dividend of EUR 1.05 (0.90) per share for 2014. Additionally, the Annual General Meeting is proposed to authorize the Board of Directors to decide on an extra dividend of EUR 0.30 by the end of August. Tieto is to maintain its capacity to invest in organic growth and also carry out acquisitions after the dividend payment.

The dividend shall be paid to shareholders who are recorded in the shareholders' register held by Euroclear Finland Ltd or the register of Euroclear Sweden AB on the proposed dividend record date, 23 March 2015. The proposed dividend payout does not endanger the solvency of the company.

Events after the period

On 13 January 2015, Tieto initiated personnel negotiations affecting up to 500 positions in Finland and 340 in other countries, mainly in Sweden and the Czech Republic. These negotiations are related to the company's service and competence renewal.

The planned reductions will affect the Managed Services (up to 650) and Consulting and System Integration (up to 190) service lines. It is expected that the reductions will be implemented during 2015.

Near-term risks and uncertainties

Slow growth in Europe might lead to weakness in the IT services market as well. As Tieto's top 10 customers account for 34% of its net sales, the company's development is relatively sensitive to changes in the demand from large customers.

The risks related to Russia are limited as the share of sales in Russia is less than 1%. However, if the crisis were to affect the Finnish economy, it would have an indirect impact on the IT services market in Finland.

As is typical of Product Development Services, visibility is weak due to the short order backlog. The insourcing decision made by one large customer is anticipated to have a negative impact on the company in 2015. However, it is expected that planned cost adjustments will to a large extent compensate for this impact. Overall, the growth in insourcing in the telecom sector and the challenging business environment might affect the company also going forward.

The major transformation of the IT industry may result in continuous actions to renew competences. This change coupled with the offshoring trend may drive continued restructuring within companies. This might create uncertainty among personnel and pose risks related to the company's performance.

As is typical of the industry, the large size of individual deals may have a strong effect on growth, and price pressure might lead to weak profitability. Additionally, new technologies, such as cloud computing, drive customer demand towards standardized and less labour-intensive solutions. All these changes might result in the need for continuous restructuring.

Typical risks faced by the IT service industry involve additional technology licence fees, the quality of deliveries and related project overruns. Transitions to offshore delivery centres as well as the ongoing organizational change pose risks of project losses and penalties.

Companies around the world are facing new risks arising from tax audits. Should the macroeconomic environment remain weak, some countries may introduce new regulation. Additionally, changes in the tax authorities interpretations could have unfavourable impacts on tax payers.

Consolidated net sales and profitability are sensitive to volatility in exchange rates, especially that of the Swedish Krona. Further details on management of currency risks will be provided in the Financial Statements.

Full-year outlook for 2015

Tieto expects its full-year operating profit (EBIT) excluding one-off items to increase from the previous years' level (EUR 150.2 million in 2014).

Financial calendar 2015

Week 8/2015
Annual Report 2014 on Tieto's website

19 March 2015
Annual General Meeting

Tieto will publish three interim reports in 2015:

28 April
Interim report 1/2015 (8.00 am EET)

22 July
Interim report 2/2015 (8.00 am EET)

22 October
Interim report 3/2015 (8.00 am EET)

Consolidated financial statements

KEY FIGURES

	2014	2013
Net sales, EUR million	1 522.5	1 606.8
Operating profit (EBIT), EUR million	61.1	85.7
Operating margin, %	4.0	5.3
Operating profit (EBIT) excl. one-off items [1], EUR million	150.2	141.2
Operating margin excl. one-off items [1], %	9.9	8.8
Profit before taxes, EUR million	56.6	79.1
Earnings per share, EUR	0.48	0.86
Earnings per share excl. one-off items [1], EUR	1.56	1.48
Equity per share, EUR	6.44	7.08
Dividend per share, EUR	1.30	0.90
Investments, EUR million	43.5	71.7
Return on equity, %	7.1	12.0
Return on capital employed, % [2]	9.8	13.5
Gearing, %	-12.6	3.0
Equity ratio, %	47.8	49.3
Personnel on average	14 007	15 170
Personnel on 31 Dec	13 720	14 318

[1] *Excl. capital gains, goodwill impairment charges and restructuring costs*

[2] *When calculating Return on capital employed the negative net impact on interest rate swaps and exchange differences are now considered as other financial expenses. The key figure for year 2013 has been correspondingly restated.*

FIVE-YEAR FIGURES

	2014	2013	2012	2011	2010
Net sales, EUR million	1 522.5	1 606.8	1 825.3	1 828.1	1 713.7
Operating profit (EBIT), EUR million	61.1	85.7	63.0	98.1	72.4
Operating margin, %	4.0	5.3	3.5	5.4	4.2
Profit before taxes, EUR million	56.6	79.1	56.7	91.3	66.1
% of net sales	3.7	4.9	3.1	5.0	3.9
Earnings per share, EUR					
basic	0.48	0.86	0.41	0.84	0.69
diluted	0.48	0.86	0.41	0.84	0.69
Equity per share, EUR	6.44	7.08	7.30	7.90	7.80
Total assets, EUR million	1 031.5	1 094.6	1 179.6	1 279.9	1 240.6
Return on equity, 12-month rolling, %	7.1	12.0	5.5	10.7	9.2
Return on capital employed, 12-month rolling, % 1)	9.8	13.5	13.2	18.3	15.1
Equity ratio, %	47.8	49.3	46.9	46.4	47.6
Gearing, %	-12.6	3.0	4.5	14.6	9.3
Investments, EUR million	43.5	71.7	62.9	103.6	101.4
% of net sales	2.9	4.5	3.4	5.7	5.9
Average number of employees	14 007	15 170	17 646	18 098	17 097

1) When calculating Return on capital employed the negative net impact on interest rate swaps and exchange differences are now considered as other financial expenses. The key figure for year 2013 has been correspondingly restated.

2012 restated due to revised IAS 19.

2013 restated due to IFRS 11 'Joint arrangements'. The balance sheet items concerning year 2012 in the 12-month average denominator are not restated according to the IFRS 11.

See calculation of key figures on page Calculation of key figures.

KEY FIGURES BY QUARTER

Unaudited	2014 1) 1–12	2014 10–12	2014 7–9	2014 4–6	2014 1–3	2013 1) 1–12	2013 10–12	2013 7–9	2013 4–6	2013 1–3
Net sales, EUR million	1 522.5	402.9	346.2	386.4	387.0	1 606.8	405.1	361.1	416.7	423.9
Operating profit (EBIT), EUR million	61.1	9.5	-3.9	21.5	34.0	85.7	17.3	24.3	14.8	29.3
Profit before taxes, EUR million	56.6	8.6	-5.3	20.5	32.8	79.1	15.7	22.6	13.0	27.8
Earnings per share, EUR										
basic	0.48	0.09	-0.17	0.23	0.34	0.86	0.21	0.25	0.10	0.30
diluted	0.48	0.09	-0.17	0.23	0.34	0.86	0.21	0.25	0.10	0.30
Equity per share, EUR	6.44	6.44	6.52	6.70	6.56	7.08	7.08	7.08	6.67	6.79
Equity ratio, %	47.8	47.8	51.4	48.7	44.9	49.3	49.3	46.7	44.0	43.2
Interest-bearing net debt, EUR million	-59.2	-59.2	25.7	30.3	-20.5	15.5	15.5	52.6	81.1	18.3
Gearing, %	-12.6	-12.6	5.4	6.2	-4.3	3.0	3.0	10.2	16.8	3.7
Investments, EUR million	43.5	12.9	10.1	7.1	13.4	71.7	23.6	15.5	15.3	17.3
Personnel										
at end of period	13 720	13 720	13 878	14 126	14 102	14 318	14 318	14 778	14 933	15 845
average, cumulative	14 007	14 007	14 105	14 180	14 196	15 170	15 170	15 416	15 720	15 911

1) Based on audited financial statements

See calculation of key figures on page Calculation of key figures.

INCOME STATEMENT (IFRS)

EUR million	Note	1 Jan– 31 Dec 2014	1 Jan– 31 Dec 2013	Before IFRS 11 restatement 1 Jan–31 Dec 2013
Net sales	1	1 522.5	1 606.8	1 671.3
Other operating income	3	18.1	18.1	12.4
Cost of sales		247.4	268.4	276.6
Employee benefit expenses	6, 7	846.0	923.7	957.9
Depreciation and amortization	11, 12	64.4	81.7	82.0
Impairment loss	1	39.6	8.0	8.0
Other operating expenses	4	287.4	264.7	271.0
Share of profit from investments accounted for using the equity method	16	5.3	7.3	-
Operating profit		**61.1**	**85.7**	**88.2**
Interest and other financial income	8	1.2	5.3	5.4
Interest and other financial expenses	8	-4.9	-12.7	-12.8
Net exchange losses and gains	8	-0.8	0.8	0.8
Profit before taxes		**56.6**	**79.1**	**81.6**
Income taxes	9	-21.6	-16.9	-19.4
Net profit for the period		**35.0**	**62.2**	**62.2**
Net profit for the period attributable to				
Shareholders of the Parent company		35.0	62.2	62.2
Non-controlling interest		0.0	0.0	0.0
		35.0	**62.2**	**62.2**
Earnings per share attributable to the shareholders of the Parent company, EUR	10			
Basic		0.48	0.86	0.86
Diluted		0.48	0.86	0.86
Statement of comprehensive income, EUR million				
Net profit for the period		35.0	62.2	62.2
Items that may be reclassified subsequently to profit or loss				
Translation difference		-10.1	-21.2	-21.2
Cash flow hedges (net of tax)		1.4	-1.8	-1.8
Items that will not be reclassified subsequently to profit or loss				
Actuarial gain/loss on post employment benefit obligations (net of tax)		-10.3	3.3	3.3
Total comprehensive income		**16.0**	**42.5**	**42.5**
Total comprehensive income attributable to				
Shareholders of the Parent company		16.0	42.5	42.5
Non-controlling interest		0.0	0.0	0.0
		16.0	**42.5**	**42.5**

Notes are an integral part of these consolidated financial statements.

Comments to the income statement

Full-year net sales were down by 5.3% and amounted to EUR 1 522.5 (1 606.8) million. Divestments had a negative impact of EUR 43 million and acquisitions added EUR 17 million to sales. Currency fluctuations had a negative impact of EUR 42 million on sales. Organically, net sales in local currencies declined by 1.1%. In IT services, net sales in local currencies were organically up by 2.6%.

Operating profit (EBIT) amounted to EUR 61.1 (85.7) million, representing a margin of 4.0% (5.3). Operating profit included EUR 39.6 million in goodwill impairment charges, EUR 49.8 million in restructuring costs and EUR 0.3 million in capital gains. Operating profit excl. one-off items stood at EUR 150.2 (141.2) million, or 9.9% (8.8) of net sales. The efficiency measures taken in 2013 and 2014 had a positive effect of around EUR 47 million on operating profit compared with 2013. On the other hand, personnel expenses were strained by salary inflation of around EUR 21 million and the increase in bonus accruals of around EUR 18 million. Additionally, Tieto increased its investments in offering development by EUR 10 million.

Currency changes had a negative of EUR 6 million on operating profit.

Employee benefit expenses declined by 8% and represented 56% (57) of net sales. Employee benefit expenses include costs from personnel restructuring of EUR 30.4 (46.9) million. The result-based bonuses were EUR 27.5 (9.8) million. The average number of full-time employees was 14 007 (15 170).

Net financial expenses stood at EUR 4.5 (6.6) million in the full year. Net interest expenses were EUR 2.8 (6.5) million and net losses from foreign exchange transactions EUR 0.8 (positive 0.8) million. Other financial income and expenses amounted to EUR -0.9 (-0.9) million.

Tax expenses reported for the year include EUR 18.9 million payable on the profit for the year and EUR 0.9 million negative from the change in deferred taxes. Tax rate was 20.0% in Finland and 22.0% in Sweden. High Group tax rate is mainly attributable to goodwill impairment charges which are not tax deductible. Net profit amounted to EUR 35.0 (62.2) million

Cost structure, %	2014	2013
Cost of sales	16.7	17.4
Employee benefit expenses	57.0	59.7
Other operating expenses	19.3	17.1
Impairment loss	2.7	0.5
Depreciation and amortization	4.3	5.3
Total	**100.0**	**100.0**

BALANCE SHEET (IFRS)

EUR million	Notes	31 Dec 2014	31 Dec 2013	Before IFRS 11 restatement 31 Dec 2013
ASSETS				
Non-current assets				
Goodwill	11, 14, 15	323.7	372.3	382.6
Other intangible assets	11	32.8	44.1	44.3
Property, plant and equipment	12	82.2	94.6	95.0
Investments accounted for using the equity method	16	19.3	21.5	-
Deferred tax assets	17	27.9	27.3	27.6
Finance lease receivables	24	5.4	1.9	1.9
Other interest-bearing receivables		0.9	1.6	1.5
Available-for-sale financial assets	13	0.7	0.7	0.7
Total non-current assets		**492.9**	**564.0**	**553.6**
Current assets				
Trade and other receivables	18	371.2	395.9	400.5
Pension benefit assets	22	-	5.8	5.8
Finance lease receivables	24	4.7	4.3	4.3
Other interest-bearing receivables		0.3	0.3	0.3
Current income tax receivables		1.8	10.2	10.3
Cash and cash equivalents	19	160.6	114.1	121.4
Total current assets		**538.6**	**530.6**	**542.6**
Total assets		**1 031.5**	**1 094.6**	**1 096.2**
EQUITY AND LIABILITIES				
Equity				
Share capital	20	76.6	76.6	76.6
Share issue premiums and other reserves	20	43.9	45.7	45.7
Share issue based on stock options	20	0.5	0.1	0.1
Retained earnings		350.1	391.7	391.7
Parent shareholders' equity		**471.1**	**514.1**	**514.1**
Non-controlling interest		0.1	0.1	0.1
Total equity		**471.2**	**514.2**	**514.2**
Non-current liabilities				
Loans	24, 25	100.8	103.1	103.1
Deferred tax liabilities	17	22.9	25.6	25.6
Provisions	23	15.2	9.1	9.2
Pension obligations	22	24.0	19.1	19.5
Other non-current liabilities		2.1	3.0	3.0
Total non-current liabilities		**165.0**	**159.9**	**160.4**
Current liabilities				
Trade and other payables	26	339.9	334.8	341.9
Current income tax liabilities		12.3	7.0	7.2
Provisions	23	31.3	44.2	44.2
Loans	24, 25	11.8	34.5	28.3
Total current liabilities		**395.3**	**420.5**	**421.6**
Total equity and liabilities		**1 031.5**	**1 094.6**	**1 096.2**

Notes are an integral part of these consolidated financial statements.

Comments to the balance sheet

Assets

The consolidated balance sheet totalled EUR 1 031.5 (1 094.6) million, a decrease of 5.8% compared with 2013. Goodwill decreased to EUR 323.7 (372.3) million. Tieto booked EUR 39.6 million in goodwill impairment charges in Product Development Services. Direct capital expenditure on fixed assets including new finance lease agreements amounted to EUR 43.5 (71.7) million.

Distribution of total assets

31 Dec, %	2014	2013
Goodwill	31.4	34.0
Other intangible assets	3.2	4.0
Tangible assets	8.0	8.7
Other assets	41.8	42.9
Cash and cash equivalents	15.6	10.4
Total	**100.0**	**100.0**

Equity and liabilities

The total equity amounted to EUR 471.2 (514.2) million. The net profit for the year increased equity by EUR 35.0 million and dividend payment decreased equity by EUR 59.7 million.

The equity ratio was 47.8% (49.3). Gearing decreased to -12.6% (3.0). Net debt totalled EUR -59.2 (15.5) million, including EUR 112.4 million in interest-bearing debt, EUR 0.3 million in finance lease liabilities, EUR 10.1 million in finance lease receivables, EUR 1.2 million in other interestbearing receivables and EUR 160.6 million in cash and cash equivalents.

Distribution of total equity and liabilities

31 Dec, %	2014	2013
Share capital	7.4	7.0
Other parent shareholders' equity	38.3	39.9
Interest-bearing liabilities	10.9	12.6
Non-interest-bearing debt	43.4	40.5
Total	**100.0**	**100.0**

STATEMENT OF CASH FLOW (IFRS)

EUR million	Note	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Cash flow from operations			
Net profit		35.0	62.2
Adjustments			
Depreciation, amortization and impairment	11, 12	104.0	89.7
Share-based payments		0.1	0.8
Profit/loss on sales of fixed assets and shares	3, 4	-0.4	-1.4
Share of profit from investments accounted for using the equity method	16	-5.3	-7.3
Other adjustments		-2.1	-9.2
Net financial expenses	8	4.5	6.6
Income taxes	9	21.6	16.9
Change in net working capital			
Change in current receivables		14.5	48.2
Change in inventories		0.1	0.2
Change in current non-interest-bearing liabilities		2.8	-24.4
Cash generated from operations		**174.8**	**182.3**
Financing income received under leases		0.2	0.2
Interest income received		0.9	10.0
Interest expenses paid		-4.0	-15.4
Other financial income received		5.2	9.3
Other financial expenses paid		-8.1	-16.2
Dividends received from investments accounted for using the equity method	16	5.9	7.6
Income taxes paid		-7.0	-18.8
Net cash flow from operations		**167.9**	**159.0**
Cash flow from investing activities			
Acquisition of Group companies and business operations, net of cash acquired	14	3.7	-1.7
Capital expenditure		-43.0	-58.5
Disposal of Group companies and business operations, net of cash disposed		3.3	-17.3
Sales of fixed assets		0.6	1.2
Change in loan receivables		-3.5	2.1
Total net cash used in investing activities		**-38.9**	**-74.2**
Cash flow from financing activities			
Dividends paid		-65.4	-59.7
Exercise of stock options		5.4	7.1
Payments of finance lease liabilities		-3.7	-5.4
Proceeds from short-term borrowings		227.1	100.3
Repayments of short-term borrowings		-245.0	-80.3
Proceeds from long-term borrowings		-	99.5
Repayments of long-term borrowings		-3.2	-113.5
Total net cash used in financing activities		**-84.8**	**-52.0**
Change in cash and cash equivalents		**44.2**	**32.8**
Cash and cash equivalents at the beginning of period	19	114.1	75.8
Foreign exchange differences		2.3	5.5
Change in cash and cash equivalents		44.2	32.8
Cash and cash equivalents at the end of period	19	**160.6**	**114.1**

Notes are an integral part of these consolidated financial statements.

STATEMENT OF CHANGES IN EQUITY (IFRS)

						Parent shareholders' equity					Non-controlling interest	Total equity
EUR million	**Note**	**Share capital**	**Share issue premiums and other reserves**	**Share issue based on stock options**	**Own shares**	**Translation differencies**	**Cash flow hedges**	**Invested unrestricted equity reserve**	**Retained earnings**	**Total**		
At 1 Jan 2013		75.9	41.4	1.2	-11.6	8.4	0.1	2.2	406.7	524.3	0.2	524.5
Comprehensive income												
Net profit for the period									62.2	62.2	0.0	62.2
Other comprehensive income												
Actuarial gain on post employment benefit obligations (net of tax)									3.3	3.3		3.3
Translation difference			-1.2			-35.0			15.0	-21.2		-21.2
Cash flow hedges (net of tax)	28						-1.8			-1.8		-1.8
Total comprehensive income			**-1.2**			**-35.0**	**-1.8**		**80.5**	**42.5**	**0.0**	**42.5**
Transactions with owners												
Share-based payments recognized against equity	6								1.0	1.0		1.0
Dividend									-59.7	-59.7		-59.7
Share subscriptions based on stock options		0.7	5.5	-1.2				0.9		5.9		5.9
Share subscriptions based on stock options, not yet registered				0.1						0.1		0.1
Non-controlling interest											-0.1	-0.1
Total transactions with owners		**0.7**	**5.5**	**-1.1**	**0.0**			**0.9**	**-58.7**	**-52.7**	**-0.1**	**-52.8**
Impact on investments accounted for using the equity method									**0.0**	**0.0**		**0.0**
At 31 Dec 2013		**76.6**	**45.7**	**0.1**	**-11.6**	**-26.6**	**-1.7**	**3.1**	**428.5**	**514.1**	**0.1**	**514.2**

					Parent shareholders' equity						Non-controlling interest	Total equity
EUR million	**Note**	**Share capital**	**Share issue premiums and other reserves**	**Share issue based on stock options**	**Own shares**	**Translation differences**	**Cash flow hedges**	**Invested unrestricted equity reserve**	**Retained earnings**	**Total**		
At 31 Dec 2013		76.6	45.7	0.1	-11.6	-26.6	-1.7	3.1	428.5	514.1	0.1	514.2
Comprehensive income												
Net profit for the period									35.0	35.0	0.0	35.0
Other comprehensive income												
Actuarial loss on post employment benefit obligations (net of tax)									-10.3	-10.3		-10.3
Translation difference			-1.8			-24.4			16.1	-10.1		-10.1
Cash flow hedges (net of tax)	28						1.4			1.4		1.4
Total comprehensive income			**-1.8**			**-24.4**	**1.4**		**40.8**	**16.0**	**0.0**	**16.0**
Transactions with owners												
Share-based payments recognized against equity	6								0.6	0.6		0.6
Dividend									-65.4	-65.4		-65.4
Share subscriptions based on stock options				-0.1				5.4		5.3		5.3
Share subscriptions based on stock options, not yet registered				0.5						0.5		0.5
Non-controlling interest												0.0
Total transactions with owners		**0.0**	**0.0**	**0.4**	**0.0**			**5.4**	**-64.8**	**-59.0**	**0.0**	**-59.0**
Impact on investments accounted for using the equity method									**0.0**	**0.0**		**0.0**
At 31 Dec 2014		**76.6**	**43.9**	**0.5**	**-11.6**	**-51.0**	**-0.3**	**8.5**	**404.5**	**471.1**	**0.1**	**471.2**

Notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements (IFRS)

ACCOUNTING POLICIES FOR THE CONSOLIDATED ACCOUNTS

Corporate information

Tieto Corporation is a Finnish public limited company organized under the laws of Finland and domiciled in Helsinki. The company is listed on NASDAQ Helsinki and Stockholm. The Board of Directors approved the consolidated financial statements to be published on 5 February 2015. According to the Limited Liability Companies Act, the shareholders have the right at the Annual General Meeting to approve, disapprove or change the consolidated financial statements after the publication.

Basis of preparation

These consolidated financial statements of Tieto Corporation are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The consolidated financial statements are presented in millions of euros and have been prepared under historical cost conventions, unless otherwise stated in these accounting policies.

New and amended standards and interpretations

In preparing these financial statements, the Group has followed the same accounting policies as in the annual financial statements for 2013 except for the effect of changes required by the adoption of the following new standards, interpretations and amendments to existing standards and interpretations on 1 January 2014.

- IFRS 11, 'Joint arrangements'. The standard is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its share of assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has a right to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. Tieto reports the results as one line above operating profit (EBIT). The equity accounting decreased the Group's annual net sales 2013 by around 4%. The change mainly affected the Industry Products (around 12% negative) and Managed Services (around 2% negative) service lines. Of the industry groups, the change mainly affected Financial Services (around 10% negative) and Public Healthcare and Welfare (around 7% negative). EBIT is affected by the amount corresponding to Tieto's share of joint ventures' financial items and taxes. The company's net profit for the period is not affected. Adjusted comparative information has been provided to the preceding comparative period.

- IFRS 10, 'Consolidated financial statements'. The objective of the standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation and sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. The standard does not currently have any impact on the Group's financial statements.

- IFRS 12, 'Disclosures of interests in other entities'. The standard includes the disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard increased disclosed information of joint ventures.

- Other standards, amendments and interpretations which are effective 1 January 2014 are not material to the Group.

New relevant standards not yet effective:

- IFRS 15, 'Revenue from contracts with customers' replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognizes revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contracts
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contracts
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

IFRS 15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with the customers. The standard is effective 1 January 2017 and earlier application is permitted. The management is assessing the impact of the change on the Group's financial statements.

- IFRS 9, 'Financial instruments', replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. The standard is effective 1 January 2018. Early adoption is permitted. The management is assessing the impact of the change on the Group's financial statements.

- There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Consolidation principles

The consolidated financial statements include the Parent company Tieto Corporation and all subsidiaries over which the Parent company has direct or indirect control generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated from the date of acquisition until the date of divestment.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the statement of comprehensive income.

Intra-group receivables, payables and transactions including dividends and internal profit are eliminated on consolidation.

Tieto Corporation holds interests in joint ventures for which it has right to the net assets of the arrangement and hence equity accounts for its interest according to IFRS 11. Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Non-controlling interests are shown separately under consolidated shareholders' equity.

Segment reporting

The Group's operating model comprises of a matrix structure of service lines and industry groups, of which the service line dimension constitutes the main operating segments. The reportable operating segments in service line dimension are Managed Services, Consulting and System Integration, Industry Products and Product Development Services. The operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Leadership Team that makes strategic decisions.

Goodwill is allocated to the Cash Generating Units, which include several countries and therefore goodwill is not included in the country specific non-current assets presented in the segment information.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro, which is the Group's presentation currency.

Foreign currency transactions are translated at the exchange rate prevailing on the transaction date. The foreign currency monetary items are translated using period end exchange rates. The foreign currency non-monetary items held at fair value are translated into the functional currency using the exchange rate prevailing at the date when the fair value was determined or remeasured. Other non-monetary items are recorded at the exchange rate prevailing on the transaction date.

Foreign exchange gains and losses related to business operations are included in operating profit except when deferred in other comprehensive income as qualifying cash flow hedges. Foreign exchange gains and losses associated with financing are reported in financial income and expenses.

The results and financial positions of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a funcional currency different from the presentation currency are translated into the presentation currency as follows:

a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
b) income and expenses for each income statement are translated at average exhange rates;
c) all resulting exhange differences are recognized in other comprehensive income.

When a subsidiary is sold, any translation differences are recognized in the consolidated income statement as part of the gain or loss on the sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehesive income.

Revenue recognition

Revenue is recognized in accordance with the requirements of IAS 11 and 18. Revenue comprises the fair value for the sale of IT services and goods, net of value-added tax, discounts and exchange rate differences. Services mainly include the development of customized software solutions, maintenance of software solutions, and processing and network services. Goods mainly include sales of software licences.

Sales of services are recognized in the accounting period in which the service is rendered. Revenue from fixed price projects and similar types of customer agreements is recognized according to the stage-of-completion method, which is calculated monthly by comparing costs of completed work hours against total estimated costs of work hours to finalize the project. Stage-of-completion method is used provided that the degree of completion can be assessed reliably and the amount of the income and costs related to the service contract can be estimated reliably. If these conditions are not met, revenue only equal to costs incurred to date is recognized to the extent that such costs are expected to be recovered. The operations are steered based on project performance and direct costs are linked to deliveries in services lines, which constitute the main operating segments. In the follow-up of the customer projects, the project is considered as loss-making when the total direct costs are estimated to exceed the total expected revenue and a provision corresponding to the uncovered direct costs is immediately recognized

Sales of goods are recognized when the decisive risks and rewards that are connected with the ownership of the goods sold are transferred to the buyer and the seller retains neither a continuing right to dispose of the goods, nor effective control of those goods.

Transition costs incurred in the initial phase of continuous operating service contracts are expensed as they arise. Revenue from the operating service contracts is based on service volumes and is recognized when the services are rendered.

Order Backlog

The reported order backlog includes all signed customer orders that have not been recognized as revenue.

Other operating income

Other operating income mainly includes gains from both asset and business disposals, rental income and government grants. Gains from discontinued operations are included in the net profits of the discontinued operations.

Government grants

Government grants relating to costs are deferred and recognized as Other operating income over the period necessary to match them with the costs that they are intended to compensate.

Research and development costs

Research costs are expensed as incurred. Development expenditures related to major new business concepts and software products are capitalized as intangible assets when their future recoverability can reasonably be established and the following criteria can be demonstrated: the technical feasibility of completing the intangible asset so that it will be available for sale and use, the intention to complete the intangible asset and use or sell it, the ability to use or sell the intangible asset, the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset. In addition, the ability to demonstrate how the intangible asset will generate future economic benefits is required and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Intangible assets are carried at cost less any accumulated amortizations and accumulated impairment losses.

Income taxes

The tax expense for the period includes current taxes of the Group companies based on taxable profit for the year, together with tax adjustments for previous years and changes in deferred taxes. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using the tax rates and laws which have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. The most significant temporary differences arise from depreciation differences, employee benefits and intangible assets. Deferred taxes are accounted for temporary differences except for the following: goodwill not deductible for taxation purposes, the initial recognition of an asset or liability in a transaction other than a business combination that affect neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that they will probably not be reversed in the foreseeable future.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The deferred tax assets and liabilities arising from consolidation are recognized in the consolidated balance sheet if it is probable that the related tax effects will occur.

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over Tieto Corporation's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

Impairment testing of goodwill

Goodwill acquired in a business combination is tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of impairment testing goodwill is allocated to each of the cash-generating units (CGU) or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. If the carrying amount of goodwill exceeds its recoverable amount an impairment loss equal to the difference is recognized.

The recoverable amount is the higher of value in use represented by the net present value of future cash flows and the fair value less costs to sell.

Intangible assets

Acquired intangible assets are capitalized at cost. Intangible assets acquired in business combinations are capitalized at fair value at the acquisition date. The useful lives of the intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are amortized over their useful lives. Intangible assets with indefinite useful lives are tested for impairment annually or if events or changes in circumstances indicate that such carrying amount may not be recoverable. Intangible assets recognized by the Group in business combinations are usually customer or technology related and have finite useful lives. Marketing related intangible assets are not generally recognized by Tieto because normally the value of acquired business constitutes of customer relationships, technologies and personnel (which is included in goodwill) and therefore the marketing related intangible assets do not generally have separately recognizable fair value.

Property, plant and equipment

Land is not depreciated. Other fixed assets are carried at cost less accumulated depreciation. Depreciation is charged according to plan based on the estimated economic lives of the individual assets and accounted for in accordance with the straight-line method. The assets' residual useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The Group applies the following economic lives:

	Years
Buildings	25–40
Data processing equipment [1]	1–5
Other machinery and equipment	5
Other tangible assets	5

[1] Purchases of personal computers are expensed immediately.

Leases

- Leases of lessees
  Lease agreements are classified as finance and operating leases. Assets procured under finance lease agreements are capitalized as fixed assets and depreciated during the estimated useful lives. The annual rents are disclosed as amortization of the finance lease liability and interest expenses.

  Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straightline basis over the period of the lease.

- Leases of lessors
  If an arrangement conveys a right to use a specific asset to a purchaser, often together with related services the assets, mainly technical equipment, are classified as embedded finance leases. Sales derived from these embedded finance leases are recognized at the beginning of the agreement period. The annual payments are disclosed as amortization of the finance lease loan receivable and interest income.

Financial instruments

Classification

Financial assets are classified into the following categories

1) At fair value through profit or loss

Derivatives, comprising foreign exchange forward contracts, currency options, power derivatives and interest rate swaps.

2) Loans and receivables

Fixed-term deposits, principally comprising of funds held with banks and other financial institutions, and short-term and long-term loan receivables, as well as trade and other receivables, are classified as loans and receivables. In the balance sheet, they are reported according to their nature either in trade and other receivables, loan receivables or cash and cash equivalents (current assets) or in loan receivables or other non-current assets (non-current assets). Investments in money market instruments are reported as short-term deposits under cash and cash equivalents.

3) Available-for-sale financial assets

Investments in equity instruments, except for investments in associated companies and joint ventures, are classified as assets available-for-sale. They are included in noncurrent assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Financial liabilities are classified into categories

1) At fair value through profit or loss

Derivatives, comprising foreign exchange forward contracts, currency options, power derivatives and interest rate swaps.

2) Financial liabilities measured at amortized cost

Short-term borrowings and overdrafts as well as long-term loans and trade and other payables are classified as financial liabilities measured at amortized cost. Loans are included in non-current and current liabilities.

Recognition and de-recognition

All financial instruments are initially recognized at fair value. Transaction costs are included in the carrying value only if the financial instrument is not recorded at fair value through profit or loss in which case transaction costs are expensed in income statement. Usually the fair value equals amount received or paid.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or expired.

Subsequent measurement

Subsequent measurement of financial instruments depends on the designation of the instruments

- Financial assets and liabilities at fair value through profit or loss

  The valuation method is described in the footnote of Note 27. Related valuation changes are reported, depending on their nature, in the income statement in the financial income and expenses, in other income from operations and other operating expenses in exchange rate gains and losses (foreign exchange forward contracts) and in other financial income and expenses (currency options). The rest of the valuation changes are shown in interest income and expenses (interest rate swaps) and in other operating expenses (power derivatives), except for when applying hedge accounting where fair value changes are reported in other comprehensive income.

  In the balance sheet the fair value of financial assets from this category are reported under trade and other receivables or trade and other payables if asset or liability due in less than 12 months. In case the asset or liability is due in later than 12 months, it is reported under other noncurrent assets and liabilities in the balance sheet.

- Loans and receivables

  Loans and receivables are subsequanetly carried at amortized cost, using the effective interest method.

- Available-for-sale financial assets

  Available-for-sale financial assets are measured at fair value if fair value can be measured reliably. Unrealized gains and losses are recognized in shareholders' equity. If fair value is not available, the assets are held at initial value. The available-for-sale assets are reported under other noncurrent assets in the balance sheet. When the investment is sold, the accumulated fair value adjustment is recognized in the income statement.

- Financial liabilities measured at amortized cost

  Interest expense and transaction costs are amortized in the income statement over the maturity of the loan using the effective interest method.

Impairment of financial assets

- Assets carried at amortized cost

  The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of assets is impaired. A financial asset is regarded impaired if one or more of the following events have occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset:

  1. significant financial difficulty of the issuer or obligor
  2. a breach of contract such as default in interest or principal payments
  3. it becomes probable that the borrower will enter bankruptcy or other financial reorganisation
  4. the disappearance of an active market for that financial asset because of financial difficulties.

  Possible impairment is booked in the income statement.

- Assets classified as available for sale

  The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of assets is impaired. For debt securities the Group uses the criteria above. In the case of equity investments classified as available for sale, the Group evaluates whether there is any evidence of prolonged decline in the fair value of the security, thus justifying the assets are impaired. If such evidence exists, the impairmaint is booked in the income statement.

Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The Group designates certain derivatives as hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents the relationship between the hedging instrument and the underlying risk at the time of hedging transaction. The Group also documents its assessment, both at hedge inception and on ongoing basis, of wheather the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 28. Movements on the hedging reserve in other comprehensive income are also attached to the note 28.

The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion of cash flow hedge is recognized immediately in the income statement within the operating income and expenses. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (e.g. when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within other gain/losses – net.

Trade and other receivables

Trade and other receivables are carried at their nominal value or original amount due from customers, which is considered to be fair value, less a provision for doubtful receivables. The provision for doubtful accounts is recorded in the income statement and measured based on the principles defined in the Corporate credit policy. The provision is an accounting estimate of the amount of receivables with a high probability to be written off as uncollectable. The accounting estimate is based on the amount of receivables overdue for a period of time defined in the credit policy. The final write off decision is made based on individual assessment of the potential collectability risk involved.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with banks and other liquid investments with a maturity of less than 3 months. Bank overdrafts are included in short-term borrowings under current liabilities.

Provisions

A provision is a liability of uncertain timing or amount, which should be recognized when the entity has a present legal or constructive obligation as a result of a past event and it is more likely than not that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Employee benefits

The Group operates a number of different pension plans in accordance with national requirements and practices. The majority of the plans are classified as defined contribution plans. Payments to defined contribution plans are recognized as employee benefit expenses when the contributions are due. The Group has no further payment obligations once the contributions have been paid.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

For defined benefit pension plans the liability equals the present value of the defined benefit obligation less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest of the net defined benefit liability or asset is presented among financial items.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Share-based payments

Tieto uses in its incentive programmes share options classified as being paid equity as well as rewards, which can either be paid in the form of shares, in the form of a cash payment or as a combination thereof. The fair value of the employee services received in exchange for the grant of the stock options and shares is recognized as an expense during the vesting period. The cost of such services is measured by reference to the fair value of the options at the grant date. Terms and conditions which are not on market terms (e.g. targets related to the financial results and the duration of the employment relationship) are taken into account in the number of the share options, which the employees are expected to become entitled to. The amount to be booked as an expense will be allocated to the period of time, during which all the criteria for the generation of the right are to be fullfilled. An estimate of the number of share options to which a right is expected to be generated based on the terms and conditions not being on market terms, is checked on each financial statement date. The possible effect of the readjustments made to the original estimates is recorded in the income statement and a corresponding adjustment is made to the equity.

The rewards granted in the form of shares are booked as an employee benefit expense and as an increase in the equity. Share-based compensation is recognized as an expense in the income statement over the service period. The fair value of the amount payable to the employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities over the period in which the employees become unconditionally entitled to the payment. The liability is measured at each reporting date and at the settlement day. Any changes in the fair value of the liability are recognized as employee benefit expenses in the income statement.

The level of the realization of the set financial targets influences the amount in which rewards are to be booked and paid.

Equity, dividends and own shares

Dividends proposed by the Board of Directors are not deducted from distributable equity until approved by the shareholders at the Annual General Meeting.

When Tieto Corporation's own shares are repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction in equity.

Earnings per share

Earnings per share (EPS) is calculated by dividing the net profit attributable to the shareholders of the company by the weighted average number of shares in issue during the year, excluding shares purchased by Tieto Corporation.

Diluted earnings per share is calculated as if the warrants and options were exercised at the beginning of the period. In addition to the weighted average number of shares outstanding, the denominator includes the incremental shares obtained through the assumed exercise of the warrants and options. The assumption of exercise is not reflected in earnings per share when the exercise price of the warrants and options exceeds the average market price of the shares during the period. The warrants and options have a diluting effect only when the average market price of the share during the period exceeds the exercise price of the warrants and options.

One-off items

In the analysis on financial performance, items that are material either because of their size or their nature, and that are non-recurring are considered as one-off items. Such items are e.g. impairment losses, capital gains and losses on disposals and major restructuring programmes.

Critical accounting estimates and assumptions

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from the estimates.

Critical accounting estimates and assumptions are presented in the following disclosures:

	Note
Revenue recognition	1
Impairment of goodwill	15
Income taxes	17
Share-based payments	21
Employee benefits	22
Fair value of derivatives and other financial instruments	27–28

1. SEGMENT INFORMATION

The operating segments constitute the structure in which the Leadership Team makes strategic decisions and whose reports are regularly reviewed by the Leadership Team.

The Leadership Team considers and evaluates the business as a matrix structure comprising service lines and industry groups. In a matrix organisation, the company shall determine the reportable operating segments so that the company can provide sufficient information to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. In Tieto the service line dimension constitutes the main operating segments in which the strategic decisions are made and thus form a basis for defining the reportable segments according to IFRS 8.

The reportable operating segments in the service line dimension are Managed Services, Consulting and System Integration, Industry Products and Product Development Services. The reportable service line segments constitute the structure for cash-generating units, to which the goodwill acquired in business combinations has been reallocated.

Group level costs like the costs related to Global management, Group's share of support functions and other non-allocated costs are not included in the service line segments but are reported under Support Functions and Global Management in the segment reporting.

The customer sales of service lines also present the reporting of products and services of Tieto.

The Leadership Team assesses the performance of the operating segments based on operating profit (EBIT) which corresponds to the operating profit in the Income statement according to IFRS.

Customer sales by service line

EUR million	2014 1–12	2013 1–12	Change %
Managed Services	512	492	4
Consulting and System Integration	387	410	-6
Industry Products	395	416	-5
Product Development Services	229	289	-21
Group total	**1 522**	**1 607**	**-5**

No internal sales occur between service lines as in the management accounting, revenue and costs are booked directly to the respective customer projects in the service lines.

Net sales by country

EUR million	2014 1–12	2013 1–12	Change %
Finland	711	729	-3
Sweden	548	555	-1
Other	264	322	-18
Group total	**1 522**	**1 607**	**-5**

In Finland, IT services sales grew by 2% in 2014.

In Sweden, growth in local currencies was 4%. IT services grew by 6% in local currencies.

In Norway, growth in local currencies was 5%.

Customer sales by industry group

EUR million	2014 1–12	2013 1–12	Change %
Financial Services	335	331	1
Manufacturing, Retail and Logistics	311	305	2
Public, Healthcare and Welfare	410	403	2
Telecom, Media and Energy	238	279	-15
Product Development Services	229	289	-21
Group total	**1 522**	**1 607**	**-5**

Customer sales to the telecom sector were EUR 370 (445) million.

Revenues derived from any single external customer during 2014 or 2013 did not exceed the 10 % level of the total net sales of the Group.

Operating profit (EBIT) by service line

EUR million	2014 1–12	2013 1–12	Change %
Managed Services	37.6	10.2	269.9
Consulting and System Integration	34.9	9.0	289.3
Industry Products	68.1	81.2	-16.1
Product Development Services	-42.9	8.4	-613.0
Support Functions and Global Management	-36.5	-23.0	-58.5
Operating profit (EBIT)	**61.1**	**85.7**	**-28.7**

Operating margin (EBIT) by service line

%	2014 1–12	2013 1–12	Change
Managed Services	7.3	2.1	5.3
Consulting and System Integration	9.0	2.2	6.8
Industry Products	17.3	19.5	-2.3
Product Development Services	-18.7	2.9	-21.6
Operating margin (EBIT)	**4.0**	**5.3**	**-1.3**

Operating profit (EBIT) excl. one-off items by service line

EUR million	2014 1–12	2013 1–12	Change %
Managed Services	38.4	21.0	82.8
Consulting and System Integration	38.3	32.0	19.4
Industry Products	70.3	82.8	-15.1
Product Development Services	21.7	19.4	11.6
Support Functions and Global Management	-18.5	-14.2	-30.6
Operating profit (EBIT)	**150.2**	**141.2**	**6.4**

Operating margin (EBIT) excl. one-off items by service line

%	2014 1–12	2013 1–12	Change
Managed Services	7.5	4.3	3.2
Consulting and System Integration	9.9	7.8	2.1
Industry Products	17.8	19.9	-2.1
Product Development Services	9.5	6.7	2.7
Operating margin (EBIT)	**9.9**	**8.8**	**1.1**

Personnel by service line

	End of period 2014 1–12	Change %	Share %	2013 1–12	Average 2014 1–12	2013 1–12
Managed Services	3 321	7	24	3 090	3 162	3 112
Consulting and System Integration	3 953	-1	29	3 986	3 903	4 192
Industry Products	3 181	9	23	2 919	3 033	2 996
Product Development Services	2 114	-34	15	3 193	2 761	3 673
Service Lines total	**12 568**	**-5**	**92**	**13 188**	**12 859**	**13 973**
Industry Groups	415	6	3	390	408	418
Support Functions and Global Management	738	-0	5	740	740	780
Group total	**13 720**	**-4**	**100**	**14 318**	**14 007**	**15 170**

Personnel by country

	End of period 2014 1–12	Change %	Share %	2013 1–12	Average 2014 1–12	2013 1–12
Finland	4 122	-7	30	4 409	4 265	4 678
Sweden	2 548	-6	19	2 701	2 586	2 811
Czech Republic	2 077	7	15	1 940	2 002	1 920
India	1 979	24	14	1 591	1 752	1 579
China	379	-60	3	949	694	1 041
Latvia	680	-1	5	689	687	671
Poland	507	-30	4	722	606	884
Norway	417	-5	3	438	424	444
Philippines	227	-2	2	231	235	197
Lithuania	122	-5	1	129	127	132
Other	662	28	5	519	630	813
Group total	**13 720**	**-4**	**100**	**14 318**	**14 007**	**15 170**
Onshore countries	7 386	-6	54	7 835	7 574	8 513
Offshore countries	6 334	-2	46	6 483	6 433	6 657
Group total	**13 720**	**-4**	**100**	**14 318**	**14 007**	**15 170**

Non-current assets by country

EUR million	2014 31 Dec	2013 31 Dec	Change %
Finland	84.6	101.5	-17
Sweden	24.6	28.0	-12
Other	5.8	9.2	-37
Total non-current assets	**115.0**	**138.7**	**-17**

Goodwill is allocated to the Cash Generating Units, which include several countries and therefore goodwill is not included in the country specific non-current assets shown above.

Depreciation by service line

EUR million	2014 1–12	2013 1–12	Change %
Managed Services	50.8	67.1	-24
Consulting and System Integration	0.7	1.0	-31
Industry Products	0.4	0.5	-19
Product Development Services	1.0	0.7	41
Support Functions and Global Management	10.7	8.8	21
Group total	**63.5**	**78.1**	**-19**

Amortization on allocated intangible assets from acquisitions by service line

EUR million	2014 1–12	2013 1–12	Change %
Managed Services	0.2	1.8	-88
Consulting and System Integration	0.5	0.6	-21
Industry Products	0.3	0.9	-66
Product Development Services	-	0.4	-100
Support Functions and Global Management	-	-	-
Group total	**1.0**	**3.7**	**-74**

Impairment losses by service line

EUR million	2014 1–12	2013 1–12	Change %
Managed Services	-	0.1	-100
Consulting and System Integration	-	2.6	-100
Industry Products	-	1.3	-100
Product Development Services	39.6	3.6	1 014
Support Functions and Global Management	-	0.4	-100
Group total	**39.6**	**8.0**	**398**

2. PERCENTAGE OF COMPLETION

EUR million	31 Dec 2014	31 Dec 2013
Income statement related items		
Contract sales recognized under percentage of completion accounting during the financial year	196.5	257.2
Other sales	1 326.0	1 349.6
Net sales	1 522.5	1 606.8
Accumulated amount recognized from percentage of completion based contract sales since inception for contracts open at the end of the financial year	247.7	327.4
Balance sheet related items		
Accounts receivables related to percentage of completion based contract sales	41.9	63.6
Unbilled related to percentage of completion based contract sales less recognized losses	18.2	26.3
Gross amounts due from customers related to work in progress contracts	60.1	89.9
Unearned related to percentage of completion based contract sales less recognized losses	12.7	22.8

3. OTHER OPERATING INCOME

EUR million	Note	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Gain on sales of fixed assets		0.4	0.5
Gain on sales of shares		0.1	1.2
Rental income		2.0	2.4
Government grants released		2.9	3.1
Ineffectiveness on cash flow hedges	28	0.0	0.3
Other exchange rate gains on derivatives		4.2	1.4
Other operating income		8.5	9.2
		18.1	**18.1**

4. OTHER OPERATING EXPENSES

EUR million	Note	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Rents, licences and maintenance related to software		66.7	49.5
Data and phone communication		13.7	14.0
ICT purchases and services		13.2	16.4
Advertising and marketing		9.5	9.4
Travelling		21.4	22.6
Training		7.9	10.0
Consulting		30.0	21.3
Fees to auditors		1.7	2.5
Premises related		91.1	87.0
Ineffectiveness on cash flow hedges	28	0.3	0.2
Other exchange rate losses on derivatives		1.8	3.4
Loss on sales of fixed assets and shares		0.0	0.3
Other operating expenses		30.1	28.1
		287.4	**264.7**
Fees to auditors			
Authorized Public Accountants, PwC			
Audit fees		0.7	1.0
Tax consultation		0.5	0.5
Other services		0.4	0.9
		1.6	**2.4**
Other auditing firms			
Audit fees		0.0	0.0
Other services		0.1	0.1
		0.1	**0.1**

5. DEVELOPMENT COSTS

Tieto's offering development costs totalled around EUR 50 million in 2014, representing 3.2% of net sales (EUR 40 million in 2013, representing 2.4% of net sales). These costs comprise service and product development with the focus, for example, on Customer Experience Management, Industrial Internet and Lifecare, Tieto's product for the healthcare and welfare sector, as well as cloud services and selected industry products. Additionally, the costs related to standardization in application management and automation in managed services are included in this amount. Development costs for major new business concepts and software products are capitalized as intangible assets if they fulfil the requirements stated in the accounting principles. No development costs were capitalized for either 2014 or 2013.

6. EMPLOYEE BENEFIT EXPENSES

EUR million	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Wages and salaries	631.6	674.0
Pension costs - defined contribution plans	74.6	78.9
Pension costs - defined benefit plans [1)]	3.8	2.2
Other pay-related statutory social costs	111.4	121.7
Share-based payments		
Stock option related costs	0.1	0.9
Performance Share Plan costs	2.3	1.3
Other personnel costs	22.2	44.7
	846.0	**923.7**

[1)] *The interest part related to the defined benefit plans is reported among financial items and disclosed in note 8.*

Employee benefit expenses include restructuring costs and other termination benefits EUR 30 (47) million.

Equity settled share-based payment transactions recognized in the income statement are based on the fair value of the instrument which is measured using the Black & Scholes option pricing model. The counter-entry to the expense entered in the income statement is retained earnings, and therefore the expense has no effect on total equity.

7. MANAGEMENT REMUNERATION IN 2014

Total Management remuneration, EUR	2014	2013
Compensation to the Board of Directors	490 300	445 500
Salaries	3 078 608	3 400 741
Benefits	138 439	183 226
Special payments	500 000	24 854
Severance payments	496 364	569 940
Bonus	728 037	0
Share-based payment costs	1 132 072	686 785
Statutory pension costs	447 697	616 940
Additional pension costs	784 834	1 109 120
Total	**7 796 350**	**7 037 106**

Board of Directors

According to the decision by the AGM executives are compensated in cash and shares. Chairman EUR 72 000/year , Deputy Chairman EUR 48 000/year, member EUR 31 500/year, Committee Chairman EUR 48 000/year and EUR 800 for each board meeting.

Total compensation to the Board of Directors	490 300	445 500
Chairman of the Board	96 800	88 800
Deputy Chairman	71 200	64 800
Members	322 300	291 900

President and CEO

Salary	EUR 537 500	(2013: EUR 500 000)
Benefits	EUR 3 455	(2013: EUR 12 535)
Special payments	EUR 500 000 The Board of Directors has decided on an additional success-based incentive for the President and CEO. The targets were based on the company's strategic and financial objectives, which were to be reached by the end of 2014. Based on criteria attainment 10 688 Tieto Corporation shares were delivered to the CEO in January 2015. In addition, a cash payment was made to cover taxes and tax related costs at reward payment. The gross value of the reward was 500 000 euros. The delivered shares are under transfer restriction for one year.	(2013: EUR 0)
Bonus	EUR 163 845 (estimate, not decided yet)	(2013: EUR 0)
Bonus principles	Maximum 60 % of base salary based on Group's external revenue and profit when achievements exceed the targets.	
Options and warrants	2009 C option program: right to subscribe 30 000 shares	The fair value of these warrants amounts to EUR 330 000 [2)]
Long-Term Incentive Programme 2012-2014	The reward to be paid at target corresponds to 50% annual gross salary and at maximum 120% annual gross salary. In spring 2013 a total of 4 006 shares were transferred as a reward from Performance Period 2012 to the President and CEO. The shares are under transfer restriction according to the terms of the programme. No shares were delivered from Performance Period 2013.	The fair value of these allocations amounts to EUR 581 250 [3)]
Share-based reward plan	Entitled to a total of 9 200 shares if the criteria set for the plan are met. The plan will run until the end of 2016	The fair value of these allocations amounts to EUR 197 892 [4)]
Share-based payment costs	EUR 328 868	(2013: EUR 223 121)
Retirement age	63	
Statutory pension costs	EUR 93 901	(2013: EUR 87 541)
Additional pension costs	EUR 123 625	(2013: EUR 115 203)
Pension level	Annual fee (in addition to statutory pension provision): 23% of the annual base salary (defined contribution plan)	
Period of notice	12 months	
Severance payment	Equivalent to 12–18 months' salary.	

Leadership Team

Excluding President and CEO		
Salaries	EUR 2 541 108	(2013: EUR 2 900 741)
Benefits	EUR 134 983	(2013: EUR 170 691)
Special payments	EUR 496 364 (including severance payments of EUR 496 364) [5]	(2013: EUR 594 795 including severance payment of EUR 569 940)
Total bonuses	EUR 564 192 (estimate, not decided yet)	(2013: EUR 0)
Bonus principles	The basis of bonus as well as target and maximum amounts for bonuses vary between the Leadership Team members.	
Options and warrants	2009 B option program: right to subscribe 10 000 shares	The fair value of these warrants amounts to EUR 76 200 [1]
	2009 C option program: right to subscribe 61 000 shares	The fair value of these warrants amounts to EUR 671 000 [2]
Long Term Incentive programme 2012 - 2014	The reward to be paid to other members of the Leadership Team on the basis of the Long-Term Incentive Programme 2012–2014 at target corresponds to 30–40% of the annual gross salary and at maximum 60–80% of the annual gross salary. The rewards from Performance Period 2012 were paid in spring 2013 and in spring 2014. A total 8 057 are in the possession of current LT members (excl. CEO) and under transfer restriction according to the terms of the programme. No shares were delivered from Performance Period 2013	The fair value of these allocations amounts to EUR 1 069 006 [3]
Share-based reward plan	Leadership Team members are entitled to a total of 26 300 shares if the criteria set for the plan is met. The plan will run until the end of 2016.	The fair value of these allocations amounts to EUR 565 713 [4]
Share-based payment costs	EUR 803 204	(2013: EUR 463 664)
Retirement age	According to national standards	
Statutory pension costs	EUR 353 795	(2013: EUR 529 399)
Additional pension costs	EUR 661 208	(2013: EUR 993 917)
Pension level	Annual fee (in addition to statutory pension provision): 15% and 23% (for one executive member) of annual base salary (Defined contribution and defined benefit arrangements)	
Period of notice	Varies between 6 and 12 months	
Severance payment	Various terms, amounts corresponding to the periods of notice	

There were no loans to executive management on 31 December 2013 nor on 31 December 2014.
There are no guarantees on behalf of key management

[1] Calculated on the basis of the fair market value of one Tieto 2009 B stock option on 30 December 2014, EUR 7.62.

[2] Calculated on the basis of the fair market value of one Tieto 2009 C stock option on 30 December 2014, EUR 11.00. The 15 October 2013 grant, 25 000 pcs of 2009 C options includes a performance criterion (TME operative Margin 2014) which must be attained in order for this grant to vest.

[3] The fair market value for Long-Term Incentive Programme 2012–2014 is the estimated total value of current grants and 31 December 2014 estimates. The number of shares this percentage allocation gives entitlement to will be confirmed after each earning period.

[4] The fair market value for Share-Based reward plan is calculated using the value of Tieto share on 31 December 2014, EUR 21.51.

[5] Second installment of the severance pay for Leadership Team members leaving during 2013.

8. FINANCIAL INCOME AND EXPENSES

31 Dec 2014 EUR million	Interest income	Interest expenses	Exchange rate gains and losses	Other financial income	Other financial expenses	Total
Financial assets at fair value through profit or loss	-	-	-2.1	-	-	-2.1
Loans and receivables	1.2	-	1.3	-	-	2.5
Available-for-sale financial assets	-	-	-	-	-	-
Financial liabilities measured at amortized cost	-	-3.7	-	-	-0.9	-4.6
Total according to IAS 39 classification	**1.2**	**-3.7**	**-0.8**	**0.0**	**-0.9**	**-4.2**
Pension net liability	-	-0.3	-	-	-	-0.3
Total in income statement	**1.2**	**-4.0**	**-0.8**	**0.0**	**-0.9**	**-4.5**

31 Dec 2013 EUR million	Interest income	Interest expenses	Exchange rate gains and losses	Other financial income	Other financial expenses	Total
Financial assets at fair value through profit or loss [1)]	3.8	-3.8	-6.3	-	-	-6.3
Loans and receivables	1.4	-	7.1	0.2	-	8.7
Available-for-sale financial assets	-	-	-	-	-	-
Financial liabilities measured at amortized cost	-	-6.8	-	-	-1.1	-7.9
Total according to IAS 39 classification	**5.2**	**-10.6**	**0.8**	**0.2**	**-1.1**	**-5.5**
Pension net liability	-	-1.0	-	-	-	-1.0
Total in income statement	**5.2**	**-11.6**	**0.8**	**0.2**	**-1.1**	**-6.5**

[1)] *Interest income and interest expenses include the financial income and expenses from the interest rate swap used for hedging the interest rate risk.*

Exchange rate gains and losses included in the operating profit were EUR 1.9 million in 2014 (EUR 1.1 million in 2013).

9. INCOME TAXES

EUR million	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Current taxes	18.9	16.0
Change of deferred taxes	0.9	1.3
Taxes for prior years	1.8	-0.4
Total taxes in income statement	**21.6**	**16.9**
Income tax reconciliation		
Profit before taxes	56.6	79.1
Tax calculated at the domestic corporation tax rate of 20% (24.5% in 2013)	11.3	19.4
Effect of different tax rates in foreign subsidiaries	0.6	-1.6
Taxes for prior years	1.8	-0.4
Income not subject to tax	-0.2	-0.2
Expenses not deductible for tax purposes	1.7	1.0
Unrecognized tax losses for the period	0.9	0.4
Utilization of previously unrecognized tax losses	-1.0	-1.6
Recognized previously unrecognized tax losses	-0.2	-
Reassessment of deferred tax	1.1	-1.5
Deferred tax resulting from change in tax rate	-	1.6
Impairment loss	7.9	0.6
Share of joint ventures´ results reported net of tax	-1.1	-1.8
Other items	-1.2	1.0
Income taxes in the consolidated income statement	**21.6**	**16.9**
Effective tax rate	38.2	21.4

The tax charge/credit relating to components of other comprehensive income

	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Deferred tax		
Employee benefits (IAS 19)	2.9	-2.2
Fair value adjustment (Cash flow hedging, note 28)	-0.3	0.5

10. EARNINGS PER SHARE

	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Net profit for the period attributable to the shareholders of the Parent company (EUR million)	35.0	62.2
Earnings per share (EUR)		
Basic	0.48	0.86
Diluted	0.48	0.86
Number of shares during the year (1 000 shares)		
Basic		
Weighted average shares	72 944	72 369
Effect of dilutive stock options and shares	278	309
Diluted		
Adjusted weighted average shares and assumed conversions	73 222	72 678

Basic earnings per share is computed using the weighted average number of shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of shares outstanding during the period plus the dilutive effect of stock options and shares.

11. INTANGIBLE ASSETS

EUR million	31 Dec 2014	31 Dec 2013
Goodwill		
At 1 Jan, net of accumulated impairment	372.3	381.3
Increases	0.2	2.7
Decreases	-40.1	-1.8
Exchange difference	-8.7	-9.9
At 31 Dec, net of accumulated impairment	**323.7**	**372.3**
Intangible rights		
At 1 Jan, net of accumulated amortization	8.9	24.5
Increases	4.4	5.3
Decreases	0.0	0.0
Transfers	6.2	0.3
Exchange difference	-0.2	-0.2
Amortization in the period	-7.1	-21.0
At 31 Dec, net of accumulated amortization	**12.2**	**8.9**
At 1 Jan		
Cost	173.0	172.2
Accumulated amortization and impairment	-164.1	-147.7
Net carrying amount	**8.9**	**24.5**
At 31 Dec		
Cost	131.2	173.0
Accumulated amortization and impairment	-119.0	-164.1
Net carrying amount	**12.2**	**8.9**
Other capitalized expenditure		
At 1 Jan, net of accumulated amortization	25.6	30.1
Increases	4.0	2.1
Decreases	0.0	-0.1
Transfers	-2.2	0.1
Exchange difference	-0.2	-0.4
Amortization in the period	-6.7	-6.2
At 31 Dec, net of accumulated amortization	**20.5**	**25.6**
At 1 Jan		
Cost	54.8	55.9
Accumulated amortization and impairment	-29.2	-25.8
Net carrying amount	**25.6**	**30.1**
At 31 Dec		
Cost	56.9	54.8
Accumulated amortization and impairment	-36.4	-29.2
Net carrying amount	**20.5**	**25.6**
Advance payments, intangibles		
At 1 Jan, net of accumulated amortization	9.6	0.6
Increases	0.3	9.0
Transfers	-8.2	-
Exchange difference	0.0	-
Amortization in the period	-1.6	-
At 31 Dec	**0.1**	**9.6**
Net carrying amount of intangible assets, total 31 Dec	**356.5**	**416.4**

12. PROPERTY, PLANT AND EQUIPMENT

EUR million	31 Dec 2014	31 Dec 2013
Land		
At 1 Jan	1.2	1.2
At 31 Dec	**1.2**	**1.2**
At 1 Jan		
Cost	1.2	1.2
Net carrying amount	**1.2**	**1.2**
At 31 Dec		
Cost	1.2	1.2
Net carrying amount	**1.2**	**1.2**
Buildings and structures		
At 1 Jan, net of accumulated depreciation	2.6	2.8
Depreciation in the period	-0.1	-0.2
At 31 Dec, net of accumulated depreciation	**2.5**	**2.6**
At 1 Jan		
Cost	3.8	3.8
Accumulated depreciation and impairment	-1.2	-1.0
Net carrying amount	**2.6**	**2.8**
At 31 Dec		
Cost	3.8	3.8
Accumulated depreciation and impairment	-1.3	-1.2
Net carrying amount	**2.5**	**2.6**
Machinery and equipment		
At 1 Jan, net of accumulated depreciation	69.8	84.9
Increases	33.1	36.0
Decreases	-0.5	-0.9
Transfers	13.8	0.0
Exchange difference	-0.5	-0.5
Depreciation in the period	-44.0	-49.7
At 31 Dec, net of accumulated depreciation	**71.7**	**69.8**
At 1 Jan		
Cost	381.3	371.8
Accumulated depreciation and impairment	-311.5	-286.9
Net carrying amount	**69.8**	**84.9**
At 31 Dec		
Cost	422.4	381.3
Accumulated depreciation and impairment	-350.7	-311.5
Net carrying amount	**71.7**	**69.8**

Capitalized finance lease		
At 1 Jan, net of accumulated depreciation	6.8	7.8
Increases	-	3.4
Exchange difference	-0.2	-0.1
Depreciation in the period	-4.6	-4.3
At 31 Dec, net of accumulated depreciation	**2.0**	**6.8**
At 1 Jan		
Cost	59.5	56.2
Accumulated depreciation and impairment	-52.7	-48.4
Net carrying amount	**6.8**	**7.8**
At 31 Dec		
Cost	59.0	59.5
Accumulated depreciation and impairment	-57.0	-52.7
Net carrying amount	**2.0**	**6.8**
Other tangible assets		
At 1 Jan, net of accumulated depreciation	0.5	1.1
Increases	0.1	0.0
Decreases	0.0	0.0
Transfers	2.4	-
Exchange difference	0.0	-0.1
Depreciation in the period	-0.4	-0.5
At 31 Dec, net of accumulated depreciation	**2.6**	**0.5**
At 1 Jan		
Cost	3.8	4.0
Accumulated depreciation and impairment	-3.3	-2.9
Net carrying amount	**0.5**	**1.1**
At 31 Dec		
Cost	6.0	3.8
Accumulated depreciation and impairment	-3.4	-3.3
Net carrying amount	**2.6**	**0.5**
Advance payments and work in progress		
At 1 Jan	13.7	0.8
Increases	0.6	13.3
Dereases	-	-0.1
Transfers	-12.1	-0.3
Exchange difference	0.0	0.0
At 31 Dec	**2.2**	**13.7**
Net carrying amount of tangible assets, total 31 Dec	**82.2**	**94.6**

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Other shares and securities owned by the Parent company

EUR million	31 Dec 2014 Book value	31 Dec 2013 Book value
Lifeit Oy	0.1	0.1
Tapiolan Monitoimiareena Oy	0.1	0.1
Other shares and securities	0.1	0.1
	0.3	**0.3**

Other shares and securities owned by subsidiaries

Fimecc Oy	0.1	0.1
Vierumäen Kuntorinne Oy	0.2	0.2
Other shares and securities	0.1	0.1
	0.4	**0.4**

14. ACQUISITIONS AND DISPOSALS

Acquisitions in 2014

Tieto completed 2 acquisitions during 2014, which individually and as a whole are not material to the consolidated financial statements.
As of April 2014 Tieto acquired part of Siemens Convergence Creators' businesses.
As part of the transaction 220 employees were transferred to Tieto. No goodwill arose from the acquisition.

In the end of December 2014 Tieto acquired 40% of the shares in FD Finanssidata Oy, Tieto's ownership after the acquisition being 100%. The previously held interest of 60% in the joint venture was valued at the transaction date fair value.

The following table summarizes the total considerations, the fair values of the assets acquired and liabilities assumed of the acquired businesses.

Consideration

EUR million	
Paid in cash	1.0
Net working capital adjustment	-1.3
Previously held interest at fair value	1.6
Total consideration	**1.3**

Recognized amounts of identifiable assets acquired and liabilities assumed

EUR million	Recognized on acquisition
Cash and cash equivalents	4.7
Receivables	1.2
Deferred tax assets	0.5
Current liabilities	-4.5
Non-current liabilities	-0.8
Total net assets	**1.1**
Goodwill	0.2
Total	**1.3**

Disposals in 2014

As of February 2014 Tieto disposed of the PKI & Net design businesses in Denmark.

The capital gain related to the disposed businesses at the date of disposal is specified below:

EUR million	Recognized on disposal
Current liabilities	-0.2
Fair value of net assets	**-0.2**
Goodwill allocation on disposals	0.5
Total net asset allocation on disposals	**0.3**
Received in cash	0.6
Capital gain	**0.3**

15. IMPAIRMENT TESTING OF GOODWILL

General principles

Goodwill acquired in business combinations is allocated to cash-generating units (CGU), which are the reportable service line segments in segment reporting.

The recoverable amounts of all CGUs are determined based on value-in-use calculations. The cash flow projections covering the initial three-year period have been based on financial forecasts approved by senior management supported by industry growth forecasts obtained from external sources. The growth rates used to extrapolate the cash flows for the subsequent two-year period vary between 3% and 6%, which reflect the management's estimate of the industry's long-term average growth rate. Subsequent to the five-year projection period the growth rate used is 2%, which does not exceed the expectations of growth in real terms.

Forecasted profit margins are based on actual performance in prior years adjusted for expected efficiency improvements.

The discount rate applied to cash flow projections is the weighted average pre-tax cost of capital. The discount rate is based on the weighted average of 30-year government bond rates in the countries where the CGUs operate. The bond rates are adjusted for the general market risk and the business risk of the CGUs. The pre-tax discount rates for the CGUs vary between 7% and 10% (approximately 9%, based on 10-year government bond rates). The calculated weighted average pre-tax cost of capital for Tieto has decreased with 1%-unit from 2013 due to decreases in the general interest rate level and beta.

Carrying amount of goodwill allocated to CGUs and segments

The total goodwill at 31 December 2014 was EUR 323.7 million. The decrease compared to 31 December 2013 is EUR 48.6 million. Goodwill decreased EUR 39.6 milllions due to impairment in Product Development Services, EUR 8.7 million due to currency effects and EUR 0.5 millions due to a divestment. Increase of goodwill due to an acquisition was EUR 0.2 million.

All CGUs contain goodwill that may be considered significant in comparison with the Group's total carrying amount of goodwill. All CGUs are business operations providing services to selected customers in their market segments.

In CGU Managed Services the carrying amount of goodwill allocated to the CGU at 31 December 2014 was EUR 65.5 million (EUR 67.0 million in 2013). The recoverable amount of the CGU has been calculated in accordance with the general principles described above. The growth rate for the initial three-year period varies between 0% and 5% and EBITDA margin between 13% and 19%. The growth rate used to extrapolate the cash flows subsequent to the initial three-year period is 2.8%. The discount rate applied to the cash flow projections is 7.4%.

In CGU Consulting and System Integration the carrying amount of goodwill allocated to the CGU at 31 December 2014 was EUR 123.0 million (EUR 124.4 million in 2013). The recoverable amount of the CGU has been calculated in accordance with the general principles described above. The growth rate for the initial three-year period varies between 5% and 6% and EBITDA margin between 7% and 12%. The growth rate used to extrapolate the cash flows subsequent to the initial three-year period is 6%. The discount rate applied to the cash flow projections is 7.6%.

In CGU Industry Products the carrying amount of goodwill allocated to the CGU at 31 December 2014 was EUR 74.7 million (EUR 77.3 million in 2013). The recoverable amount of the CGU has been calculated in accordance with the general principles described above. The growth rate for the initial three-year period varies between 3% and 6% and EBITDA margin between 19% and 22%. The growth rate used to extrapolate the cash flows subsequent to the initial three-year period is 5%. The discount rate applied to the cash flow projections is 8.2%.

In CGU Product Development Solutions the carrying amount of goodwill allocated to the CGU at 31 December 2014 was EUR 60.5 million (EUR 103.6 million in 2013). The recoverable amount of the CGU has been calculated in accordance with the general principles described above. The growth rate for the initial three-year period varies between -38% and 3% and EBITDA margin is 4%. The growth rate used to extrapolate the cash flows subsequent to the initial three-year period is 4%. The discount rate applied to the cash flow projections is 9.9%.

As a result of the impairment testing no impairment was identified in addition to impairment EUR 39.6 million recognized during Q3 in Product Development Services in consequence of the insourcing decision made by one key customer. Value-in-use calculation for each CGU is sensitive to changes in growth assumptions, EBIT margin assumptions and interest rates. The recoverable amount in Product Development Services, EUR 89 million, is equal to the carrying amount, and any negative change in the three parameters would cause an additional impairment charge. In the other CGUs the surplus between the recoverable amount and the carrying amount is substantial, and any likely change in the three parameters isolated would not result in the recoverable amount being equal to the carrying amount.

The carrying amounts of goodwill allocated to the CGUs are disclosed below:

Carrying amount of goodwill

EUR million	31 Dec 2014	31 Dec 2013
Managed Services	65.5	67.0
Consulting and System Integration	123.0	124.4
Industry Products	74.7	77.3
Product Development Services	60.5	103.6
Total	**323.7**	**372.3**

16. JOINT VENTURES

Tieto Corporation holds interest in companies for which it has assumed management responsibility and which are jointly controlled. These joint ventures have been established in order to be able to produce the high quality IT services required by the customer.

These joint arrangements are defined to be joint ventures based on the legal form and contractual arrangements; Tieto has right to the net assets of the arrangement. According to the shareholder agreements major decisions require unanimous decision. Sales to and purchases from joint ventures are made on normal market terms and conditions and at market prices. Joint ventures are accounted by using the equity method.

Carrying values of Joint ventures

EUR million	31 Dec 2014	31 Dec 2013
At 1 Jan	6.7	7.8
Disposals	-2.0	-1.1
Historical costs at 31 Dec	**4.7**	**6.7**
Equity adjustments		
At 1 Jan	14.8	15.3
Share of results	5.3	7.3
Dividends received	-5.9	-7.6
Disposal adjustments	0.5	-0.2
Other comprehensive income	-0.1	0.0
Equity adjustments at 31 Dec	**14.6**	**14.8**
Carrying value at 31 Dec	**19.3**	**21.5**

Equity adjustments includes Group level goodwill EUR 10.3 million.

Joint ventures at 31 Dec 2014

	Number of shares	Share %	Voting right %	Carrying value EUR million
Tieto Esy Oy	7 300	80.0	34.0	6.3
TietoIlmarinen Oy	3 570	70.0	30.0	4.2
Tietokarhu Oy	8 000	80.0	20.0	8.8
				19.3

All joint ventures are located in Finland.

Tieto acquired the remaining 40% of the shares of FD Finanssidata Oy on 16 Dec 2014.

Joint ventures at 31 Dec 2013

	Number of shares	Share %	Voting right %	Carrying value EUR million
FD Finanssidata Oy	60 000	60.0	42.9	1.5
Tieto Esy Oy	7 300	80.0	34.0	6.7
TietoIlmarinen Oy	3 570	70.0	30.0	4.3
Tietokarhu Oy	8 000	80.0	20.0	9.0
				21.5

Tieto sold the joint venture Fidenta Oy on 1 July 2013.

Financial information of Joint ventures at 31 Dec 2014

	FD Finanssidata Oy [1]	Tieto Esy Oy	TietoIlmarinen Oy	Tietokarhu Oy
Non-current assets	-	0.1	0.1	0.4
Current assets	-	1.7	1.3	14.3
Cash and cash equivalents	-	5.6	3.6	-
	-	**7.4**	**5.0**	**14.7**
Other non-current liabilities	-	0.3	0.2	0.3
Other current liabilities	-	2.3	1.6	10.6
	-	**2.6**	**1.8**	**10.9**
Net sales	17.9	14.1	11.6	34.9
Expenses	-17.9	-11.6	-10.1	-30.2
Depreciation and amortization	0.0	0.0	0.0	-0.3
Interest income	0.0	0.0	0.0	0.1
Interest expenses	0.0	0.0	0.0	0.0
Other financial income and expenses	0.0	0.0	0.0	0.0
Profit before income tax	**-0.0**	**2.5**	**1.5**	**4.5**
Income tax expense	-0.0	-0.5	-0.3	-0.9
Net profit	**-0.0**	**2.0**	**1.2**	**3.6**
Dividends paid to Tieto	**-**	**2.0**	**0.9**	**3.1**

[1)] *Income statement items for 1.1.–31.12.2014, balance sheet items not presented.*

Financial information of Joint ventures at 31 Dec 2013

	FD Finanssidata Oy	Fidenta Oy [2]	Tieto Esy Oy	TietoIlmarinen Oy	Tietokarhu Oy
Non-current assets	0.5	-	0.1	0.0	0.6
Current assets	6.5	-	1.6	1.0	12.4
Cash and cash equivalents	0.6	-	6.1	3.9	-
	7.6	**-**	**7.8**	**4.9**	**13.0**
Other non-current liabilities	0.1	-	0.2	0.1	0.2
Other current liabilities	5.0	-	2.4	1.6	8.6
	5.1	**-**	**2.6**	**1.7**	**8.8**
Net sales	51.8	16.1	16.4	10.4	37.2
Expenses	-51.7	-13.5	-13.2	-8.8	-31.8
Depreciation and amortization	-0,0	-0.1	-0,0	-0,0	-0.3
Interest income	0.0	0.0	0.0	0.0	0.0
Interest expenses	-0,0	-0.1	-0,0	-0,0	-0,0
Other financial income and expenses	0.0	0.0	0.0	0.0	0.0
Profit before income tax	**0.1**	**2.4**	**3.2**	**1.6**	**5.1**
Income tax expense	-0.1	-0.6	-0.8	-0.4	-1.3
Net profit	**-0.0**	**1.8**	**2.4**	**1.2**	**3.8**
Dividends paid to Tieto	**-**	**2.2**	**1.3**	**0.9**	**3.2**

[2)] *Income statement items for 1.1.–30.6.2013, balance sheet items not presented.*

There are no commitments and contingencies related to joint ventures.

17. DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities

EUR million	31 Dec 2014	31 Dec 2013
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	**18.0**	17.5
Deferred tax asset to be recovered within 12 months	**9.9**	9.8
Total	**27.9**	**27.3**
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	**20.1**	22.4
Deferred tax liability to be recovered within 12 months	**2.8**	3.2
Total	**22.9**	**25.6**
Net deferred tax asset	**5.0**	**1.7**

The movement in deferred income tax assets and liabilities on gross basis during the year

	1 Jan 2014	Charged to income statement	Charged to other comprehensive income	Aquisitions and disposals	Other changes	31 Dec 2014
Deferred tax asset						
Restructuring costs	2.4	2.8	-	-	-	5.2
Other provisions	3.5	-0.7	-	-	-0.1	2.7
Employee benefits	4.4	0.5	0.8	-	-0.1	5.6
Depreciation difference	8.5	-0.2	-	0.5	-	8.8
Other temporary difference	5.9	-1.0	-	-	0.2	5.1
Fair value adjustment	0.4	-	-0.3	-	-0.1	-
Tax losses carried forward	2.2	-1.6	-	-	-0.1	0.5
Total	**27.3**	**-0.2**	**0.5**	**0.5**	**-0.2**	**27.9**
Deferred tax liability						
Depreciation difference	0.1	-	-	-	-	0.1
Intangible assets	21.4	0.1	-	-	-1.0	20.5
Employee benefits	1.5	0.9	-2.1	-	-0.1	0.2
Finance Lease	0.2	0.4	-	-	-	0.6
Fair value adjustment	-	-	-	-	-	-
Other temporary difference	2.4	-0.7	-	-	-0.2	1.5
Total	**25.6**	**0.7**	**-2.1**	**-**	**-1.3**	**22.9**
Net deferred tax asset	**1.7**	**-0.9**	**2.6**	**0.5**	**1.1**	**5.0**

The movement in deferred income tax assets and liabilities on gross basis during the year

	1 Jan 2013	Charged to income statement	Charged to other comprehensive income	Aquisitions and disposals	Other changes	31 Dec 2013
Deferred tax asset						
Restructuring costs	1.7	0.9	-	-	-0.2	2.4
Other provisions	2.3	1.2	-	-	-	3.5
Employee benefits	6.4	-2.2	-1.4	-	1.6	4.4
Depreciation difference	7.8	0.8	-	-	-0.1	8.5
Other temporary difference	4.2	1.5	-	-	0.2	5.9
Fair value adjustment	-	-	0.4	-	-	0.4
Tax losses carried forward	7.3	-5.1	-	-	-	2.2
Total	**29.7**	**-2.9**	**-1.0**	**-**	**1.5**	**27.3**
Deferred tax liability						
Depreciation difference	-	-	-	-	0.1	0.1
Intangible assets	23.7	-1.6	-	-	-0.7	21.4
Employee benefits	-	-1.0	0.8	-	1.7	1.5
Finance Lease	0.2	-0.1	-	-	0.1	0.2
Fair value adjustment	0.1	-	-0.1	-	-	-
Other temporary difference	1.3	1.1	-	-	-	2.4
Total	**25.3**	**-1.6**	**0.7**	**-**	**1.2**	**25.6**
Net deferred tax asset	**4.4**	**-1.3**	**-1.7**	**-**	**0.3**	**1.7**

At 31 December 2014 the Group had deferred tax assets on recognized tax losses carried forward totalling EUR 0.5 million (EUR 2.2 million in 2013) of which EUR 0.2 million had no expiry date and EUR 0.2 million will expire during the years 2015–2019 and the remainder thereafter.

At 31 December 2014 the Group had deferred tax assets on operational tax losses carried forward totalling EUR 1.3 million (EUR 0.4 million in 2013) which were not recognized due to uncertainty of utilization.

The Group does not provide for deferred taxes on undistributed earnings of subsidiaries to the extent such earnings are intended to be permanently reinvested in those companies or if such earnings may be transferred to the Parent Company without any tax consequences.

18.TRADE AND OTHER RECEIVABLES

EUR million	31 Dec 2014	31 Dec 2013
Trade receivables	279.9	299.1
Prepaid expenses and accrued income		
Unbilled earned net sales	41.5	45.0
Licence fees	20.4	15.1
Rents	3.6	6.3
Social costs	3.2	4.1
Accrued interest income	0.2	0.2
Receivables on stock options	0.5	0.1
Other prepaid expenses	15.8	18.2
Other	6.1	7.8
	371.2	**395.9**

Aging and provision for doubtful trade receivables

EUR million	31 Dec 2014	31 Dec 2013
Not past due	245.1	253.1
Past due 1–30 days	28.2	38.3
Past due 31–60 days	3.5	6.0
Past due 61–90 days	1.7	1.7
Past due 91–180 days	2.5	1.2
Past due 180+ days	1.6	2.6
Provision for doubtful receivables	-2.7	-3.8
	279.9	**299.1**
Provision for doubtful receivables, of which		
Past due less 91 days	0.0	-0.2
Past due 91–180 days	-1.4	-1.2
Past due 181+ days	-1.3	-2.4
	-2.7	**-3.8**

19. CASH AND CASH EQUIVALENTS

EUR million	31 Dec 2014	31 Dec 2013
Cash in hand and at bank	148.7	105.9
Short-term deposits	11.9	8.2
Cash and cash equivalents	**160.6**	**114.1**

Short-term deposits are with maturities up to and including three months. Cash and cash equivalents are carried at nominal value, which corresponds to their fair value.

20. ISSUED CAPITAL AND RESERVES

EUR million	Number of shares	Share capital	Share issue premiums and other reserves	Share issue based on stock options	Total
1 Jan 2013	72 377 213	75.9	41.4	1.2	118.5
Translation difference			-1.2		-1.2
Share subscriptions based on stock options	755 154	0.7	5.5		6.2
Share subscriptions based on stock options, not yet registered				-1.1	-1.1
Transfer from/to retained earnings					0.0
31 Dec 2013	**73 132 367**	**76.6**	**45.7**	**0.1**	**122.4**
Translation difference			-1.8		-1.8
Share subscriptions based on stock options	543 536			-0.1	-0.1
Share subscriptions based on stock options, not yet registered				0.5	0.5
Transfer from/to retained earnings					0.0
31 Dec 2014	**73 675 903**	**76.6**	**43.9**	**0.5**	**121.0**

At the end of 2014, Tieto Corporation's total authorised number of shares was 73 675 903 (2013: 73 132 367 shares). The company has one class of shares, with each share conferring equal dividend rights and one vote. The company's Articles of Association include a restriction on voting at the Annual General Meeting, where no-one is allowed to vote with more than one-fifth of the votes represented at the meeting. Tieto's shares have no par value and have a book counter-value of one euro. All issued shares are fully paid.

At the end of 2014, the number of shares in the company's or its subsidiaries' possession totalled 510 819, representing 0.7% of the total number of shares and voting rights. In February, the Board of Directors decided on a directed share issue related to the reward payment for the performance period 2013 of Tieto's Long-Term Incentive Programme 2012–2014. In the share issue, 31 174 Tieto shares held by the company were conveyed without consideration to the Leadership Team members participating in the programme. The company received a return of 199 shares free of consideration during the year. The number of outstanding shares, excluding the treasury shares, was 73 165 084 at the end of the year.

Share issue premiums and other reserves include share issue premium of Parent company and statutory reserve fund of Tieto Sweden AB.

21. STOCK OPTIONS AND SHARE INCENTIVES

Tieto 2009 Stock Options

2009 A Stock Options

Initial number of Stock Options		600 000
Number of stock options outstanding on	31 December 2013	148 895
Number of stock options held by Tieto Corporation on	31 December 2013	45 700
Number of stock options granted during the year		0
Number of stock options forfeited during the year		0
Number of stock options annulled during the year		0
Number of stock options exercised during the year		139 395
Number of stock options expired during the year		55 200
Number of stock options converted during the year		0
Total number of stock options outstanding on	31 December 2014	0
Number of stock options held by Tieto Corporation on	31 December 2014	0
Total number of stock options exercisable on	31 December 2014	0

Share subscription period	1 March 2012–31 March 2014
Share subscription terms	1 share in exchange for 1 stock option. The share subscription price is EUR 8.46.[1)] The amount of the dividend or funds distributed through a distribution of funds from the distributable equity fund decided after the beginning of the share subscription price determination period but before the share subscription will be deducted from the share subscription price of stock options as per the relevant record date. At the expiration the share subscription price was EUR 4.78.

[1)] For Stock Option 2009 A, the share subscription price is the trade volume weighted average quotation of the Tieto share in continuous trading, rounded off to the nearest cent, on NASDAQ Helsinki during the two month period immediately following the announcement day of the financial statements for the year 2008.

2009 B Stock Options

Initial number of Stock Options		600 000
Number of stock options outstanding on	31 December 2013	481 750
Number of stock options held by Tieto Corporation on	31 December 2013	117 250
Number of stock options granted during the year		0
Number of stock options forfeited during the year		0
Number of stock options annulled during the year		0
Number of stock options exercised during the year		218 884
Number of stock options expired during the year		0
Number of stock options converted during the year		0
Total number of stock options outstanding on	31 December 2014	262 866
Number of stock options held by Tieto Corporation on	31 December 2014	117 250
Total number of stock options exercisable on	31 December 2014	262 866

Share subscription period	1 March 2013–31 March 2015
Share subscription terms	1 share in exchange for 1 stock option. The share subscription price is EUR 16.87.[1)] The amount of the dividend or funds distributed through a distribution of funds from the distributable equity fund decided after the beginning of the share subscription price determination period but before the share subscription will be deducted from the share subscription price of stock options as per the relevant record date. At the end of year 2014 the share subscription price was EUR 13.19.

[1)] For Stock Option 2009 B, the share subscription price is the trade volume weighted average quotation of the Tieto share in continuous trading, rounded off to the nearest cent, on NASDAQ Helsinki during the two month period immediately following the announcement day of the financial statements for the year 2009.

2009 C Stock Options

Initial number of Stock Options		600 000
Number of stock options outstanding on	31 December 2013	487 200
Number of stock options held by Tieto Corporation on	31 December 2013	112 800
Number of stock options granted during the year		0
Number of stock options forfeited during the year		11 000
Number of stock options annulled during the year		0
Number of stock options exercised during the year		211 221
Number of stock options expired during the year		0
Number of stock options converted during the year		0
Total number of stock options outstanding on	31 December 2014	264 979
Number of stock options held by Tieto Corporation on	31 December 2014	123 800
Total number of stock options exercisable on	31 December 2014	209 979

Share subscription period	1 March 2014–31 March 2016
Share subscription terms	1 share in exchange for 1 stock option. The share subscription price is EUR 12.91.[1] The amount of the dividend or funds distributed through a distribution of funds from the distributable equity fund decided after the beginning of the share subscription price determination period but before the share subscription will be deducted from the share subscription price of stock options as per the relevant record date. At the end of year 2014 the share subscription price was EUR 10.43.

[1] For Stock Option 2009 C, the share subscription price is the trade volume weighted average quotation of the Tieto share in continuous trading, rounded off to the nearest cent, on NASDAQ Helsinki during the two month period immediately following the announcement day of the financial statements for the year 2010.

Information related to stock options 2014

		Number of shares	Weighted average exercise price
Shares under option at	31 December 2013	1 117 845	11.77
Granted		0	0
Exercised [1]		569 500	10.12
Forfeited		11 000	11.33
Expired		9 500	4.78
Shares under option at	31 December 2014	527 845	11.80

Based on the outstanding options 31 December 2014, the total number of shares may increase, at the maximum, as follows:

Stock option series	Maximum of new shares based on outstanding options [1]	Subscription period	Exercise price, EUR
Stock option 2009 B	262 866	01.03.2013–31.03.2015	13.19
Stock option 2009 C	264 979	01.03.2014–31.03.2016	10.43
Total	**527 845**		

[1] Regarding 2009 B options 26 663 shares and regarding 2009 C options 10 401 shares were subscribed during 2014 but they will be registered in 2015. These share subscriptions are included in these figures.

Tieto Corporation holds 117 250 options under the 2009 B stock options scheme and 123 800 options under the 2009 C stock options scheme. The Board of Directors shall decide on the allocation of these options to key employees of the Group at a later date. If all option rights in the company's possession are also taken into account, the number of shares could increase by a maximum of 768 895. In all the current option schemes, the persons covered by the scheme shall keep the options allocatecd to them if they are employed by Tieto on the starting date of the subscription period and if the performance criteria, if any, applicable to each allocation is achieved. Under the terms of the 2009 option scheme, the subscription price will be reduced annually by the amount of dividend per share.

The share subscription period of 2009 A stock options started on 1 March 2012 and ended on 31 March 2014, of 2009 B stock options the share subscription period started on 1 March 2013 and of 2009 C stock options on 1 March 2014. A total of 569 500 shares were subscribed for with stock options during 2014.

The options outstanding by range of exercise prices at 31 December 2014

	Options outstanding			Vested options outstanding	
Exercise price EUR	Number of shares	Weighted average remaining contractual life in years	Weighted average exercise price EUR	Number of shares	Weighted average exercise price EUR
10.43 - 13.19	527 845	0.8	11.80	472 845	11.95

Assumptions made in determining the fair value of the Stock Options

The fair grant value of the stock options has been determined using the Black & Scholes method.
No options were granted during 2014.

Tieto Phantom Options 2014

In the autumn 2009 the Board of Directors decided to implement a synthetic option program (Tieto Corporation Phantom Options 2009). Phantom Options 2009 are allocated to key employees of the Tieto Group based on performance in those countries where stock options may not be granted. The maximum number of Phantom Options 2009 is 200 000 and they will be granted under series 2009 A, 2009 B and 2009 C. Phantom Options 2009 entitle their holders to a cash reward based on the total share return of the underlying shares during 2009–2012 (2009 A), years 2010–2013 (2009 B) and years 2011–2014 (2009 C). However, the reward payable on the basis of the Phantom Options, if any, may not exceed a Phantom Option holder's annual salary. Phantom options 2009 C were exercised during 2014 and the exercise price was EUR 6.62.

2009 C Phantom options

Initial number of Phantom Options [1]		22 500
Number of Phantom Options outstanding on	31 December 2013	10 600
Number of Phantom Options held by Tieto Corporation on	31 December 2013	11 900
Number of Phantom Options granted during the year		0
Number of Phantom Options forfeited during the year		0
Number of Phantom Options annulled during the year		0
Number of Phantom Options exercised during the year		10 600
Number of Phantom Options expired during the year		11 900
Number of Phantom Options converted during the year		0
Total number of Phantom Options outstanding on	31 December 2014	0
Number of Phantom Options held by Tieto Corporation on	31 December 2014	0
Total number of Phantom Options exercisable on	31 December 2014	0

Exercise date	1 March 2014
Exercise of the Phantom Options	Phantom Options 2009 C were exercised automatically on the exercise date 1 March 2014 [2]
	Phantom Options entitle their holder to a cash reward provided that the volume-weighted average price of the Tieto share in continuous trading on NASDAQ Helsinki exceeds the base price on the exercise date.
	The base price of Phantom Options 2009 C is EUR 12.91.[3] From the base price of the Phantom Options shall, before the exercise date, be deducted the amount of the dividend or funds distributed through a distribution of funds from the distributable equity fund decided after the beginning of the period for determination of the base price but before the exercise date.
	At the exercise the base price was EUR 11.33 and Tieto share price EUR 17.95.

[1] *The maximum total number of Phantom Options 2009 is 200 000. The Phantom Options are granted under series 2009 A, 2009 B, and 2009 C as decided by the Board of Directors.*

[2] *If this date is not a trading day on NASDAQ Helsinki, the Phantom Options are exercised on the first trading day on NASDAQ Helsinki immediately following the aforementioned date*

[3] *For Phantom Option 2009 A, 2009 B and 2009 C, the base price of the Phantom Option is the trade volume weighted average quotation of the Tieto share, rounded off to the nearest cent, in continuous trading on NASDAQ Helsinki during the two month period immediately following the announcement day of the financial statements for the year 2008, 2009 and 2010.*

Share-based incentive plans

Long-term Incentive Programme 2012–2014

On 15 December 2011 the Board of Directors decided to establish a new share-based incentive plan, The Long-Term Incentive Programme 2012–2014. The Programme contains three annual performance periods based on EPS (Earnings per Share) measurement and one parallel three-year period based on relative TSR (Total Shareholder Return) measurement. The first performance period begun on 1 January 2012 and the final performance period ended on 31 December 2014.

The estimated maximum number of shares to be delivered to participants as a reward is 1.6 million gross shares. The share rewards delivered under the programme will entitle to dividends or the value thereof beginning from the dividend payout in 2013. The share rewards are to be acquired from the market and hence, the incentive programme will have no dilutive effect. Individual performance periods are followed by a lock-up period of two years for the executive management or one year for the other participants. The possible reward will be paid in the form of Tieto shares and a cash payment to cover taxes.

From the first EPS Performance Period based on criteria attainment 13 398 Tieto Corporation shares were delivered to the Leadership Team members in May 2013. In addition, a cash payment was made to cover taxes and tax related costs. The delivered shares are under transfer restriction until publication of the financial results from year 2014. In December 2013, 1 492 shares were returned to the Company according to the terms and conditions of the Programme. For other Participants, on 14 March 2014 a total of 30 975 Tieto Corporation shares were delivered as a reward from Performance Period 2012. In addition, a cash payment was made to cover taxes and tax related costs.

From the second EPS period no rewards were paid since the target performance criteria were not achieved.

For the third and final EPS period the possible amount of the reward will be determined on the basis of the achievement of the EPS target after the financial statements for the financial year 2014. For the TSR Period the possible reward will be determined in February 2015 according to December-January share prices. The possible rewards from Performance Period 2014 and TSR Period will be paid in the executive management programme in spring 2015 and in spring 2016 for other participants.

Share-based reward plan

On 24 April 2014 the Board of Directors decided to establish a new share-based reward plan. The Plan consist of a one earning period and it will run until the end of 2016. The rewards to be paid correspond to the value of 62 500 Tieto shares in the maximum.

The Board of Directors anticipates that shares to be delivered to the participants under the plan would consist of shares in the possession of the company or shares to be acquired from the market. Thus, no new shares will be issued in connection with the plan and, therefore, the incentive plan will have no dilutive effect. The possible reward will be paid in the beginning of 2017 in the form of Tieto shares and a cash payment to cover taxes.

Stock Options, Phantom Options and Share-based Incentives effect on the result and financial position

EUR million	2014
Expenses for the financial year, share-based payments, equity settled	0.8
Expenses for the financial year, share-based, cash settled	1.7
Total expenses for the financial year, share-based payments	2.5
Liabilities arising from share-based payments 31 December 2014	2.2

22. PENSION PLAN

The Group operates through insurance companies defined benefit pension plans in Finland for approximately 300 active employees and in Sweden for approxximately 200 active employees. The employer has guaranteed to these employees a certain level of benefit after the retirement, which depends on the length of service and the salary basis. The salary basis is an average of last years' salaries indexed with common salary index. After the retirement the benefit payable is indexed yearly.

In Sweden the Group's risk is only on active employees, but in Finland the Group's risk covers as well around 1100 non-actives. When a paid-up policy is realized, the final benefit is recalculated, which might cause additional expenses to the employer. In addition the effect of index increments between the beginning of the paid-up policy and the retirement date is charged in some cases when the retirement begins. According to some insurance policies the employee can retire earlier than at a normal retirement age when certain conditions are fulfilled. These additional expenses are charged when the retirement begins.

EUR million	31 Dec 2014	31 Dec 2013
Pension benefit plans		
Present value of funded pension obligations	114.7	94.4
Fair value of plan assets	-90.8	-81.1
Total provisions for pension obligations	**23.9**	**13.3**

Pension benefit plans amounts recognized in profit and loss

Service cost		
Current service cost	3.1	2.0
Settlements	0.7	0.2
Net interest	0.3	1.0
Expense recognized in profit or loss	**4.1**	**3.2**
Amounts in other comprehensive income		
Remeasurement	13.1	6.3
Amounts in total comprehensive income	**17.2**	**9.5**

Amounts recognized in the balance sheet

Present value of pension obligations		
At 1 Jan	94.4	108.1
Current service cost	3.1	2.0
Interest expense	3.2	3.6
Benefits paid	-1.3	-1.2
Curtailment and settlement	-2.6	-9.8
Actuarial gains/losses	21.3	-6.8
Exchange rate difference	-3.4	-1.5
At 31 Dec	**114.7**	**94.4**
Fair value of plan assets		
At 1 Jan	81.1	86.0
Interest income	2.9	2.6
Contribution	5.8	6.2
Benefits paid	-1.3	-1.2
Curtailment and settlement	-3.5	-10.6
Actuarial gains/losses	8.2	-0.4
Exchange rate difference	-2.4	-1.5
At 31 Dec	**90.8**	**81.1**

The defined benefit obligation and plan assets are composed by country as follows

	31 Dec 2014		31 Dec 2013	
	Pension obligations	Plan assets	Pension obligations	Plan assets
Finland	66.6	43.3	55.6	37.2
Sweden	48.1	47.5	38.2	43.9
Other	-	-	0.6	-
Total	**114.7**	**90.8**	**94.4**	**81.1**

Asset allocation

	31 Dec 2014		31 Dec 2013	
	EUR million	%	EUR million	%
Plan assets are comprised as follows in Sweden				
Equity instruments	17.3	36.4	17.0	38.7
Debt instruments	20.4	43.0	16.6	37.8
Property	4.7	9.8	4.4	10.0
Other	5.1	10.8	5.9	13.5
Total	**47.5**	**100.0**	**43.9**	**100.0**

In Finland plans assets are considered to include the cover paid to the insurance company and accumulated by the reporting date. The assets are the responsibility of the insurance company and a part of the insurance company's investment assets. The distribution in categories is not possible to provide.

Actuarial calculation assumptions

	31 Dec 2014	31 Dec 2013
Finland		
Discount rate	1.9	3.1
Future salary increases	3.5	3.5
Future pension increases	2.1	2.1
Inflation rate	2.0	2.0
Sweden		
Discount rate	2.5	4.0
Future salary increases	3.5	3.5
Future pension increases	2.0	2.0
Inflation rate	2.0	2.0

Sensitivity analysis

Following table shows how possible change in one assumption, holding other assumptions constant, affect to the defined benefit obligation.

	Change in assumption	Increase in assumption	Decrease in assumption
Impact on defined benefit obligation in Finland			
Discount rate	0.5%	-8%	9%
Future salary increase	0.5%	1%	-1%
Future pension increase	0.5%	7%	-6%
Life expectancy	+1 year	4%	
Impact on defined benefit obligation in Sweden			
Discount rate	0.5%	-11%	13%
Future salary increase	0.5%	5%	-5%
Future pension increase	0.5%	13%	-12%
Life expectancy	+1 year	5%	

Maturity profile of the defined benefit obligation

The weighted average duration of defined benefit obligation is 19 years in Finland and 19 years in Sweden.

The following table shows the maturity profile of the future benefit payments which are the basis for the calculated undiscounted defined benefit obligation.

EUR million	31 Dec 2014
Maturity under 1 year	3.8
Maturity 1–5 years	15.9
Maturity 5–10 years	32.6
Maturity 10–30 years	63.9
Maturity over 30 years	27.5
	143.7

Expected contributions to post-employment benefit plans for the year ending 31 December 2015 are EUR 5.9 million.

The ITP pension plans operated by Alecta in Sweden are multi-employer defined benefit pension plans which pool the assets contributed by various entities that are not under common control and the assets provide benefits to employees of more than one entity. It has not been possible to get sufficient information for the calculation of obligations and assets by employer from Alecta, and therefore this plan has been accounted for as a defined contribution plan in the financial statements. In Tieto 2 391 employees are included in this pension plan. The yearly contribution is around EUR 8 million.

23. PROVISIONS

EUR million	31 Dec 2014	31 Dec 2013
Provisions for restructuring		
At 1 Jan	38.5	27.8
Exchange difference	-1.0	-0.8
Acquisition and disposal	-	4.9
New provision	47.4	44.5
Use of provision	-40.5	-37.4
Reversal of provision	-7.7	-0.5
At 31 Dec	**36.7**	**38.5**
of which		
long-term	9.9	1.3
short-term	26.8	37.2
Total	**36.7**	**38.5**
Provisions for loss-making contracts		
At 1 Jan	8.4	8.1
Exchange difference	-0.0	-0.1
Acquisition and disposal	-	-0.8
New provision	6.6	11.6
Use of provision	-9.6	-9.5
Reversal of provision	-1.1	-0.9
At 31 Dec	**4.3**	**8.4**
of which		
long-term	0.2	2.8
short-term	4.1	5.6
Total	**4.3**	**8.4**
Other provisions		
At 1 Jan	6.4	5.7
Exchange difference	-0,0	-0.1
Acquisition and disposal	0.2	0.0
New provision	1.2	2.9
Use of provision	-1.4	-1.0
Reversal of provision	-0.9	-1.1
At 31 Dec	**5.5**	**6.4**
of which		
long-term	5.1	5.0
short-term	0.4	1.4
Total	**5.5**	**6.4**

Major part of the new restructuring costs 2014 are related to efficiency programmes in Finland and Sweden.

24. FINANCE LEASES

Finance lease receivables

EUR million	31 Dec 2014	31 Dec 2013
Amortization periods of finance lease gross receivables		
Within one year	4.9	4.4
Between one and five years	5.7	2.0
Gross investment	10.6	6.4
Unearned future finance income	0.5	0.2
Net investment	**10.1**	**6.2**
Present value of minimum lease payment receivables		
Within one year	4.7	4.3
Between one and five years	5.4	1.9
Net investment	**10.1**	**6.2**

Finance lease liabilities

Future minimum lease payments and their present value under finance lease agreements were as follows:

Finance lease future payments		
Within one year	0.3	3.9
Between one and five years	-	0.3
	0.3	**4.2**
Present value of future minimum lease payments		
Within one year	0.3	3.8
Between one and five years	-	0.3
	0.3	**4.1**
Future interest charge	0.0	0.1

Tieto has finance leases for IT equipment and software. Certain leases include purchase options. Renewals are subject to separate negotiations. Interest rate of financial lease liabilities as of 31 Dec 2014 was 7.2 % (3.8–7.2 %).

25. INTEREST-BEARING LOANS AND BORROWINGS

EUR million	31 Dec 2014	31 Dec 2013
Long-term		
Bonds	99.3	99.2
Other loans	1.5	3.6
Finance lease liabilities	-	0.3
	100.8	**103.1**
Short-term		
Other loans	2.6	27.4
Cash Pool liabilities towards Joint Ventures	8.9	3.4
Finance lease liabilities	0.3	3.7
	11.8	**34.5**

26. TRADE AND OTHER PAYABLES

EUR million	31 Dec 2014	31 Dec 2013
Trade payables	91.0	84.4
Advances received and deferred income	45.7	51.8
Accrued liabilities		
Vacation pay and related social costs	77.7	83.3
Other accrued payroll and related social costs	41.2	25.4
Interest	1.8	1.8
Other accrued expenses	34.6	40.5
Value added tax debt	28.1	26.1
Payroll tax debt	19.8	21.5
	339.9	**334.8**

27. CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	31 Dec 2014		31 Dec 2013	
EUR million	**Carrying amounts**	**Fair values**	**Carrying amounts**	**Fair values**
Financial assets at fair value through profit or loss				
Trade and other receivables				
Other				
Non-current derivative receivables	-	-	-	-
Current derivative receivables [1]	1.4	1.4	0.6	0.6
Loans and receivables				
Non-current loan receivables, interest-bearing	6.2	6.2	3.4	3.4
Current loan receivables, interest-bearing	5.0	5.0	4.6	4.6
Trade and other receivables				
Trade receivables	279.9	279.9	299.1	299.1
Unbilled earned net sales	41.5	41.5	45.0	45.0
Accrued interest income	0.2	0.2	0.2	0.2
Cash and cash equivalents	160.6	160.6	114.1	114.1
Available-for-sale investments				
Other non-current assets	0.7	0.7	0.7	0.7
Financial assets total	**495.5**	**495.5**	**467.7**	**467.7**
Financial liabilities at fair value through profit or loss				
Current liabilities				
Trade and other payables				
Other accrued expenses				
Current derivative liabilities [1]	1.9	1.9	4.2	4.2
Financial liabilities measured at amortized cost				
Non-current liabilities				
Finance lease liability, non-current	0.0	0.0	0.3	0.3
Finance lease liability, current	0.3	0.3	3.8	3.8
Loans	100.8	104.1	102.8	101.8
Other non-current liabilities	2.1	2.1	3.0	3.0
Current liabilities				
Trade and other payables				
Trade payables	91.0	91.0	84.4	84.4
Interest	1.8	1.8	1.8	1.8
Loans	11.5	11.5	30.8	30.8
Financial liabilities total	**209.4**	**212.7**	**231.1**	**230.1**

[1] *The net fair value of Cash flow hedge derivatives was -0.4 million EUR in 2014 (EUR -2.1 million in 2013) (Note 28)*

Foreign exchange derivatives' fair values are calculated according to foreign exchange and interest rates on the closing date.

Loans and receivables and financial liabilities are held at amortized cost using the effective interest rate method. Their carrying amounts are considered to approximate their fair value, except for the fixed rate bond where carrying amount has not been adjusted to match the fair value.

Finance leases have been shown separately as they remain within the scope of IFRS 7, although they are outside the scope of IAS 39.

Available-for-sale investments' fair value measurement is based on their initial value. The fair market value cannot be reliably estimated, due to lack of proper market for the assets.

Currently the company holds no assets in held-to-maturity category.

Fair value measurement of financial assets and liabilities

31 Dec 2014

EUR million	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
Derivatives	-	1.4	-	1.4
Available-for-sale investments	-	-	0.7	0.7
Financial liabilities at fair value through profit or loss				
Derivatives	-	1.9	-	1.9

31 Dec 2013

EUR million	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
Derivatives	-	0.6	-	0.6
Available-for-sale investments	-	-	0.7	0.7
Financial liabilities at fair value through profit or loss				
Derivatives	-	4.2	-	4.2

There were no transfers between levels 1 and 2 during the year.

There were no changes in Level 3 instruments for the year ended 31 December 2014.

28. DERIVATIVES

Notional amounts of derivatives

Includes the gross amount of all notional values for contracts that have not yet been settled or closed. The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by other contracts.

EUR million	31 Dec 2014	31 Dec 2013
Foreign exchange forward contracts	160.1	180.6
Forward contracts outside hedge accounting	115.7	129.5
Forward contracts within hedge accounting	44.4	51.1
Electricity price futures contracts outside hedge accounting	0.8	1.7

Fair values of derivatives

The net fair values of derivative financial instruments at the balance sheet date	31 Dec 2014	31 Dec 2013
Foreign exchange forward contracts	-0.4	-3.3
Electricity price futures contracts	-0.1	-0.3

Derivatives are used for economic purposes only.

Gross positive fair values of derivatives	31 Dec 2014	31 Dec 2013
Foreign exchange forward contracts	1.4	0.6
Forward contracts outside hedge accounting	1.4	0.4
Forward contracts within hedge accounting [1)	-	0.2
Electricity price futures contracts outside hedge accounting	-	-

Gross negative fair values of derivatives	31 Dec 2014	31 Dec 2013
Foreign exchange forward contracts	-1.8	-3.9
Forward contracts outside hedge accounting	-1.4	-1.6
Forward contracts within hedge accounting [1)	-0.4	-2.3
Electricity price futures contracts outside hedge accounting	-0.1	-0.3
[1) Forward contracts within hedge accounting (net)	-0.4	-2.1
The amount recognized in equity	-0.4	-2.1
Net periodic interest rate difference recognized in interest income/expenses	-	-

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. Gains and losses, recognized in the hedging reserve in equity (see Cash flow hedges below) on foreign exchange forward contracts as at 31 December 2014 amounted to net EUR -0.4 million (EUR -2.1 million in 2013). These are recognized in the income statement in the current period or periods during which the hedged forecast transactions affect the income statement. This is usually within 12 months from the end of the reporting period. The hedged cash flows are expected to expire monthly in 2015.

The efficient portion of cash flow hedges recognized in net sales at 31 December 2014 amounted to a gain of EUR 0.5 million (EUR 0.7 million in 2013) and a loss of EUR 2.5 million (EUR 1.6 million in 2013), including the interest rate difference.

The inefficient portion recognized in other operating income that arises from cash flow hedges amounts to a gain of EUR 0.0 million at 31 December 2014 (EUR 0.3 million in 2013) (Note 3). The inefficient portion recognized in other operating expenses that arises from cash flow hedges amounts to a loss of EUR 0.3 million at 31 December 2014 (EUR 0.2 million in 2013) (Note 4).

Cash flow hedges

EUR million	Hedging reserve
Balance at 1 Jan 2013	0.2
Fair value gains in year	1.6
Fair value losses in year	-4.0
Tax on fair value gains	0.5
Tax on fair value losses	-
Balance at 31 Dec 2013	**-1.7**
Balance at 1 Jan 2014	-1.7
Fair value gains in year	2.0
Fair value losses in year	-0.3
Tax on fair value gains	-
Tax on fair value losses	-0.3
Balance at 31 Dec 2014	**-0.3**

29. COMMITMENTS AND CONTINGENCIES

Eur million	31 Dec 2014	31 Dec 2013
For Tieto obligations		
Pledges	-	-
Guarantees [1)]		
Performance guarantees	27.3	39.3
Lease guarantees	9.9	11.1
Other	0.2	0.4
Other Tieto obligations		
Rent commitments due in one year	44.7	52.7
Rent commitments due in 1–5 years	100.3	117.8
Rent commitments due after 5 years	11.3	24.8
Operating lease commitments due in one year	6.5	5.3
Operating lease commitments due in 1–5 years	8.6	5.7
Operating lease commitments due after 5 years	0.7	0.8
Commitments to purchase assets	12.6	17.5
On behalf of joint ventures	-	-
On behalf of Others		
Guarantees	0.7	1.0

[1)] In addition commitments of EUR 6.8 million (EUR 9.8 million in 2013) related to liabilities in the Group balance sheet.

30. FUTURE RENTAL INCOME

EUR million	31 Dec 2014	31 Dec 2013
Within one year	1.5	1.1
After one year but not more than five years	1.6	2.1
After five years	0.0	0.0

Future rental income includes the external sublease payments from premises.

31. RELATED PARTY TRANSACTIONS

The related parties of Tieto are its subsidiaries, joint ventures, Board of Directors, President and CEO and the Leadership Team.

Transactions and balances with joint ventures

EUR million	31 Dec 2014	31 Dec 2013
Sales	14.3	40.2
Purchases	6.1	6.5
Receivables	1.2	3.5
Liabilities	0.2	5.2

Sales to and purchases from related parties are made on normal market terms and conditions and at market prices.

There are no commitments and contingencies on behalf of joint ventures.

In the case of some joint ventures, Tieto Corporation has committed together with the other owners to contribute to financing arrangements when necessary, in proportion to ownership and on the basis of the approved strategy plans.

Key management compensation

Tieto's key management comprises of the Board of Directors, President and CEO and the Leadership Team.

See Note 7 in the Notes to the consolidated financial statements.

Subsidiaries

See page Subsidiary shares in the consolidated financial statements.

32. EVENTS AFTER THE BALANCE SHEET DATE

On 13 January 2015, Tieto initiated personnel negotiations affecting up to 500 positions in Finland and 340 in other countries, mainly in Sweden and the Czech Republic. Negotiations are related to the company's service and competence renewal. The planned reductions will affect the Managed Services (up to 650) and Consulting and System Integration (up to 190) service lines. It is expected that the reductions will be implemented during 2015.

SUBSIDIARY SHARES

	Share %	31 Dec 2014 Book value EUR million
Subsidiary shares owned by the Parent company		
FD Finanssidata Oy, Finland	100.0	3.0
Tieto Austria GmbH, Austria	100.0	0.8
Tieto Canada Inc., Canada	100.0	0.1
Tieto China Co., Ltd., China	100.0	4.3
Tieto Czech s.r.o., Czech Republic	100.0	8.0
Tieto DK A/S, Denmark	100.0	1.6
Tieto d.o.o., Croatia	100.0	0.0
Tieto Estonia AS, Estonia	100.0	3.1
Tieto Estonia Services OÜ, Estonia	60.0	0.2
Tieto Finland Oy, Finland	100.0	131.5
Tieto Germany GmbH, Germany	100.0	0.5
Tieto Global Oy, Finland	100.0	1.1
Tieto Great Britain Ltd, Great-Britain	100.0	0.5
Tieto Healthcare & Welfare Oy, Finland	100.0	2.6
Tieto IT Services India Pvt. Ltd., India	100.0	1.4
Tieto Latvia SIA, Latvia	100.0	10.3
Tieto Lietuva UAB, Lithuania	100.0	2.6
Tieto Netherlands Holding B.V., Netherlands	100.0	24.5
Tieto Norway AS, Norway	100.0	105.9
Tieto Poland sp. z o.o, Poland	100.0	3.3
Tieto Sdn Bhd, Malaysia	100.0	0.2
Tieto Slovakia s.r.o., Slovakia	100.0	0.0
Tieto Sweden Professional Services AB, Sweden	100.0	549.3
TietoEnator Inc., USA	100.0	7.1
TietoEnator OOO, Russia	100.0	0.0
Dormant subsidiaries (5 in total)		0.0
		861.9
Shares in Group companies owned by subsidiaries		
Canvisa Consulting AB, Sweden	100.0	0.6
Energimarknadens Informationsväxel i Sverige AB, Sweden	100.0	0.1
Tieto Finland Oy, Finland	0.0	2.6
Tieto Netherlands B.V., Netherlands	100.0	2.9
Tieto Rus OOO, Russia	100.0	2.3
Tieto Software Technologies Pvt. Ltd, India	100.0	21.5
Tieto Sweden AB, Sweden	100.0	254.8
Tieto Sweden Healthcare & Welfare AB, Sweden	100.0	4.5
Tieto U.S. Inc., USA	100.0	0.2
Dormant subsidiaries (1 in total)		0.0
		289.5

All subsidiary undertakings are included in the consolidation.

Significant restrictions:
Cash and short-term deposits held in China and India are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

CALCULATION OF KEY FIGURES

Earnings per share	=	Net profit for the period Adjusted average number of shares	
Equity per share	=	Total equity Adjusted number of shares at the year end	
Return on equity, %	=	Profit before taxes and minority interests – income taxes Total equity (12-month average)	* 100
Return on capital employed, %	=	Profit before taxes and minority interests + interest and other financial expenses Total assets – non-interest-bearing liabilities (12-month average)	* 100
Equity ratio, %	=	Total equity Total assets – advance payments	* 100
Interest-bearing net debt	=	Interest-bearing liabilities – interest-bearing receivables – cash and cash equivalents – securities carried as current assets	
Gearing, %	=	Interest-bearing net debt Total equity	* 100

MANAGEMENT OF FINANCIAL RISKS

The group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and commodity risk), credit risk and liquidity risk. The operative management of the treasury activities of Tieto is centralized into Group Treasury. The Group Treasury is responsible for managing the Group's financial risk position and maintaining adequate liquidity. The Treasury Policy, which has been approved by the board of directors, defines the principles for measuring and managing liquidity risk, interest rate risk, foreign exchange risks and counterparty risk of the Group. The Treasury Policy also defines the division of responsibilities with regard to financial risk management. The Group reviews and monitors financial risks on a regular basis.

Market risk

Currency risk management

Transaction risk

Foreign trade, Group internal transactions and liquidity management in non-euro countries generate transaction exposure to the Group. The Treasury Policy defines the approved hedging instruments for Tieto, and the company's policy is to hedge all identified currency exposures within the limits defined in the Policy. The underlying exposure includes financial items such as foreign currency accounts receivables and payables of operating companies, internal funding and foreign currency bank account balances, and estimated cashflows such as firm commitments and future trade transactions.

Swedish krona, Norwegian krona, Czech koruna, Indian rupee and Polish zloty are the largest currencies in the exposure. Russian rouble does not have a material impact on group exposure. During 2014 Tieto used currency forward contracts and swaps to mitigate the risks. Gains and losses from foreign exchange contracts are accounted in Group income statement except for contracts in Czech koruna and Polish zloty against euro, where hedge accounting has been applied and for which the result of unrealised contracts is booked into Group equity. With regard to Polish zloty, hedge accounting has not been applied any longer to the new deals made after July 2014. Currency derivatives have a maturity of less than 12 months.

Group Companies must hedge all their identified currency risks with the Group Treasury unless there are legal restrictions preventing this. The benchmark for the Group's currency position is a situation where all the identified currency risks are eliminated. A deviation from this benchmark is defined as an open position. The following deviations can be made based on the total size of the Group's gross currency position (identified currency risks, excluding the hedging transactions):
- +/- 15 %: Group Treasury
- +/- 25 %: Treasury Committee
- Greater deviation: Board

The overall operational hedging ratio at the end of December 2014 was 95% (2013: 95%).

EUR million	Financial items exposure	Estimated cash flows	Total FX exposure	External FX hedges	Transaction exposure sensitivity 1)	FX hedge sensitivity 1)	Net effect gain/(loss)
SEK							
31.12.2014	**-21.0**	**20.2**	**-0.8**	**0.9**	**2.1**	**-0.1**	**2.0**
31.12.2013	24.8	16.9	41.7	-40.9	-2.5	4.1	1.6
NOK							
31.12.2014	**-23.1**	**0.0**	**-23.1**	**22.1**	**2.3**	**-2.2**	**0.1**
31.12.2013	-28.1	0.0	-28.1	26.9	2.8	-2.7	0.1
PLN 2)							
31.12.2014	**0.0**	**-8.0**	**-8.0**	**8.2**	**0.0**	**-0.8**	**-0.8**
31.12.2013	4.9	-10.3	-5.4	5.0	-0.5	-0.5	-1.0
CZK 2)							
31.12.2014	**-3.6**	**-53.4**	**-57.0**	**57.0**	**0.4**	**-5.7**	**-5.3**
31.12.2013	-4.4	-51.3	-55.7	55.0	0.4	-5.5	-5.1
INR							
31.12.2014	**-2.8**	**-14.6**	**-17.4**	**14.6**	**0.3**	**-1.5**	**-1.2**
31.12.2013	-1.5	-11.4	-12.9	11.4	0.2	-1.1	-1.0
Other							
31.12.2014	**-3.5**	**1.1**	**-2.4**	**-2.5**	**0.4**	**0.3**	**0.6**
31.12.2013	-3.9	1.3	-2.6	2.9	0.4	-0.3	0.1

1) The maximum pre-tax effect (EUR million) of 10% negative change in exchange rates on the Group's foreign exchange position over the following year. The table includes the effect from swap contracts.

2) Hedge accounting principles in accordance with IAS 39 are applied to Czech koruna and Polish zloty contracts (PLN for deals made until July 2014) against EUR. Unrealised exchange gains and losses on these derivatives are recognized in Group equity.

Translation risk

According to the Treasury Policy, hedging translation exposure is subject to Board decision. Exposure includes the acquisition price, share capital and restricted and non-restricted reserves of subsidiaries in non-euro countries, as well as the result of the period. SEK 1 650 million exposure forms the majority of the translation risk. The translation position was unhedged at the end of 2014.

Interest rate risk management

The most significant part of Group's interest rate risk arises from Group's borrowings and financial investments. The objective of interest rate risk management is to minimize the effect of interest rate fluctuations on Tieto's annual results and economic positions. Group Treasury is responsible for the monitoring and operative management of the Group's interest rate position. Interest rate position includes loans, financial investments and interest rate derivative contracts. The Treasury Policy defines the interest rate risk management principles and allowed interest rate hedging instruments for the Group. According to the Treasury Policy 12 months is defined as a benchmark for the Group's interest rate position, in terms of weighted average time to re-pricing. At the end of 2014 most of the funding was based on fixed rate 6-year bond, issued in May 2013. Consequently, the average time to re-pricing for the loans, at the end of the year was 49 months (53 months in 2013).

31 Dec 2014 EUR million	Amount	Duration	Average rate, %	Rate sensitivity [3]
Capital markets	-99.3	4.1	2.9	0.0
Money markets	160.6	0.0	0.3	1.6
Other loans	-13.0	0.2	1.2	-0.1
Other receivables	1.1	1.0	0.0	0.0

31 Dec 2013 EUR million	Amount	Duration	Average rate, %	Rate sensitivity [3]
Capital markets	-99.2	5.0	2.9	0.0
Money markets	114.1	0.0	0.0	1.2
Other loans	-34.4	0.3	1.1	-0.2
Other receivables	1.8	1.0	0.0	0.0

[3] *The maximum pre-tax effect (EUR million) of 1% rise in interest rates on the Group's net interest expenses over the following year. The rate sensitivity in the table includes the effect from swap contracts.*

Commodity risk management

Power procurement risk is the only identified commodity risk in the Group. Risk management principles and limits are defined in the Treasury Policy. The goal of the Group's power procurement risk management is to reduce the uncertainty relating to the cost of electricity, to the extent commercially reasonable. Currently the policy is applied only to the hedging of Finnish data center electricity consumption. Group Treasury is responsible for the monitoring and operative management of commodity risk, based on the consumption estimates provided by the facilities organization. According to the policy, at least 40% of the identified exposure of the current year and at least 20% of the following year need to be hedged. As of the year end, the hedging ratio for 2015 consumption was 46% and for 2016 23% (84% and 21% at the end of 2013).

Liquidity risk management and funding

Liquidity risk management and funding principles are defined in the Treasury Policy. One of the key tasks of Group Treasury is to secure adequate funding for the Group. The Group has a committed EUR 100 million credit facility, which matures in 2016. In May 2013 the Group issued a six-year bond of EUR 100 million which is scheduled to be repaid in 2019. The Group has also overdraft facilities and a EUR 250 million commercial paper programme available to maintain flexibility in funding. Additionally there is a EUR 50 million sale of receivables facility.

Debt structure

31 Dec 2014				Maturity structure					
EUR million		**Amount drawn**	**Amount available**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020-**
Loans	Bond	100.0		-	-	-	-	100.0	-
	Commercial paper programme		250.0	-	-	-	-	-	-
	Revolving credit facility		100.0	-	-	-	-	-	-
	Liabilities towards Joint Ventures	9.0		9.0	-	-	-	-	-
	Other loans	4.0		2.5	1.5	-	-	-	-
		113.0	**350.0**	**11.5**	**1.5**	**0.0**	**0.0**	**100.0**	**0.0**
	Interest payments			3.0	2.9	2.9	2.9	1.1	-
Derivative liabilities/ assets	Forward contracts outflow			160.1	-	-	-	-	-
	Forward contracts Inflow			-160.1	-	-	-	-	-
	Derivatives net flow			**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Trade payables	Outflow	91.0		91.0	-	-	-	-	-
Other liabilities	Financial lease liability	0.3		0.3	-	-	-	-	-
Total		**204.3**	**350.0**	**105.8**	**4.4**	**2.9**	**2.9**	**101.1**	**0.0**

31 Dec 2013				Maturity structure					
EUR million		**Amount drawn**	**Amount available**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019-**
Loans	Bond	100.0		-	-	-	-	-	100.0
	Commercial paper programme	20.0	230.0	20.0	-	-	-	-	-
	Revolving credit facility		100.0	-	-	-	-	-	-
	Liabilities towards Joint Ventures	3.4		3.4	-	-	-	-	-
	Other loans	10.1		6.5	2.1	1.5	-	-	-
		133.5	**330.0**	**30.0**	**2.1**	**1.5**	**0.0**	**0.0**	**100.0**
	Interest payments			2.9	2.9	2.9	2.9	2.9	1.1
Derivative liabilities/ assets	Forward contracts outflow			180.6	-	-	-	-	-
	Forward contracts Inflow			-180.6	-	-	-	-	-
	Derivatives net flow			**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Trade payables	Outflow	84.4		84.4	-	-	-	-	-
Other liabilities	Financial lease liability	4.0		3.7	0.3	-	-	-	-
Total		**221.9**	**330.0**	**121.0**	**5.2**	**4.4**	**2.9**	**2.9**	**101.1**

Credit risk management

Credit risk is managed on Group level. Credit risk is derived from financial investments, derivative contracts and customer-related risks, such as accounts receivable. Group Treasury maintains a list of approved counterparties for commercial paper investment and other financial transactions in accordance with limits set in the Treasury Policy. According to the Treasury Policy, core banks of the Group should have a minimum long-term rating of Baa3 or BBB-. The credit policy defines the limits for the acceptable level of customer credit risk. Customer-related credit risks are assessed based on payment history and financial strength in accordance with the Credit Policy. Bad debts provisions are booked if the customer is late by more than 90 days. During 2014 a bad debt provision of EUR 1.0 million was released (EUR 1.1 million in 2013). EUR 0.1 million bad debts were booked in 2014 (EUR 0.1 million in 2013). The maximum exposure to customer related credit risk at the reporting date is the carrying value of trade receivables. The Group holds no collateral as a security for this credit risk. The Group has a Sale of Receivables facility with one of its core banks. The total facility size is EUR 50 million. There are no major concentrations of credit risk in the Group.

Capital management

The capital structure of the Group is being continuously monitored through Net debt/EBITDA ratio. The ratio is calculated by dividing interest-bearing net debt with previous 12 month EBITDA (excluding capital gains) of the Group. The target is to keep the capital structure on a level securing adequate financial flexibility for the operations. The interest bearing net debt of the Group was EUR -59.2 million at the end of 2014 (EUR 15.5 million in 2013). The Net debt/EBITDA at the end of 2014 was at -0.36 (0.09 in 2013).

Offsetting financial assets and liabilities

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis. However, for several agreements the netting option can only be exercised in the event of default of the other party.
Financial assets consists of Trade Receivables, Derivatives and Cash balances; financial liabilities consist of Trade Payables and Derivatives. Group has no Overdraft balances outstanding as at end of reporting and comparable period. Trade Receivables, Cash balances and Trade Payables have been excluded from the table below since they are not subject to any enforceable master netting agreements or similar agreements and like with Derivatives will be settled on gross basis.

Financial assets

				Related amounts not set off in the balance sheet		
As at 31 December 2014	Gross amounts of recognized financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	Financial Instruments	Cash collateral received	Net amount
Derivative financial assets	1.4	-	1.4	-0.6	-	0.8
Total	**1.4**	**0,0**	**1.4**	**-0.6**	**0,0**	**0.8**

				Related amounts not set off in the balance sheet		
As at 31 December 2013	Gross amounts of recognized financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	Financial Instruments	Cash collateral received	Net amount
Derivative financial assets	0.6	-	0.6	-0.6	-	0
Total	**0.6**	**0,0**	**0.6**	**-0.6**	**0,0**	**0**

Financial liabilities

				Related amounts not set off in the balance sheet		
As at 31 December 2014	Gross amounts of recognized financial liabilities	Gross amounts of recognised financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Financial Instruments	Cash collateral received	Net amount
Derivative financial liabilities	-1.9	-	-1.9	0.6	-	-1.3
Total	**-1.9**	**0,0**	**-1.9**	**0.6**	**0,0**	**-1.3**

				Related amounts not set off in the balance sheet		
As at 31 December 2013	Gross amounts of recognized financial liabilities	Gross amounts of recognised financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Financial Instruments	Cash collateral received	Net amount
Derivative financial liabilities	-4.2	-	-4.2	0.6	-	-3.6
Total	**-4.2**	**0,0**	**-4.2**	**0.6**	**0,0**	**-3.6**

Parent company's financial statements

INCOME STATEMENT (FAS)

EUR 1 000	Note	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Net sales		-	-
Other operating income	1	182 561	178 123
Personnel expenses	2	17 766	20 655
Depreciation and reduction of values	8, 9	5 913	4 146
Other operating expenses	3	178 725	235 955
Operating loss		**-19 844**	**-82 634**
Financial income and expenses	5	37 769	93 491
Profit before extraordinary items		**17 925**	**10 858**
Extraordinary items	6	34 100	29 000
Profit before taxes		**52 025**	**39 858**
Taxes	7	3 814	953
Profit for the period		**48 211**	**38 905**

BALANCE SHEET (FAS)

EUR 1 000	Note	31 Dec 2014	31 Dec 2013
ASSETS			
Non-current assets			
Intangible assets	8	3 095	5 631
Tangible assets	9	2 721	3 159
Investments	10	866 892	923 036
Total non-current assets		**872 709**	**931 826**
Current assets			
Long-term receivables			
Receivables from Group companies	11	5 869	21 597
Other receivables	11	789	690
		6 659	**22 286**
Current receivables			
Accounts receivable		-	284
Receivables from Group companies	12, 13	63 242	86 198
Receivables from associated companies	12, 13	187	199
Other receivables		1 287	9 972
Prepaid expenses and accrued income	13	5 082	8 177
		69 799	**104 829**
Cash and cash equivalents		119 065	77 978
Total current assets		**195 523**	**205 094**
TOTAL ASSETS		**1 068 231**	**1 136 920**

EUR 1 000	Note	31 Dec 2014	31 Dec 2013
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	14		
Share capital		76 555	76 555
Share subscriptions based on stock options		460	63
Share issue premiums		13 792	13 792
Invested unrestricted equity reserve		8 460	3 094
Retained earnings		617 733	643 452
Net profit for the current year		48 211	38 905
		765 211	**775 861**
Provisions	15	9 772	1 553
Liabilities			
Non-current liabilities			
Bonds	16	100 000	100 000
Other non-current liabilities	16	5	438
		100 005	**100 438**
Current liabilities			
Accounts payable		8 441	6 862
Liabilities to Group companies	17, 18	157 560	211 259
Liabilities to associated companies	17, 18	8 955	6 994
Other current liabilities		1 219	22 482
Accrued liabilities and deferred income	18	17 068	11 471
		193 243	**259 068**
Total liabilities		**293 248**	**359 507**
TOTAL EQUITY AND LIABILITIES		**1 068 231**	**1 136 920**

STATEMENT OF CASH FLOWS (FAS)

EUR 1 000	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Cash flow from operations		
Profit before extraordinary items	17 925	10 858
Adjustments		
Depreciation and reduction of values	5 913	4 011
Financial income and expenses	-37 769	-93 491
Other non-cash items	8 765	65 442
Cash generated from operations before net working capital	**-5 165**	**-13 180**
Change in working capital		
Change in current receivables	35 326	-4 022
Change in current non-interest-bearing liabilities	-11 966	-12 903
Cash generated from operations	**18 194**	**-30 105**
Interest expenses paid and other financial expenses	-12 292	-37 701
Interest income received	7 059	29 607
Dividend received and equity refund	97 544	79 365
Income taxes paid	4 903	6 745
Net cash flow from operations	**115 407**	**47 911**
Cash flow from investing activities		
Purchase of tangible and intangible assets	-2 982	-2 807
Proceeds from sale of tangible and intangible assets	5	-
Acquisition of Group companies and business operations	-1 033	-44 522
Proceeds from sale of Group companies and business operations	-	2 908
Loans granted	-2 194	-1 821
Proceeds from repayments of loans	18 801	19 227
Total net cash used in investing activities	**12 597**	**-27 015**
Cash flow from financing activities		
Dividends paid	-65 324	-59 754
Proceeds from issuance of share capital	5 366	7 052
Proceeds from long-term borrowings	-	100 000
Repayments of long-term borrowings	-433	-517
Proceeds from short-term borrowings	5 969	20 501
Repayments in short-term borrowings	-33 845	-141 138
Change in intercompany cash pool, net	-27 652	51 498
Group contributions received	29 000	42 670
Total net cash used in financing activities	**-86 917**	**20 312**
Change in cash and cash equivalents	41 087	41 208
Cash and cash equivalents at beginning of period	77 978	36 770
Cash and cash equivalents at end of period	119 065	77 978
	41 087	**41 208**

Notes to the parent company's financial statements (FAS)

PARENT COMPANY ACCOUNTING PRINCIPLES

The financial statements of the Parent company Tieto Corporation are prepared in accordance with Finnish Accounting Standards (FAS).

Tieto Corporation is a Finnish public limited company organized under the laws of Finland and domiciled in Helsinki. The company is listed on NASDAQ Helsinki and Stockholm. The Board of Directors approved the financial statements to be published 5 February 2015. According to the Limited Liability Companies Act the shareholders have at the Annual General Meeting the right to approve, disapprove or change the financial statements after the publication.

Foreign currency items

Foreign currency transactions are initially translated at the exchange rate prevailing on the transaction date. Foreign currency items at the end of the financial period are valued at the exchange rates on the balance sheet date. Foreign currency items are hedged using derivative contracts.

Exchange gains and losses on net financial liabilities are reported in the income statement under financial items, while other exchange gains or losses are included in operating profit. Gains and losses arising from revaluation of derivative contracts are, depending on their nature, reported either under financial items or operating profit.

Other operating income

Other operating income mainly includes internal service fees, rental income and gains from asset disposals.

Pension arrangements

The company's pension obligations are administered through pension insurance institutions. Pension obligations are fully covered.

Financial instruments

Classification

Financial assets are classified into the following categories:

1) At fair value through profit or loss

   Derivatives, comprising foreign exchange forward contracts, currency options, power derivatives and interest rate swaps.

2) Loans and receivables

   Fixed-term deposits, principally comprising of funds held with banks and other financial institutions, and short-term and long-term loan receivables, as well as trade and other receivables, are classified as loans and receivables. In the balance sheet, they are reported according to their nature either in trade and other receivables, loan receivables or cash and cash equivalents (current assets) or in loan receivables or other non-current assets (non-current assets). Investments in money market instruments are reported as short-term deposits under cash and cash equivalents.

3) Available-for-sale financial assets

   Investments in equity instruments, except for investments in associated companies and joint ventures, are classified as assets available-for-sale. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Financial liabilities are classified into categories:

1) At fair value through profit or loss

   Derivatives, comprising foreign exchange forward contracts, currency options, power derivatives and interest rate swaps.

2) Financial liabilities measured at amortized cost

   Short-term borrowings and overdrafts as well as long-term loans and trade and other payables are classified as financial liabilities measured at amortized cost. Loans are included in non-current and current liabilities.

Recognition and de-recognition

The company applies the Finnish Accounting Act chapter 5 section 2A and records financial instruments initially at fair value. Transaction costs are included in the carrying value if the financial instrument is not recorded at fair valued through profit or loss. Usually the fair value equals amount received or paid.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or expired.

Subsequent measurement

Subsequent measurement of financial instruments depends on the designation of the instruments.

- Financial assets and liabilities at fair value through profit or loss

  Derivatives are held for trading and valued at fair value. Foreign exchange derivatives' fair values are calculated according to closing date's foreign exchange and interest rates. Interest rate swaps are valued according to the present value of their cash flows, supported by all relevant market data. Related valuation changes are reported, depending on their nature, in the income statement in the financial income and expenses, in other income from operations and other operating expenses in exchange rate gains and losses (foreign exchange forward contracts) and in other financial income and expenses (currency options). The rest of the valuation changes are shown in interest income and expenses (interest rate swaps) and in other operating expenses (power derivatives), except for when applying hedge accounting where fair value changes are reported in other comprehensive income.

  In the balance sheet the fair value of financial assets from this category are reported under trade and other receivables or trade and other payables if asset or liability due in less than 12 months. In case the asset or liability is due in later than 12 months, it is reported under other non-current assets and liabilities in the balance sheet.

- Loans and receivables

  Loans and receivables are subsequently carried at amortized cost, using the effective interest rate method.

- Available-for-sale financial assets

  Available-for-sale financial assets are measured at fair value if fair value can be measured reliably. Unrealized gains and losses are recognized in shareholders' equity. If fair value is not available, the assets are held at initial value. The available-for-sale assets are reported under other non-current assets in the balance sheet. When the investment is sold, the accumulated fair value adjustment is recognized in the income statement.

- Financial liabilities measured at amortized cost

  Interest expense and transaction costs are amortized in the income statement over the maturity of the loan using the effective interest method.

Extraordinary items

Significant items not related to the regular business operations of the Group such as Group contributions are included in extraordinary items.

Valuation of fixed assets

Fixed assets are carried at cost less accumulated depreciation. Depreciation is charged according to plan based on the estimated economic lives of the individual assets and accounted for in accordance with the straight-line method.

The company applies the following economic lives:

	Years
Intangible assets (software)	1–3
Goodwill from operations	3–5
Other capitalized expenditure	5–10
Buildings	25–40
Data processing equipment [1)]	1–5
Other machinery and equipment	5
Other tangible assets	5

[1)] *Purchases of personal computers are expensed immediately.*

Leases of equipment are classified as operating leases.

Income taxes

The income statement includes the companys income taxes based on taxable profit for the period according to local tax regulations as well as adjustments to prior-year taxes. The information related to deferred tax items is included in the notes.

1. OTHER OPERATING INCOME

EUR 1 000	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Gain from sale of other fixed assets and shares	2	1 799
Rental income	42 191	45 203
Internal service fees	137 389	128 586
Other income	2 980	2 535
	182 561	**178 123**

2. PERSONNEL EXPENSES

EUR 1 000	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Wages and salaries	14 185	16 531
Pension expenses	2 875	3 389
Other pay-related statutory social costs	706	735
	17 766	**20 655**

The parent company had an average of 169 employees during 2014 and 180 employees in 2013.

3. OTHER OPERATING EXPENSES

EUR 1 000	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Voluntary personnel expenses	1 949	2 567
Licenses and maintenance	10 520	9 428
ICT and data communication expenses	30 510	33 753
Administrative expenses	27 575	58 602
Rents and other premises expenses	46 464	40 025
Other operating expenses	61 707	91 580
	178 725	**235 955**

4. MANAGEMENT REMUNERATION

See Note 7 in Notes to the consolidated financial statements.

5. FINANCIAL INCOME AND EXPENSES

EUR 1 000	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Dividend income		
Dividend income from Group companies	52 313	71 813
Dividend income from associated companies	5 893	7 552
	58 205	**79 365**
Other interest and financial income		
From Group companies	1 724	4 683
From other companies	10 631	20 835
	12 355	**25 518**
Investment write-downs	-17 310	19 946
Interest and other financing expenses		
To Group companies	-1 400	-3 761
To other companies	-14 081	-27 577
	-15 481	**-31 338**
Total financial income and expenses	**37 769**	**93 491**

6. EXTRAORDINARY ITEMS

EUR 1 000	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Group contributions received	34 100	29 000

7. TAXES

EUR 1 000	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Taxes for the financial period / extraordinary items	6 820	7 105
Taxes for the financial period / regular operations	-3 391	-6 152
Taxes for the previous years	385	-
	3 814	**953**

8. INTANGIBLE ASSETS

EUR 1 000	31 Dec 2014	31 Dec 2013
Intangible rights		
Acquisition cost, 1 Jan	12 970	11 973
Increases	673	1 043
Decreases	-2 538	-
Transfers	-	-46
Acquisition cost, 31 Dec	**11 105**	**12 970**
Accumulated amortization, 1 Jan	11 566	10 759
Accumulated amortization for decreases and transfers	-2 538	2
Amortization for the period	861	806
Accumulated amortization, 31 Dec	**9 889**	**11 566**
Book value, 31 Dec	1 216	1 404
Other capitalized expenditures		
Acquisition cost, 1 Jan	10 319	9 786
Increases	475	565
Decreases	-1 430	-77
Transfers	-34	46
Acquisition cost, 31 Dec	**9 330**	**10 319**
Accumulated amortization, 1 Jan	7 379	5 834
Accumulated amortization for decreases and transfers	-1 430	-58
Amortization for the period	1 502	1 603
Accumulated amortization, 31 Dec	**7 451**	**7 379**
Book value, 31 Dec	1 879	2 940
Advance payments		
Acquisition cost, 1 Jan	1 287	577
Increases	276	710
Decreases	-1 563	-
Acquisition cost, 31 Dec	**-**	**1 287**
Book value of intangible assets, 31 Dec total	**3 095**	**5 631**

9. TANGIBLE ASSETS

EUR 1 000	31 Dec 2014	31 Dec 2013
Land		
Acquisition cost, 1 Jan	60	60
Acquisition cost, 31 Dec	**60**	**60**
Buildings and structures		
Acquisition cost, 1 Jan	861	861
Acquisition cost, 31 Dec	**861**	**861**
Accumulated depreciation, 1 Jan	805	777
Depreciation for the period	28	28
Accumulated depreciation, 31 Dec	**833**	**805**
Book value, 31 Dec	28	56
Machinery and equipment		
Acquisition cost, 1 Jan	24 489	24 110
Increases	1 272	436
Decreases	-953	-58
Acquisition cost, 31 Dec	**24 808**	**24 489**
Accumulated depreciation, 1 Jan	21 483	19 850
Accumulated depreciation for decreases	-882	-77
Depreciation for the period	1 611	1 710
Accumulated depreciation, 31 Dec	**22 212**	**21 483**
Book value, 31 Dec	2 596	3 006
Other tangible assets		
Acquisition cost, 1 Jan	37	37
Acquisition cost, 31 Dec	**37**	**37**
Book value, 31 Dec	37	37
Book value of tangible assets, 31 Dec total	**2 721**	**3 159**

10. INVESTMENTS

EUR 1 000	31 Dec 2014	31 Dec 2013
Subsidiary shares		
Acquisition cost, 1 Jan	916 010	1 204 940
Increases	1 635	44 522
Decreases	-	-323 952
Transfers	1 998	-
Write-downs	-57 779	-9 500
Acquisition cost, 31 Dec	**861 864**	**916 010**
Book value, 31 Dec	861 864	916 010
Shares in associated companies		
Acquisition cost, 1 Jan	6 733	7 842
Decreases	-	-1 109
Transfers	-1 998	-
Acquisition cost, 31 Dec	**4 735**	**6 733**
Book value, 31 Dec	4 735	6 733
Other shares and interests		
Acquisition cost, 1 Jan	292	292
Acquisition cost, 31 Dec	**292**	**292**
Book value, 31 Dec	292	292
Investments, 31 Dec total	**866 892**	**923 036**

Subsidiary shares

See page Subsidiary shares.

Associated companies owned and managed by the parent company

See Note 16 in Notes to the consolidated financial statements.

Other shares and securities

See Note 13 in Notes to the consolidated financial statements.

11. NON-CURRENT RECEIVABLES

EUR 1 000	31 Dec 2014	31 Dec 2013
Loan receivable from Group companies	5 869	21 597
Other receivables	789	690
	6 659	**22 286**

12. CURRENT INTERCOMPANY RECEIVABLES

EUR 1 000	31 Dec 2014	31 Dec 2013
Receivables from Group companies		
Accounts receivable	11 736	32 206
Loan receivables	10 923	14 011
Other receivables	4 711	10 348
Group contributions receivable	34 100	29 000
Prepaid expenses and accrued income	1 772	633
	63 242	**86 198**
Receivables from associated companies		
Accounts receivable	177	47
Prepaid expenses and accrued income	10	152
	187	**199**

13. PREPAID EXPENSES AND ACCRUED INCOME

EUR 1 000	31 Dec 2014	31 Dec 2013
Prepaid expenses and accrued income from Group companies		
Other	1 772	633
Prepaid expenses and accrued income from associated companies	10	152
Prepaid expenses and accrued income from other companies		
Licence fees	3 621	3 140
Social costs	340	589
Rents	-	3 014
Receivables on stock options	460	63
Other	661	1 371
Total	**5 082**	**8 177**
Prepaid expenses and accrued income, total	**6 864**	**8 962**

14. CHANGES IN SHAREHOLDERS' EQUITY

EUR 1 000	31 Dec 2014	31 Dec 2013
Restricted equity		
Share capital, 1 Jan	76 555	75 952
Share subscriptions based on stock options	-	603
Share capital, 31 Dec	**76 555**	**76 555**
Share issue premiums, 1 Jan	13 792	8 219
Share subscriptions based on stock options	-	5 572
Share issue premiums, 31 Dec	**13 792**	**13 792**
Restricted equity total	**90 347**	**90 347**
Unrestricted equity		
Invested unrestricted equity reserve, 1 Jan	3 157	2 240
Share subscriptions based on stock options	5 303	854
Share subscriptions based on stock options, not yet registered	460	63
Invested unrestricted equity reserve, 31 Dec	**8 920**	**3 157**
Retained earnings, 1 Jan	682 357	703 162
Shares distributed to personnel	745	-
Dividend distributions	-65 369	-59 709
Retained earnings, 31 Dec	**617 733**	**643 452**
Net profit for the period	48 211	38 905
Unrestricted equity total	**674 864**	**685 514**
Shareholders' equity, total	**765 211**	**775 861**
Distributable funds		
Invested unrestricted equity reserve	8 920	3 157
Retained earnings	617 733	643 452
Net profit for the period	48 211	38 905
Total	**674 864**	**685 514**
Breakdown of the parent's share capital		
Number of shares	73 675 903	73 132 367
Euros	76 555	76 555

15. PROVISIONS

EUR 1 000	31 Dec 2014	31 Dec 2013
Pension commitments	109	85
Restructuring commitments	9 342	451
Costs related to divestments	320	320
Other provisions	-	696
	9 772	**1 553**

16. NON-CURRENT LIABILITIES

EUR 1 000	31 Dec 2014	31 Dec 2013
Bonds	100 000	100 000
Other non-current liabilities	5	438
	100 005	**100 438**

17. CURRENT INTERCOMPANY LIABILITIES

EUR 1 000	31 Dec 2014	31 Dec 2013
Debts to Group companies		
Accounts payable	1 791	19 672
Other debt including cash pool	153 745	194 812
Accrued liabilities and deferred income	2 024	-3 226
	157 560	**211 259**
Debts to associated companies		
Accounts payable	4	17
Other debt	8 951	6 971
Accrued liabilities and deferred income	-	5
	8 955	**6 994**

18. ACCRUED LIABILITIES AND DEFERRED INCOME

EUR 1 000	31 Dec 2014	31 Dec 2013
Accrued liabilities and deferred income from Group companies		
Personnel related expenses	545	52
Service fee	1 416	-3 374
Interest	13	7
Other	49	88
Total	**2 024**	**-3 226**
Accrued liabilities and deferred income from associated companies	-	5
Accrued liabilities and deferred income from other companies		
Vacation pay and related social costs	2 179	2 268
Other accrued payroll and related social costs	1 555	1 665
Interest	1 756	1 781
Other social costs	21	120
Other	11 557	5 637
Total	**17 068**	**11 471**
Accrued liabilities and deferred income, total	**19 092**	**8 246**

19. DEFERRED TAX ASSETS AND LIABILITIES

EUR 1 000	31 Dec 2014	31 Dec 2013
Deferred tax assets		
From temporary differences	3 729	1 568
From appropriations	571	734
Total	**4 299**	**2 302**
Deferred tax liabilities		
From temporary differences	-	258

Deferred tax items are not included in the balance sheet.

20. CONTINGENT LIABILITIES

EUR 1 000	31 Dec 2014	31 Dec 2013
For Tieto's obligations		
Pledges	-	-
On behalf of Group companies		
Guarantees	36 226	49 675
On behalf of joint ventures	-	-
On behalf of other companies		
Guarantees	-	-
Other Tieto obligations		
Rent commitments due in 2015 (2014)	19 029	24 502
Rent commitments due later	41 622	58 839
Lease commitments due in 2015 (2014)	357	294
Lease commitments due later	462	318

Lease commitments are principally three-year lease agreements that do not include buyout clauses. The parent company's lease commitments include finance lease agreements that on a consolidated basis are capitalised as fixed assets.

In addition to the above mentioned contingent liabilities, the Parent company has provided security relating to certain major contracts, regarding IPR indemnity clauses. The maximum amount of these liabilities does not exceed EUR 220 million.

21. DERIVATIVE CONTRACTS

EUR 1 000	31 Dec 2014	31 Dec 2013
Foreign exchange forward contracts, nominal value	213 492	236 810
Electricity price futures contracts	771	1 697

Fair values of derivatives

The net fair values of derivative financial instruments at the balance sheet date	31 Dec 2014	31 Dec 2013
Foreign exchange forward contracts	-938	-301
Electricity price futures contracts	-50	-318

Gross positive fair values of derivatives	31 Dec 2014	31 Dec 2013
Foreign exchange forward contracts	1 284	3 294
Electricity price futures contracts	-	-

Gross negative fair values of derivatives	31 Dec 2014	31 Dec 2013
Foreign exchange forward contracts	-2 222	-3 595
Electricity price futures contracts	-50	-318

Shares and shareholders

Share capital and shares

Tieto Corporation's issued and registered share capital on 31 December 2014 totalled EUR 76 555 412.00 and the number of shares was 73 675 903.

Tieto's shares have no par value and their book countervalue is one euro. Tieto's shares are listed on NASDAQ in Helsinki and Stockholm. The company has one class of shares, with each share conferring equal dividend rights and one vote. The company's Articles of Association include a restriction on voting at the Annual General Meeting, where no-one is allowed to vote with more than one-fifth of the votes represented at the meeting. The Articles of Association are available at www.tieto.com/investors.

Shareholders and holding of own shares

The company had 25 430 registered shareholders at the end of 2014. Based on the ownership records of the Finnish and Swedish central securities depositories, 42.7% of Tieto's shares were held by Finnish and 3% by Swedish investors. In total, there were 23 916 retail investors in Finland and Sweden and they held 13% of Tieto's shares.

The members of the Board of Directors, the President and CEO and their close associates together held 0.1% of the shares and votes, and 3.7% of the option rights registered in the book-entry system on 31 December 2014. Based on their current shareholdings and total stock options, they can increase their aggregate holding to at most 0.2% of the shares and votes. The President and CEO is also participating in Tieto's Long-Term Incentive Programme 2012–2014; any rewards from the programme will be paid in Tieto shares. Additionally, he was entitled to an additional success-based incentive, based on which a total of 10 688 Tieto's treasury shares were transferred to him in early 2015. As the number of additional shares related to these incentives is dependent on the company's share price at the time of potential delivery these are not included in this aggregate number. The company has not issued any bonds with warrants.

Tieto has two longer-term shareholders holding more than 10% of the shares: Cevian Capital Partners Ltd and Solidium Oy. Based on the latest information (31 August 2014), Cevian Capital's holding was 11 073 614 shares, representing 15.0% of the shares and voting rights. Solidium Oy held 10.1% of Tieto's shares on 31 December. Based on its announcement made in December 2013, Silchester International Investors LLP's aggregate holding in Tieto is at or above 5.0%.

Tieto is not aware of any shareholder agreements or cross-shareholdings that would limit the amount of shares available for trading. Additionally, since the existing stock option programmes and the share-based incentive plan represent limited dilution potential, the free float of the shares can be considered to be 100% excluding the treasury shares currently held by the company.

At the end of 2014, the number of shares in the company's or its subsidiaries' possession totalled 510 819, representing 0.7% of the total number of shares and voting rights. In February, the Board of Directors decided on a directed share issue related to the reward payment for the performance period 2013 of Tieto's Long-Term Incentive Programme 2012–2014. In the share issue, 31 174 Tieto shares held by the company were conveyed without consideration to the Leadership Team members participating in the programme. The company received a return of 199 shares free of consideration during the year. The number of outstanding shares, excluding the treasury shares, was 73 165 084 at the end of the year.

Stock options and share-based incentives

Tieto has two series of options issued for its key personnel. Each option entitles its holder to subscribe for one share (1:1).

The following table is based on the book-entry system on 31 December 2014:

Stock option	Company's ownership	Ownership of other holders	Maximum number of new shares*	% of shares and votes after dilution	Subscription period	Exercise price, EUR
2009 B	117 250	262 866	380 116	0.51%	1.3.2013–31.3.2015	13.19
2009 C	123 800	264 979	388 779	0.52%	1.3.2014–31.3.2016	10.43
Total	**241 050**	**527 845**	**768 895**	**1.03%**		

During the year, the total number of stock options decreased by 624 700 to 768 895. The change comprises:

- a total of 139 395 is based on the subscriptions with stock options 2009A
- a total of 192 221 is based on the subscriptions with stock options 2009B
- a total of 200 820 is based on the subscriptions with stock options 2009C
- a total of 26 663 shares subscribed for with stock options 2009B and a total of 10 401 shares subscribed for with stock options 2009C in December 2014 – the shares subscribed were registered on 20 January 2015
- a total of 55 200 stock options 2009A expired, of which 45 700 were in the Company's possession.

A total of 11 000 stock options 2009C were returned to Tieto. As a result, the company holds 241 050 stock options.

The Board of Directors shall decide on measures concerning the unsubscribed options held by the company at a later date. In all the current share option schemes, the persons covered by the scheme receive the options if they are employed by Tieto on the starting date of the subscription period. Under the terms and conditions, the subscription price will be reduced annually by the amount of dividend per share.

Tieto's share-based incentive plan, Long-Term Incentive Programme for 2012–2014, contains three annual periods based on EPS (Earnings per Share) measurement and one parallel three-year period based on relative TSR (Total Shareholder Return) measurement. The first performance period began on 1 January 2012 and the final performance period ended on 31 December 2014. The incentive plan will not have any dilutive effect, as Tieto has to acquire the share rewards from the market or use shares held by the company. For the executive management, individual performance periods are followed by a lock-up period of two years. The other participants are entitled to the share delivery, if any, with a delay of one year, but there is no lock-up period.

Tieto's synthetic option programme, Phantom Options 2009, expired in 2014 and Phantom 2009C rewards were paid in March. In the synthetic option programme, Phantom Options 2009, holders were entitled only to a cash compensation and therefore there was no dilution effect.

In February 2015, Tieto's Board of Directors approved two new share-based incentive plans, a Performance Share Plan 2015 and a Restricted Share Plan 2015. The potential rewards from these new incentive plans will be paid partly in the company's shares and partly in cash in 2018. The rewards to be paid on the basis of the Performance Share Plan 2015 correspond to the value of an approximate maximum total of 430 000 Tieto's shares (including the proportion to be paid in cash). Based on the Restricted Share Plan 2015, rewards to be paid correspond to the value of an approximate maximum total of 50 000 Tieto's shares (including the proportion to be paid in cash).

Board authorizations

The 2014 Annual General Meeting authorized the Board of Directors to decide on the repurchase of the company's own shares. The amount of own shares to be repurchased shall not exceed 7 200 000 shares, which currently corresponds to approximately 10% of all the shares in the company. The authorization is intended to be used to develop the company's capital structure.

Share performance and trading

In 2014, the turnover of Tieto's shares totalled EUR 546.1 million (28 085 320 shares) in Helsinki and SEK 556.9 million (3 138 593 shares) in Stockholm. The combined trading volume represented 42% of the shares. On NASDAQ Helsinki, the volume-weighted average share price in 2014 was EUR 19.45. At the end of the year, the share price was EUR 21.51. The highest price was EUR 22.19 and the lowest EUR 16.26. At the end of the year, the company's market capitalization totalled EUR 1 584.8 (1 202.3) million. The share price rose by 32% in Helsinki and 41% in Stockholm during the year. At the same time, the OMX Helsinki Price Index rose by 6%. The OMX Stockholm Price Index was up by 11% in 2014.

In addition to NASDAQ Helsinki and Stockholm, Tieto's shares are traded on multilateral trading facilities (MTF). Shares were traded at least on Chi-X, Turquoise, Burgundy and BATS Europe. The aggregate number of Tieto's shares traded on these marketplaces was 9 990 002 shares, or approximately 24% of the total trading volume.

For additional information on shares and shareholders, see www.tieto.com/Investors/Shares.

SHARE INFORMATION

	2014	2013	2012	2011	2010
Changes in share capital					
Share capital at year end, EUR	76 555 412	76 555 412	75 952 174	75 841 523	75 841 523
Number of shares	73 675 903	73 132 367	72 377 213	72 023 173	72 023 173
Adjusted number of shares at year end	73 675 903	73 132 367	72 377 213	72 023 173	72 023 173
Adjusted average for the year	72 944 228	72 369 221	71 659 278	71 469 473	71 408 913
Per share data					
Earnings per share, EUR					
basic	0.48	0.86	0.41	0.84	0.69
diluted	0.48	0.86	0.41	0.84	0.69
Equity per share, EUR	6.44	7.08	7.30	7.90	7.80
Share price performance and trading volumes					
NASDAQ Helsinki					
Highest price of share, EUR	22.64	18.43	15.78	15.99	18.40
Lowest price of share, EUR	16.15	14.20	11.01	8.39	12.50
Average price of share, EUR	19.45	16.09	13.53	11.97	15.02
Turnover, number of shares	28 085 320	26 657 716	38 797 365	67 249 460	79 932 379
Turnover, %	38.1	36.5	53.6	93.4	111.0
NASDAQ Stockholm					
Highest price of share, SEK	207.90	155.00	139.50	142.20	175.00
Lowest price of share, SEK	142.10	123.00	97.55	78.65	118.30
Average price of share, SEK	177.45	140.05	119.50	113.76	142.72
Turnover, number of shares	3 138 593	1 511 176	4 635 237	8 349 881	9 656 550
Turnover, %	4.3	2.1	6.4	11.6	13.4
Market capitalization, EUR million	1 584.8	1 202.3	1 077.7	792.3	1 019,8
Dividends					
Dividend, EUR 1 000	95 177	65 369	59 709	53 602	50 029
Dividend per share, EUR	1.30	0.90	0.83	0.75	0.70
Payout ratio, %	270.8	104.7	202.4	89.3	101.4
Price-weighted ratios					
NASDAQ Helsinki					
Price per earnings ratio (P/E)	45	19	36	13	21
Dividend yield, %	6.0	5.5	5.6	6.8	4.9
NASDAQ Stockholm					
Price per earnings ratio (P/E)	45	19	36	13	20
Dividend yield, %	6.0	5.4	5.6	6.8	4.9

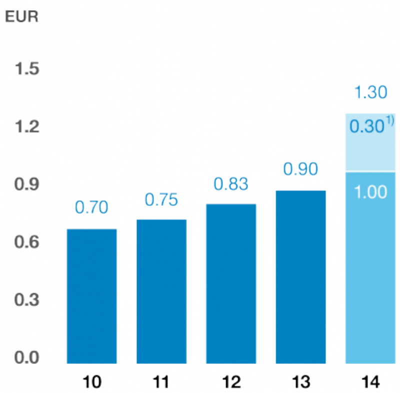
Share price development and turnover, Helsinki

Source: NASDAQ

Share price development and turnover, Stockholm

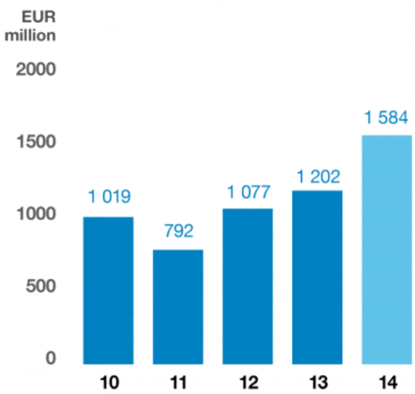
Source: NASDAQ

Dividend / share, EUR



1) An additional dividend of EUR 0.30 proposed

Market capitalization, EUR million



Major shareholders on 30 December 2014

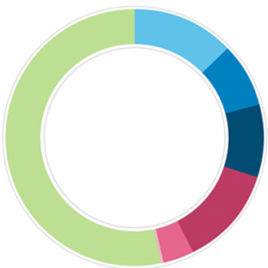
		Shares	%
1	Cevian Capital [1)]	11 073 614	15.0
2	Solidium Oy	7 415 418	10.1
3	Silchester International Investors LLP [2)]	3 666 901	5.0
4	Ilmarinen Mutual Pension Insurance Co.	2 166 998	2.9
5	OP-Pohjola Group Central Cooperative	2 160 000	2.9
6	Etera Mutual Pension Insurance Co.	1 646 953	2.2
7	Swedbank Robur fonder	1 573 449	2.1
8	Nordea funds	834 166	1.1
9	The State Pension fund	823 000	1.1
10	Varma Mutual Pension Insurance Co.	793 488	1.1
	Top 10 shareholders total	**32 153 987**	**43.6**
	- of which nominee registered	16 313 964	22.1
	Nominee registered other	25 763 042	35.0
	Others	15 758 874	21.4
	Total	**73 675 903**	**100.0**

Based on the ownership records of Euroclear Finland Oy and Euroclear Sweden AB.

[1)] *Based on the ownership records of Euroclear Finland Oy, Cevian Capital's holding on 31 August 2014 was 11 073 614 shares, representing 15.0% of the shares and voting rights.*

[2)] *On 17 December 2013, Silchester International Investors LLP announced that its holding in Tieto Corporation was 3 666 901 shares, which represents 5.0% of the shares and voting rights.*

Ownership structure on 31 December 2014, % of shares



- Corporations 12.9%
- Finance and insurance institutions 8.1%
- Public organizations 9.0%
- Households 12.7%
- Non-profit organizations 3.7%
- Foreign 0.4%
- Nominee registered 53.2%

Number of shares	Shareholders		Shares	
	No	%	No	%
1–100	5 811	36.1	346 483	0.5
101–500	6 444	40.1	1 734 179	2.4
501–1 000	1 908	11.9	1 471 778	2.0
1 001–5 000	1 612	10.0	3 426 125	4.7
5 001–10 000	152	0.9	1 068 716	1.5
10 001–50 000	98	0.6	2 047 194	2.8
50 001–100 000	22	0.1	1 461 189	2.0
100 001–500 000	23	0.1	4 596 709	6.2
500 001–	11	0.1	57 512 970	78.1

Changes in share capital

(1 share = 1 vote)	Shares	Share capital, EUR
Total on 31 December 2006	**75 841 462**	**75 841 462**
Nullifying of the company's own shares, registered in 2007	1 883 350	0
Bonds with options subscribed, registered in 2007	61	61
Nullifying of the company's own shares, registered in 2008	1 935 000	0
Total on 31 December 2011	**72 023 173**	**75 841 523**
Subscriptions with stock options, registered in 2012	354 040	110 651
Total on 31 December 2012	**72 377 213**	**75 952 174**
Subscriptions with stock options, registered in 2013	755 154	603 238
Total on 31 December 2013	**73 132 367**	**76 555 412**
Subscriptions with stock options, registered in 2014	543 536	0
Total on 31 December 2014	**73 675 903**	**76 555 412**

Tieto, trading codes

NASDAQ OMX Helsinki	TIEV
NASDAQ OMX Stockholm	TIEN
Thomson Reuters, Helsinki	TIE1V.HE
Thomson Reuters, Stockholm	TIEN.ST
Bloomberg, Helsinki	TIE1V FH
Bloomberg, Stockholm	TIEN SS
ISIN Code	FI0009000277

Proposal of the Board of Directors

Proposal of the Board of Directors

Distributable funds in the parent company	674 864 353.93
of which net profit for the current year	48 211 013.99
The Board of Directors proposes that the distributable funds mentioned above be used as follows:	
- a total dividend of EUR 1.30 per share to be paid to shareholders	95 176 660.80
EUR 1.00 (ordinary)	
EUR 0.30 (additional)	
- the remainder be carried forward	579 687 693.13

In the opinion of the Board of Directors the proposed dividend distribution does not endanger the solvency of the company

Helsinki, 4. February 2015

Markku Pohjola
Chairman

Kurt Jofs
Vice chairman

Esa Koskinen

Eva Lindqvist

Sari Pajari

Anders Palklint

Risto Perttunen

Endre Rangnes

Teuvo Salminen

Jonas Synnergren

Kimmo Alkio
President and CEO

Auditor's report

To the Annual General Meeting of Tieto Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Tieto Oyj for the year ended 31 December 2014. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or whether they have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, 4 February 2015

PricewaterhouseCoopers Oy
Authorised Public Accountants

Tomi Hyryläinen
Authorised Public Accountant

Information for shareholders

Shareholder calendar 2015

- Record date for the AGM 9 March
- Registration period 9 February–16 March 3.00 pm EET
- Annual General Meeting 19 March
- Record date for dividend payment 23 March
- Ex-dividend date 20 March
- Payment of the dividend as from 9 April

- Interim report 1/2015 28 April
- Interim report 2/2015 22 July
- Interim report 3/2015 22 October

Annual General Meeting

The Annual General Meeting (AGM) of Tieto Corporation will be held on Thursday 19 March 2015 at 3:00 p.m. (Finnish time) at Scandic Park hotel, address: Mannerheimintie 46, Helsinki, Finland.

Documents of the AGM

The documents of the AGM are available on the company's website www.tieto.com/agm.

The right to participate and registration

Each shareholder, who is registered on 9 March 2015 in the shareholders' register of the company, has the right to participate in the AGM. A shareholder, whose shares are registered on his/her Finnish book-entry account, is registered in the shareholders' register of the company.

A shareholder, who wishes to participate in the AGM, may register for the meeting by giving a prior notice of participation no later than 16 March 2015 by 3.00 p.m. (EET) by which time the registration needs to arrive in the company. Such notice can be given:

- electronically (available for the shareholders in the shareholders' register)
- by e-mail agm(at)tieto.com
- by phone +358 20 727 1740 (Mon–Fri 9.00 a.m.–3.00 p.m. EET)
- by telefax +358 20 602 0232
- by mail to Tieto, Legal/AGM, P.O. Box 38, FI-00441 Helsinki, Finland

Holders of nominee registered shares

A holder of nominee registered shares is advised without delay to request from his/hers custodian bank necessary instructions regarding the registration in the temporary shareholders' register of the company, the issuing of proxy documents and registration for the AGM. The account management organization of the custodian bank will register a holder of nominee registered shares, who wants to participate in the AGM, into the temporary shareholders' register of the company at the latest by 16 March 2015 by 10 a.m. (EET).

Proxy representative and power of attorney

A shareholder may participate in the AGM and exercise his/her rights at the meeting by way of proxy representation. A proxy representative shall produce a dated proxy document or otherwise in a reliable manner demonstrate his/her right to represent the shareholder at the AGM. When a shareholder participates in the AGM by means of several proxy representatives representing the shareholder with shares at different securities accounts, the shares by which each proxy representative represents the shareholder shall be identified in connection with the registration for the AGM.

Possible proxy documents should be delivered in originals to Tieto, Legal/AGM, P.O. Box 38, FI-00441 Helsinki, Finland before 16 March 2015.

Dividend payment

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.00 per share and an additional dividend of EUR 0.30 be paid from the distributable assets for the financial year that ended on 31 December 2014. The dividend shall be paid to shareholders who on the record date for the dividend payment on 23 March 2015 are recorded in the shareholders' register held by Euroclear Finland Oy or the register of Euroclear Sweden AB. The dividend shall be paid as from 9 April 2015.

Further information on the AGM at www.tieto.com/agm.

Tieto's online Annual Report is available at
www.tieto.com/ar2014

Tieto Corporation
Aku Korhosen tie 2–6
P.O. Box 38, FI-00441
Helsinki, Finland

Phone: +358 20 72 010
Fax: +358 20 72 68898

tieto.com