FINANCIAL STATEMENTS
BULLETIN

ITELLA CORPORATION STOCK EXCHANGE RELEASE FEBRUARY 11, 2010, AT 10 A.M.

Itella's Financial Statements Bulletin 2009: Building foundations for the future

Year 2009

- Itella Group's net sales amounted to EUR 1,819.7 million (EUR 1,952.9 million). Net sales fell by 6.8% and comparable net sales excluding the impact of the previous year's acquisitions and divestments shrank by 11.4%. International operations accounted for 30% of net sales.
- Consolidated operating profit including non-recurring items was EUR 46.7 million (EUR 69.0 million), or 2.6% (3.5%) of net sales. Operating profit before non-recurring items amounted to EUR 86.3 million (EUR 95.1 million), representing 4.7% (4.9%) of net sales.
- Personnel-related restructuring costs of EUR 29.0 million represented the most significant non-recurring item. An impairment of EUR 10.6 million was recorded on the goodwill of Itella Logistics' Russian business.
- The profitability of Itella Mail Communication declined. The volume of addressed letters fell by 7%. A new sorting technology and carbon neutral Itella Green delivery services were introduced.
- Itella Information's profitability improved and business operations were expanded in Central Europe and in Russia.
- Itella Logistics' performance was negatively affected by the sharp fall in volumes, reflecting the general trend in the industry.
- Itella's investments totaled EUR 144.9 million and they focused primarily on postal services in Finland. This was the last year of major investments in Itella Mail Communication's development program.
- The Board of Directors proposes that no dividend be paid.
- In connection with its financial statements, Itella will publish a Corporate Governance report.

October–December 2009

- Net sales totaled EUR 491.0 million (EUR 561.4 million).
- Operating profit before non-recurring items amounted to EUR 39.4 million (EUR 27.0 million), representing 8.0% (4.8%) of net sales. The Group's operating profit including non-recurring items was EUR 24.6 million (EUR 0.9 million), or 5.0% (0.2%) of net sales. Profit before taxes was EUR 22.2 million (EUR -26.8 million).
- Itella Corporation issued a EUR 150 million domestic bond, which was listed on the Helsinki Stock Exchange maintained by NASDAQ OMX Helsinki Oy on December 17, 2009.

Key figures of Itella Group	2009	2008	2007
Net sales, MEUR	1,819.7	1 952.9	1 710.6
Operating profit (EBIT), MEUR	46.7	69.0	101.8
EBIT margin, %	2.6	3.5	6.0
Operating profit (EBIT), MEUR *)	86.3	95.1	101.8
EBIT margin, % *)	4.7	4.9	6.0
Profit before tax, MEUR	19.6	46.6	109.5
Return on equity, %	-0.7	2.6	11.1
Return on investment, %	5.8	12.4	15.6
Equity ratio, %	48.5	51.1	65.9
Gearing, %	19.7	14.8	-36.4
Personnel on average	30,217	28,163	25,623
Capital expenditure, MEUR	144.9	351.5	94.2
Dividends, MEUR	-	10.0	39.0

*) Excl. non-recurring items

Jukka Alho, President and CEO:

”In 2009, we focused on building a competitive business for the future and on adjusting operations to changes in demand. Despite the challenging market situation, our profitability excluding non-recurring items was nearly on previous year’s level. Full-year earnings were taxed by significant personnel-related non-recurring costs. In the final quarter, our efficiency enhancement measures began to take effect and operative profitability strengthened from the reference period a year earlier. All in all, Itella has emerged from the economic slump as a financially sound company. This could be attributed to our healthy cash flow, which remained steady despite the economic turmoil.

Itella Information’s business saw particularly positive development, and profitability showed a marked improvement from the previous year. Itella Mail Communication’s net sales fell by 2.1 per cent. Even though the digitization of invoicing and other transaction communication is now well and truly under way, the impact of this trend on Itella’s letter deliveries has been surprisingly small. The delivery volume decline was very moderate considering the low economic cycle. Itella Logistics’ business depends heavily on industrial imports and exports as well as on consumer goods trade. Volume reductions in the logistics business have varied between 10 and 30 per cent, depending on the business area.

According to the customer survey, consumers are more satisfied with Posti than ever. 83 per cent evaluated Posti’s service “good” or “excellent”.

We are taking determined efforts to prepare Itella for the enforcement of the new Postal Services Act at the beginning of 2011. For several years, we have invested in the modernization of mail processing machinery and in measures to boost our operational efficiency. NetPosti – our response to the digitization of consumer transactions – has gained an established position in the market. NetPosti will be equipped with the eInvoice receiving feature, which will make it a unique service, even by international standards. We are in a position to build such a service thanks to Itella IPS Oy (Itella Payment Services). IPS Oy was established in 2009, and it was licensed by the Financial Supervisory Authority to act as a payment institution and equipped with the necessary technical production facilities in record time. We can now offer customers, both businesses and consumers, more flexibility in their online transactions."

APPENDICES
Itella's full financial statements bulletin
Corporate Governance report

FINANCIAL CALENDER 2010
Annual Report 2009 will be published in week 11 (Finnish) and week 12 (Swedish, English)
Interim Report Q1 on Friday, April 30
Interim Report Q2 on Wednesday, July 28
Interim Report Q3 on Wednesday October 27

FURTHER INFORMATION
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PHOTOS AND LOGOS
http://www.itella.fi/group/english/media/

Itella Group provides solutions for managing information and product flows. Itella operates in mail communication, information logistics and logistics in northern and central Europe, and in Russia. The Group employs some 30,000 staff and reported net sales of EUR 1,820 million in 2009. Corporate services are delivered under the Itella brand, while the Posti brand is used for services targeted at consumers in Finland. More information on the Group is available at www.itella.fi/group/english.

Itella Corporation

Financial Statements Bulletin 2009

Business Environment

Developments in electronic communications and the implementation of the Postal Services Directive in the EU countries continue to be the key factors impacting Itella's business environment. The competitive positions in the postal industry are changing, which opens up new alternatives to companies and public sector customers, and also tightens the price competition. Changes in business logic will have widespread ramifications across the entire value chain. Both our customers' and our competitors' operations transcend geographic boundaries. The areas most perceptibly affected by competition at this point are parcel services and direct marketing. In Finland, legislation is to be amended to comply with the Postal Services Directive and will take effect at the beginning of 2011, which will result in increasingly tight competition in addressed mail deliveries.

In 2009, the recession weakened the demand for Itella's services in all Itella countries. The impact was strongest on the logistics business volumes, which are highly vulnerable to economic cycles. At the same time, however, the severe economic conditions and the need to increase efficiency made Itella's outsourcing solutions more attractive and interesting to customers.

Outside Finland, Itella primarily operates outside the euro zone, which is why the fluctuations in foreign exchange rates particularly in the first half of the year had a greater effect on Itella than in the previous years.

The key objectives Itella pursues in its strategy include making the core business more competitive in Finland, and gaining a stronger foothold in the international growth markets. To do this, Itella must maintain healthy profitability and investment capacity.

Financial performance and key events in October–December 2009

Net sales in October–December totaled EUR 491.0 million (EUR 561.4 million). Operating profit before non-recurring items amounted to EUR 39.4 million (EUR 27.0 million), representing 8.0%(4.8%) of net sales. The Group's operating profit including non-recurring items was EUR 24.6 million (EUR 0.9 million), or 5.0% (0.2%) of net sales. Profit before taxes was EUR 22.2 million (EUR -26.8 million).

Itella Corporation issued a EUR 150 million domestic bond, which was listed on the Helsinki Stock Exchange maintained by NASDAQ OMX Helsinki Oy on December 17, 2009.

Net sales and profit performance in 2009

Itella Group's net sales in 2009 fell by 6.8% to EUR 1,819.7 million (EUR 1,952.9, million in 2008) and comparable net sales excluding the impact of the previous year's acquisitions and divestments declined by 11.4%. Net sales in local currencies shrank by 4.7% excluding the impact of changes in

Group structure. The Group's net sales were down by 5.8% in Finland and by 9.0% in other countries. 30% of total net sales (31%) were generated outside Finland. Net sales remained unchanged in Itella Information, while in Itella Mail Communication and Itella Logistics net sales declined.

Consolidated operating profit before non-recurring items amounted to EUR 86.3 million (EUR 95.1 million), representing 4.7% (4.9%) of net sales. Consolidated operating profit including non-recurring items decreased by 32.3% to EUR 46.7 million (EUR 69.0 million), representing 2.6% (3.5%) of net sales. Non-recurring items included the following:

- EUR 29.0 million personnel-related restructuring costs for increasing efficiency, with more detailed expense provisions from previous financial periods amounting to EUR 1.7 million.
- An impairment of EUR 10.6 million recorded on the goodwill of Itella Logistics' Russian business (EUR 26.1 million in 2008).

Operating profit weakened in Itella Mail Communication and Itella Logistics but improved in Itella Information. All Group companies and units took measures to lower external costs more efficiently.

The Group's net financing cost was EUR -27.1 million (EUR -22.4 million). The consolidated income statement included EUR 14.9 million net in exchange rate losses due in particular to the weakening of the Russian ruble earlier in the year. Financial expenses included EUR 8.3 million of hedging costs primarily generated from the hedging of intra-Group receivables in rubles. Consolidated profit after financial items was EUR 19.6 million (EUR 46.6 million). Income taxes totaled EUR 24.2 million (EUR 27.9 million). The Group's high tax rate could be attributed to the year's losses, for which no deferred tax assets were recorded. The Group recorded a net loss of EUR 4.6 million for the financial period (net profit of EUR 18.6 million).

Return on equity stood at -0.7% (2.6%).

Key figures of Itella Group	2009	2008	2007
Net sales, MEUR	1,819.7	1 952.9	1 710.6
Operating profit (EBIT), MEUR	46.7	69.0	101.8
EBIT margin, %	2.6	3.5	6.0
Operating profit (EBIT), MEUR *)	86.3	95.1	101.8
EBIT margin, % *)	4.7	4.9	6.0
Profit before tax, MEUR	19.6	46.6	109.5
Return on equity, %	-0.7	2.6	11.1
Return on investment, %	5.8	12.4	15.6
Equity ratio, %	48.5	51.1	65.9
Gearing, %	19.7	14.8	-36.4
Personnel on average	30,217	28,163	25,623
Capital expenditure, MEUR	144.9	351.5	94.2
Dividends, MEUR	-	10.0	39.0

*) Excl. non-recurring items

Itella Mail Communication

Itella Mail Communication recorded net sales of EUR 898.7 million (EUR 918.1 million), showing a decrease of 2.1%.

Delivery volumes of addressed mail and subscription newspapers and magazines in 2009 fell significantly compared to the corresponding period a year earlier:

- First class letters -7%
- Second class letters -2%
- Newspapers -4%
- Magazines -2%

Addressed letter deliveries fell by 7%. In direct marketing, unaddressed direct mail deliveries increased sharply while addressed deliveries saw a marked decline.

Itella Mail Communication posted an operating profit of EUR 63.5 million (EUR 90.1 million), representing 7.1% (9.8%) of net sales. The profitability weakened due to the decrease in net sales, particularly in important key products. The operating profit included personnel-related restructuring costs of EUR 21.1 million. On the other hand, the implementation of a new salary and working hours model helped improve productivity and curb the growth of personnel costs.

The four-year project launched in Finland in 2007 to improve the efficiency of mail sorting and delivery moved ahead as planned. A total of some EUR 160 million will be invested in sorting and delivery equipment, systems and buildings. At the year-end, 74% of the sorting network investments had been implemented.

Itella Information

Itella Information's net sales remained on the previous year's level of EUR 247.2 million (EUR 247.1 million). Excluding the effect of acquisitions and divestments, net sales fell by 4.0%. Net sales picked up in all product lines except in multi-channel invoicing services, and in all operating countries except for Sweden and Germany. The fall in net sales in Sweden could be partly attributed to the divestment of the contact center business at the beginning of the year. Customer prospecting was successful in all operating countries.

The business group posted an operating profit of EUR 15.3 million (EUR 9.6 million), representing 6.2% (3.9%) of net sales. Measures were taken in all operating countries to adjust the cost levels to reflect the decrease in transaction volumes caused by the general market conditions. Costs from personnel restructuring amounted to EUR 1.5 million.

During 2009, the business group set up new companies in Austria, Hungary, Czech Republic, Romania and Russia.

Itella Logistics

Itella Logistics recorded net sales of EUR 713.9 million (EUR 813.2 million), showing a decrease of 12.2%. Excluding the impact of acquisitions, net sales fell by 22.0%. Net sales decreased in all product lines except Contract Logistics and in all operating countries except Russia.

Itella Logistics posted an operating loss of EUR 15.2 million (a profit of EUR 5.7 million), representing -2.1% (-0.7%) of net sales. The goodwill of the Russian business was written down by EUR 10.6 (EUR 26.1 million), mainly due to the rise in the discount rate used in the testing of the logistics business. Costs from personnel restructuring amounted to EUR 6.2 million. Apart from Norway, performance in all operating countries was taxed by the significant decrease in volumes compared with the previous year. On the whole, Itella's logistics volumes represented the industry's general economic trend. In Finland, parcel delivery volumes decreased by 12%.

Key Figures of Business Groups, MEUR

	2009		2008	Change
Net sales				
Itella Mail Communication	898.7		918.1	-2.1 %
Itella Information	247.2		247.1	0.0 %
Itella Logistics	713.9		813.2	-12.2 %
Other activities	13.0		20.5	-36.6 %
Intra-Group sales	-53.1		-46.0	..
Itella Group	1,819.7		1 952.9	-6.8 %
Operating profit (EBIT)				
Itella Mail Communication	63.5	1)	90.1	-29.5 %
Itella Information	15.3	2)	9.6	59.4 %
Itella Logistics	-15.2	3)	-5.7	..
Other activities	-16.9	4)	-25.0	..
Itella Group	46.7		69.0	-32.3 %
EBIT margin, %				
Itella Mail Communication	7.1 %		9.8 %	
Itella Information	6.2 %		3.9 %	
Itella Logistics	-2.1 %		-0.7 %	
Itella Group	2.6 %		3.5 %	

Compared with the financial results reported for the segments in 2008, Itella Mail Communication and Itella Logistics improved their operating profits as a result of relocation of premises that were previously located within other Group operations. The operating profits for 2008 have been converted into comparable figures in the tables for 2009.

1) The result for Itella Mail Communication includes EUR 21.1 million of restructuring costs.
2) The result for Itella Information includes EUR 1.5 million of restructuring costs.
3) The result for Itella Logistics includes EUR 6.2 million of restructuring costs and EUR 10.6 million of goodwill impairment.
4) Other operations includes EUR 0.2 million of restructuring costs.

Business risks

Group-wide risk management based on Enterprise Risk Management (ERM) principles forms an integral part of Itella's management and strategy processes. The annual Group strategy process includes extensive risk identification, assessment and risk management planning.

During 2009 the risk management tools and risk assessment scales were revised to better match the indicators used to measure business performance (operating profit). The Group's quarterly risk update and reporting was extended to cover risk portfolio monitoring against the Group's specified risk-bearing capacity.

The inflexibility of the cost structure affects the competitiveness of business, particularly in Itella Mail Communication. Crucial elements of Mail Communication’s development program include successful deployment of changes and the timely achievement of cost savings. These risks are managed with strategy and scenario work, business case monitoring, careful planning of programs and projects, and related result follow-up. Itella invested in the development of methods and tools for change management.

Digital substitution and particularly any unexpected changes in the process represent key strategic risks. The economic recession can trigger quick and sizeable changes. Itella continues to prepare for these risks by improving the productivity of its physical delivery network. Digital substitution also provides Itella with considerable business opportunities in digital and multi-channel business, and new information logistics products and solutions have been rolled out to meet changing customer needs. NetPosti and Itella IPS Oy (Itella Payment Services) introduce new solutions for electronic transactions and invoicing.

The new Postal Services Act enforcing the EU directive will come into force in Finland at the beginning of 2011. The Finnish Ministry of Transport and Communications is leading the preparation of the new legislation, and Itella is actively involved in the process. If the new act allows competitors to limit their delivery services to densely populated urban areas, this could result in regional pricing in corporate letter deliveries. Itella has prepared for the new competitive situation by improving its efficiency and by preparing for regional pricing.

The economic recession has had a particularly strong impact on the logistics industry. Itella Logistics has also been affected: the plummeting demand, market overcapacity, price erosion and extremely tough competitive conditions have reduced its net sales and operating profit. Several extensive efficiency enhancement and savings programs have already been completed and some are still under way. Cost-cutting measures also include temporary lay-offs and reductions in subcontracting.

The situation in Russia may change in an unforeseeable way, which could reflect on Itella Logistics’ business conditions and financial performance.

Outside Finland, Itella largely operates in countries outside the euro area. In terms of financial risks, the impact of currency risks grew considerably after Itella acquired a majority holding in the Russian NLC Group. This acquisition coincided with the outbreak of the financial crisis. During 2009, NLC Group companies carried out measures that helped significantly reduce open transaction exposure. In accordance with the financial policy, translation risks are not hedged.

The Group’s financial risk management focuses on reducing variations in financial performance, the balance sheet, and cash flow while seeking to secure the Group’s effective capital structure and sound financial position. Every effort is made to identify risk concentrations and to take the necessary hedging measures. Business activities involve risks such as currency, interest rate, liquidity, credit and counterparty risks. Credit risks are managed by the sales organizations of the business groups. Group Treasury is responsible for the centralized management of financial risks in line with the financing guidelines approved by the Board of Directors. A more detailed account of financial risks and their management is available in the Notes to the Consolidated Financial Statements.

Sorting centers and service warehouses represent key production resources for Itella’s services. Any damage affecting them could result in major interruptions in service production. Furthermore, products, services and processes require a well-functioning ICT infrastructure and telecommunications connections whose continuity must be secured using all means available. Risks associated with the operability of physical and IT environments are managed with extensive and systematic continuity and recovery plans as well as physical safety and IT security management.

Insurance has been taken out to cover risks for which insurance is the best alternative for financial or other reasons. Insurance covering personnel, business continuity, assets and liabilities are centrally managed at the Group level. Liability risks include risks arising from operations and products, as well as corporate management liabilities. The Group's risk tolerance is taken into account when determining the related deductibles.

Disputes concerning the interpretation of the current postal services legislation

In October, the Finnish Communications Regulatory Agency issued a decision on the pricing of Itella's universal service products, and required a new price list for universal service products from Itella by May 1, 2010, as well as an explanation of the cost structure of charges collected for universal service products. Itella appealed to the Administrative Court and also applied for an injunction of enforcement for the decision. After the balance sheet date, the Administrative Court denied Itella's application regarding the enforcement of the decision; consequently, the dispute between the Finnish Communications Regulatory Agency and Itella concerning the interpretation is still pending in the Administrative Court.

Changes in corporate structure

Itella sold its holding in Oy Confidea Business Consulting Oy, part of the Itella Logistics business group. Prior to the sale, Itella held a 69.9% share in the company. The sale did not have a material impact on Itella's figures.

Itella Information transferred its Swedish contact center business to a joint venture in which Itella is a minority shareholder. The eFlow business related to invoice automation solutions, part of Itella's Norwegian company, was sold. As a result of these sales, the number of personnel at Itella Information has decreased by about 70 employees from the beginning of the year. The arrangements did not have a material effect on the business group's result.

Itella became the sole owner of the Russian Itella NLC logistics group after Itella acquired the minority holder's 10% interest. The estimated additional price of the acquisition is EUR 37.4 million, of which EUR 21.9 million was paid in cash in October. Measures were launched to simplify the legal structure of the sub-group.

On October 1, 2009, Itella Logistics' Finnish subsidiaries AW-Store Oy, Kauko Group Oy, and SHW Logistiikka Oy merged with Itella Logistics Oy. In addition, Itella Information's Finnish subsidiaries Keski-Suomen TTI Partners Oy and Normittari Oy merged with their parent company, Itella Tuottotieto Oy, on October 1, 2009.

In June, Itella IPS Oy was authorized to act as a payment institution and it was also accepted as a member of the Federation of Finnish Financial Services in Finland.

Itella began to explore opportunities of reorganizing domestic postal operations into a separate subsidiary to match the organization of other business activities.

Capital expenditure

Itella Group's capital expenditure totaled EUR 122.1 million (EUR 110.4 million), primarily involving mail sorting machinery and mail processing systems and facilities in Finland. Acquisitions amounted to EUR 22.8 million (EUR 241.1 million). The Group's total capital expenditure consisted of EUR 104.7 million allocated to Finland and EUR 40.2 million to business operations outside Finland.

Research and development

Itella Group's research and development expenditure for 2009 came to EUR 23.2 million, or 1.3% of the Group's total operating expenses. The 2008 comparative figure was EUR 26.6 million (1.4%) and in 2007 EUR 30.5 million (1.9%).

In addition to annual analyses, research themes for 2009 included financial management development trends and outsourcing needs, different factors affecting the choice of communications channels, newspaper and magazine subscription behavior trends in upcoming years, and the views of newspaper and magazine publishers on media industry trends and business strategies. In addition, econometric models were used to analyze the allocation of resources required for basic postal deliveries to fixed and product volume-based. Key priority areas in Group-level innovation activities included multi-channel delivery, transfer of electronic invoices, services in the social media, and the Group's innovation system.

Besides the actual R&D work, Itella also conducts business-related development work concerning products, services, processes and infrastructure. Extensive projects under way involve CRM (Customer Experience Management, CEM), sorting infrastructure, and supply chain tracking (Itella Dashboard).

Environmental impacts

The environmental impacts of Itella's operations mainly arise from greenhouse gas emissions. In summer 2009, Itella made a commitment to reduce its carbon dioxide emissions by 30% by the year 2020 (in proportion to net sales, reference year 2007).

More information on environmental issues is available in Itella's Annual Report. The Group has not published an environmental report certified assured by an independent third party.

Financial position

Consolidated net cash flow from operating activities totaled EUR 110.7 million (EUR 130.8 million) before investment activities.

Capital expenditure amounted to EUR 144.5 million (EUR 338.6 million), with acquisitions accounting for EUR 22.8 million (EUR 228.9 million).

A TyEL loan of EUR 100 million was drawn in the first quarter. During the financial period, EUR 100 million was spent to repay the US dollar loans of the Group's Russian subsidiaries.

Itella Corporation issued a domestic bond of EUR 150 million. The loan period is 7 years and it has a fixed interest rate of 4.375 per cent. The bond was listed on December 17th on the Helsinki Stock Exchange maintained by NASDAQ OMX Helsinki Oy.

At the end of the year, liquid assets amounted to EUR 161.0 million (EUR 129.4 million), and undrawn committed credit facilities totaled EUR 200.0 million (EUR 175.0 million). Commercial papers issued amounted to EUR 27.0 million at the end of the period. The Group's interest-bearing liabilities were EUR 294.1 million (EUR 232.3 million). Equity ratio stood at 48.5% (51.1%) and net gearing was 19.7% (14.8%).

Share capital and shareholding

Itella Corporation is wholly owned by the Finnish State, its share capital consisting of 40,000,000 shares of equal per-share value. The company holds no treasury shares and it has no subordinated loans. No loans have been granted to related parties and no commitments have been given on their behalf. The company has not issued shares, stock options, or other rights entitling to company shares. The Board of Directors has no authorizations to issue shares or stock options, or other special rights entitling to company shares.

Administration and auditors

At Itella Corporation's Annual General Meeting on March 27, 2009, the number of Board members was set at 9, and the following members were elected: Eero Kasanen (Chairman), Mikko Kosonen (Vice Chairman), Kalevi Alestalo, Hele-Hannele Aminoff, Erkki Helaniemi, Päivi Pesola, Riitta Savonlahti, and Maarit Toivanen-Koivisto. The AGM elected Antero Palmolahti, National Chief Shop Steward, as employee representative to the Board.

The AGM decided to set the number of Supervisory Board members at 12 and re-elected the previous members. Eero Lehti was elected Chairman and Antti Rantakangas was elected Vice Chairman.

The AGM elected KPMG Oy Ab firm of authorized public accountants to be Itella Corporation's auditor. KPMG appointed Pauli Salminen, Authorized Public Accountant, as the principal auditor.

Jukka Alho acted as Itella Corporation's President and CEO in 2009.

Human resources

At the end of 2009, Itella Group employed a staff of 29,568 (31,672), the average number being 30,217 (28,163). This corresponds to 22,398 man-years if part-time employees are converted to full-time equivalents.

At the end of 2009, the parent company had 20,293 (21,602) employees, the average number being 20,809 (22,007).

The number of employees working outside Finland was 7,536 (8,176), and the number of employees working in Finland was 22,032 (23,496).

Group personnel	2009	2008	2007
Wages and salaries, EUR million	716.3	709.0	647.6
Employees on Dec. 31	29,568	31,672	25,211
Employees on average	30,217	28,163	25,623

The profit for the period in 2009 did not include an expense provision for the employee profit-sharing scheme (EUR 2.9 million in 2008).

More information on human resources is available in Itella's Annual Report.

Outlook for 2010

The economic fluctuations will affect the demand for Itella's services, and no clear changes are in sight in that respect. The economic recession may rapidly accelerate digital substitution and electronic communications, which will have a considerable effect on the long-term demand for Itella's services. On the other hand, at this point of the economic cycle customers are showing interest in the extensive outsourcing solutions of Itella as means to help streamline their cost structure. Changes in the competitive environment are expected in consequence of the changes in legislation on the postal industry take effect at the beginning of next year. In some of Itella's businesses the market overcapacity and weak demand have resulted in fierce price competition.

Exchange rate fluctuations may have a greater impact on Itella's finances than in previous years. Nevertheless, the fundamental earning power of Itella's operations is relatively stable.

Thanks to productivity enhancement measures, we have reached a level that corresponds to Itella's current business volumes. Construction of the Group's shared operating platforms is progressing. Strict management and control of overhead and discretionary costs will continue. The savings generated by the adjustments made in the number of employees will begin to materialize in 2010.

The timing and volume of acquisitions and other investments will be considered carefully. The level of capital expenditure will fall from the previous year due to the impending completion of the sorting network reform in Finland.

Board of Directors' proposal to the AGM

According to the financial statements, the parent company's distributable profit funds total EUR 658,779,087.88, of which net loss for 2009 accounts for EUR 28,504,616.93.

No material changes have taken place in the Group's financial standing since the end of the financial period, nor does the solvency test, as specified in section 13, subsection 2 of the Finnish Limited Liability Companies Act, affect the proposed distributable profits.

The Board proposes to the Annual General Meeting that no dividend be paid and that the losses for the period be deducted from retained earnings.

Helsinki, February 10, 2010
Itella Corporation
Board of Directors

APPENDICES:
Accounting principles
Consolidated key figures
Comprehensive consolidated income statement
Consolidated balance sheet
Statement of changes in shareholders’ equity
Consolidated cash flow statement
Segment information
The Group’s contingent liabilities

Accounting principles

Itella Group’s financial statement bulletin has not been prepared in line with IAS 34, `Interim Financial Reporting´ but Itella has applied the same accounting principles in the preparation of this report as in its financial statements for 2008.

Compared with the financial results reported for the segments in 2008, Itella Mail Communication and Itella Logistics improved their operating profits as a result of relocation of premises that were previously located within other Group operations. The operating profits for 2008 have been converted into comparable figures in the tables for 2009.

New and revised IFRS standards
As of January 1, 2009 the Group applies the following new and revised standards and interpretations;

- IFRS 8 Operating Segments
- IAS 1 Presentation of Financial Statements (amendment)
- IAS 23 Borrowing Costs (amendment)
- IAS 24 Related Party Disclosures (amendment)
- IFRS 7 Financial Instruments: Disclosures (amendment)

These new and revised standards have no material impact on the data disclosed in the financial statements bulletin.

The information presented in this report is based on the audited Itella 2009 Financial Statements. The Auditor's Report has been given on 10 February 2010.

Key figures of Itella Group

	10-12 2009	**10-12 2008**	**1-12 2009**	**1-12 2008**
Net sales, MEUR	491.0	561.4	1,819.7	1,952.9
Operating profit (EBIT), MEUR	24.6	0.9	46.7	69.0
EBIT margin, %	5.0	0.2	2.6	3.5
*Operating profit (EBIT), MEUR *)*	*39.4*	*27.0*	*86.3*	*95.1*
*EBIT margin, % *)*	*8.0*	*4.8*	*4.7*	*4.9*
Result before tax, MEUR	22.2	-26.8	19.6	46.6
Return on equity, %			-0.7	2.6
Return on investment, %			5.8	12.4
Equity ratio,%			48.5	51.1
Gearing, %			19.7	14.8
Capital expenditure, MEUR	50.2	25.8	144.9	351.5
Personnel on average	29,527	31,330	30,217	28,163

**) Excl. non-recurring items*

Comprehensive Consolidated Income Statement

EUR million	**10-12 2009**	**10-12 2008**	**1-12 2009**	**1-12 2008**
Net sales	**491.0**	**561.4**	**1,819.7**	**1,952.9**
Other operating income	3.7	2.3	14.3	13.9
Share of associated companies' results	0.0	0.0	0.1	0.2
Materials and services	120.2	161.0	474.9	594.1
Employee benefits	235.7	245.7	888.0	873.8
Depreciation and amortisation	19.8	45.7	77.8	68.9
Impairment losses	2.9	5.3	13.5	31.4
Other operating expenses	91.5	105.1	333.2	329.8
Operating profit (EBIT)	**24.6**	**0.9**	**46.7**	**69.0**
% of net sales	5.0 %	0.2 %	2.6 %	3.5 %
Financial income and expenses	-2.4	-27.7	-27.1	-22.4
Result before income tax	**22.2**	**-26.8**	**19.6**	**46.6**
% of net sales	4.5 %	-4.8 %	1.1 %	2.4 %
Income tax	-15.8	-3.5	-24.2	-27.9
Result for the financial period	**6.4**	**-30.4**	**-4.6**	**18.6**
% of net sales	1.3 %	-5.4 %	-0.3 %	1.0 %
Other items of comprehensive income				
Available-for-sale financial assets	0.0	-1.0	-0.3	-1.0
Translation diffrences	9.3	-16.3	-4.3	-16.4
Comprehensive income, total	**15.7**	**-47.7**	**-9.2**	**1.2**
Profit for the financial period attributable to				
Parent company shareholders	6.2	-29.4	-4.6	19.7
Minority interest	0.2	-1.0	0.0	-1.1
Comprehensive income attributable to				
Parent company shareholders	15.5	-46.7	-9.2	2.3
Minority interest	0.2	-1.0	0.0	-1.1

Consolidated Balance Sheet

EUR million	31 Dec 2009	31 Dec 2008
Non-current assets		
Goodwill	165.2	174.9
Other intangible assets	80.1	85.2
Investment property	4.4	4.7
Property, plant and equipment	688.3	655.3
Investments in associated companies	0.6	0.6
Other non-current investments	2.4	0.6
Non-current receivables	8.4	7.4
Deferred tax assets	12.7	7.4
Total non-current assets	**962.1**	**936.1**
Current assets		
Inventories	6.5	7.1
Trade and other receivables	271.4	280.3
Current tax assets	4.0	8.7
Financial assets available-for-sale	2.4	3.8
Financial assets at fair value through profit or loss *)	79.4	85.1
Cash and cash equivalents *)	82.3	49.5
Total current assets	**446.0**	**434.4**
Total assets	**1,408.1**	**1,370.5**
Equity		
Share capital	70.0	70.0
Contingency reserve	142.7	142.7
Fair value reserve	0.0	0.3
Translation differences	-20.7	-16.4
Retained earnings	483.6	498.2
Equity attributable to equity holders of the parent company	**675.6**	**694.8**
Minority interest	1.6	1.5
Total equity	**677.2**	**696.3**
Non-current liabilities		
Deferred tax liabilities	48.3	50.5
Non-current interest-bearing liabilities	246.1	85.9
Other non-current liabilities	15.1	35.5
Non-current provisions	9.2	0.0
Defined benefit pension plan obligations	6.5	7.4
Total non-current liabilities	**325.2**	**179.3**
Current liabilities		
Current interest-bearing liabilities	48.0	146.4
Trade payables and other liabilities	335.1	347.3
Current tax liabilities	9.0	0.2
Current provisions	13.6	1.0
Total current liabilities	**405.7**	**494.9**
Total liabilities	**730.9**	**674.2**
Total equity and liabilities	**1,408.1**	**1,370.5**
Interest-bearing liabilities	**294.1**	**232.3**

*) Items classified under the Group's cash and cash equivalents have a maximum maturity of three months from the time of acquisition. Data for the comparison year have been adjusted to match this definition.

Consolidated Cash Flow Statement EUR million	1-12 2009	1-12 2008
Result before tax	**19.6**	**46.6**
Total adjustments	120.2	117.7
Change in net working capital	16.8	2.9
Cash flow before financial items and income tax	**156.6**	**167.2**
Financial items (net)	-29.0	-1.0
Tax paid	-16.9	-35.4
Cash flow from operating activities (net)	**110.7**	**130.8**
Acquisition of subsidiaries less cash and cash equivalents	-22.8	-228.9
Purchase of intangible assets and property, plant and equipment	-121.7	-109.7
Proceeds from sale of intangible and tangible assets	2.2	1.4
Proceeds from sale of subsidiaries and businesses	1.4	0.8
Change in financial assets at fair value through profit or loss *)	5.4	100.2
Cash flow from other investments	-2.2	10.2
Cash flow from investing activities (net)	**-137.7**	**-226.0**
Minority capital investment		2.3
Change in loans (net)	71.8	76.7
Finance lease principal payments	-9.9	-9.4
Dividends paid	-10.0	-39.0
Cash flow from financing activities (net)	**51.9**	**30.6**
Change in cash and cash equivalents	**24.9**	**-64.6**
Cash and cash equivalents at period-start *)	**49.5**	**112.1**
Effect of changes in exchange rates	7.9	2.3
Change in fair value of cash and cash equivalents	0.0	-0.3
Cash and cash equivalents at period-end	**82.3**	**49.5**

*) Items classified under the Group's cash and cash equivalents have a maximum maturity of three months from the time of acquisition. Data for the comparison year have been adjusted to match this definition.

Statement of changes in shareholders' equity

EUR million	Equity attributable to equity holders of the parent company							
	Share capital	Contingency reserve	Fair value reserve	Translation differences	Retained earnings	Total	Minority interest	Total equity
Equity 1 Jan 2008	**70.0**	**142.7**	**1.3**	**0.0**	**517.5**	**731.5**	**0.9**	**732.4**
Dividends paid					-39.0	-39.0		-39.0
Disposal of subsidiaries							2.5	2.5
Comprehensive income of period			-1.0	-16.4	19.7	2.3	-1.9	0.4
Equity 31 Dec 2008	**70.0**	**142.7**	**0.3**	**-16.4**	**498.2**	**694.8**	**1.5**	**696.3**
Equity 1 Jan 2009	**70.0**	**142.7**	**0.3**	**-16.4**	**498.2**	**694.8**	**1.5**	**696.3**
Dividends paid					-10.0	-10.0		-10.0
Other changes							0.1	0.1
Comprehensive income of period			-0.3	-4.3	-4.6	-9.2		-9.2
Equity 31 Dec 2009	**70.0**	**142.7**	**0.0**	**-20.7**	**483.6**	**675.6**	**1.6**	**677.2**

Segment Information EUR million	10-12 2009	10-12 2008	1-12 2009		1-12 2,008
Net sales by business segment					
Itella Mail Communication	250.2	254.7	898.7		918.1
Itella Information	64.1	65.2	247.2		247.1
Itella Logistics	188.5	244.9	713.9		813.2
Other operations	2.8	7.6	13.0		20.5
- eliminations	-14.6	-11.0	-53.1		-46.0
Total	**491.0**	**561.4**	**1,819.7**		**1,952.9**
Operating profit/loss (EBIT) by business segment *)					
Itella Mail Communication	24.1	30.8	63.5	1)	90.1
Itella Information	2.9	0.9	15.3	2)	9.6
Itella Logistics	5.9	-17.7	-15.2	3)	-5.7
Other activities	-8.3	-13.1	-16.9	4)	-25.0
Total	**24.6**	**0.9**	**46.7**		**69.0**
Financial income and expenses	**-2.4**	**-27.7**	**-27.1**		**-22.4**
Result before income tax	**22.2**	**-26.8**	**19.6**		**46.6**
Personnel at period-end					
Itella Mail Communication	17,961	19,094	17,961		19,094
Itella Information	1,919	1,923	1,919		1,923
Itella Logistics	9,649	10,621	9,649		10,621
Other operations	39	34	39		34
Total	**29,568**	**31,672**	**29,568**		**31,672**
Net sales by geographical areas					
Finland	338.3	375.7	1,275.7		1,354.9
Rest of Scandinavia	90.1	54.6	263.4		312.9
Baltic countries and Russia	48.6	67.3	170.6		133.5
Other countries	14.0	63.8	110.0		151.6
Total	**491.0**	**561.4**	**1,819.7**		**1,952.9**

*) Compared with the financial results reported for the segments in 2008, Itella Mail Communication and Itella Logistics improved their operating profits as a result of relocation of premises that were previously located within other Group operations. The operating profits for 2008 have been converted into comparable figures in the tables for 2009.

1) The result for Itella Mail Communication includes EUR 21.1 million of restructuring costs.
2) The result for Itella Information includes EUR 1.5 million of restructuring costs.
3) The result for Itella Logistics includes EUR 6.2 million of restructuring costs and EUR 10.6 million of
4) Other operations includes EUR 0.2 million of restructuring costs.

The Group's contingent liabilities

EUR million

	31.12.2009	**31.12.2008**
Pledges for own behalf	14,6	101,8
Lease commitments	365,7	252,0

Derivative contracts
EUR million

	31.12.2009	**31.12.2008**
Currency forward exchange contracts		
Fair value	-0,1	4,9
Nominal value of underlying asset	85,9	102,7

	31.12.2009	**31.12.2008**
Interest rate swap		
Fair value	0,0	
Nominal value of underlying asset	70,0	

Derivative instruments are used for hedging foreigen exchange rate risk of the Group and they are measured at the market rates available on the balance sheet date.