NOKIA

PRESS RELEASE
January 30, 2001

Nokia continues to consolidate strong leadership position, announcing excellent fourth quarter and 2000 results

Nokia today announced the strongest annual operating results in its history. The company increased its market share in both the networks and mobile phone businesses and again achieved high profitability:

In the fourth quarter,
- net sales grew by 46% to EUR 9 284 million,
- operating profit increased by 32% to EUR 1 726 million, operating margin was 18.6%,
- earnings per share (diluted) increased by 39% to EUR 0.25.

For the full year 2000,
- net sales grew by 54% to EUR 30 376 million,
- operating profit increased by 48% to EUR 5 776 million, operating margin was 19.0%,
- earnings per share (diluted) increased by 52% to EUR 0.82.

Nokia's Board of Directors will propose a dividend of EUR 0.28 per share in respect of 2000.

EUR million	2000	1999	Change%	4Q/2000	4Q/1999
Net sales	30 376	19 772	+ 54	9 284	6 372
Nokia Networks	7 714	5 673	+ 36	2 361	1 740
Nokia Mobile Phones	21 887	13 182	+ 66	6 709	4 246
Nokia Ventures Organization	854	415	+106	241	226
Operating profit	5 776	3 908	+ 48	1 726	1 308
Nokia Networks	1 358	1 082	+ 26	388	334
Nokia Mobile Phones	4 879	3 099	+ 57	1 429	1 059
Nokia Ventures Organization	- 387	- 175	- 121	- 127	- 84
Common Group Expenses	- 74	- 98		36	- 1
Profit before tax and minority interests	5 862	3 845	+ 52	1 770	1 273
Net profit	3 938	2 577	+ 53	1 204	853
EPS, EUR (split adjusted)					
Basic	0.84	0.56	+ 50	0.26	0.19
Diluted	0.82	0.54	+ 52	0.25	0.18
Proposed dividend, EUR	0.28	0.20	+ 40		

Commenting on the results, Jorma Ollila, Nokia's Chairman and CEO said: "Nokia's financial figures for the fourth quarter and the full year 2000 are nothing short of extraordinary. They confirm that we executed our business plans in accordance with our stated forecast, and, building on this strong base we look forward to the transition towards next generation technologies."

"We entered the year in a leadership role and again proved that we could convert that leadership into faster-than-market growth. Backed by the success of 2000, I feel confident that with our solid financial position, leading products, flexible operations and strong Nokia brand, we are well prepared for the future," said Ollila.

The current economic environment and the ongoing evolution of wireless technologies have made it challenging to forecast short-term market developments. Nokia estimates first-quarter sales growth in the region of 25-30% and EPS at the same level as the first quarter 2000. This reflects somewhat slower-than-anticipated market growth during the first quarter and the company's strategy of aggressively gaining market share especially in mobile phones. The profitability outlook for the balance of the year in Nokia Networks remains as previously stated, with operating margins estimated in the high teens, while margins for Nokia Mobile Phones are expected to reach 20% at the latest in the fourth quarter 2001.

NOKIA IN OCTOBER – DECEMBER 2000

(International Accounting Standards, IAS, comparisons given to the fourth quarter 1999 results)

Nokia's net sales in the fourth quarter 2000 increased by 46% compared to the same period in 1999 and totaled EUR 9 284 million (EUR 6 372 million in the fourth quarter of 1999).

Nokia Networks net sales for the fourth quarter 2000 increased by 36% to EUR 2 361 million (EUR 1 740 million in 1999). Nokia Mobile Phones' sales increased by 58% to EUR 6 709 million (EUR 4 246 million). Sales of Nokia Ventures Organization increased by 7% to EUR 241 million (EUR 226 million).

Operating profit for the fourth quarter 2000 increased by 32% to EUR 1 726 million (EUR 1 308 million in 1999), representing an operating margin of 18.6% (20.5% in 1999). Operating profit includes a EUR 55 million positive item relating to the change in the company's accounting for its Finnish pension plan.

Operating profit in Nokia Networks in the fourth quarter increased by 16% to EUR 388 million (EUR 334 million), representing an operating margin of 16.4% (19.2%). Operating profit in Nokia Mobile Phones increased by 35% to EUR 1 429 million (EUR 1 059 million), representing an operating margin of 21.3% (24.9%). Nokia Ventures Organization reported an operating loss of EUR 127 million (operating loss of EUR 84 million). Common Group Expenses, which comprises Nokia Head Office and Nokia Research Center, totaled EUR 36 million in income (EUR 1 million in expenses).

Operating margin in Nokia Networks was lower in the fourth quarter than in the respective period of 1999, largely due to differences in product mix. Operating margin for Nokia Mobile Phones was lower than in the respective period of 1999, reflecting more competitive market conditions. However, volume sales of new phones commencing in September 2000 contributed to a higher operating margin than in the third quarter 2000 (19.6%), consistent with the previously stated forecast.

Financial income for the fourth quarter 2000 totaled EUR 51 million (financial expenses EUR 31 million in 1999). Profit before tax and minority interests was EUR 1 770 million (EUR 1 273 million). Net profit totaled EUR 1 204 million (EUR 853 million).

Earnings per share increased to EUR 0.26 (basic) and to EUR 0.25 (diluted) compared with EUR 0.19 (basic) and EUR 0.18 (diluted) in the corresponding period in 1999. Excluding the impact of the change in the company's accounting for its Finnish pension plan, EPS would have been EUR 0.25 (basic) and EUR 0.24 (diluted).

Nokia Networks

GSM operators continued to expand their existing networks during the fourth quarter to meet capacity demands. In addition to major deals with BT Cellnet in the United Kingdom and with Polkomtel in Poland, Nokia signed GSM network expansion contracts in China and Thailand.

Nokia won its biggest deal to date when it signed a Letter of Intent with AT&T Wireless Services (AWS) to supply 1900 MHz radio network systems and to support the evolution to third-generation services. The contract includes Nokia's triple-mode (GSM/EDGE/UMTS) base station radio solutions, which will enable early deployment of 3G services in the United States.

In addition to the AWS contract, Nokia was chosen as a supplier for third generation networks by operators in Finland, Italy, Japan, Singapore and Spain, and by France Telecom / Orange and T-Mobil, both operating in several markets in Europe.

Nokia continued to prepare for early deployment of 3G services, launching a complete family of 3G base stations and the IP-RAN Common Radio Resources Management solution, which increases radio network capacity. Nokia also launched the Nokia mPlatform, an open platform for operators and service providers, and the Nokia mPosition Solution, which provides operators with an end-to-end solution for location-based services in mobile networks.

Cost effective Radio access and intelligent evolution toward all IP solutions are essential in 3G-network build out. Nokia's concepts not only offer operators an outstanding solution for both, but also give them revenue generation platforms. Nokia's aim is to enable its customers to be first to the 3G mass market, in a cost efficient way.

In broadband DSL, Nokia signed three new contracts in China, the Philippines and the US. Nokia's broadband solution is installed in over 4,500 central offices whose telecom networks are connected to 90 million homes and businesses, providing significant potential for future growth.

Nokia Mobile Phones

Nokia estimates global mobile phone market volume in the fourth quarter 2000 at about 125 million units, an approximate 40% increase compared with the previous year's fourth quarter and sequential quarterly growth of about 25%. Nokia's fourth-quarter mobile phone sales volume growth continued to clearly exceed market growth.

The Nokia 3390 (GSM 1900), a new member of the Nokia 3300 family, was introduced and started shipping in the North American market. Deliveries of four other previously announced new digital phones also began in the fourth quarter. For corporate customers, Nokia unveiled the Nokia 22, a new Private Branch Exchange (PBX) connectivity terminal, which is expected to start shipping in the second quarter of 2001.

Nokia also introduced new products to meet the needs of the most demanding users. The Nokia 9210 Communicator pioneers the Symbian EPOC operating system, combining broad connectivity, high-speed data and improved imaging to bring users a full-colour mobile multimedia experience. In addition, Nokia's first Bluetooth solution, the Nokia Connectivity Pack, makes it possible to use the Nokia 6210 as a GSM modem to connect to a laptop within a range of 10 meters. Shipments of the Nokia 9210 Communicator are expected to start in the first half of 2001, while the Nokia Connectivity Pack is expected to start shipping in the first quarter of 2001.

For the Asia-Pacific region, Nokia unveiled, and has started shipping, a new product for its fashion category, the Nokia 8250 (GSM 900/1800), making a subtle yet distinctive fashion statement.

In December, Nokia opened up its specification for ring tones and mobile phone logos for free licensing in a move that will further enhance its mobile phone sales potential as well as stimulate a range of new services. Licenses can be be obtained through the www.forum.nokia.com developer support website. In addition to the increasingly popular SMS, Nokia sees high potential for other rapidly evolving content types in personal messaging, such as audio, graphics, still images, animation and video clips.

Nokia Ventures Organization

Nokia Internet Communications introduced a new security appliance delivering enterprise-class security to corporates. Complementing their existing market-leading family of security platforms, the Nokia IP110 platform is specially designed for the corporate satellite business, which requires a full VPN/firewall solution.

Nokia Venture Partners launched a new USD 500 million fund to invest in start-up companies in the mobile Internet sector. Unlike Nokia's first fund, this second fund includes third-party investors: Goldman Sachs, BMC Software and CDBWebTech, amongst others.

Nokia and Sichuan NTC Investment signed an agreement whereby Nokia will deliver its Digital Multimedia Terminals to NTC broadcasting services in NTC CATV investment areas in China.

BUSINESS ENVIRONMENT AND FORECASTS

Nokia will continue the strategy of strengthening its leading market position in a profitable way as a top priority. Many new growth engines offer unprecedented opportunities, as more and more content goes mobile and the volume of applications and services on the networks increases.

Although the general economic outlook in certain regions is expected to cause some short-term uncertainty, Nokia believes its markets are fundamentally strong. The company estimates first-quarter sales growth in the region of 25-30% and first-quarter EPS at the same level as the first quarter 2000. This reflects somewhat slower-than-anticipated market growth during the first quarter and the company's strategy of aggressively gaining market share especially in mobile phones. The profitability outlook for the balance of the year in Nokia Networks remains as previously stated, with operating margins estimated in the high teens, while margins for Nokia Mobile Phones are expected to reach 20% at the latest in the fourth quarter 2001.

First-half revenue growth is estimated to be in the upper range of 25-35%. Nokia also reiterates its revenue growth target of 25-35% for the year 2001 through to 2003, with continuing high profitability.

The ongoing evolution of new wireless technologies also makes it challenging to forecast short-term market developments. Operators are actively investing in 3G wireless networks, and Nokia is well positioned to serve them with its products and solutions. In the current circumstances, Nokia has modified slightly its global mobile phone market forecasts for 2001, with expectations now for the market to grow at a rate of about 25-35% to 500-550 million units. Market growth during the second half of the year is expected to be stronger than the first.

Nokia's preliminary market estimates indicate a year-on-year rise of about 50% in the global mobile phone subscriber base to approximately 715 million users at the end of the year 2000, representing global penetration of about 12%. Our estimate for the global subscriber base at the end of 1999 is about 480 million. Nokia forecasts subscription growth to remain strong and the mobile phone user base to break through one billion in the first half of 2002.

JORMA OLLILA, CHAIRMAN AND CEO

Nokia's financial figures for the fourth quarter and the full year 2000 are nothing short of extraordinary. They confirm that we executed our business plans in accordance with our stated forecast, and, building on this strong base, we look forward to the transition towards next generation technologies. We entered the year in a leadership role and again proved that we could convert that leadership into faster-than-market growth.

In the networks business, we increased our market share both in GSM, signing our 100th customer, and in the new GPRS core networks, where more than one half of all commercial launches were based on Nokia solutions. This strong performance now puts us on par with our nearest rival in both GSM base stations and in GPRS, and I am extremely pleased with this development.

In third generation networks, our confidence that we are moving toward a winning global role was heightened. Nokia was chosen as a supplier for 3G networks by 13 operators, including leading European operators, a new entry in Japan and AWS in the US. The AWS deal not only accelerates the availability of third-generation services in North America, it reshapes the wireless landscape there.

Backed by our co-operation partners, we are well equipped for 3G network volume rollouts. We believe strongly in 3G, and we are therefore taking a proactive, but prudent, approach to financing, supporting our core businesses with lending in sound business cases.

In mobile phones, we comfortably achieved all our full-year targets and advanced our number one market share position by following our previously outlined strategies. Over the last three years, Nokia's mobile phone sales volume growth has consistently exceeded market growth. In 2000, we grew faster than the market during every quarter and in every region.

The anticipated shift in the mobile phone industry is now taking place and market growth is gradually settling into less exceptional levels than we have seen in the near past. Strengthening our leading market position in a profitable way will continue to be a top priority. In 2000, we introduced 19 new products. This year, we expect a similar or greater number of product roll-outs, including new GPRS models, new WAP models and several new CDMA models.

Nokia's GPRS handsets are scheduled to start shipping in the third quarter 2001, with volumes rising into the millions in the fourth quarter. Our first 3G terminals are expected to follow with similar timing and similar volume expectations one year later. Our ability to continuously renew and improve our product mix while effectively managing demand/supply are key to achieving our financial and market share growth targets.

In 2000, Nokia launched a new initiative to develop technical architecture for the mobile Internet. This architecture will help create a user-friendly mobile Internet experience for anyone on any network, with any type of access. Secure and reliable network solutions for corporates is also a growth area for us. Last year, Nokia Internet Communications established itself as a market leader in security infrastructure and software applications for corporate customers. Nokia Internet Communications expects revenues for 2001 to exceed EUR 500 million, while targeted annual revenue growth is at least 50%. The unit is expected to reach the breakeven point during 2002.

I would like to express my sincere gratitude to the whole Nokia team for the excellent results last year. Thanks to their dedication, excellence and flexibility, we continue to see a consistent upward trend in the amount of value each employee is able to create. We will work to further increase this efficiency. Nokia's transformation into an effective e-business company will also greatly enhance efficiency, with substantially all revenues by 2003 targeted to be generated via e-mode.

Looking at our leading position and our results, I am very pleased with our performance in the fourth quarter and the full year. I feel confident that with our solid financial position, leading products, flexible operations and strong Nokia brand, we are well prepared for the future.

REVIEW BY THE BOARD OF DIRECTORS FOR 2000

(The below review by the Board of Directors forms part of the financial statements for 2000.)

Nokia's net sales in 2000 increased by 54% compared to 1999 and totaled EUR 30 376 million (EUR 19 772 million in 1999). Sales in Nokia Networks grew by 36% to EUR 7 714 million (EUR 5 673 million) and in Nokia Mobile Phones by 66% to EUR 21 887 million (EUR 13 182 million). Sales increased in Nokia Ventures Organization by 106% to EUR 854 million (EUR 415 million).

Operating profit (IAS, International Accounting Standards) grew by 48% and totaled EUR 5 776 million (EUR 3 908 million in 1999). Operating margin was 19.0% (19.8% in 1999). Operating profit in Nokia Networks increased to EUR 1 358 million (EUR 1 082 million) and in Nokia Mobile Phones to EUR 4 879 million (EUR 3 099 million). Operating margin in Nokia Networks was 17.6% (19.1% in 1999) while the operating margin in Nokia Mobile Phones was 22.3% (23.5% in 1999). Nokia Ventures Organization showed an operating loss of EUR 387 million (loss of EUR 175 million). Common Group Expenses totaled EUR 74 million (EUR 98 million).

Financial income totaled EUR 102 million (financial expenses of EUR 58 million 1999). Profit before tax and minority interests totaled EUR 5 862 million (EUR 3 845 million). Taxes amounted to EUR 1 784 million (EUR 1 189 million). Net profit was EUR 3 938 million (EUR 2 577 million).

Earnings per share was EUR 0.84 (basic) and EUR 0.82 (diluted) compared to EUR 0.56 (basic) and EUR 0.54 (diluted) in 1999.

At December 31, 2000, net debt to equity ratio (gearing) was -26% (-41% at the end of 1999). Total capital expenditures in 2000 amounted to EUR 1 580 million (EUR 1 358 million).

Global Reach

In 2000, Europe accounted for 52% of Nokia's net sales (53% in 1999), the Americas 25% (25% in 1999) and Asia-Pacific 23% (22% in 1999). The 10 largest markets were the US, China, the UK, Germany, Italy, France, Brazil, the Philippines, Australia and Spain, together representing 64% of total sales.

Research and development

In 2000, Nokia continued to invest in its worldwide research and development network and cooperation. At year-end, Nokia had 19 304 R&D employees, approximately 30% of Nokia's total personnel. Investments in research and development increased by 47% (by 53% in 1999) and totaled EUR 2 584 million (EUR 1 755 million in 1999), representing 8.5% of net sales (8.9% of net sales in 1999).

People

In 2000, Nokia increased its personnel by a total of 7 864 new employees (12 367 in 1999), excluding the businesses sold in 2000. The average number of personnel for 2000 was 58 708 (51 177 for 1999). At the end of 2000, Nokia employed 60 289 people worldwide (55 260 at year-end 1999).

Nokia continued to develop motivating and performance-based compensation and benefit programs for its employees. In 2000, the 50% rise in earnings per share resulted in the maximum 5% bonus under the global Nokia Connecting People Bonus plan. During the year, the number of personnel participating in the Nokia global stock-option plans increased significantly to more than 16,000.

Acquisitions and divestments

In accordance with its strategy, Nokia continued to focus on its core competence areas and increased its use of contract manufacturing. In January, Nokia divested its display manufacturing operations and sold Nokia Display Products' branded business. Nokia Network's cabling and electromechanical manufacturing units were sold to one of our contract manufacturers.

In February, Nokia acquired Network Alchemy, the California-based leading provider of IP clustering solutions. This acquisition provides a platform from which Nokia will build highly scalable and secure solutions required for the large number of on-line transactions envisioned in a mobile world.

In August, Nokia expanded its broadband solutions portfolio by acquiring DiscoveryCom, a leading US provider of loop management solutions for broadband DSL services. The acquisition will strengthen Nokia's loop management and related DSL competencies.

In October, Nokia increased its ownership of the Brazilian handset manufacturing joint venture NG Industrial (NGI) from 51% to 100% by acquiring all the shares of NGI held by Gradiente Telecom S.A. for USD 415 million. Obtaining full ownership of NGI was an important step for Nokia to increase its presence in Brazil.

In December, Nokia strengthened its ability to offer world-class network security solutions to the small office sector by agreeing to commence a tender offer to buy all outstanding shares of Ramp Networks, a California-based provider of purpose built Internet security appliances specifically designed for small office applications. The tender offer closed on January 19, 2001, with over 90% of the shares purchased.

Joint Initiatives

The Location Interoperability Forum (LIF) has reached the milestone of 100 support members. The aim of LIF is to produce a common industry view on positioning technologies and system solutions to meet emerging service requirements such as information retrieval and mobile commerce applications. Nokia is a founding member of the LIF initiative.

Symbian announced in November the release of it first fully integrated software platform for next generation mobile phones. The Nokia 9210 is the world’s first product based on the Symbian Platform v6.0. Symbian also announced that it has licensed the Nokia WAP browser technology to be incorporated in its platform.

In December, the SyncML initiative released its 1.0 specification for universal data synchronization of both mobile and local data. SyncML is an initiative sponsored by Nokia and other leading companies and supported by over 500 industry parties.

In November, Nokia and Hewlett-Packard agreed to develop Internet-based platform solutions for the proliferation of mobile e-services. An initial application, available in 2001, would enable a person using a Nokia mobile phone to command an HP printer to print from the Web. These solutions are based on open industry standards such as Infrared, vCard and Bluetooth.

NOKIA NETWORKS

The year 2000 was characterized by continuing GSM expansion, as operators responded to growth in the GSM subscriber base by investing in network capacity. In addition to delivering GSM network expansion to its existing customers, Nokia won 13 new customers in 2000, and its total number of GSM customers rose to 100.

Operators invested in wireless data capabilities, such as GPRS, a forerunner for 3G. GPRS shipments accelerated during the year, and Nokia has now delivered well over 50 GPRS networks to leading operators in Europe, the US and Asia. By the end of the year, 15 operators had launched GPRS services based on Nokia solutions, accounting for more than half of all commercial GPRS launches worldwide.

Nokia signed its first contracts for 3G networks and had by the end of the year been chosen as a 3G supplier by a total of 13 operators in Asia, the US and Europe.

Nokia combined its mobile Internet infrastructure solutions into one division to increase focus on critical points in the mobile Internet value system. Product launches included Nokia mPlatform, an open platform to implement mobile Internet services, and Nokia mPosition Solution, an end-to-end solution for location-based services in mobile networks. Nokia also entered into cooperation with several companies operating in the mobile Internet area.

Underscoring the company's commitment to being one of the first to deliver fully 3GPP-compliant WCDMA networks in 2001, Nokia continued to introduce industry-first radio access solutions that dramatically reduce costs and improve capacity. Launches included a new family of WCDMA base stations and the Nokia Common Radio Resource Management solution, which will increase radio network capacity and simplify the operation of future multi-standard mobile networks. Nokia also introduced the Nokia 3G All-IP Core, an IPv6 based concept for 3G core networks, and 3G functionality for mobile switches.

Nokia expects its first 3G deliveries in the first half of 2001, with volume deliveries commencing in the second half. During 2000, Nokia prepared for volume rollouts of 3G networks both in production and network implementation. This included verifying the capacity of the Nokia supplier network, signing agreements with a significant number of suppliers and subcontractors, and signing cooperation agreements for turnkey implementation of 3G and GSM with four major companies; ABB, Bovis Lend Lease, MKI and Wireless Facilities Inc.

The TETRA standard continued to expand from Europe to Asia, most notably China. During 2000, Nokia developed and delivered the world's first integrated TETRA voice and IP Packet Data system that considerably boosts TETRA's data capabilities. In October, Nokia launched the new 800 MHz TETRA system and had won the first order for this new system by the end of the year.

In the growing broadband solutions market, Nokia continued to build its position, signing contracts with 17 new customers. Commercial shipments began of the Nokia MW1122, which combines wireless in-premise connectivity and high-speed Internet access for the residential gateway market.

NOKIA MOBILE PHONES

Growth in Nokia's mobile phone sales continued to exceed market growth in 2000 as a whole and in every quarter. Overall, Nokia sold 128.4 million mobile phones in 2000, representing 64% year-on-year growth. In 1999, Nokia sold 78.5 million units worldwide.

According to Nokia's preliminary estimates, global mobile phone market volume in 2000 was approximately 405 million units, representing 45% growth on the previous year. Market volume for 1999 was estimated at approximately 280 million units. Replacement sales account for an estimated 40% of the 405 million total volume estimate for 2000. This share is expected to rise to around 50% of total volume in 2001.

Growth in market volume in 2000 continued to be highest in Europe at slightly above 50%, compared with approximately 45% in the Americas and 35% in Asia Pacific. Nokia's sales volume growth was clearly higher than market volume growth in all regions, most notably Asia Pacific and Europe.

Consequently, Nokia continued to strengthen its market leadership in 2000, leading to a total global market share of approximately 32% for the full year 2000. Nokia continues to target mobile phone sales volume growth that exceeds projected market growth and thus further increase its global leadership.

During 2000, Nokia made 19 new product announcements including its first Bluetooth solution, the Nokia Connectivity Pack for the Nokia 6210.

NOKIA VENTURES ORGANIZATION

Nokia invited industry players from around the world to take part in a global initiative to develop architecture for mobile Internet technology. The initiative, Mobile Internet Technical Architecture, is the first of its kind to focus specifically on the mobile Internet, and is aimed at bringing a richer Mobile Internet experience to users in the next generation of products and services.

In 2000, Nokia Internet Communications established itself as a market leader in security infrastructure for corporate customers and strengthened its offering with several new elements. Nokia and Internet

Security Systems (ISS) announced RealSecure for Nokia, the first enterprise-class intrusion detection appliance. In addition, through its relationship with McAfee, Network Associates Inc., the company announced the WebShield for Nokia, a unique anti-virus appliance dedicated to stopping viruses at the network perimeter.

Nokia Home Communications introduced its first Home Gateway product, intended for the Americas, the Nokia MW 1122, and launched the Media Terminal, a new, powerful infotainment center for the home with a software platform based on open standards and technologies. Nokia Multimedia Terminals signed its first two agreements to deliver digital multimedia terminals and related services in China. Nokia also launched a new multimedia terminal, the Mediamaster 9450, designed to meet the rapidly increasing digital free-to-air terminal demand in the Central European and Middle Eastern markets. At the end of the year, the company merged Nokia Multimedia Terminals into Nokia Home Communications.

Nokia launched its Mobile Display Appliances venture focusing on the development of Internet-enabled mobile display devices. This venture uses Nokia's expertise in mobility, IP technologies and high performance displays to offer consumers convenient and innovative access to the Internet.

Nokia Venture Partners continued to invest in emerging mobile Internet businesses, increasing Nokia's portfolio to 25 companies. The new USD 500 million fund launched in December 2000 offers Nokia early insight into new technologies and developments in the Internet economy. In addition to the Americas and Europe, the fund will focus on the fast-growing mobile Internet segments in Israel and the Asia Pacific region.

CHANGES IN SHARE CAPITAL

In 2000, Nokia's share capital increased by EUR 1 927 669.44 as a result of the issue of 32 127 824 new shares upon exercise of warrants issued to key personnel in 1995 and 1997. Nokia's share capital was also increased in March by EUR 366 704.40, when 6 111 740 shares (split adjusted) were issued to finance the acquisition of Network Alchemy. The shares were issued for a subscription price of EUR 49.9131 per share, the average market price of Nokia ADSs on the New York Stock Exchange for the 15 business-day period before the closing of the transaction (split adjusted). In addition, Nokia's share capital was increased in September by EUR 234 557.70 when 3 909 295 shares were issued to finance the acquisition of DiscoveryCom. The shares were issued for a subscription price of EUR 45.9805 per share, the average market price of Nokia ADSs on the New York Stock Exchange for the five business-day period before the signing of the transaction. Due to the limited number of shares issued in these transactions, the issuances did not have any significant effect on the relative holdings of the other shareholders of the company nor on the voting powers among them.

The total number of shares at December 31, 2000 was 4 696 212 723. As a result of the new share issues, Nokia received a total of EUR 556 325 962.58 in additional shareholders' equity in 2000. At December 31, 2000, Nokia's share capital was EUR 281 772 763.38.

Nokia repurchased a total of 2 532 000 shares (split adjusted) over the Helsinki Exchanges at an aggregate price of EUR 126.8 million during the period from February 21 to March 2. The price paid was determined on the basis of the market price at the time of repurchase. The shares were repurchased to be used for the purposes specified in the authorization held by the Board. The aggregate par value of the shares purchased was EUR 151 920, representing 0.05% of the share capital of the company and the total voting rights. On July 1, a total of 61 036 Nokia shares were returned to Nokia pursuant to agreements made in connection with business acquisitions effected before the said date. The aggregate par value of these shares, which were received without consideration, was EUR 3 662.16 and they represented 0.001% of the share capital of the company and the total voting rights. These new holdings did not have any significant effect on the relative holdings of the other shareholders of the company nor on the voting powers among them.

On December 31, 2000, Nokia and its subsidiary companies owned 4 079 425 Nokia shares. The shares had an aggregate nominal value of EUR 244 765.50, representing 0.09% of the share capital of the company and the total voting rights.

OUTLOOK

Nokia's objective is to take a leading role in creating communications products and services that enrich the daily lives of people and enable enterprises to prosper. The company strives to keep a clear focus on human needs, outstanding brand, secure and reliable products and services, and excellence in execution. Based on its resources, including technological know-how, market position, and continuous building of competencies, Nokia is well-positioned to achieve its future goals.

DIVIDEND

The Nokia Board of Directors will propose to the Annual General Meeting on March 21, 2001, that a dividend of EUR 0.28 per share (EUR 0.20 per share for 1999, split adjusted) be paid.

CONSOLIDATED PROFIT AND LOSS ACCOUNT, IAS, EUR million
(audited)

	10-12/00	10-12/99	**1-12/00**	1-12/99
Net sales	**9 284**	6 372	**30 376**	19 772
Cost of sales	**-5 942**	-3 950	**-19 072**	-12 227
Research and development expenses	**-764**	-579	**-2 584**	-1 755
Selling, general and administrative expenses	**-795**	-508	**-2 804**	-1 811
Amortization of goodwill	**-57**	-27	**-140**	-71
Operating profit	**1 726**	1 308	**5 776**	3 908
Share of results of associated companies	**-7**	-4	**-16**	-5
Financial income and expenses	**51**	-31	**102**	-58
Profit before tax and minority interests	**1 770**	1 273	**5 862**	3 845
Tax	**-536**	-382	**-1 784**	-1 189
Minority interests	**-30**	-38	**-140**	-79
Net profit	**1 204**	853	**3 938**	2 577
Earnings per share, EUR				
Net profit				
Basic	**0.26**	0.19	**0.84**	0.56
Diluted	**0.25**	0.18	**0.82**	0.54
Average number of shares				
(1 000 shares)				
Basic	**4 685 458**	4 601 169	**4 673 162**	4 593 761
Diluted	**4 795 272**	4 765 031	**4 792 980**	4 743 184
Depreciation and amortization, total	**323**	207	**1 009**	665

Currency rate December 31, 2000, 1 EUR = 0.890 USD, 1 EUR = 5.94573 FIM

NET SALES BY BUSINESS GROUP, EUR million
(audited)

	10-12/00	10-12/99	**1-12/00**	1-12/99
Nokia Networks	**2 361**	1 740	**7 714**	5 673
Nokia Mobile Phones	**6 709**	4 246	**21 887**	13 182
Nokia Ventures Organization	**241**	226	**854**	415
Discontinued Display Products	**-**	177	**-**	580
Inter-business group eliminations	**-27**	-17	**-79**	-78
Nokia Group	**9 284**	6 372	**30 376**	19 772

OPERATING PROFIT BY BUSINESS GROUP, EUR million
(audited)

	10-12/00	10-12/99	**1-12/00**	1-12/99
Nokia Networks	**388**	334	**1 358**	1 082
Nokia Mobile Phones	**1 429**	1 059	**4 879**	3 099
Nokia Ventures Organization	**-127**	-84	**-387**	-175
Common Group Expenses	**36**	-1	**-74**	-98
Nokia Group	**1 726**	1 308	**5 776**	3 908

PERSONNEL	**31.12.2000**	31.12.1999
Nokia Networks	**23 965**	23 718
Nokia Mobile Phones	**28 047**	23 775
Nokia Ventures Organization	**2 570**	1 879
Other Operations	**5 707**	5 888
Nokia Group	**60 289**	55 260
Finland	**24 379**	23 267
Other Europe and Africa	**14 986**	14 323
Americas	**11 837**	10 586
Asia-Pacific	**9 087**	7 084

CONDENSED CASH FLOW STATEMENT, IAS, EUR million
(audited)

	1-12/00	1-12/99
Net cash from operating activities	**3 509**	3 102
Net cash used in investing activities	**-2 293**	-1 341
Net cash used in financing activities	**-1 272**	-592
Net decrease/increase in cash and cash equivalents	**-56**	1 169
Cash and cash equivalents at beginning of period	**4 239**	2 990
Cash and cash equivalents at end of period	**4 183**	4 159

Currency rate December 31, 2000, 1 EUR = 0.890 USD, 1 EUR = 5.94573 FIM

CONSOLIDATED BALANCE SHEET, IAS, EUR million

(audited)	31.12.2000	31.12.1999
ASSETS		
Fixed assets and other non-current assets		
Intangible assets	**1 994**	838
Property, plant and equipment	**2 732**	2 031
Investments in associated companies	**61**	76
Investments in other companies	**150**	68
Deferred tax assets	**401**	257
Other assets	**1 050**	217
	6 388	3 487
Current assets		
Inventories	**2 263**	1 772
Receivables	**7 056**	4 861
Short-term investments	**2 774**	3 136
Bank and cash	**1 409**	1 023
	13 502	10 792
Total assets	**19 890**	14 279
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	**282**	279
Share issue premium	**1 695**	1 079
Treasury shares	**-157**	-24
Translation differences	**347**	243
Retained earnings	**8 641**	5 801
	10 808	7 378
Minority interests	**177**	122
Long-term liabilities		
Long-term interest bearing liabilities	**173**	269
Deferred tax liabilities	**69**	80
Other long-term liabilities	**69**	58
	311	407
Current liabilities		
Short-term borrowings and current portion of long-term debt	**1 116**	793
Accounts payable	**2 814**	2 202
Accrued expenses	**4 664**	3 377
	8 594	6 372
Total shareholders' equity and liabilities	**19 890**	14 279
Interest-bearing liabilities	**1 289**	1 062
Shareholders' equity per share, EUR	**2.30**	1.59
Number of shares (1000 shares) *	**4 692 133**	4 652 679

* Shares owned by Group companies are excluded
Currency rate December 31, 2000, 1 EUR = 0.890 USD, 1 EUR = 5.94573 FIM

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, EUR million
(audited)

	Share capital	Share issue premium	Treasury shares	Translation differences	Retained Earnings	Total
Balance at December 31, 1998	255	909	-110	182	3 873	5 109
Share issue	3	191				194
Bonus issues	36	-36				-
Cancellation of treasury shares	-15	15	110		-110	-
Acquisition of treasury shares			-24		24	-
Dividend					-586	-586
Dividend of treasury shares					31	31
Translation differences				61		61
Other increase/decrease, net					-8	-8
Net profit					2 577	2 577
Balance at December 31, 1999	279	1 079	-24	243	5 801	7 378
Share issue	3	554				557
Acquisition of treasury shares			-160			-160
Disposal of treasury shares			27			27
Stock options issued on acquisitions		75				75
Stock options exercised related to acquisitions		-13				-13
Dividend					-931	-931
Translation differences				104		104
Change in accounting policy					-206	-206
Other increase/decrease, net					39	39
Net profit					3 938	3 938
Balance at December 31, 2000	282	1 695	-157	347	8 641	10 808

COMMITMENTS AND CONTINGENCIES, EUR million
(audited)

	GROUP	
	31.12.2000	31.12.1999
Collateral for own commitments		
Mortgages	**12**	6
Assets pledged	**4**	3
Collateral given on behalf of other companies		
Assets pledged	**23**	-
Contingent liabilities on behalf of Group companies		
Other guarantees	**656**	427
Contingent liabilities on behalf of other companies		
Guarantees for loans	**298**	234
Leasing obligations	**895**	560

Currency rate December 31, 2000, 1 EUR = 0.890 USD, 1 EUR = 5.94573 FIM

NOTIONAL AMOUNTS OF DERIVATIVE FINANCIAL INSTRUMENTS1), EUR million (audited)

	31.12.2000	31.12.1999
Foreign exchange forward contracts 2) 3)	**10 497**	9 473
Currency options bought 3)	**2 165**	1 184
Currency options sold 3)	**2 029**	978
Interest rate forward and futures contracts 2)	**-**	598
Interest rate swaps	**250**	250
Cash settled equity swaps 4)	**336**	-

1) The notional amounts of derivatives summarized here do not represent amounts exchanged by the parties and, thus are not a measure of the exposure of Nokia caused by its use of derivatives.
2) Notional amounts outstanding include positions, which have been closed off.
3) As at December 31, 2000 notional amount includes contracts amounting to EUR 0.7 billion used to hedge the net investments in foreign subsidiaries (December 31, 1999 EUR 0.6 billion).
4) Cash settled equity swaps are used to hedge risks relating to incentive programs and investment activities.

Currency rate December 31, 2000, 1 EUR = 0.890 USD, 1 EUR = 5.94573 FIM

It should be noted that certain statements herein which are not historical facts, including, without limitation those regarding 1) the timing of product deliveries; 2) the Company's ability to develop new products and technologies; 3) expectations regarding market growth and developments; 4) expectations for growth and profitability; and 5) statements preceded by "believes", "expects", "anticipates", "foresees", or similar expressions, are forward-looking statements. Because such statements involve risks and uncertainties, actual results may differ materially from the results currently expected by the Company. Factors that could cause such differences include, but are not limited to 1) general economic conditions, such as the rate of economic growth in the Company's principal geographic markets or fluctuations in exchange rates, including the impact of the weakening Euro; 2) industry conditions, such as the strength of product demand, the intensity of competition, pricing pressures, the acceptability of new product introductions such as Internet-ready phones, the introduction of new products by competitors, the impact of changes in technology, including the Company's success in the emerging 3G market, the ability of the Company to source components from third parties without interruption and at reasonable prices, demand for vendor financing and the Company's ability and willingness to provide such financing, and the success and financial condition of the Company's strategic partners and customers; 3) operating factors, such as continued success of manufacturing activities and the achievement of efficiencies therein, continued success of product development or inventory risks due to shifts in market demand; as well as 4) the risk factors specified on pages 21 to 23 of the Company's Form 20-F for the year ended December 31, 1999.

For more information:
Lauri Kivinen, Corporate Communications, tel. + 358 7180 34495
Ulla James, Investor Relations, tel. + 1 972 894 4880
Antti Räikkönen, Investor Relations, tel. + 358 7180 34290

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Nokia will publish its 1Q results for 2001 on April 20, 2Q results on July 19 and 3Q results on October 19, 2001.