

February 1, 2000

### NOKIA IN 1999

#### Excellent fourth quarter closes the third consecutive record year

Nokia today reported the strongest annual operating results in its history. Net sales growth exceeded the company's targets for 1999, and profits were higher than ever before.

Net sales grew by 48% to EUR 19 772 million and operating profit increased by 57% to EUR 3 908 million. Operating margin was 19.8%, and earnings per share increased by 51% to EUR 2.24. Nokia's Board of Directors will propose a dividend of EUR 0.80 per share in respect of 1999.

Commenting on the results, Jorma Ollila, Nokia's Chairman and CEO, said: "Continued strong growth and excellent profits in the last quarter drove another year of record performance. We strengthened our number one market position in handsets and have every reason to be pleased with our performance."

"Our sound competitive position, comprehensive product portfolio and innovative solutions, strong brand and highly efficient global operations have driven our profitability growth. We will continue to focus on these areas to enhance our leadership in creating the mobile information society", said Ollila.

EUR million	1999	1998	Change %	4Q/1999	4Q/1998
Net sales	19 772	13 326	+48	6 372	4 352
Nokia Networks	5 673	4 390	+29	1 740	1 402
Nokia Mobile Phones	13 182	8 070	+63	4 246	2 703
Other Operations	995	1 014	-2	403	266
Operating profit	3 908	2 489	+57	1 308	850
Profit before tax and minority interests	3 845	2 456	+57	1 273	836
Profit from continuing operations	2 577	1 680	+53	853	585
Net profit	2 577	1 750	+47	853	585
Earnings per share from continuing operations, EUR, basic, split adjusted	2.24	1.48	+51	0.74	0.51
Proposed dividend, EUR	0.80	0.48	+67		

### NOKIA IN OCTOBER - DECEMBER 1999

Nokia's net sales in the fourth quarter 1999 increased by 46% compared to the same period in 1998 and totaled EUR 6 372 million (EUR 4 352 million in the fourth quarter of 1998). Sales growth continued to be strong especially in mobile phones.

Nokia Networks' net sales for the 1999 fourth quarter increased by 24% to EUR 1 740 million (EUR 1 402 million in 1998). Nokia Mobile Phones' net sales for the 1999 fourth quarter increased by 57% to EUR 4 246 million (EUR 2 703 million). Net sales of Other Operations for the 1999 fourth quarter increased by 52% to EUR 403 million (EUR 266 million).

Operating profit (IAS, International Accounting Standards) for the 1999 fourth quarter increased by 54% to EUR 1 308 million (EUR 850 million in 1998), representing an operating margin of 20.5% (19.5% in 1998). This includes the following one-time items: gains from the divestments of Salcomp and the SDH transport business (EUR 80 million and EUR 56 million, respectively), and a charge of EUR 70 million related to exit from the display business. Excluding these items, operating profit for the fourth quarter was EUR 1 242 million, representing an operating margin of 19.5%.

Operating profit in Nokia Networks in the fourth quarter increased by 18% to EUR 334 million (EUR 283 million), representing an operating margin of 19.2% (20.2%). Operating profit in Nokia Mobile Phones increased by 82% to EUR 1 059 million (EUR 581 million), representing an operating margin of 24.9% (21.5%). Other Operations, incorporating Nokia Communications Products, Nokia Ventures

Organization, Nokia Research Center and common Group functions, reported an operating loss of EUR 85 million (operating loss of EUR 14 million).

Net interest and financial expenses for the fourth quarter 1999 totaled EUR 31 million (EUR 15 million in 1998). Profit before tax and minority interests (IAS) totaled EUR 1 273 million (EUR 836 million). Net profit totaled EUR 853 million (EUR 585 million).

Earnings per share from continuing operations increased to EUR 0.74 (basic) and to EUR 0.72 (diluted) compared to EUR 0.51 (basic) and to EUR 0.50 (diluted) in the corresponding period in 1998.

**Nokia Networks** signed a number of contracts during the fourth quarter as operators continued to invest in their networks through capacity increases and upgrades, especially in the areas of mobile data and Internet services.

Nokia won a new GSM customer in Luxembourg, and network expansion contracts were signed in the Philippines, Taiwan and Austria. Several operators also selected Nokia solutions for the launch of services based on WAP (Wireless Application Protocol).

A number of operators are developing their infrastructure with Nokia for the delivery of mobile data through GPRS (General Packet Radio Services). Nokia signed several GPRS contracts in this period with operators in Europe and Asia.

In addition, Nokia signed an agreement for the delivery of its first TETRA professional mobile radio network in China with the Hong Kong Police.

Network operators and Internet Service Providers continued to invest in Nokia's Broadband Solutions to enable high speed fixed line access to the Internet. Nokia signed contracts with Conversent Communications in the US and KKF.net in Germany for the deployment of broadband access equipment, based on Digital Subscriber Line technologies.

In a transaction closed in December, Marconi Communications purchased Nokia's SDH/DWDM (Synchronous Digital Hierarchy/Dense Wave Division Multiplexing) transport equipment business. This divestment will enable Nokia to focus on its core business areas.

**Nokia Mobile Phones** again broke its previous sales volume records, as Nokia's phones continued to be in high demand in all major markets. Several newly launched products started shipping in the fourth quarter.

Production volumes of the world's first WAP 1.1 compliant mobile phone, the Nokia 7110 dual band GSM, ramped up in the fourth quarter. The Nokia 7110 has experienced strong demand on all markets.

In October, Nokia created another new category of fashion phones with the launch of the Nokia 8210. Light-weight at only 79 grams, this dual band GSM phone is a combination of stylish design and comprehensive features which can be personalized with changeable color covers. In mid-December, Nokia commenced shipping of the Nokia 8210, as well as the Nokia 8850, a premium category dual band GSM phone, and the data-ready Nokia 5120i and 6120i TDMA models.

The Nokia Card Phone 2.0, the world's first high speed (HSCSD) data terminal, started shipping in January 2000. Deliveries of the Internet capable Nokia 6185 for CDMA are expected to commence during the first half of 2000. The tri-mode Nokia 7160 for AMPS/TDMA 800/1900 and 7190 for GSM 1900 are expected to become available during the first half of 2000.

**Other Operations** developed through a number of partnerships, acquisitions and internal venturing.

During the quarter, Nokia and Check Point announced an expanded relationship covering the development and distribution of the VPN-1(Virtual Private Network) Appliance product family. Nokia also announced the global availability of the Nokia WAP Server 1.0, which allows secure use of the Internet in mobile environments. To meet the needs of the developer community, Nokia made available via the Internet a complimentary trial version of the Nokia WAP Server 1.0 and a new Nokia WAP Toolkit.

In October, Nokia acquired Telekol Corporation, a company specializing in intelligent corporate communications solutions. In December, Nokia acquired the security software unit from TeamWARE Group to support Nokia solutions for the mobile Internet.

## **REVIEW BY THE BOARD OF DIRECTORS FOR 1999**

Nokia's net sales in 1999 increased by 48% compared to 1998 and totaled EUR 19 772 million (EUR 13 326 million in 1998). Sales in Nokia Networks grew by 29% to EUR 5 673 million (EUR 4 390 million) and in Nokia Mobile Phones by 63% to EUR 13 182 million (EUR 8 070 million). Sales decreased in Other Operations by 2% to EUR 995 million (EUR 1 014 million).

Operating profit (IAS, International Accounting Standards) grew by 57% and totaled EUR 3 908 million (EUR 2 489 million in 1998). Operating margin improved to 19.8% (18.7% in 1998). Operating profit in Nokia Networks increased to EUR 1 082 million (EUR 960 million) and in Nokia Mobile Phones to EUR 3 099 million (EUR 1 540 million). Operating margin in Nokia Networks was 19.1% (21.9% in 1998) while the operating margin in Nokia Mobile Phones was 23.5% (19.1% in 1998). Other Operations showed an operating loss of EUR 273 million (loss of EUR 11 million) primarily due to low profits at Nokia Communications Products, and substantial investments related to new business opportunities at Nokia Ventures Organization.

Net interests and financial expenses totaled EUR 58 million (EUR 39 million 1998). Profit before tax and minority interests totaled EUR 3 845 million (EUR 2 456 million). Taxes amounted to EUR 1 189 million (EUR 737 million). Profit from continuing operations was EUR 2 577 million (EUR 1 680 million). Net profit was EUR 2 577 million (EUR 1 750 million).

Earnings per share from continuing operations was EUR 2.24 (basic) and EUR 2.17 (diluted) compared to EUR 1.48 (basic) and EUR 1.43 (diluted) in 1998.

At December 31, 1999, net debt to equity ratio (gearing) was -41% (-36% at the end of 1998). Total capital expenditures in 1999 amounted to EUR 1 358 million (EUR 761 million).

### **Increasing global market presence**

The global mobile phone market continued to grow rapidly, and the ensuing strong increase in the sales of Nokia Mobile Phones further consolidated Nokia's number one position in mobile handsets. In infrastructure, Nokia continued to be the world's largest GSM 1800 supplier and one of the two largest GSM 900 suppliers, with increasing focus in broadband and IP network solutions.

In 1999, Europe accounted for 53% of Nokia's net sales (58% in 1998), the Americas 25% (21 % in 1998) and Asia Pacific 22% (21% in 1998). The 10 largest markets were the U.S., China, the UK, Germany, Italy, France, Brazil, the Netherlands, Finland and Australia, together representing 67% of total sales.

### **Intensive research and development**

To enable the future growth of the company, Nokia continued to invest in its worldwide research and development network and cooperation. At year-end, Nokia had 52 R&D centers in 14 countries and 17 134 R & D employees, approximately 31% of Nokia's total personnel. Investments in research and development increased by 53% (by 50% in 1998) and totaled EUR 1 755 million (EUR 1 150 million in 1998), representing 8.9% of net sales (8.6% of net sales in 1998).

### **Expanding operational capabilities**

To meet the growing demand for its mobile phones, Nokia continued to expand its handset manufacturing capabilities globally. Nokia's operations in Fort Worth, Texas, are increasing mobile phone capacity gradually during the first half of 2000. Also during the first half of 2000, mobile phone manufacturing facilities in Brazil are being expanded, and the mobile phone plant in Mexico is expected to be ready for additional production.

Construction of the new mobile phone manufacturing and distribution centre in Komárom, Hungary, proceeded well and the factory is expected to reach full capacity during the first half of this year. Investments were also made at the two existing mobile phone joint ventures in China, and at the plants in Finland and Germany. The base station factory in Suzhou, China, started operations in early 2000.

At the end of 1999, Nokia's global production comprised 12 infrastructure manufacturing facilities in 5 countries and 10 mobile phone manufacturing facilities in 8 countries.

### **Investing in People**

In 1999, Nokia increased its personnel by a total of 12 367 new employees (9 819 in 1998), excluding the businesses sold in 1999. The average number of personnel for 1999 was 51 177 (41 091 for 1998). At the end of 1999, Nokia employed 55 260 people worldwide (44 543 at year-end 1998).

Nokia continued to develop motivating and performance-based compensation and benefit programs to its employees. In 1999, the 51% rise in earnings per share resulted in the maximum 5% bonus, based on annual base salary being paid to Nokia's personnel participating in the global Nokia Connecting People Bonus plan.

### **Focusing on key technologies**

To expand its competencies in new emerging business areas, Nokia carried out several acquisitions in 1999. A number of partnerships with operators, content and service providers and IT players were formed to facilitate development of the market for mobile Internet.

In February, Nokia acquired Diamond Lane Communications Corporation to enhance its fast Internet access expertise. To strengthen its capabilities in wireless broadband access technologies, Nokia acquired Rooftop Communications Corporation in September. A 40% stake of the UK-based AIRCOM International was acquired in June to further strengthen Nokia's PC-based network planning system competence.

To develop its wireless LAN offering, Nokia acquired InTalk Corporation in February. In October, Nokia acquired Telekol Corporation, a company specializing in intelligent corporate communications solutions.

In a move to focus on its core technologies, Nokia sold its wholly-owned subsidiary Salcomp Oy to EQT Scandinavia II in October. In addition, Nokia divested its SDH/DWDM transport equipment business to Marconi Communications in December. Nokia decided to discontinue its display manufacturing and sold its plant in Hungary to Elcoteq effective January 1, 2000.

## **NOKIA NETWORKS**

Nokia Networks strengthened its offering by introducing several key elements for high capacity and indoor solutions, future data and third generation mobile networks. Launches in 1999 included Nokia InSite, the world's smallest base station, and the Nokia third generation system solution, including Nokia UltraSite, a triple mode base station supporting GSM, EDGE (Enhanced Data Rates for Global Evolution) and WCDMA (Wideband Code Division Multiple Access). Nokia also launched a complete network solution for GPRS (General Packet Radio Service). In wireless data, the new Nokia Artus Messaging Platform supporting WAP 1.1 for GSM and TDMA standards, and the Nokia Artus Picture Messaging Platform further broadened Nokia's portfolio.

In 1999, operators continued to invest in the capacity of their GSM networks. Nokia supplied significant GSM network expansion to its customers in all market areas, with strongest growth in the Asia Pacific region and the U.S. Nokia won new GSM customers in China, Denmark, Hungary, Russia and Spain. Many operators strengthened their wireless data services with WAP and SMS applications, and prepared their networks to deliver HSCSD (High Speed Circuit Switched Data) and GPRS. Nokia gained a strong market position in HSCSD and GPRS and had signed contracts involving these technologies with more than 20 customers by year-end.

In professional mobile radio networks, Nokia delivered TETRA networks and expansions to operators in the U.K., China, France, Italy and Spain.

In fixed networks, the market for broadband DSL (Digital Subscriber Line) technologies experienced strong growth in the U.S., and a similar development is expected to take place in Europe and Asia. The Nokia Broadband IP Access Solution, a complete solution aimed at revolutionizing access to IP-based services, integrates ADSL (Asymmetric Digital Subscriber Line) technology with IP technology to provide

operators an advanced, end-to-end Internet access system. Nokia gained a sound market position in DSL technology, with orders amounting to approximately 3 million DSL lines at year-end.

## **NOKIA MOBILE PHONES**

The mobile phone market growth continued in 1999 at a rate exceeding 60% globally. Nokia estimates that approximately 275 million mobile phones were sold worldwide in 1999, compared to 168 million units in the previous year. Of the total market volume in 1999, the share of upgrade sales was approximately 40%, and Nokia further estimates that this share will rise to around 50% this year.

The growth of Nokia's mobile phone sales volume exceeded market growth throughout 1999. As a result, Nokia continued to gain market share and strengthen its market position as the world's largest mobile phone manufacturer. Nokia's total mobile phone sales volume in 1999 was 78.5 million units, an increase of 92% from the previous year's 40.8 million units.

Approximately 40% of the world's mobile phone users are based in Europe, the biggest mobile phone region in terms of cellular subscribers and annual sales volumes. However, the country with the biggest mobile phone market is the United States, followed by Japan, China and the United Kingdom.

During 1999 Nokia launched a total of 18 new mobile phone models. These included the Nokia 7110, 3210, 6090, 8850, Card Phone 2.0, 7190 and 8210 for GSM; the Nokia 6100i-models, 8860 and 7160 for TDMA; and the Nokia 5170, 5180 and 6185 for CDMA. Nokia also introduced its first ultra-thin Lithium Polymer (Li-Polymer) battery in September.

In October, Nokia and Palm Computing Inc., a 3Com company, announced a joint development and licensing agreement to create a new category of pen-based wireless communications devices integrating mobile telephony with data applications, information management features and value-added services.

## **OTHER OPERATIONS**

In order to strengthen Nokia's ability to serve the business communications market, a new unit, Nokia Internet Communications, was formed in October. The aim is to build a powerful channel to the enterprise market through offering world-class VPN (Virtual Private Network) and e-business products and solutions. These products will be crucial to delivery of secure, reliable, and scalable solutions and new connectivity infrastructure for enterprises.

Two new ventures were established within the Nokia Ventures Organization. Nokia Home Communications will focus on the development of digital home platforms and IP technology-based communications solutions for the home environment. Nokia Mobile Display Appliances, in turn, will focus on the development of display-centric devices enabling Internet-based, visually rich communications.

In May, Nokia introduced a comprehensive Wireless LAN solution as part of its Global IP Mobility strategy. Nokia's Wireless LAN product portfolio comprises wireless access points, wireless LAN cards, and sophisticated software providing seamless extension to a fixed network. In December, Nokia announced commercial availability of the Nokia WAP Server 1.0 software product.

## **CHANGES IN SHARE CAPITAL**

In 1999, Nokia's share capital increased by EUR 3 857 758.08 as a result of the issue of 16 073 992 new shares upon exercise of warrants issued to key personnel in 1994, 1995 and 1997. Nokia's share capital was also increased in September by EUR 127 087.20 when 529 530 shares were issued to finance the acquisition of Rooftop Communications Corporation. The shares were issued for a subscription price of EUR 80.17 per share which was the average market price of the Nokia ADS on the New York Stock Exchange for a 20 business-day period before the closing of the transaction. Due to the limited number of shares issued, this issuance did not have any significant effect on the division of the holdings or voting rights of other shareholders in Nokia.

In August, Nokiterra Oy, a 100% owned subsidiary, merged into Nokia Corporation as a result of which the parent company received 64 280 684 Nokia shares with an aggregate nominal value of

EUR 15 427 364.16. These shares, representing 5.3% of the total number of shares and the total voting rights, were cancelled in December pursuant to resolution of the Extraordinary General Meeting.

The total number of shares at December 31, 1999 was 1 163 515 966. As the result of the new share issues, Nokia received a total of EUR 195 297 621.78 additional shareholders' equity in 1999. In addition, the share capital was increased by EUR 36 051 274.79 through a bonus issue in connection with the conversion of the share capital into euros. The cancellation of 64 280 684 shares did not reduce the restricted capital. At December 31, 1999, the share capital was EUR 279 243 831.84.

On December 31, 1999, the Group companies owned 346 194 Nokia shares. The shares have an aggregate nominal value of EUR 83 086.56 and represent 0.03% of the total number of shares and the total voting rights.

## **OUTLOOK**

Nokia's strategic intent is to take a leading, brand-recognized role in the creation of the mobile information society by combining mobility and the Internet and stimulating the creation of new services. In pursuing this, Nokia emphasizes speed in anticipating and fulfilling evolving customer needs, quality in products and processes and openness with people and to new ideas and solutions. 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 22, 2000, that a dividend of EUR 0.80 per share (EUR 0.48 per share for 1998, split adjusted) be paid.

## **JORMA OLLILA, CHAIRMAN AND CEO:**

Nokia closed the year 1999 with another outstanding quarter. Continued strong growth and excellent profits in the last quarter led to the third consecutive record year during which we exceeded our overall growth and profitability targets. As planned, we strengthened our number one market position in handsets and have every reason to be pleased with our performance.

We reached good profitability in our infrastructure business and outstanding profitability in our handset business. In addition, continued successful working capital management contributed to our solid financial position and performance in 1999, resulting in net cash flow from operations of EUR 3.1 billion.

Our sound competitive position, comprehensive product portfolio and innovative solutions, appealing brand and highly efficient global operations have driven our profitability development. We will continue to focus in these areas with the aim of enhancing our leadership in creating the mobile information society.

We believe that our foresight in market trends and concepts, such as combining mobility and Internet, have brought us increasing customer confidence that we highly value. We have also been recognized for our ability to implement our vision in the form of viable product concepts. With the emergence of mobile Internet, we strive to enhance this customer confidence.

We estimate that at the end of 1999 there were approximately 480 million mobile phone subscribers in the world, an increase of more than 50% from the previous year's 310 million. We currently estimate that by the end of year 2002 there will be more than one billion mobile phone users in the world.

New solutions introduced during the year demonstrate our leading-edge position in infrastructure systems. We completed several GPRS development and testing milestones, and have already started deliveries of our GPRS core network infrastructure, thus paving the way for the implementation of full third generation solutions starting from year 2001.

To meet our near-term challenges and to build the foundation for continued growth, we remain committed to constantly renewing our operations with focused efforts on new business creation. In the Internet business, we will continue to emphasize solutions that not only enable mobile Internet, but also are secure to use. Mobility and security of use are key drivers for sustained growth of e-business.

While the changes in economic and industry conditions make forecasting difficult, strong growth is expected to continue in those telecommunications segments in which we have chosen to operate. We reiterate our previously stated target for net sales growth of 30-40% this year.

During last year we increased our personnel by 12 367 to 55 260 persons worldwide. I am impressed by the dedication and commitment with which Nokia employees met the challenges of continued fast growth and change.

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

	10-12/99	10-12/98	1-12/99	1-12/98
<b>Net sales</b>	<b>6 372</b>	4 352	<b>19 772</b>	13 326
Cost of goods sold	<b>-3 950</b>	-2 740	<b>-12 227</b>	-8 299
Research and development expenses	<b>-579</b>	-363	<b>-1 755</b>	-1 150
Selling, general and administrative expenses	<b>-508</b>	-393	<b>-1 811</b>	-1 368
Amortization of goodwill	<b>-27</b>	-6	<b>-71</b>	-20
<b>Operating profit</b>	<b>1 308</b>	850	<b>3 908</b>	2 489
Share of results of associated companies	<b>-4</b>	1	<b>-5</b>	6
Financial income and expenses	<b>-31</b>	-15	<b>-58</b>	-39
<b>Profit before tax and minority interests</b>	<b>1 273</b>	836	<b>3 845</b>	2 456
Tax	<b>-382</b>	-249	<b>-1 189</b>	-737
Minority interests	<b>-38</b>	-2	<b>-79</b>	-39
<b>Profit from continuing operations</b>	<b>853</b>	585	<b>2 577</b>	1 680
Cumulative prior year net effect of change in accounting policies	-	-	-	70
<b>Net profit</b>	<b>853</b>	585	<b>2 577</b>	1 750
<b>Earnings per share, EUR</b>				
Continuing operations				
Basic	<b>0.74</b>	0.51	<b>2.24</b>	1.48
Diluted	<b>0.72</b>	0.50	<b>2.17</b>	1.43
Net profit				
Basic	<b>0.74</b>	0.51	<b>2.24</b>	1.54
Diluted	<b>0.72</b>	0.50	<b>2.17</b>	1.49
<b>Average number of shares</b> (1 000 shares)				
Basic	<b>1 150 292</b>	1 140 517	<b>1 148 440</b>	1 138 341
Diluted	<b>1 191 258</b>	1 177 161	<b>1 185 796</b>	1 173 301
Depreciation and amortization, total	<b>207</b>	139	<b>665</b>	509

Currency rate December 31, 1999, 1 EUR = 1.008 USD, 1 EUR = 5.94573 FIM



**NET SALES BY BUSINESS GROUP, EUR million**  
(audited)

	10-12/99	10-12/98	1-12/99	1-12/98
Nokia Networks	1 740	1 402	5 673	4 390
Nokia Mobile Phones	4 246	2 703	13 182	8 070
Other Operations	403	266	995	1 014
Inter-business group eliminations	-17	-19	-78	-148
<b>Nokia Group</b>	<b>6 372</b>	<b>4 352</b>	<b>19 772</b>	<b>13 326</b>

**OPERATING PROFIT BY BUSINESS GROUP, EUR million**  
(audited)

	10-12/99	10-12/98	1-12/99	1-12/98
Nokia Networks	334	283	1 082	960
Nokia Mobile Phones	1 059	581	3 099	1 540
Other Operations	-85	-14	-273	-11
<b>Nokia Group</b>	<b>1 308</b>	<b>850</b>	<b>3 908</b>	<b>2 489</b>

**PERSONNEL**

	31.12.1999	31.12.1998
Nokia Networks	23 718	20 638
Nokia Mobile Phones	23 775	18 627
Other Operations	7 767	5 278
<b>Nokia Group</b>	<b>55 260</b>	<b>44 543</b>
Finland	23 267	21 093
Other Europe	14 243	11 022
Americas	10 586	6 836
Asia-Pacific	7 084	5 562
Other Countries	80	30

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

	1-12/99	1-12/98
Net cash from operating activities	3 102	1 687
Net cash used in investing activities	-1 341	-780
Net cash used in financing activities	-592	-63
Net increase in cash and cash equivalents	1 169	844
Cash and cash equivalents at beginning of period	2 990	2 047
Cash and cash equivalents at end of period	4 159	2 891

**Dividends**

Net cash used in financing activities 1-12/99 includes dividends paid EUR 597 million (1-12/98 EUR 374 million).

Currency rate December 31, 1999, 1 EUR = 1.008 USD, 1 EUR = 5.94573 FIM

**CONSOLIDATED BALANCE SHEET, IAS, EUR million**  
(audited)

	31.12.1999	31.12.1998
<b>ASSETS</b>		
<b>Fixed assets and other non-current assets</b>		
Intangible assets	838	484
Property, plant and equipment	2 031	1 331
Investments in associated companies	76	90
Investments in other companies	68	75
Deferred tax assets	257	196
Other assets	217	44
	<b>3 487</b>	<b>2 220</b>
<b>Current assets</b>		
Inventories	1 772	1 292
Receivables	4 861	3 631
Short-term investments	3 136	2 165
Bank and cash	1 023	726
	<b>10 792</b>	<b>7 814</b>
<b>Total assets</b>	<b>14 279</b>	<b>10 034</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>		
Share capital	279	255
Share issue premium	1 079	909
Treasury shares	-24	-110
Translation differences	243	182
Retained earnings	5 801	3 873
	<b>7 378</b>	<b>5 109</b>
<b>Minority interests</b>	<b>122</b>	<b>63</b>
<b>Long-term liabilities</b>		
Long-term interest bearing liabilities	269	257
Deferred tax liabilities	80	88
Other long-term liabilities	58	64
	<b>407</b>	<b>409</b>
<b>Current liabilities</b>		
Short-term borrowings	792	699
Current portion of long-term debt	1	61
Accounts payable	2 202	1 357
Accrued expenses	3 377	2 336
	<b>6 372</b>	<b>4 453</b>
<b>Total shareholders' equity and liabilities</b>	<b>14 279</b>	<b>10 034</b>
<b>Interest-bearing liabilities</b>	<b>1 062</b>	<b>1 017</b>
<b>Shareholders' equity per share, EUR</b>	<b>6.34</b>	<b>4.45</b>
<b>Number of shares (1000 shares) *</b> (split-adjusted)	<b>1 163 170</b>	<b>1 146 871</b>

\* Shares owned by Group companies are excluded

Currency rate December 31, 1999, 1 EUR = 1.008 USD, 1 EUR = 5.94573 FIM

**SHAREHOLDERS' EQUITY, EUR million**  
 (audited)

	Share capital	Share issue premium	Treasury shares	Translation differences	Retained earnings	Total
<b>Balance at December 31, 1997</b>	252	803	-110	182	2 493	3 620
Share issue	3	106				109
Dividend					-378	-378
Translation differences						-
Other increase/ decrease, net					8	8
Net profit					1 750	1 750
<b>Balance at December 31, 1998</b>	255	909	-110	182	3 873	5 109
Share issue	3	191				194
Bonus issue	36	-36				-
Cancellation of treasury shares	-15	15	110		-110	-
Acquisition of treasury shares			-24		24	-
Dividend					-586	-586
Translation differences				61		61
Other increase/ decrease, net					23	23
Net profit					2 577	2 577
<b>Balance at December 31, 1999</b>	279	1 079	-24	243	5 801	7 378

**COMMITMENTS AND CONTINGENCIES, EUR million**  
 (audited)

	GROUP	
	31.12.1999	31.12.1998
<b>Collateral for own commitments</b>		
Mortgages	6	6
Assets pledged	3	9
<b>Contingent liabilities on behalf of Group companies</b>		
Other guarantees	427	283
<b>Contingent liabilities on behalf of associated companies</b>		
Guarantees for loans	-	1
<b>Contingent liabilities on behalf of other companies</b>		
Guarantees for loans	234	84
<b>Leasing obligations</b>	560	463

Currency rate December 31, 1999, 1 EUR = 1.008 USD, 1 EUR = 5.94573 FIM

**NOTIONAL AMOUNTS OF DERIVATIVE FINANCIAL INSTRUMENTS<sup>1)</sup>, EUR million**  
(audited)

	<b>31.12.1999</b>	<b>31.12.1998</b>
Foreign exchange forward contracts <sup>2) 3)</sup>	<b>9 473</b>	15 638
Currency options bought	<b>1 184</b>	741
Currency options sold	<b>979</b>	876
Interest rate forward and futures contracts <sup>2)</sup>	<b>598</b>	-
Interest rate swaps	<b>250</b>	67

<sup>1)</sup> 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.

<sup>2)</sup> Notional amounts outstanding include positions, which have been closed off.

<sup>3)</sup> Notional amount includes contracts used to hedge the net investments in foreign subsidiaries. As at December 31, 1999 notional amount includes contracts amounting to 0.6 billion EUR used to hedge the shareholders' equity of foreign subsidiaries and as at December 31, 1998 respectively 1.3 billion EUR.

Currency rate December 31, 1999, 1 EUR = 1.008 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) expectations regarding market growth and developments; 3) expectations for net sales growth and profitability; and 4) 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; 2) industry conditions, such as the strength of product demand, the intensity of competition, pricing pressures, the acceptability of new product introductions, the introduction of new products by competitors, changes in technology or the ability of the Company to source components from third parties without interruption and at reasonable prices and the financial condition of the Company's 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 in the Company's Form 20-F for the year ended December 31, 1998.*

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Instead of International Accounting Standards (IAS), Nokia will start reporting according to U.S.GAAP as of January, 2000

Nokia will publish its 1Q results for 2000 on April 27, 2Q results on July 27 and 3Q results on October 26, 2000.