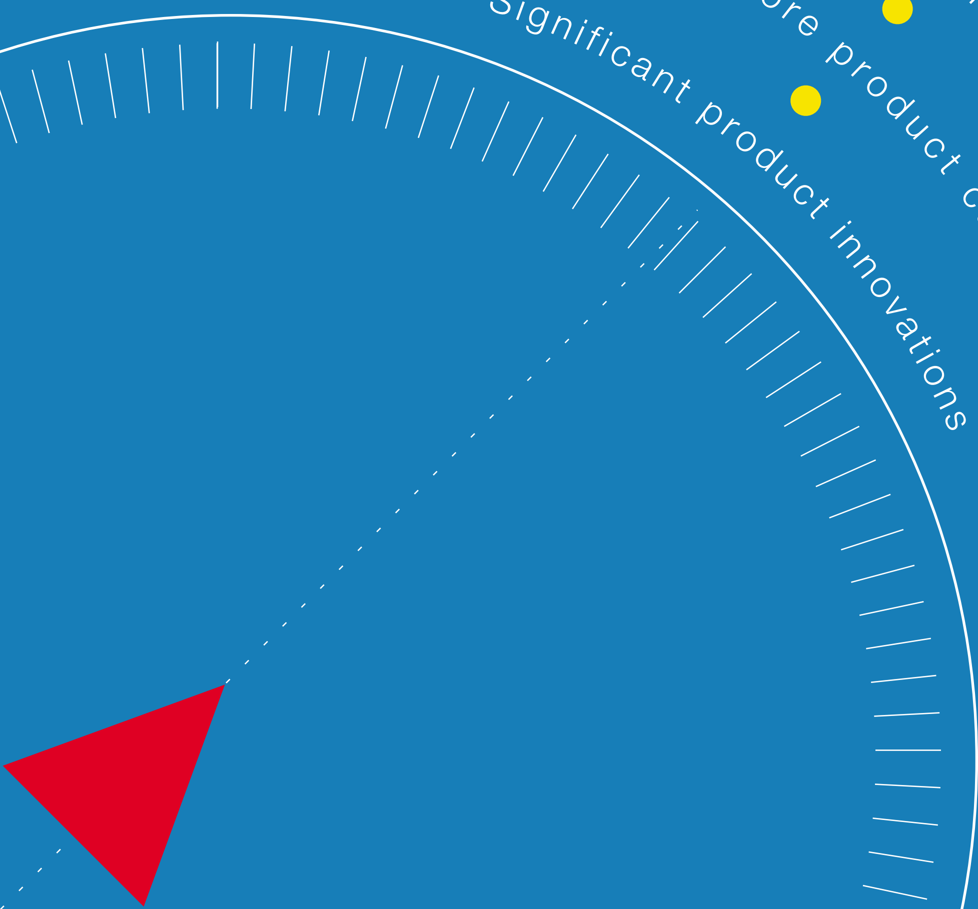
NOKIAN TYRES PLC ANNUAL REPORT 1999

The sixth year in a row to see a 20% increase in earnings per share

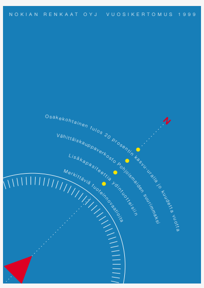
Largest retail network in the Nordic countries

Increased core product capacity

Significant product innovations



C O N T E N T S



Nokian Tyres' lasting success is based on a consistent strategy and extensive expertise.

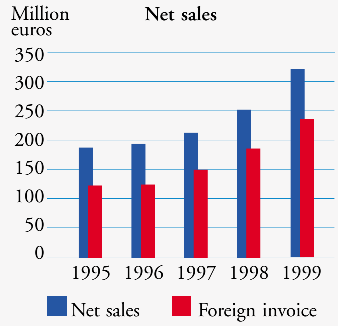
Expertise in northern conditions

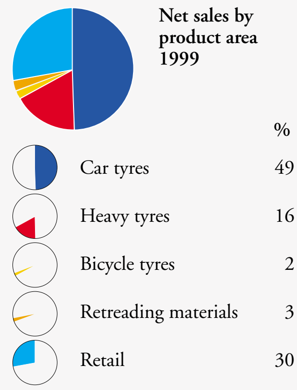
Nokian Tyres plc is the largest tyre manufacturer and tyre retailer in the Nordic countries. It is the only manufacturer to focus on northern conditions. The company manufactures summer and winter tyres for cars, bicycles and different types of heavy machinery. The product range also includes retreading materials. The company has tyre retail chains in Finland, Sweden, Norway, Estonia and Latvia.

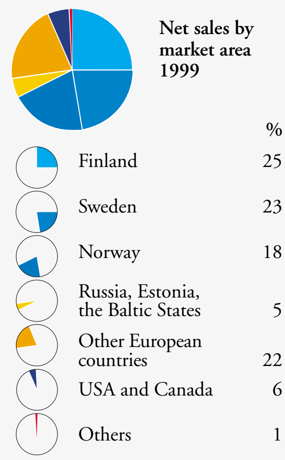
Net sales of the Nokian Tyres group stood at FIM 323 billion and the group had approximately 2,000 employees.

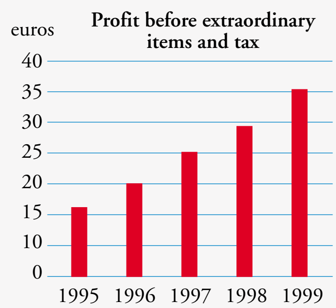
Product development, administration, marketing and most production are located in Nokia. Bicycle tyres are manufactured in Lieksa. In addition, the company has off-take manufacturing in the United Kingdom, France, the United States, Japan and Indonesia. Nokian Tyres has its own sales companies in Sweden, Norway, Germany, Switzerland and the United States and has a representative office in Moscow.

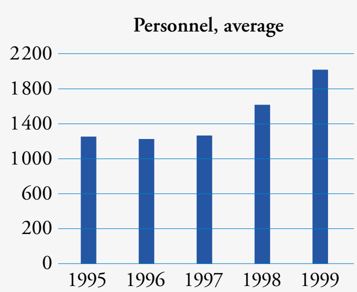
Nokian Tyres was founded in 1988 and was first listed on the Helsinki Stock Exchange in 1995. The history of the company dates back to 1898, when Suomen Gummitehdas Oy (Finnish Rubber Works Limited) was founded. The company started to manufacture bicycle tyres in 1925 and passenger car tyres in 1932. The company's best-known brand, the Nokian Hakkapeliitta, started to be manufactured in 1936.











The **Passenger Car and Delivery Van Tyres** product area includes summer and winter tyres for passenger cars and delivery vans. The product range consists of approximately 330 different tyres. Approximately 75% of car and van tyres are exported.

The **Heavy Tyres** product area includes forestry tyres, harbour and mining machinery tyres, special agricultural tyres, industrial machinery tyres and truck tyres totalling approximately 220 different products. Just over 65% of heavy tyres are exported.

The **Bicycle Tyres** product area includes summer and winter tyres for standard, touring, mountain and racing bicycles. The product range consists of 250 different tyres. Nearly 70% of bicycle tyres are exported.

The **Retreading Materials** product area includes materials for retreading truck and other heavy commercial vehicle tyres and car tyres. The product range consists of approximately 275 different treads. Exports account for nearly 45% of sales in the product area.

The **Retail** product area with a total of 117 retail outlets includes retail chains in Finland, Sweden, Norway, Estonia and Latvia.

Key financial indicators 1999

Million euros	1999	% of net sales	1998	% of net sales	Change %
Net sales	**322.6**		251.3		28.4
Operating profit	**42.1**	**13.1**	33.2	13.2	26.8
Profit before extraordinary items and tax	**35.9**	**11.1**	29.3	11.7	22.6
Return on capital employed, %	**16.9**		19.8		
Return on equity, %	**23.6**		22.7		
Interest bearing net debt	**170.4**	**52.8**	94.2	37.5	80.8
Gross investments	**85.7**	**26.6**	72.7	28.9	17.9
Cash flow from operations	**22.3**		21.2		5.3
Earnings per share, euros	**2.51**		2.04		23.0
Cash flow per share, euros	**2.14**		2.05		4.1
Shareholders' equity per share	**11.5**		9.7		18.5
Equity ratio, %	**30.9**		37.1		
Personnel, average	**2,023**		1,620		24.9

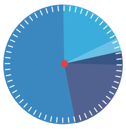
Strategic goals until 2005

Stronger position in all product groups on the home market:
– Core products: organic growth
– Supporting products: growth through off-take manufacturing
– Finland, Sweden, Russia and the Baltic States: growth through an expanded retail network
– The Nokian brand: increased visibility particularly in Sweden, Norway, Russia and the Baltic States.

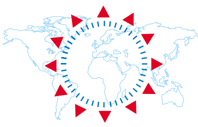
Globally stronger position for core products
– Strengthening the market position of core products designed for northern conditions.

Profit increase through continuous renewal and development of product range
– The product range will be continuously renewed and new, innovative products will be launched at a faster pace.

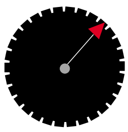
Profit increase through increased total quality
– Product and activity quality will be continuously developed and quality costs will be reduced.



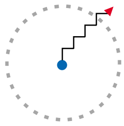
1. Development on the home market, **pages 12–13**



2. Development on the global market, **pages 14–15**



3. Innovative products, **pages 16–17**



4. Quality development, **page 18**

Nokian Tyres' Strategy

1. **Focus on northern conditions**
   – Nokian Tyres is the only manufacturer with strategic focus on products designed for northern conditions. The company markets its products in all those areas where the climate is Nordic with snow, forests and demanding driving conditions because of the changing seasons.
   – Special products include passenger car winter tyres and forestry tyres, for example.

2. **Specialisation in other narrow product segments**
   – Special products include harbour and mining machinery tyres, for example.

3. **Focus on the replacement market**
   – Over 90% of passenger car tyres and 50% of heavy tyres manufactured by Nokian Tyres are sold on the replacement market through specialised tyre retailers, car dealers and other retail companies in the tyre business.

4. **High product development and production investments**

5. **Continuing development of quality and productivity**

6. **Product development co-operation with machinery, equipment and bicycle manufacturers**

7. **Open and participatory corporate culture**

Four basic guiding values

Customer satisfaction
Satisfied customers are the basis of Nokian Tyres' lasting success. By listening to and understanding its customers, Nokian Tyres is able to continuously develop its products and services so that they bring concrete added value to customers.

For retailer customers, Nokian Tyres is a reliable and attractive co-operation partner. The products have done well in tests and on the market and the company actively promotes sales.

For direct customers, Nokian Tyres is a responsible and valued tyre manufacturer. The products are innovative, designed for special conditions and offer an excellent price-value ratio.

Employee satisfaction
For its employees, Nokian Tyres is a stimulating, equal and reliable employer.

The company encourages its employees to develop themselves and their working environment. The Lifelong Learning programme and job rotation opportunities support personal learning. Employees can influence their working environment by submitting suggestions that are all duly processed and often rewarded.

Employees receive fair, competitive, results-based remuneration for their work. They also receive adequate and sufficiently open financial information on the company and future prospects.

Environmental satisfaction
Environmental responsibility and the development of environmental satisfaction are an integral part of the daily operations of Nokian Tyres. The company goes beyond the requirements set by environmental legislation and permits. Nokian Tyres' environmental management system is compliant with the international ISO 14001 standard and the European Union EMAS statute.

1999

The new NRH2:
Safety and performance through innovation

Nokian Tyres launched a new H speed rated (210 km/h or 131 mph) passenger car summer tyre that combines Nordic safety and comfort with Central European performance in a new and innovative way.

The new Nokian NRH2 is designed for Nordic drivers who want tyres suitable for high-speed motorway driving without compromising driving safety on unkempt wet roads in cold weather.

It is also designed for drivers in continental Europe who also want to be able to drive safely on wet roads and enjoy good driving properties at top speed.

The new tyre strengthens the position of Nokian Tyres in High Performance summer tyres particularly in the Nordic countries, where demand for H speed class summer tyres is increasing dramatically. In addition to the Nordic countries, Russia and the Baltic States, the tyre has what it takes to succeed in Central Europe and in North America.

The open grooves in the new Nokian NRH2 tread pattern expel water efficiently.

The Nokian NRH2 includes several technical innovations, such as the DSI (Driving Safety Indicator) wear indicator and the Water Wipe System that considerably enhances the wet grip properties of the tyre on wet roads.

Speed rating?

The speed class is the highest continuous driving speed where the tyre maintains its durability and driving properties. Speed ratings are indicated by letters. The most common speed ratings are:

Q = 160 km/h or 99 mph
S = 180 km/h or 112 mph
T = 190 km/h or 118 mph
H = 210 km/h or 131 mph
V = 240 km/h or 149 mph
W = 270 km/h or 168 mph
Y = 300 km/h or 186 mph.

By high-speed rating tyres Nokian Tyres means ratings V, W and Y.

Read more about technical innovations on page 17.

Nokian Tyres becomes the largest tyre retailer in the Nordic countries

On 26th October 1999, Nokian Tyres announced the acquisition of a majority interest in Isko Oyj. Isko Oyj is the largest tyre wholesale and retail company in Finland. Its market share in Finland exceeds 20%. The Isko network comprises 38 tyre retail outlets in Finland and two in Estonia. In 1998, the company's net sales amounted to 63.7 million euros and it employed approximately 320 people. During recent years, the company has produced good results and is financially strong.

– As a result of the acquisition, Nokian Tyres will have the largest tyre retail network in the Nordic countries. This will further strengthen the company's position in the strategically important home market area. By having a strong presence in tyre retail, we can ensure that our sales and profitability development meet our targets, says *Lasse Kurkilahti*, President of Nokian Tyres. Similar large acquisitions are not expected in the future. Over 70% of the company's net sales will continue to come from outside the company's own retail network.

The Swedish Däckshopen retail chain purchased in 1998 is an example of the outlets with city centre locations offering a focus on passenger car tyre and consumer customer service.

Ownership of close to 120 retail outlets

As a result of the acquisition, Nokian Tyres will have its own tyre retail chains in Norway, Sweden, Finland, Estonia and Latvia. The network will include a total of 117 sales outlets and will employ about 750 people.

Next year's net sales from retail are expected to be 150 million euros, which is slightly over a third of the company's net sales.

Read more about tyre retail on pages 12 and 33.

The Nokian Hakkapeliitta Q is "the best ever".

The Nokian Hakkapeliitta Q friction tyre has received great reviews in motor magazine tests. For example, the Swedish magazine, Teknikens Värld, rated the tyre "the best ever studless winter tyre".

In tyre tests published in 1999, the Nokian Hakkapeliitta Q has been the winner of motor magazine tests in Finland, Sweden, Norway and Russia among others. In addition, the tyre did well in the independent German automobile association, ADAC, tyre test and was rated "highly recommendable" ("Besonders empfehlenswert").

Earnings per share increased 23%

Nokian Tyres' earning per share (EPS) amounted to 2.51 euros, which equates to 23%. The increase in earnings per share exceeded the average growth of the last five years, which has been approximately 20%.

Key figures for the last ten years can be found on page 30.

Personnel issue received favourably

The Nokian Tyres Group personnel issue of bonds with warrants in the spring of 1999 exceeded expectations. A total of 961 Nokian Tyres' employees, that is 53% of the company's personnel, subscribed to the bonds. No other industrial company has reached such a high figure in Finland before. Bond loans have been part of Nokian Tyres' incentive system since the management issue in 1995.

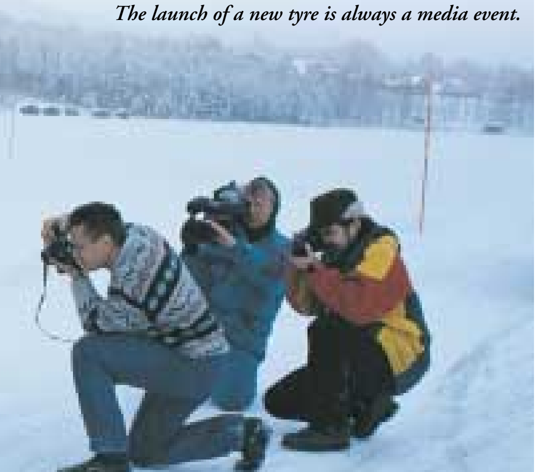
Read more about the personnel issue on page 23.

Net sales increased nearly 30%

Nokian Tyres' net sales increased by a record-breaking 28%. Over the last ten years, the increase has been a steady 10%.

Financial statistics for the last ten years can be found on page 30.

The launch of a new tyre is always a media event.



The association also gave the same rating to the higher speed class Nokian NRW friction tyres.

A new V speed rated (= 240 km/h or 149 mph) NRW friction tyre was launched towards the end of the year. It will strengthen the company's position in the high performance car winter tyre segment particularly in continental Europe.

Demand for heavy radial tyres on the increase

In the Heavy Tyres product area, radial tyres continued to replace diagonal tyres. The emphasis of demand increase in the product area was on radial tyres.

Product development investments in heavy radial tyres increased and the percentage of radial tyres grew in many product groups.

The advantages of radial tyres compared with diagonal tyres include better wear resistance, gripping properties and environmental friendliness.

Over 20,300 suggestions

In 1999, Nokian Tyres' employees submitted over 20,300 suggestions, which is an average of 12 suggestions per employee. The figure is higher than ever before.

Read more about suggestions on page 23.

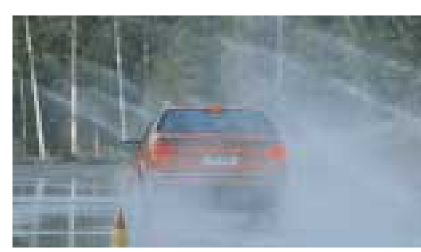
Additional capacity for heavy tyres

Factory expansions and production arrangements continue at the Nokia factory. A new, approximately 11,000 square metre tyre building hall was completed at the end of 1999.

Two new curing presses increase the curing capacity of heavy tyres by over 10% and were taken into use as part of the expansion. Nokian Tyres produces approximately 10,000 tons of heavy tyres each year.

Production at the Nokia factory accounts for 80% of net sales in the product area and the remaining 20% comes from off-take manufacturing.

Read more about off-take manufacturing on page 19.

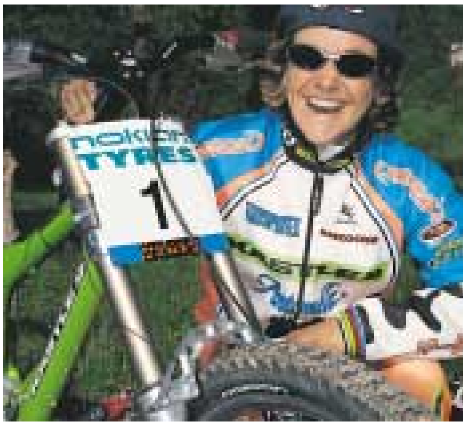


Increased testing capacity

The first phase of the 12 hectare expansion of the test track of Nokian Tyres was completed in the early autumn. The expansion is scheduled to be complete by autumn 2000.

The expansion particularly enhances development of high-speed class tyres, because their development requires extensive testing. In addition, the expansion adds to the variety of wet grip, hydroplaning, lane changing and tyre noise tests. The new track will also add new dimensions to winter testing, although most winter testing will continue to be performed on the Ivalo test track in northern Lapland.

Read more about tyre testing on page 17.



Giovanna Bonazzi joins the Nokian Team

Giovanna Bonazzi, the all-time bicycle downhill racing champion, joined the Nokian Team last year. The Italian Bonazzi has twice been downhill racing World Champion and European Champion three times.

A closer look at people and the environment

What is the working capacity of Nokian Tyres employees? How does the company handle environmental and protection matters? Answers to these questions can be found in two reports: the 1999 Personnel Report and the 1999 Environmental Statement. Both reports include important insights into the company's methods of operation, goals and management.

Read more about the reports on pages 21 and 23.

Increased exports of retreading materials

Exports in the Retreading Materials product area have yielded good results. Exports increased by approximately 30%. The amount of exports rose to approximately 45% of net sales in the product area. Nokian Tyres gained a foothold on new markets, for example in North America.

In the traditional home market area of the Nordic countries, the Nokian NOKTOP product range strengthened its position as the best selling tread.

Stock exchange bulletins 1999

Nokian Tyres released 27 Stock Exchange bulletins during 1999. Below you'll find concise summaries of the most important bulletins.

15.2. Nokian Tyres plc in 1998. Before extra-ordinary items and tax, profit increased by 17% on the previous year and stood at 29.3 million euros (25.1 million euros in 1997), that is, 11.7% (11.8%) of net sales. Profit per share was 2.04 million euros (1.68 million euros), which is 21.3% higher than the previous year. Net sales increased by 19% to a total of 251.3 million euros (211.6 million euros). The Board of Directors proposes that a dividend be distributed for 35% of the profit per share, that is 0.73 euros (0.59 euros) per share.

24.3. Annual General Meeting, decisions. Nokian Tyres' Annual General Meeting accepted the company's profit and loss accounts for the 1998 fiscal year and discharged the Board of Directors and the President from liability. A decision was made to pay a dividend of 0.73 euros per share.

5.5. Nokian Tyres plc's Board of Directors approved the subscription of Nokian Tyres Group's personnel issue. 53% of the Group's employees subscribed to the bonds with warrants. The minimum subscription amount was 168.19 euros.

5.5. Nokian Tyres plc Interim Report, January–March 1999. Earnings per share for the first quarter of 1999 stood at 0.10 euros (0.33 euros during the corresponding period of 1998), i.e. 69% lower than the previous year. Net sales increased by 11% and totalled 57 million euros (51 million euros).

17.6. Dunlop Tyres UK Ltd. has sold all of its 1,550,000 Nokian Tyres' shares, which is 14.85% of the company's share capital.

11.8. Nokian Tyres plc Interim Report, January–June 1999. Earnings per share for the first half of 1999 stood at 0.16 euros (0.43 euros during the corresponding period of 1998), i.e. 63% lower than the previous year. Net sales increased by 20% and totalled 121 million euros (102 million euros).

29.9. Nokian Tyres introduces two new tyres, the passenger car summer tyre, the Nokian NRH2, and the truck drive axle winter tyre, the Nokian NTR-831. The new Nokian NRH2 tyre is one of Nokian Tyres' key products. It is to be available at the beginning of 2000. The Nokian NTR-831 is to be available from September 1999.

26.10. Nokian Tyres has agreed to purchase 69% of shares in the Isko tyre company. As a result, Nokian Tyres will hold 94% of the company's votes. The shares are sold by the Räsänen family. The purchase price is 25.73 euros per share, totalling 32 million euros. Nokian Tyres later makes an offer to buy all remaining Isko shares at the same price.

5.11. Nokian Tyres plc Interim Report, January–September 1999. Earnings per share stood at 0.95 euros (1.00 euro during the corresponding period of 1998), i.e. 5% lower than the previous year. Net sales increased by 20% and totalled 199 million euros (166 million euros).

29.12. Nokian Tyres has terminated its co-operation agreement with the Romanian tyre manufacturer, Tofan Grup. Tofan Grup manufactured certain Nokian agricultural and industrial tyres at its factories. The co-operation was terminated because Tofan Grup could not achieve the product and process quality, which Nokian Tyres and its customers expect. Nokian Tyres is looking into new off-take manufacturing opportunities for heavy tyres and aims to reach an agreement before summer 2000.

All 1999 stock exchange releases can be found on Nokian Tyres Internet pages at www.nokiantyres.com

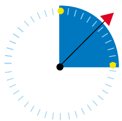
The report section (pp. 12–23) of Nokian Tyres' Annual Report focuses on the strategic goals until 2005.

Profit increase through increased productivity
– Productivity will be continuously developed by employing new production technology and by developing working methods and off-take manufacturing.

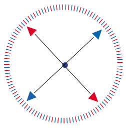
Profit increase through improved operations management
– The latest information technology will be applied to operations management, customer service and marketing.

Profit increase through good environmental management
– Environmental issues and protection will be developed systematically into activities that produce added value for the business by applying the principles of sustainable development.

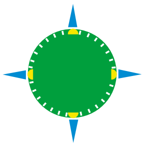
Profit increase through improving personnel competence
– Employee competence will be continuously developed as part of the Lifelong Learning programme and by developing the employee suggestion system, among other things.



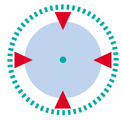
5. Productivity development, **page 19**



6. Operations management development, **page 20**



7. Development of environmental issues, **page 21**



8. Personnel development, **pages 22–23**

The development of environmental conservation and the working environment is an ongoing, voluntary and systematic process. The activities are developed bearing in mind the total life cycle of the products, so that the development, manufacturing and scrapping of the products have as minimal impact on the environment as possible.

Owner satisfaction
Owner satisfaction and trust are based on Nokian Tyres' ability to grow steadily and profitably. Steady profit development enables positive development of share values and dividend policy.

Nokian Tyres promotes owner satisfaction by steadily developing its strategy, strengthening its ability to produce new, competitive tyres and marketing its products effectively. The company makes sure that its owners receive enough information on all factors that contribute to its value.

Guideline values for the business

Nokian Tyres has set the following annual guideline values:

		Achieved 1999
Earnings per share	+ 20%	**23**
Profit before tax	10% of net sales	**11**
Net sales (organic)	+ 10%	**21**
Quality costs	- 10%	**±0**
Productivity[1)]	+ 7%	**+6.2**
Capacity usage	340 days/3 shifts	**340/3**
Personnel participation	10 suggestions/person	**12**
Investments (organic)	10% net sales	**10**
Product development costs	2.5% net sales	**2.4**
Information technology costs	1.5% net sales	**1.4**
Skills development	2% net sales	**3.4**
Individual development plans, people		**611**

1) The unit of productivity is product kilos per man hour. The measurement criteria are being renewed to better suit the measurement of technically advanced products.

Increased growth rate

During the last ten years, Nokian Tyres has steadily grown by approximately 10% per year. With its 28% growth, 1999 has been a year of strong growth for Nokian Tyres. The growth was 50% organic and 50% came from company acquisitions. Numerous new additions to our product ranges and investments that increased our production capacity by 10% supported the organic growth. Our investments last year amounted to 90 million euros, which is an all-time record. This is unique in our 100-year history. Consequently, we have high expectations for the future. Taking the investments into use both in retail and on an operative level is among the key tasks of the near future.

Growth and specialisation in retail

The acquisition of Isko Oyj towards the end of the year was the most important company acquisition last year. As a result, Nokian Tyres became the largest tyre retailer in the Nordic countries. Large retail investments are now complete and it is time to start developing the retail operations. We have intentions of acquiring a few retail companies in Sweden to complement our retail network there. In real terms, development of the network means development of specialised outlets and unification of the network. We want to develop both traditional outlets and new kind of outlets specialising in passenger car tyres and with city centre locations.

By strengthening our position in retail, we can ensure the availability of the Nokian brand to end users. Our target is that 50% of sales from our own retail outlets come from Nokian branded tyres and 50% from other manufacturers' brands. It is worth noting that two thirds of our total sales in the Nordic countries continue to be sales of products direct to end customers through our long-term retailer customers. We take particular care to have good co-operation with our customers and to increase customer contacts where possible.

Determined long-term efforts to build up the Nokian brand have produced good results and have supported our growth. Results of our surveys show that the position of the Nokian brand has strengthened and the desirability of our products has clearly increased in our home market area.

Increase in profits in a difficult market situation

1999 was the sixth successive year when our profit per share increased by 20%. This is a magnificent achievement in any line of business. The results are particularly important, because the general market development has not been favourable. 1999 was the year in the nineties, when tyre prices went down the most dramatically and the heavy increase in raw material prices towards the end of the year made it even more challenging.

Once again, we proved our ability to grow and to increase our profits regardless of the direction of the development of the global tyre market and of other areas of our operating environment. However, we need to follow our specialisation strategy and to constantly renew our product range and operation methods and to react quickly and flexibly in changing situations. It is important to manage our basic activities efficiently and without wasting resources.

Good start to the new millennium

At the beginning of the new millennium, the situation on the tyre market will probably remain the same. A six to eight percent increase in raw material prices is likely in 2000 and there will be tough price competition particularly in the lower speed class tyres, which will also have an impact on the so-called premium products. Our specialisation strategy allows us to avoid those product areas, where most of the tyre manufacturers operate and where product prices are not at a satisfactory level.

It is particularly important to find new growth areas on the tyre market. We have been delighted to see the annual 10% winter tyre market increase rate in Western Europe. The increase includes the different speed ratings of both studded and studless winter tyres. The higher speed rating summer tyre market has also developed favourably. Although the tyre market has not grown overall, there are growth areas, which are among the strengths of Nokian Tyres.

Continued steady profit development among the targets

Whatever the new millennium brings, Nokian Tyres will set the same sales and profitability targets for the year 2000 as for previous years. The following facts support this target:

– New, higher price class and profit margin products make up an increasingly higher percentage of our sales (see page 13).
– We will ensure our strong market position in the home market area through our own retail network. The network will also give us advantages of synergy in purchasing, management and marketing.
– We will consolidate our retail operations and implement a retail specialisation programme.
– We will define limits for the increase of fixed costs so that their percentage increase will not exceed 50% of the increase in sales.
– We will utilise the investments made and strictly prioritise new investments by preferring investments with the shortest possible payback times.
– We will improve our internal efficiency and quality in production and in other activities, which is particularly important now that the operating environment is not giving us much support.
– We will utilise the latest information technology, among other things, for profitability calculations that enable more accurate operations management.
– We will change the management focus by increasing the importance of cash flow to the level of earnings per share.

Personal growth provides strength amidst change

The growth rate and change rate with their background in the large investments will provide new challenges for the work environment. Changes always have a psychological side and we therefore need to carefully consider how we will be able to grow while facing the changes. It is time to reflect on the demands of our own tasks and to make inventories of attitudes and action methods both on the different personnel group, unit and individual levels as well. We need to have the courage to give up seemingly good old methods, if they do not meet the requirements we have today and in the future. We need to find new methods of action that are up to the new situation. On an individual level, everyone needs to find a balance in the new conditions. This will not be an easy task, but previous years give good cause for us to have faith that we will again find new solutions.

Once again we have an excellent year behind us and I have many reasons to extend my thanks.

I want to thank our customers for putting their trust in our products and our actions and for their great support for the Nokian brand.

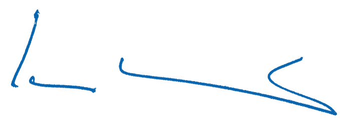
I give my thanks to our personnel for managing the growth and development. In many ways, we have met the tough challenges that the growth has brought.

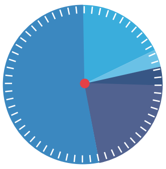
I thank the communities where our factories are located for their valuable support and good co-operation.

I want to thank our shareholders and all our contacts in the stock market for believing in our ability to achieve our targets in a situation where the profits were concentrated towards the end of the year more than ever before, because of the changes to our business structure. Our target is to be an interesting investment choice in the future as well.

I wish you a successful new millennium!

Lasse Kurkilahti





Stronger position in all product groups on the home market

Nokian Tyres strives to strengthen its position on the home market primarily through renewing product range and an expanded retail network. The company will continue to invest in the Nokian brand.

Two thirds of Nokian Tyres' net sales come from the home market area that includes Finland, Sweden, Norway, Russia and the Baltic States. When taking all product categories into account, Nokian Tyres is the market leader in Finland, the third largest supplier in Norway and the fourth largest in Sweden.

In Russia, Nokian branded tyres are the best known western tyres according to a market survey carried out in December 1999. Nokian Tyres has sales companies in Sweden and Norway and a representative office in Moscow.

The biggest tyre retailer in the Nordic countries

In the home market area, tyre retail is typically concentrating into larger chains. Maintaining a strong market position in the home market is strategically important and the company has been heavily expanding its retail network in recent years. The company's retail operations started in Norway in the late 1980's and expanded to Sweden and Latvia in 1998. At the end of 1999, Nokian Tyres acquired Isko, the largest tyre wholesale and retail company in Finland. As a result of the acquisition, Nokian Tyres also became the biggest tyre retailer in the Nordic countries.

In the future, the retail network will be expanded by increasing the number of outlets particularly in Sweden and in the Baltic countries. Large company acquisitions, such as the Isko deal, are not expected. The primary target is to unify the marketing, purchasing and administration functions of the distribution chains in the different countries in order to gain synergy advantages.

About 50% of the tyres sold through retail outlets will be Nokian branded tyres and the other 50% will be other brands. Retail will be developed using two outlet concepts. Traditional tyre outlets will continue to serve both direct customers, trade customers and the heavy duty vehicle business. The new kind of outlets with focus on passenger car tyres and customer service will mainly have large city locations.

Increased visibility for the Nokian brand

There are approximately 80 tyre brands competing on the Nordic tyre market. In addition to the development of the own retail network, the other main target in the home market area is to increase the visibility and desirability of the Nokian brand and to boost retail business. In the Nordic countries, driving safety is the decisive factor in purchasing tyres, and expertise in northern conditions combined with lasting safety is therefore the main marketing message behind all Nokian Tyres' advertising.

In recent years, the company has significantly increased the visibility of the Nokian brand through television and magazine advertising and advertising in tyre outlets. In 1999, a special marketing concept different from other tyre companies was developed for the Heavy Tyres product area. The marketing message of the Bicycle Tyres product area focuses on cyclists who want specialised products.

"Our own retail network secured our sales volume targets and improved interaction with end users."

Juhani Kyrklund,
Vice President, Retail

"Research shows that awareness and desirability of the Nokian brand have increased considerably."

Pentti Rantala,
Vice President, Marketing

Car tyre after market in Finland, Sweden and Norway 1995–1999

1 000 pcs

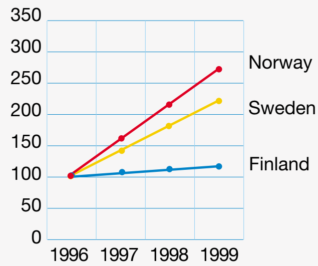
FINLAND	1995	1996	1997	1998	1999
Car summer S/T	805	764	848	879	892
Car summer H	58	49	45	95	104
Car summer V	15	13	11	24	52
Car summer W/Y/Z	3	4	6	12	17
Car summer total	883	832	910	1 012	1 065
Winter studdable	790	868	963	1 018	1 049
Winter non studdable	65	86	109	192	213
Winter total	855	954	1 073	1 210	1 262
Car tyre total	**1 738**	**1 787**	**1 983**	**2 221**	**2,327**

SWEDEN	1995	1996	1997	1998	1999
Car summer S/T	1 501	1 315	1 335	1 221	1 085
Car summer H	251	238	263	276	282
Car summer V	65	62	93	119	159
Car summer W/Y/Z	30	32	42	65	83
Car summer total	1 848	1 647	1 732	1 681	1 609
Winter studdable	890	1 032	1 216	1 169	1 757
Winter non studdable	379	437	439	478	761
Winter total	1 270	1 470	1 655	1 647	2 518
Car tyre total	**3 118**	**3 117**	**3 387**	**3 328**	**4 127**

NORJA	1995	1996	1997	1998	1999
Car summer S/T	681	657	625	669	582[2]
Car summer H	122	125	145	189	236[2]
Car summer V	42	52	70	85	95[2]
Car summer W/Y/Z [1]	–	–	–	–	–
Car summer total	844	833	840	942	913
Winter studdable	912	842	790	631	677
Winter non studdable	167	349	461	622	671
Winter total	1 080	1 191	1 252	1 252	1 348
Car tyre total	**1 924**	**2 025**	**2 091**	**2 195**	**2 261**

[1] Data not available [2] Estimate
Source: Local pooling

Nokian brand purchasing intentions in Finland, Sweden and Norway 1996 - 1999
(index 1996 = 100)



Nokian Tyres' advertising awards and successes in 1999

- First prize in the 1999 EPICA Awards competition in Automotive and Automotive Accessories Television Advertisements category.
- Finalist in the Cannes Lions '99 competition in Other Vehicles and Automotive Accessories category.
- Bronze medal in The New York Festival International Advertising Awards Print advertising Competition in Automotive Accessories category.
- Winner of Consumer Campaign series in The Finnish Association of Advertising Agencies and Finpro (former Finnish Foreign Trade Association) international advertising competition in 1999.
- Prize-winner in the1999 Voitto advertising film competition arranged by SATU ry, the association of Finnish producers in the audio-visual sector, The Finnish Association of Advertising Agencies and The Finnish Marketing Association.

The award-winning "Worm" film was designed by the PHS TBWA Oy advertising agency and was produced by Woodpecker Film Oy.

Globally stronger position for core products

Nokian Tyres aims to grow globally on the markets where it can use its expertise in northern conditions and the special competence resulting from it. Marketing and distribution will also be developed to match the development strategy.

The home market area is strategically the most important area for Nokian Tyres and the company has a strong market position in the area. In order to achieve its growth targets, Nokian Tyres is constantly looking for new sales opportunities all over the world. Important market areas outside the home market area include the Alpine region and North America, that is, countries and areas with northern conditions and changing seasons. Nokian Tyres has its own sales companies in Germany, Switzerland and North America. In other countries, product sales are handled by independent importers. In 1999, Nokian Tyres' products were sold in 60 different countries.

Special products for narrow product segments

Nokian Tyres' growth in global markets is based on expertise in specific narrow product segments. Expertise and competence in these areas have given the company a firm foothold in new market areas.

An outstanding example of a globally successful core product group can be found in forestry tyres where Nokian Tyres has been a globally important player since back in the 1960's. The company has close development co-operation with Nordic forestry machinery manufacturers.

The experience gained in forestry tyres has been utilised in the development of harbour and mining machinery tyres. In recent years, they have become new, strategically important product groups with customers in all continents. Accordingly, the highest growth potential in harbour and mining machinery tyres comes from outside the home market area.

The passenger car and delivery van tyre product ranges have also been developed to meet the needs of customers outside the home market area. Low-profile high-speed rating tyres, where the highest increase in demand has been from mainland Europe in particular, have been introduced in both the summer tyre and the winter tyre ranges.

The company has also started to expand the retreading materials product range to meet the special needs of customers in mainland Europe and North America. In the Nordic countries, Nokian Tyres is the largest manufacturer and supplier of retreading materials.

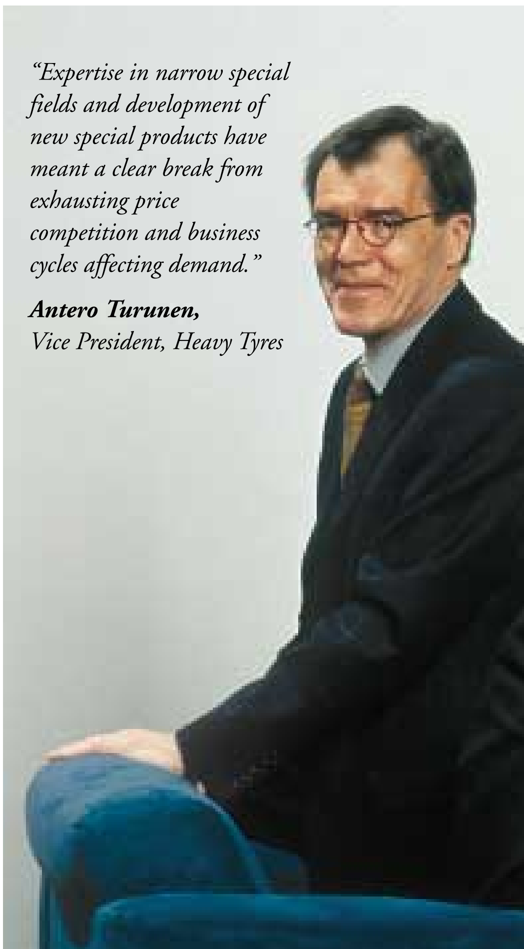
Bicycle tyre development focuses on special products with a global market. For example, in North America, the downhill tyres are highly valued.

Advertising that stands out from the rest

In recent years, the company has also invested in increasing the visibility of the Nokian brand outside the home market area. In Germany, the company has started nationwide magazine advertising campaigns that are specifically tailored to the German market. The basic idea is the same as with the Nordic advertisements; the advertisements are original, daring and different from mainstream tyre advertisements. In the next few years, the company also has plans to begin consumer advertising in other German-speaking areas.

Increased co-operation with distribution companies

In order to grow globally, the supply chains need to be developed to match Nokian Tyres' specialisation strategy. The company is



"Expertise in narrow special fields and development of new special products have meant a clear break from exhausting price competition and business cycles affecting demand."

Antero Turunen,
Vice President, Heavy Tyres

"Our current product range is a well-profiled whole that interests more and more distribution companies and consumers in Western, Central and Southern Europe as well."

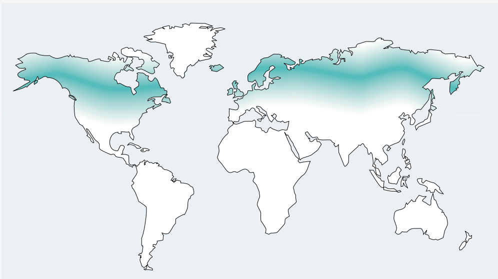
Kim Gran,
Vice President,
Passenger Car and Delivery Van Tyres

"Success in the Nordic countries proved to be a good reference when looking for new customers in Europe and North America."

Keijo Vikman,
Vice President,
Retreading Materials

looking for distribution partners with suitable expertise and existing end-user connections to reach replacement market customers in narrow specialist fields.

Nokian Tyres is not currently planning to expand its retail network outside the home market area. The target is to intensify co-operation with key customers, for example, by increasing their participation in planning the product ranges.



Nokian Tyres' home market area and most of the other market areas lie within the coniferous forest zone. (The map is approximate.)

Nokian Tyres is a globally significant supplier of forestry tyres. The company supplies tyres both for Nordic cut-to-length method machinery (in the photo) and international full-tree logging machinery.

"Our success potential is based on maintaining a strong position on the home market and on rapid progress in narrow global segments for special bicycle tyres."

Matti Karppinen,
Vice President, Bicycle Tyres

Expertise in northern conditions on European motorways?

Nokian Tyres also uses its expertise in northern conditions in the tyres that have mainly been developed for market areas outside the home market area. For example, the V speed rating (240 km/h or 149 mph) Nokian NRV summer tyre includes the new Termo Silica rubber compound that improves grip both on warm summer roads and on road surfaces near freezing point.

The properties of traditional rubber compounds suit only either cold or hot conditions and many tyres have been optimised only for dry and warm continental summer conditions. The Nokian NRV grips both on dry and wet roads. The wet grip properties of the tyre, particularly in low temperatures in spring and autumn, have been significantly improved.

Advertising for the German market seeks to stand out from the rest.

Profit increase through continuous renewal and development of product ranges

In every season, Nokian Tyres launches new products on all product areas. The aim is to include innovations in all new products, which strengthen the company's position on the selected narrow focus segments.

Nokian Tyres spends approximately 2.5% of its net sales on product development.

The basic idea of product development has remained the same for over sixty years. The company focuses on developing products especially for consumers who value and demand tyres that are safe in all northern driving conditions in all seasons. The key principle of product development is lasting safety: the tyre needs to be safe throughout its useful life, not only when new.

Innovations faster than competitors

According to Nokian Tyres' product development philosophy, every new product needs to include some technical innovation that gives the user unique added value. The target is to develop new, innovative products at a faster pace than other tyre companies and to launch new products at the right time. To achieve this target year after year is the greatest product development challenge to Nokian Tyres and it is also essential for achieving company-wide targets. Successful new products ensure that the company has a stable position in the highest price classes, which means a profit increase of tens of percents compared with the old products.

Success in tests

In the passenger car tyre markets, expertise in winter tyres continues to be the stronghold of Nokian Tyres. In the winter of 1999, Nokian branded studded and friction tyres were once

"We launched a record-breaking number of new products. The technical innovations that we developed in our new products provide genuine added value to our customers and add the competitiveness of our products in a lasting way."

Antero Juopperi,
Vice President, R & D

again highly successful in motor magazine tyre tests, both in Finland, in Scandinavia and Germany.

In recent years, the company has demonstrated that it can also develop increasingly demanding summer tyres and it has launched several innovative summer tyres developed for northern conditions. The company has particularly invested in low profile, high-speed rating tyres, demand for which is increasing in all major market areas. High-speed rating tyres have been introduced both in the summer and in the winter tyre ranges.

In the Heavy Tyres product area, the company focuses on the development of radial tyres, among others, for the harbour and agricultural machinery tyre ranges. These tyres have been well received by the market. Bicycle tyre development also focuses on high-class special tyres. The development of retreading materials uses the strong expertise on northern conditions gained by developing tyres tailored for different winter conditions.

Close to one hundred development projects

There are constantly close to one hundred product development projects in progress at Nokian Tyres. Research and development strive to find innovative solutions to enhance materials, structure and tread patterns. The development of a completely new product takes from two to four years.

Over 80% of the weight of a tyre consists of various rubber compounds. The rest is various reinforcements. The rubber compounds are selected according to the desired properties. But no single property is optimised at the expense of any properties that affect safety.

Key properties of the different product areas are as follows:

1. Passenger Car and Delivery Van Tyres: grip, wear resistance, hydroplaning and slushplaning properties, stability in sudden changes of road surface, driving comfort, performance, economy and environmental friendliness.
2. Heavy Tyres: wear resistance, economy, performance in demanding special conditions, retreadability.
3. Retreading Materials: wear resistance, grip.
4. Bicycle Tyres: rolling properties, wear resistance, grip.

The DSI wear indicator adds safety and mileage

The new Nokian NRH2 summer tyre (see page 7) is the first passenger car tyre to include a wear indicator – the DSI (Driving Safety Indicator). The DSI uses number blocks in the centre of the tread area, which indicate the remaining tread in millimetres. The wear indicator system enables the driver to estimate the safety of the tyres.

The DSI wear indicator facilitates monitoring the difference between the wear on the different axles. If the front and rear tyres are changed at optimal intervals, it is possible to improve driving results by up to 25%.

The number on the DSI wear indicator shows the groove depth in millimetres. The numbers wear off one by one as the tyre wears.

Heavy Tyres' development focus on radial tyres

The Heavy Tyres' product development investments are focused mainly on radial tyres, where demand is greatest.

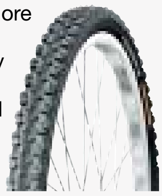
The latest example is the Nokian TR Forest Multiplus, which is a 65 series radial tyre that has been developed from the Nokian TR Forest tyre. It suits all tractor-based machinery in forests, fields and earthwork. Its special features include good grip and self-cleaning tread design.

New downhill racing bicycle tyre

The latest addition to Nokian Tyres' bicycle tyre range is the Freddie's Revenz 336 tyre for downhill racing that is gaining more and more international recognition.

The grip of the racing tyre that is designed for icy and snowy racing tracks is maximised by 336 aluminium-bodied studs that are equipped with hard metal spikes in six rows.

The main market areas of the new tyre are North America and the Alpine region of Europe.



The studded Freddie's Revenz racing tyre belongs to a narrow bicycle tyre segment where prices are manifold compared with ordinary tyres.

Testing accounts for 50% of product development costs

Nokian Tyres invests approximately 50% of its tyre development costs in testing. Extensive tests ensure that products have the desired qualities and technical quality before they are launched.

Most winter tyre testing takes place in the world's northernmost tyre testing centre in Ivalo, about 300 kilometres north of the Arctic Circle. The approximately 660-hectare test area is used by other tyre and car manufacturers as well.

The expansion of Nokian Tyres' second test track in Nokia was completed in the autumn of 1999. The expansion gives significantly more variety to testing high-speed class summer tyres in particular.

Percentage of new products[1] of net sales by product area, 1998–2000

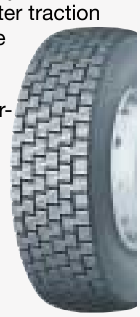
	1998	1999	2000[2]
Passenger Car and Delivery Van Tyres	33	29	47
Heavy Tyres	14	9	15
Retreading Materials	19	26	19
Bicycle Tyres	26	28	31

[1] Products launched in the reviewed year or the previous year
[2] Estimate

Enhanced winter grip for heavy-duty vehicles

In the autumn of 1999, Heavy Tyres launched the Nokian NTR-831, a new winter traction tyre for heavy-duty vehicles. The completely new tread structure that consists of double blocks has made it possible to considerably enhance the grip and durability of the tyre.

The key market areas of the Nokian NTR-831 are Finland, Sweden and Norway.



Profit increase through increased total quality

Nokian Tyres aims to increase customer satisfaction and efficiency by constantly developing its quality activities. Quality cost monitoring systems have been developed and integrated on all levels of operation.

At Nokian Tyres, the development of total quality management includes developing both product and activity quality. Successful quality activities are reflected as customer satisfaction and, ultimately, as increased profitability.

Quality costs are among the most significant total quality development measures. An annual 10% reduction in quality costs is one of the company's business target values. The renewed quality cost system enables quality costs to be monitored in more detail: as part of the new system, each department can view the development of their costs real-time on the company Intranet.

Significant reduction in the amount of products returned

Traditionally, Nokian Tyres' quality activities have focused on improving product quality. The number of products returned by customers has gone down by 50%, while the number of tyres sold has doubled. This shows that defects in production quality are being noticed more and more often before they reach customers.

In addition to product quality, Nokian Tyres has also invested in developing the quality of the activity system in recent years. Procedures have been implemented for several activities and compliance with procedures is monitored by internal audits.

Retail and off-take manufacturing join the quality system

In the year 2000, the main quality target is to develop the activities of new retail chains in order to comply with Nokian Tyres' quality policy. Developing the activities of foreign off-take manufacturers will continue through quality assessments and training.

Conformant to the latest standards' requirements
The Nokian Tyres Activity System (former Quality System) comprises quality and environmental management and protection. The system is certified to AQAP 111, ISO 9001 and QS-9000 standards. The Environmental Management System is conformant to the international ISO 14001 standard and the European Union Eco-Management and Audit Scheme (EMAS).

"We developed raw materials, maintenance equipment and investment commodity purchasing. This assisted us in improving both the competitiveness of product prices and profits."
Vesa Rantanen,
Vice President, Purchasing

"Further development of our productivity measures enables more detailed production planning and monitoring of the profitability of our investments."
Ari J. Arvio,
Vice President, Production

Profit increase through increased productivity

Nokian Tyres enhances productivity through cost-effective machinery and investments in equipment and by developing its off-take manufacturing system.

In recent years, Nokian Tyres has implemented several projects to enhance productivity. The targets have included taking capacity-increasing investments into use promptly, increasing the number of annual running time and reaching the highest possible volume-capacity ratio. In order to minimise unexpected down-time, there is a plan to include all machinery in the advance maintenance programme. The number of functions divided between different workplaces has been reduced. For example, it has been possible to shorten the mixing and curing times by developing the working methods of individual work phases.

Increasing off-take manufacturing increases long-term productivity. When tyres that are not among the core products are manufactured at the factories of co-operation partners around the world, the manufacturing of the most demanding core products can be centralised at the Nokia factory in Finland. This way, the total number of different products produced at the Nokia factory goes down, which enables longer production series and modulation.

"We have started many quality improvement projects that will improve customer satisfaction and reduce work costs."

Reijo Korpela,
Vice President, Quality

Renewal of productivity targets and measures

Nokian Tyres has traditionally measured employee productivity (kg/man hour) and RONA (return on net assets). These measures have been common to all product areas and groups. The annual target has been a 7% increase in employee productivity and a 20% return on net assets.

Through the specialisation strategy, production has strongly focused on demanding special tyres in all product areas. As a result of the tough price competition on the market, the product ranges are constantly being renewed. At the same time, record-breaking investments are changing the production environment. Traditional productivity measures are no longer sufficient to describe current productivity development. In 1999, Nokian Tyres started to define new, more extensive and dynamic productivity measures, which will continue in the year 2000.

Development of own production and off take manufacturing, 1998–1999

	Sales (MEUR)	
	1999	1998
Own production	**305,6**	235,1
Percentage of net sales	**94,7**	93,5
Off-take manufacturing		
Cooper, USA	**5,9**	3,4
Dunlop, England	**7,1**	7,6
Dunlop, France	**0,7**	1,0
Tofan, Romania[1]	**0,3**	0,4
Dunlop, Japan	**1,5**	3,0
Gajah Tunggal, Indonesia	**1,5**	0,8
Total	**17,0**	16,2
Percentage of net sales	**5,3**	6,5

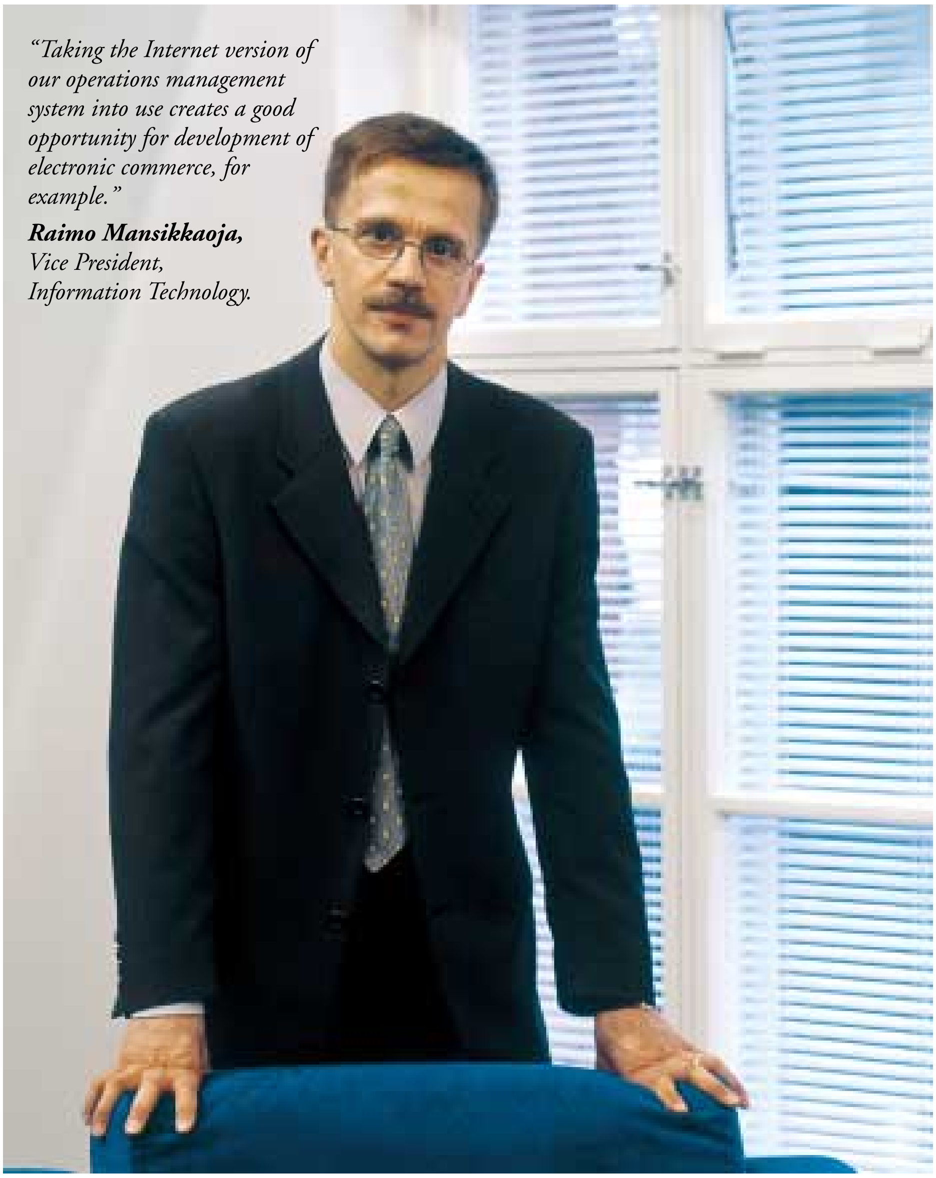
[1] Co-operation ended in December 1999

Increasingly accurate operations management through the latest information technology

Nokian Tyres applies the latest information technology to enhance the accuracy of enterprise level operations management and marketing and customer services.

At Nokian Tyres, Information Management supports the achievement of company targets by enabling uninterrupted business and improved customer service. Annual information technology costs amount to approximately 1.5% of the company's net sales.

Inauguration of the Internet version of the manufacturing and wholesale operations management system was a major system project during 1999. The new version enables expansion of the information system into new areas over the next few years. Equipment capacity was also increased to ensure uninterrupted availability of the information system, which is an increasingly critical business factor. The Y2K project was another important issue during 1999.



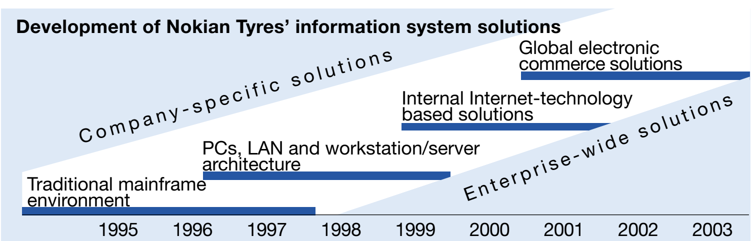
"Taking the Internet version of our operations management system into use creates a good opportunity for development of electronic commerce, for example."
Raimo Mansikkaoja,
Vice President,
Information Technology.

Uniform information system solution for all levels of operation

In the year 2000, the information management target of Nokian Tyres is to include all the sales companies abroad on the enterprise-wide operations management system. The target is to remove unnecessary intermediate phases from the order–delivery process. This, in turn, will improve delivery chain management and enhance the flexibility and efficiency of customer service.

Among the new challenges is to unify the retail operations that expanded heavily during last year: currently all the different retail chains have their own system solutions.

In the near future, the company will be investing more and more in electronic commerce and will develop decision-making support systems for management and electronic communication solutions in order to meet future business demands.



Development of Nokian Tyres' information system solutions

Good environmental management following the lifecycle model

Nokian Tyres takes environmental and protection matters into account very seriously in business development.

Environmental protection at Nokian Tyres is based on the lifecycle model. The company bears the responsibility for the environmental impact of its products and activities during their entire lifecycle. The lifecycle of a tyre can be divided into four basic phases:

1. Input in production, such as acquiring and manufacturing raw materials and energy
2. Tyre manufacturing
3. Use of the tyre
4. End of use and beyond.

Raw materials, products and waste are transported between the phases.

Environmental management becomes part of safety organisation

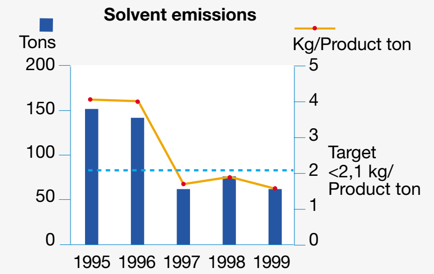
Nokian Tyres has combined its employee, property and environmental protection organisations into one safety organisation. The aim is extensive, centralised safety management and more efficient use of resources.

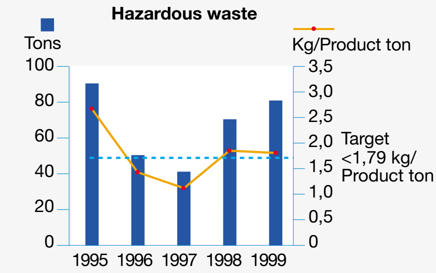
A safety management system will be implemented by the summer of 2000, as specified in Seveso II Directive 59/1999, as part of the activity system that will incorporate quality and environmental activities in a more integrated way than before.

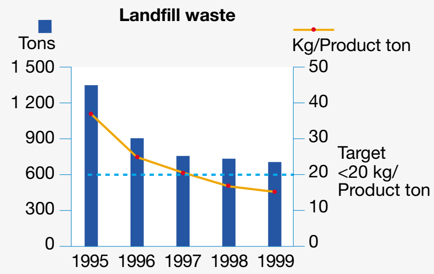
Environmental issues and safety handled commendably

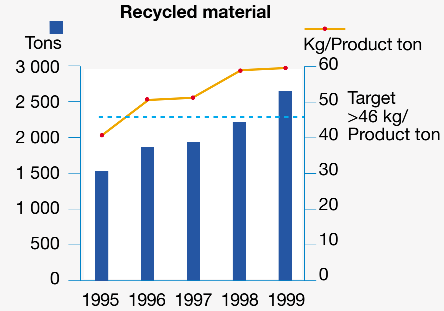
Nokian Tyres did well in the 1999 safety inspections. The Safety Technology Authority (TUKES) and the Occupational Health and Safety Inspectorate of Häme commended Nokian Tyres on the high level of environmental protection and safety. A few development areas were found though. For example, the cleaning efficiency of the solvent fume incinerator did not meet the required values. Towards the end of the year, the supplier of the incinerator repaired the system fully. The development of waste management went according to plan and recycling was further enhanced.

Applying the lifecycle model at partner companies was implemented by training all the company's key subcontractors.









Awarded environmental information

Nokian Tyres' Environmental Statement is an extensive description of the environmental impact and actions to reduce the environmental effects of the company's operations in Finland.

The statement focuses on environmental performance, the environmental management system, environmental activities, environmental targets and how they have been achieved. The Environmental Statement received the award for best environmental statement in Finland in 1999.

Continuous development of personnel competence

Personnel development at Nokian Tyres is primarily based on the Lifelong Learning programme. The programme supports the continuing development of employees, which increases competence, professional skills and expertise.

Successful implementation of the company's specialisation strategy and securing the future competence require the employees to have expert skills and to be innovative. Employees need to be prepared to react quickly when the market situation changes and to act accordingly. Development of personnel competence is an ongoing process on all company levels. Nokian Tyres uses approximately 2% of its net sales on skills development annually.

Lifelong learning

In 1999, Nokian Tyres continued the Lifelong Learning programme, which it started in 1996. It defines the competence areas with continuous learning programmes. The competence development areas are technical competence, business competence, management and personal skills. Training was arranged in all of these areas. By the end of 1999, personal learning plans had been implemented for 611 workers and salaried employees and 78 people were attending training that leads to qualification.

The Learning Workshops project was started as part of the Lifelong Learning programme. Its target is to increase the importance and appreciation of on-the-job learning. The idea is that learning is part of everyday work. The aim of the Learning Workshops project is to distribute existing expert skills to more people. The goals include increasing the versatility of skills and providing new targets and motivation for work. The project was started by charting development needs and defining targets. In the year 2000, the target is to build a learning support network.

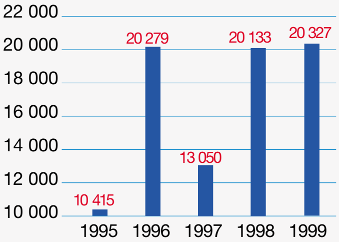
"We complemented the Lifelong Learning programme with a separate Workshop project, which will increase the versatility of skills among employees and introduce new targets and motivation in work."

Sirkka Hagman,
Vice President, Personnel

Suggestions submitted actively

Suggestions are part of Nokian Tyres' participatory management culture. The number of suggestions has increased tenfold since 1993, when the current system of suggestions was initiated. In the current system, suggestions are processed without delay and the rewarding principles are clear. When a suggestion leads to monetary gain, the reward is always monetary. The maximum reward is 20% of the savings that the suggestion makes for the company in a year. Suggestions are also rewarded with points that can be exchanged for commodities or study trips. 1999 was a record year with 20,327 suggestions, which equals approximately 12 suggestions per employee. Nokian Tyres left all competitors trailing in the Johtamistaidon opisto (Management Institute) survey on initiatives submitted in Finnish companies in 1996, 1997, 1998 and 1999.

Number of suggestions at Nokian Tyres, 1995 - 1999



Report on sustainable profit development

The Nokian Tyres 1999 Personnel Report shows the importance that personnel and other constituents of intellectual capital have on corporate values. The report describes the foundation of sustainable profit development at Nokian Tyres. The key issues in the report include descriptions of the personnel structure, skills and working capacity, development of the workplace and external networks.
The 40-page report is available in Finnish, Swedish and English and can be ordered from the corporate information department.

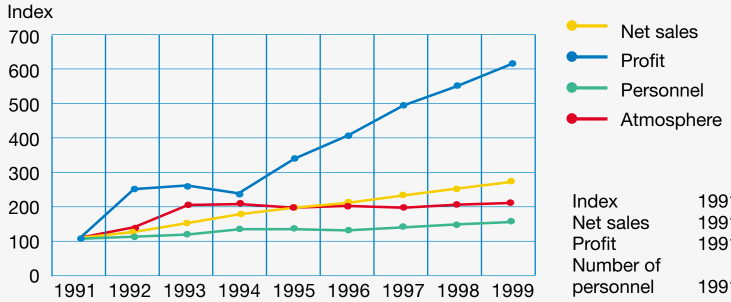
The Management Meeting is the most important management forum at Nokian Tyres. The meeting includes representatives of the personnel groups.
From the left:
***Kai Hauvala** (professional employees),*
***Mailis Mäkelä** (office employees),*
***Sirkka Hagman** (Vice President, Personnel),*
***Jyri Nousiainen** (Chief Shop Steward) and*
***Kyösti Vapalo** (technical employees).*

PERSONNEL ACCOUNT, PARENT COMPANY

in '000 euros	1 Jan.–31 Dec. 1999				1 Jan.–31 Dec. 1998			
NET SALES		209,997	100%			195,017	100%	
PERSONNEL COSTS								
Actual work costs								
wages and salaries	-34,810				-31,320			
rewards	-1,240				-1,233			
	-36,050		17.2%	65.8%	-32,553		16.7%	66.3%
Results-based bonus costs								
result-based bonuses	-1,705		0.8%	3.1%	-602		0.3%	1.2%
	-1,705				-602			
Overtime work costs								
overtime	-1,750				-1,915			
	-1,750		0.8%	3.2%	-1,915		1.0%	3.9%
Renewal of personnel								
expences for days off	-3,347				-3,147			
initiation wage costs	-296				-23			
recruiment	-175				-95			
holiday costs	-7,847				-6,512			
other personnel insurances	-222				-243			
other social pay	-1				-2			
	-11,888		5.7%	21.7%	-10,022		5.1%	20.4%
Personnel development costs								
atmosphere survey	-4				-4			
training	-685				-847			
Kela[1]	60				78			
occupational health service	-151				-138			
other social expenses	-229				-468			
	-1,009		0.5%	1.8%	-1,379		0.7%	2.8%
Personnel liabilities and benefits								
accident incurance premium	-942				-741			
accident, health and maternity pay	-1,338				-1,174			
accident, health and maternity compensations	290				305			
disability pension premiums	-343				-974			
Kela[1]	60				78			
occupational health service	-151				-138			
	-2,424		1.2%	4.4%	-2,644		1.4%	5.4%
		-54,826	26.1%	100%		-49,115	25.2%	100%
SUBCONTRACTED WORK		-18,686	8.9%			-15,749	8.1%	
OTHER EXPENSES		-117,553	56.0%			-115,108	59.0%	
NET PROFIT		18,932	9.0%			15,045	7.7%	

[1] Social Insurance Institution compensation

Sustainable profit development in the 1990's, Nokian Tyres, Parent Company



Index	1991	= 100
Net sales	1991	= 102 million euros
Profit	1991	= -0.5 million euros
Number of personnel	1991	= 880

Results-based payment system being developed

Nokian Tyres' remuneration and bonus system aims to be internally fair, externally competitive and incentive. Based on these principles, Nokian Tyres is developing a results-based payment system, where payment is composed of a fixed payment and a bonus. The fixed payment amounts to 70% of the remuneration and the results-based bonuses amount to 30% of the payment. The basic forms of rewards include:

- Bonuses that are based on company results and individual performance
- Suggestion rewards that are based on improvements resulting from suggestions
- Other rewards that include group and team rewards for good results and spontaneous rewards for general excellence
- Bonds with warrants, which were extended to an incentive system that includes all employees in 1999.

Members of the Nokian Tyres' management and representatives of personnel

Seated from the left:

Kim Gran, 45
Passenger Car and Delivery Van Tyres

Antero Juopperi, 46
R & D

Raila Hietala-Hellman, 47
Public Information

Matti Karppinen, 41
Bicycle Tyres

Lasse Kurkilahti, 51
President and CEO

Mailis Mäkelä, 54
Office employees

Sirkka Hagman, 42
Personnel

Juhani Kyrklund, 50
Retail

Kai Hauvala, 32
Professional employees

Pentti Rantala, 52
Marketing

Standing from the left:

Raimo Mansikkaoja, 38
Information Technology

Vesa Rantanen, 58
Purchasing

Kyösti Vapalo, 53
Technical employees

Ari J. Arvio, 48
Production

Antero Turunen, 54
Heavy Tyres

Reijo Korpela, 51
Quality

Jyri Nousiainen, 32
Chief Shop Steward

Keijo Vikman, 60
Retreading Materials

Rami Helminen, 33
Finance and Control

Shares and shareholders

Share capital and shares

Shares in Nokian Tyres were floated on the Helsinki Stock Exchange for the first time on 1 June 1995. The company has one class of shares each giving one vote at the Annual General Meeting and giving equal rights to dividends. The shares have a nominal value of 1.68 euros.

The minimum share capital as stipulated in Nokian Tyres plc's Articles of Association is 13,455,034 euros and the authorised share capital is 53,820,136 euros. The share capital may be increased or reduced within these limits without the need to amend the Articles of Association. On 31 December 1999 the company's own registered share capital amounted to 17,735,057 euros. A total of 10,544,786 shares in the company had been issued by the end of 1999.

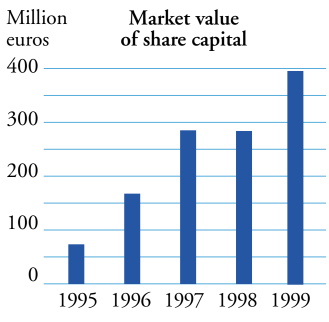
Dividend policy

The dividend policy of the Board of Directors has been to propose a dividend that reflects the company's profit development. The dividends declared and paid over the last seven years equate to approximately 35% of net profits in each given year. Nokian Tyres' Board of Directors intends to continue its policy to propose an annual dividend of approximately 35% of net profits.

Exhange rates and share volumes in 1999

At the end of 1999, Nokian Tyres' shares were quoted at 37.80 euros, which is 36.2% higher than the previous year (27.75 euros). The Helsinki Stock Exchange general index, the HEX, increased by 161.98% during the same period. The highest quotation in 1999 was 39 euros and the lowest was 26 euros.

A total of 6,542,469 Nokian Tyres' shares were traded on the Helsinki Stock Exchange during the year. The market value of the share capital at the end of the year amounted to 398,592,911 euros.



Rights of the board of directors

The Annual General Meeting held on 24 March 1999 authorised Nokian Tyres' Board of Directors to decide upon increasing the share capital with one or more rights issues within one year of the registration of the authorisation. The Board of Directors also has the right to deviate from the shareholders' pre-emptive right to subscribe stock, provided that there is a compelling corporate reason to do so. The share capital of the company may increase by a maximum of 3.4 million euros as a result of the shares issues included in the authorisation. A maximum of 2,000,000 new shares can be issued, each bearing a nominal value of 1.68 euros. At the end of 1999, the Board of Directors did not have any unused rights to issue convertible bonds or bonds with warrants.

Ownership and acquisition of own shares

Nokian Tyres does not own the company's own shares and the Board of Directors does not have authorisation to acquire their own shares.

Bonds with warrants

In 1999, Nokian Tyres issued three bond loans as part of the management and the employee incentive schemes.

Management bonds

A decision was taken at Nokian Tyres' Annual General Meeting in 1995 to issue bonds with warrants to the company's management.

Each warrant gives the bearer the right to subscribe to one Nokian Tyres share at an exercise price of 6.05 euros. The warrants

"We develop our information contents and tools to be able to openly and actively publicise information on factors that affect the company share and its value."
Raila Hietala-Hellman
Vice President, Public Information

"We developed and unified the Group's reporting and financing processes to support strong growth."
Rami Helminen
Vice President, Finance and Control

pertaining to the bonds confer the right to subscribe to a maximum of 300,000 shares during specific periods between 1 December 1996 and 31 January 2000. 15 people subscribed to the bonds. 31,500 shares were subscribed with warrants pertaining to the 1995 bonds on 25 December 1999, 40,000 shares on 23 November 1999 and 10,000 shares on 24 November 1999. The increases in share capital were added to the Trade Register in April and December 1999. There are no bonds with warrants outstanding from the 1995 bonds.

The 1996 Annual General Meeting decided to issue bonds with warrants to Nokian Tyres' management. Each warrant confers the right to subscribe to one share in Nokian Tyres at an exercise price of 7.62 euros. The warrants confer the right to subscribe to a maximum of 200,000 Nokian Tyres plc shares during specific periods between 1 December 1997 and 31 January 2001. 14 people subscribed to the bonds. 57,500 shares were subscribed to on 8 December 1999 with warrants pertaining to the 1996 bonds. Increases in share capital were entered onto the Trade Register during December 1999. 42,500 shares remain unsubscribed, which is 0.4% of current shares. Of the remaining shares, 5,000 remain totally unsubscribed.

Since the increases in April and December, the capital of the company is 17,735,057 euros.

Personnel issue

The Annual General Meeting, held on 24 March 1999, decided to issue bonds with warrants to employees of Nokian Tyres Group and a subsidiary wholly owned by the company. The warrants confer the right to subscribe to a total of 600,000 shares, at an exercise price of 32.45 euros. 53% of the Group's employees subscribed to the bonds with warrants. The minimum subscription amount was 168.19 euros.

Additionally, the Board of Directors approved a subscription of 58,058.47 euros by Direnic Oy, a subsidiary of Nokian Tyres. Direnic's bonds with warrants may later be offered to employees of Nokian Tyres Group, or to newly recruited employees.

The total amount of the bond loan is 403,651.02 euros.

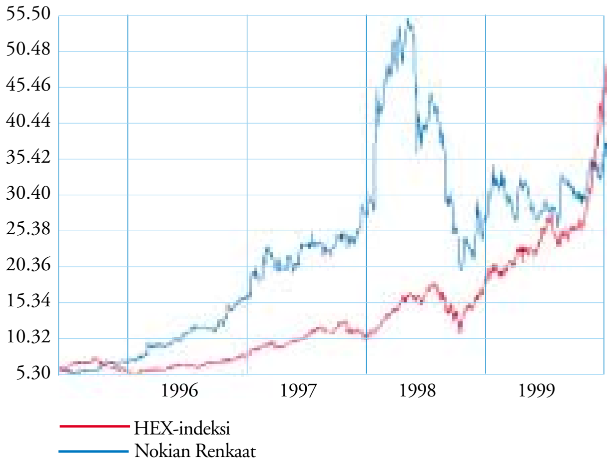
The subscription period will start in phases on 1 March 2001 and 1 March 2003. The subscription period of all warrants will end on 31 March 2005. The subscriptions can increase the share capital of the company by a maximum of 1,177,315 euros.

There were no other bonds with warrants or convertible bonds outstanding in 1999.

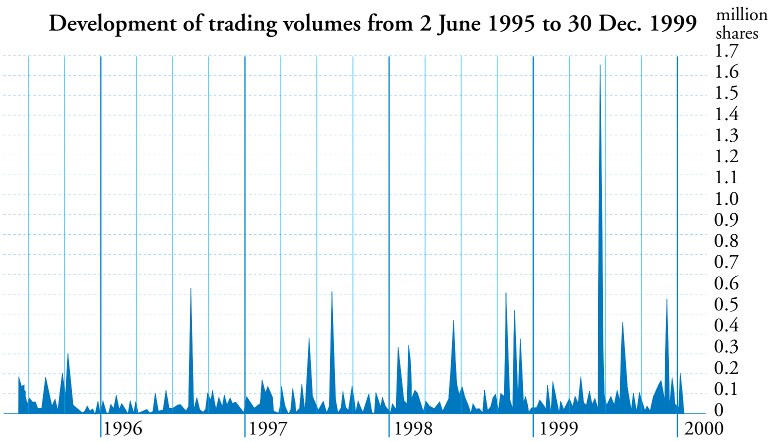
Share issues 1995–1999

Method of share capital increace	Subscription period	Exercise price in euros	New shares	Payment date	New capital 1,000 euros	New share capital 1,000 euros	Share capital after issue in euros
Personnel issue	29/5/1995 2/6/1995	5.45	92.286	19/6/96	503	155	16,974,007
Management bonds 1/95	1/12/1996 31/1/1998	6.05	47.000	10/12/96	285	79	17,053,055
Management bonds 1/95	1/12/1996 31/1/1998	6.05	103.000	7/3/97	624	173	17,226,288
Management bonds 1/96	1/12/1997 31/1/1999	7.62	2.000	19/12/97	15	3	17,229,652
Management bonds 1/96	1/12/1997 31/1/1999	7.62	10.500	29/12/97	80	18	17,247,312
Management bonds 1/96	1/12/1997 31/1/1999	7.62	65.000	9/3/98	495	109	17,356,634
Management bonds 1/96	1/12/1997 31.1.1999	7.62	17.500	1/12/98	133	29	17,386,067
Management bonds 1/95	1/12/1998 31/1/2000	6.05	64.500	1/12/98	391	108	17,494,548
Management bonds 1/95	1/12/1998 31/1/2000	6.05	4.000	9/12/98	24	7	17,501,276
Management bonds 1/95	1/12/1998 31/1/2000	6.05	31.500	25/3/99	191	53	17,554,255
Management bonds 1/95	1/12/1998 31/1/2000	6.05	40.000	23/11/99	242	67	17,621,530
Management bonds 1/95	1/12/1998 31/1/2000	6.05	10.000	24/11/99	61	17	17,638,349
Management bonds 1/96	1/12/1999 31/1/2001	7.62	57.500	8/12/99	438	97	17,735,057

Development of exchange rate from 2 June 1995 to 30 Dec. 1999



Development of trading volumes from 2 June 1995 to 30 Dec. 1999



Nokian Tyres' major shareholders on 31 December 1999

	Number of shares	% of shares and votes
1. Nokia Group	2,000,000	19.16
2. Ilmarinen Mutual Pension Insurance Company	663,000	6.35
3. Tapiola Mutual Pension Insurance Company	273,900	2.62
4. The Local Government Pensions Institution	247,900	2.38
5. Pohjola Life Assurance Company	240,000	2.30
6. Varma-Sampo Mutual Pension Insurance Company	216,500	2.07
7. Tapiola General Mutual Insurance Company	202,000	1.94
8. Suomi Mutual Life Assurance Company	151,000	1.45
9. Merita Life Assurance	144,200	1.38
10. Tapiola Mutual Life Assurance Company	106,000	1.02
Foreign shareholders		27.6

Share ownership breakdown, 31 December 1999

By number of shares owned

Number of shares	Number of shareholders	% of shareholders	Shares	% of shares and votes
1–100	909	36.23	61,383	0.58
101–1 000	1,341	53.45	481,956	4.57
1 001–10 000	177	7.05	540,533	5.13
10 001 –100 000	70	2.79	2,381,878	22.59
100 001–	12	0.48	7,079,036	67.13
Total	2,509	100.00	10,544,786	100.00

By shareholder category

	% of share capital
Corporations	22.88
Financial institutions	23.25
Public organisations	16.50
Non-profit organisations	3.58
Private individuals	6.22
Foreign shareholders[1]	27.57
Total	100.00

[1] Includes also shares registered in the name of a nominee

Analysts

At least the following analysts have made investment analyses of Nokian Tyres during 1999.

ABG Securities, London	Ben Wärn	ben.warn@abgsec.co.uk
Alfred Berg	Marion Ahlström	marion.ahlstrom@alfredberg.fi
Aros Securities Oy	Johannes Schulman	johannes.schulman@arossecurities.com
Cazenove & Co., London	Charles Evans Lombe	cplevanslombe@cazenove.com
Crédit Agricole Indosuez Cheuvreux Nordic Ab	Sasu Ristimäki	sristimaki@indocdv.com
Conventum Securities Limited	Peter Grönlund	peter.gronlund@conventum.fi
D.Carnegie AB, Finland	Lauri Sillantaka	lauri.sillantaka@carnegie.fi
Danske Securities	Petri Arjama	petri.arjama@danskesecurities.com
Enskilda Securities AB, Finland	Tommy Ilmoni	tommy.ilmoni@enskilda.se
Evli Securities Plc	Jacob Nyman	jacob.nyman@evli.fi
FIM Securities	Kim Gorschelnik	kim.gorschelnik@fim.fi
Mandatum Stockbrokers Ltd	Mika Häyry	mika.hayry@mandatum.fi
Merita Securities Ltd	Teemu Kaltea	teemu.kaltea@merita.mailnet.fi
Morgan Stanley Dean Witter, London	Nicholas Hirth	hirthn@ms.com
Opstock	Sauli Hämäläinen	sauli.hamalainen@opstock.fi

Corporate governance

Board of directors

The Annual General Meeting of Nokian Tyres plc, held before the end of May each year, appoints the Directors. The term of the members of the Board ends at the end of the first Annual General Meeting after the election. The members of the Board select a Chairman from their number and they remain in office until the end of the first Annual General Meeting after the election.

The company has a Board of Directors, which includes at least three and at most eight actual members. The Board of Directors governs the company, plans its activities as appropriate, elects the President and handles other tasks specified in the Companies' Act. Important company matters require the consent of the Board of Directors. Such matters include the Group's business strategy and ratification of long-term plans. Additionally, the Board of Directors approves annual plans and the most significant investment projects.

The Annual General Meeting determines the remuneration for the members of the Board of Directors. The Board determines the salary and other remuneration for the President.

In 1999, the Board of Directors convened 5 times.

Organisation of business and responsibilities

The Group's businesses are divided into five profit units: Passenger Car and Delivery Van Tyres, Heavy Tyres, Bicycle Tyres, Retreading Materials and Retail. Additionally, the Group's areas of responsibility are divided into functions that provide services for the profit units. Supported by the functions, the various profit units are responsible for their business areas, their profit, balance and investments. Sales companies that are part of the Group are part of the marketing function and operate as product distribution channels in the local market areas. The organisation chart on page 24 shows the division of responsibilities.

Finances

The Group's cost accounting and financial accounting responsibilities are centralised in the Finance and Control function of the parent company, which is responsible for producing the business areas' financial data and for the correctness of the data. The Finance and Control unit of the parent company defines the Group's accounting principles and produces Group and business area level consolidations and financial data. Each of the Group's judicial companies produces its own financial data under the supervision of the parent company's Finance and Control unit according to the specified instructions and local legislation.

Financing

The Group's financing function is centralised in the parent company. The Board of Directors approves external long-term credit arrangements.

Short-term liquidity management is centralised in the parent company, which controls the cash reserves of the Group's subsidiaries. The cash flow from the subsidiaries to the parent company is netted and transferred applying the Group's fortnightly internal payment arrangements. The parent company finances the Group's subsidiaries with internal loans.

The financing function is organised according to the financing policy and procedures approved by the company's Board of Directors.

Auditing

Authorised public accountants KPMG Wideri Oy Ab with Matti Sulander, authorised public accountant, as the responsible auditor, are selected by the Annual General Meeting to conduct the audit. In addition to the tasks governed by rules and regulations, he reports the audit's findings to the Group's management.

Risk management

The purpose of risk management is to identify indemnity risks to the company's activities, property, and personnel and to minimise possible damage. The responsibility for risk management is decentralised to various companies that maintain the insurance cover. An external expert is used to assist with the administration and co-ordination of the insurance policies.

Financial risk management is described on page 47.

Insider trading

The Board of Directors decided in a meeting held on 14 February 2000 that Nokian Tyres will apply Helsinki Exchanges' Regulations on Insider Trading valid as of 1 March 2000.

Key financial indicators

Figures in million euros unless otherwise indicated

	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Net sales	**322.6**	251.3	211.6	192.6	187.2	164.2	143.5	121.2	101.9	113.2
growth, %	**28.4**	18.7	9.9	2.9	14.0	14.5	18.3	18.9	-10.0	2.7
Operating profit before depreciation	**61.9**	47.5	39.2	32.7	28.2	24.9	22.7	22.5	12.7	19.2
Depreciation according to plan	**19.8**	14.3	11.7	9.2	8.0	7.7	7.2	6.6	6.4	5.7
Operating profit	**42.1**	33.2	27.5	23.5	20.2	17.2	15.5	15.8	6.3	13.5
% of net sales	**13.1**	13.2	13.0	12.2	10.8	10.4	10.8	13.0	6.2	12.0
Profit before extraordinary items and tax	**35.9**	29.3	25.1	20.1	16.2	13.3	10.8	10.2	0.3	8.5
% of net sales	**11.1**	11.7	11.8	10.4	8.7	8.1	7.6	8.4	0.3	7.5
Profit before tax	**35.5**	29.9	25.1	20.1	15.2	13.3	12.2	10.0	0.2	9.6
% of net sales	**11.0**	11.9	11.8	10.4	8.1	8.1	8.5	8.2	0.2	8.5
Return on equity, %	**23.6**	22.7	21.9	21.3	20.5	19.5	18.7	19.2	-0.3	15.3
Return on capital employed, %	**16.9**	19.8	21.5	20.8	20.2	18.1	17.7	19.5	8.5	14.7
Total assets	**391.8**	269.3	188.1	171.0	154.0	145.2	129.0	124.2	116.5	119.4
Interest bearing net debt	**170.4**	94.2	39.6	35.4	32.2	44.9	42.1	45.0	52.9	53.7
Equity ratio, %	**30.9**	37.1	45.2	41.9	39.6	36.5	36.4	32.5	29.7	31.7
Gearing, %	**140.6**	94.3	46.6	49.4	52.8	84.7	89.7	111.3	152.7	142.1
Cash flow from operations	**22.3**	21.2	24.6 *	17.0 *	19.3 *	21.2 *	10.0 *	19.7 *	12.0 *	–
Gross investments	**85.7**	72.7	25.7	17.7	13.0	14.4	8.9	10.9	4.8	9.3
% of net sales	**26.6**	28.9	12.2	9.2	6.9	8.8	6.2	9.0	4.7	8.2
R&D expenditure	**7.8**	6.6	5.6	5.0	4.4	4.0	3.4	2.7	2.5	2.8
% of net sales	**2.4**	2.6	2.7	2.6	2.3	2.5	2.4	2.2	2.5	2.5
Dividends (prop.)	**9.0**	7.6	6.0	4.9	4.1	3.4	3.4	2.5	0.0	2.5
Personnel, average during the year	**2,023**	1,620	1,358	1,329	1,350	1,240	1,126	1,064	1,033	1,134

PER SHARE DATA

	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Earnings per share, euro	**2.51**	2.04	1.68	1.40	1.17	0.97	0.82	0.72	-0.01	0.55
growth, %	**23.0**	21.3	20.4	19.8	19.7	19.4	13.1	6,763.5	-102.0	-24.3
Cash flow per share, euro	**2.1**	2.1	2.4 *	1.7 *	1.9 *	2.1 *	1.0 *	2.0 *	1.2 *	–
growth, %	**4.1**	-14.8	42.9	-12.2	-9.4	112.4	-49.3	63.8		
Dividend per share, euro (prop.)	**0.85**	0.73	0.59	0.49	0.40	0.34	0.34	0.25	0.00	0.25
Dividend pay-out ratio, % (prop.)	**34.4**	36.3	35.2	35.1	34.8	34.5	41.3	35.0	0.0	46.2
Shareholder's equity per share, euro	**11.47**	9.69	8.30	7.06	6.04	5.30	4.69	4.04	3.46	3.78
P/E-ratio	**15.1**	13.6	16.6	11.8	6.4	–	–	–	–	–
Dividend yield, % (prop.)	**2.3**	2.6	2.1	3.0	5.5	–	–	–	–	–
Market capitalisation 31 December	**398.6**	286.4	285.7	167.6	74.7	–	–	–	–	
Average number of shares during the year, millions	**10.42**	10.30	10.22	10.09	10.05	10.00	10.00	10.00	10.00	10.00
Number of shares 31 December, millions	**10.54**	10.32	10.24	10.14	10.09	10.00	10.00	10.00	10.00	10.00

* According to previous cash flow statement definitions

DEFINITIONS

Return on equity, % = $\frac{\text{Profit after financial items - taxes x 100}}{\text{Shareholders' equity + minority interests (average)}}$

Return on capital employed, % = $\frac{\text{Profit after financial items + interest and other financial expenses x 100}}{\text{Total assets - interest free debt (average)}}$

Equity ratio, % = $\frac{\text{Shareholders' equity + minority interests x 100}}{\text{Total assets - advances received}}$

Gearing, % = $\frac{\text{Interest bearing net debt x 100}}{\text{Shareholders' equity + minority interests}}$

Earnings per share, euro = $\frac{\text{Profit after financial items - taxes}}{\text{Average adjusted number of shares during the year}}$

Cash flow per share, euro = $\frac{\text{Cash flow from operations}}{\text{Average adjusted number of shares during the year}}$

Dividend per share, euro = $\frac{\text{Dividend for the year}}{\text{Adjusted number of shares on the balance sheet date}}$

Dividend pay-out ratio, % = $\frac{\text{Dividend for the year x 100}}{\text{Profit after financial items - taxes}}$

Shareholders' equity per share, euro = $\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares on the balance sheet date}}$

P/E ratio = $\frac{\text{Share price, 30 December}}{\text{Earnings per share}}$

Dividend yield, % = $\frac{\text{Dividend per share}}{\text{Share price, 30 December}}$

Financial statements

Report by the Board of Directors

In 1999, Nokian Tyres plc's profit per share stood at 2.51 euros (2.04 euros in 1998), which is 23% higher than the previous year. Net sales increased by 28% and stood at 322.6 million euros (251.3 million euros). The Board of Directors will propose the payment of a dividend of 35% of net profit, that is 0.85 euros (0.73 euros) per share.

Net sales and profit

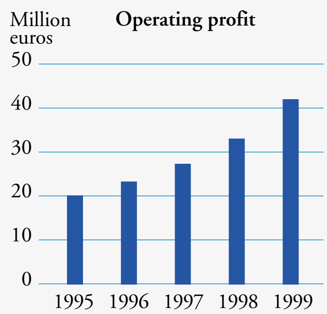
Net sales in 1999 stood at 322.6 million euros (251.3 million euros), which is 28% higher than the previous year. Net sales, excluding Isko, which was acquired in the autumn of 1999, was 304 million euros, which is 21% higher than the previous year. The share of foreign invoicing was 74% (74%) of total net sales.

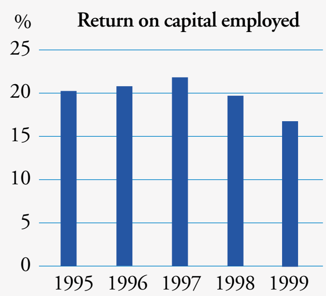
Fixed expenses increased by 28.4 million euros, which is an increase of 38% on the previous year, and stood at 103 million euros (74 million euros). Commensurate fixed expenses were 87 million euros, which is 17.1% higher than the previous year. Investment costs and related depreciation costs and retail expenses increased the most.

Operating profit amounted to 42.1 million euros (33.2 million euros), which is 27% higher than the previous year. Net financial expenses were 6.2 million euros (3.9 million euros).

Profit before tax increased by 19% on the previous year and amounted to 35.5 million euros (29.9 million euros). Net profit was 25.7 million euros (21.6 million euros), which is 19% higher than the previous year. The commensurate net profit was 24.6 million euros, which is 14% higher than the previous year. Earnings per share increased by 23% on the previous year and amounted to 2.51 euros.

Return on capital employed was 16.9% (19.8%).





Research and development costs reached 7.8 million euros (6.6 million euros), which is 2.4% of net sales.

During the fiscal year, the Group employed an average of 2,023 people (1,620). The corresponding figure within the Parent Company was 1,337 (1,276) people. At the end of the fiscal year, the Group employed 2,226 (1,732) people, and the Parent Company 1,347 (1,273). The number of employees increased most in the retail network, which employed 795 (379) people at the end of the year.

Passenger car tyres

Nokian passenger car tyre sales grew by 20% on the previous year and amounted to 164.0 million euros (136.8 million euros). Winter tyre sales accounted for 69% and original equipment sales for 2.4% of passenger car tyre sales. Exports amounted to 77% of sales.

Demand for winter tyres increased in all Nokian Tyres' major market areas and price levels remained stable. Sales of Nokian brand winter tyres were particularly good in Sweden and Germany. Demand for lower speed rating (S and T) summer tyres decreased and price pressures increased. Demand for high-speed (V and W) tyres increased in the Nordic countries and in Western Europe. The new V-speed rating summer tyre, the Nokian NRV, was received particularly well on the market and its sales exceeded forecasts.

New products, that is, products that were launched during 1998 and 1999, accounted for 29% of passenger car tyre sales.

In September, Nokian Tyres introduced a new H-speed rated summer tyre, the Nokian NRH2, which was launched at the beginning of 2000. The Nokian NRH2 is one of Nokian Tyres' key products, as demand for H-speed rated tyres in Europe is constantly increasing.

Nokian Tyres' surveys show that recognisability and desirability of the Nokian brand clearly increased in 1999. Nokian Tyres' advertisements received many national and international awards.

Production of passenger car tyres increased from 3.8 million tyres to 4.1 million. Although the company increased its production capacity, demand for new tyre models and other core products exceeded supply capacity at times. Sales of off-take tyres manufactured increased by 31% on the previous year and amounted to 8.9 million euros, which is 5,4% of sales in the product area.

Heavy tyres

Nokian heavy tyres' sales increased by 3% on the previous year and amounted to 54.9 million euros (53.5 million euros). Exports amounted to 66% (62%) and original equipment installations amounted to 36% of sales.

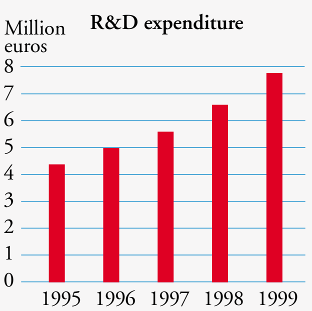
In the Heavy tyres product area, the increase in demand was highest in radial tyres, where the company has made considerable product development investments in recent years. New radial products, such as special agricultural tyres, were well received on the market. New products amounted to 9% of sales in the product area.

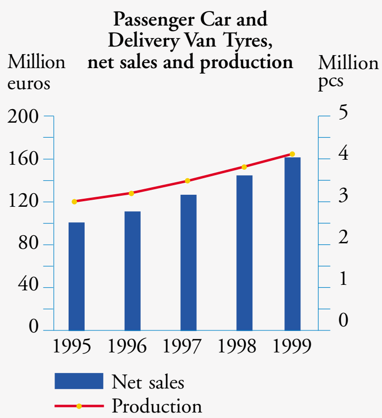
At the beginning of the year, demand for truck tyres decreased, particularly in Finland because of reduced road transport to Russia. However, demand started to pick up towards the end of the review period. The decline in transport to Russia also reduced demand for harbour machinery tyres in Finland. Demand was low on the Swedish and North American forestry tyre replacement markets.

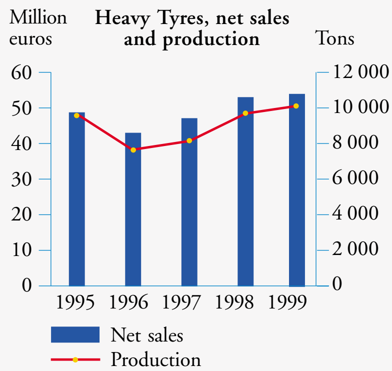
In September, Nokian Tyres launched a new truck winter traction tyre, the Nokian NTR-831, which is intended for the Nordic market for long-distance goods vehicles, buses and timber trucks.

The production of heavy tyres increased from 9,658 tons to 10,020 tons. Sales of off-take manufacture tyres decreased by 6% and amounted to 8.0 million euros, which is 14.6% of sales in the product area.

In December, Nokian Tyres announced the termination of its co-operation agreement with the Romanian tyre manufacturer, Tofan Grup, which had been started in 1997. Tofan Grup manufactured certain Nokian agricultural and industrial tyres at its factories in Romania. It was decided to terminate the co-operation, because Tofan Grup could not achieve the product and process quality,







which Nokian Tyres and its customers expect. Nokian Tyres aims to reach a new agreement before the summer.

Bicycle tyres
Sales of Nokian bicycle tyres stood at 7.1 million euros (7.6 million euros), which is 6% less than the previous year. Original equipment installations made up 33%.

Bicycle factories reduced production when compared with the previous year and wholesale and retail channels reduced their inventories, which decreased sales of bicycle tyres in Finland. Exports developed positively and amounted to 68% (63%) of sales in the product area.

An operations management project was implemented at the Lieksa bicycle tyre factory, which resulted in a considerable increase in manufacturing to order and to a reduction in the inventory of finished products. In 1999, the Lieksa factory manufactured 1.3 million bicycle tyres (1.7 million) and 1 million bicycle tyre inner tubes (1.5 million). During the second quarter, production was adjusted to meet demand.

A lot of changes were made to the bicycle tyre product range. Product development focus included cross-country tyres, studded tyres and a new product family for the Western European touring bike market. New products amounted to 28% of sales in the product area.

The bicycle tyre supply chain from supplier to wholesale and retail was renewed to support the specialisation strategy of the product area. In the autumn, co-operation with new distribution partners started in Finland, Sweden, Norway and North America.

Retreading materials
Nokian Tyres' retreading material sales stood at 11.1 million euros (10.0 million euros), which is 10% higher than the previous year.

Demand for retreading materials decreased slightly on the previous year and price competition intensified on the market. Demand was particularly low at the beginning of the year, but clearly increased during the autumn.

Passenger car retreading material sales increased particularly in Sweden and the position of Nokian Tyres as the largest supplier of retreading materials in the Nordic countries was further strengthened.

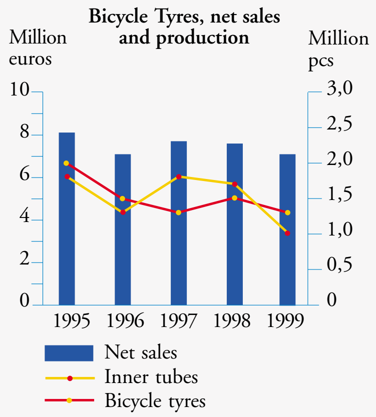
The autumn season was favourable for truck tyre retreading materials. The market area was expanded and new customer agreements were made abroad, which increased the share of exports in net sales in the product area to 45% (36%).

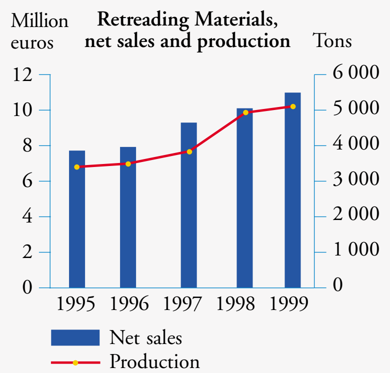
Production of retreading materials amounted to 5,176 tons (4,900 tons). The product range was renewed by developing tailored tread materials for different conditions and uses. New products accounted for 26% of net sales in the product area.

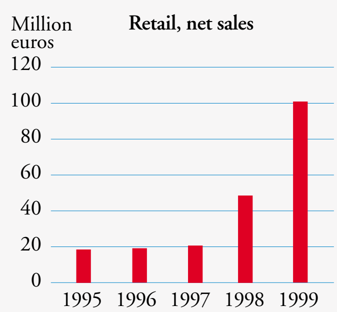
Retail
1999 was a year of substantial growth for Nokian Tyres' retail operations. Net sales from Nokian Tyres' retail operations increased by 108% on the previous year and amounted to 100.6 million euros (48.3 million euros). Commensurate net sales, that is net sales excluding Isko that was acquired in the autumn, stood at 76.8 million euros, which is 59% higher than the previous year.

The increase in sales of passenger car tyres showed the effects of legislation in Sweden to make winter tyres compulsory, which was brought into force in the autumn of 1999. The fee for using studded tyres in major cities in Norway continued to increase the already high demand for friction tyres there. The peak season for winter tyres was in the last quarter of the year.The year was unusually quiet in heavy tyres.

In the autumn, the company expanded its retail network in Finland and Estonia as Nokian Tyres acquired 69% of the Isko tyre company and 94% of votes in the company. Isko is the largest tyre wholesale and retail company in Finland. The acquisition was approved by Finnish competition authorities on 30 November 1999. The purchase price was 25.73 euros per share, which amounts to a total of 33.5 million euros. Later, Nokian Tyres made an offer to buy all remaining Isko shares at the same price. On 20 December 1999, when the offer ended, Nokian Tyres owned 98.5% of Isko shares and 99.7% of all







votes pertaining to Isko shares. On 28 December 1999, Nokian Tyres made, according to the Securities Market Act, a tender for all Isko shares and securities. The validity of the tender ended on 28 January 2000, when Nokian Tyres owned 99.4% of Isko shares and approximately 99.9% of votes in the company. Nokian Tyres will, according to the provision of Companies' Act, redeem the rest of Isko shares.

Isko's profit was consolidated into Nokian Tyres' profit and loss account as of 1 October 1999. Isko became a subsidiary of Nokian Tyres and, operatively, part of Nokian Tyres' retail business.

The acquisition of Isko increased Nokian Tyres' retail network by 40 outlets. Nokian Tyres now has the largest retail network in the Nordic countries. At the end of 1999, the network included a total of 117 sales outlets. During 1999, the Norwegian network grew by 3 new outlets and the Swedish network by 8 new outlets. A strong position in tyre retail ensures that the company's sales and profitability development targets will be met. An extensive network yields considerable synergy benefits in purchasing, marketing and administration.

Investments

In 1999, Nokian Tyres invested 85.7 million euros (72.7 million euros). Production and operation investments amounted to approximately 30 million euros, production office investments stood at 2 million euros and retail company acquisitions 54 million euros.

The construction of the heavy tyre building hall progressed as planned and machinery installations in the new building started in December.

Other matters during the review period

Approval to increase share capital

The Annual General Meeting authorised Nokian Tyres' Board of Directors to decide upon increasing the share capital with one or more rights issues within one year from the registration of the authorisation. The Board of Directors also has the right to deviate from the shareholders' pre-emptive right to subscribe stock, provided there is a compelling corporate reason. The share capital of the company may increase by a maximum of 3.4 million euros as a result of the shares issues included in the authorisation. A maximum of 2,000,000 new shares can be issued each bearing a nominal value of 1.68 euros. At the same time, any other effective authorisations to increase share capital were made null and void.

Employee share options

Nokian Tyres' Annual General Meeting on 24 March 1999 decided to issue bonds with warrants to employees of the Nokian Tyres Group and the employees of the subsidiary wholly owned by the Group. The shareholders' pre-emptive right to subscribe to stock is not valid, since the bonds issue is part of the company's incentive scheme. The minimum amount of the bonds issue is 336,376 euros and the maximum amount is 470,926 euros. The loan, which will be repaid on 23 April 2001 bears no interest. In total, the warrants pertaining to the bonds entitle the subscription of a minimum of 500,000 and a maximum of 700,000 shares in the company. The share subscription price after adjustment is 32.45 euros. The amount of the dividend shall be deducted from the subscription price before subscription for shares.

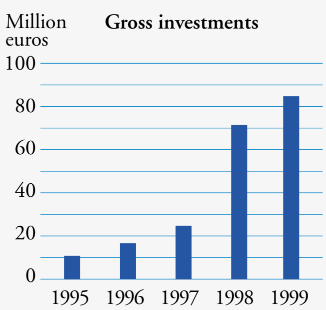
Nokian Tyres' Board of Directors approved the subscription of Nokian Tyres Group's personnel issue. 53% of the Group's employees subscribed to the bonds with warrants. The minimum subscription amount was 168.19 euros.

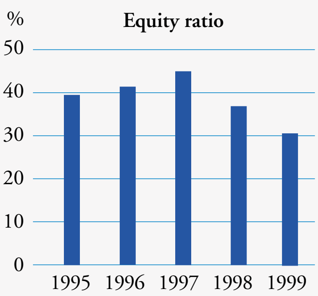
Additionally, the Board of Directors approved a 58,058.47 euro subscription by Direnic Oy, a subsidiary of Nokian Tyres. Direnic's bonds with warrants may be offered to employees of the Nokian Tyres Group, or to newly recruited employees.

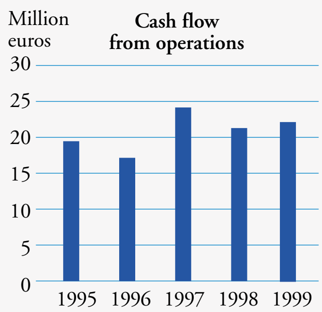
The total amount of the bond loan is 403,651.02 euros and the warrants pertaining to the bonds confer the right to subscribe to a maximum of 600,000 Nokian Tyres plc shares between 2001 and 2005.

Increases in share capital

31,500 Nokian Tyres shares were subscribed with warrants pertaining to the 1995 bonds







by 25 March 1999, 40,000 shares by 23 November 1999 and 10,000 shares by 24 November 1999. The increases in share capital were registered on the Trade Register in April and December 1999. No shares from the 1995 bonds remain unsubscribed.

57,500 shares were subscribed with warrants pertaining to the 1996 bonds by 8 December 1999. The increases in share capital were registered on the Trade Register in December 1999. 42,500 shares remain unsubscribed, which equals 0.4% of current shares. Of the remaining shares, a total of 5,000 shares will remain completely unsubscribed.

After the increases in April and December, the company's own share capital amounts to 17,735,057 euros.

Equity securities

Nokian Tyres decided to strengthen its balance structure through the introduction of equity securities. The securities will be issued in early 2000.

Matters subsequent to the financial period

At the beginning of February, Nokian Tyres introduced to the media and retail customers a new studded passenger car winter tyre and three new delivery van tyres each tailored for different market areas.

The new passenger car tyre, the Nokian Hakkapeliitta 2, is the first tyre to combine the gripping properties of studded and friction tyres, which is the main innovation of the tyre. Of the delivery van tyres introduced, the Nokian Hakkapeliitta C2 is a studded tyre, the Nokian Hakkapeliitta CQ is a friction tyre aimed at the Nordic market and the Nokian Hakkapeliitta CS is a winter tyre designed for continental European conditions.

The new products will be launched to consumers in the autumn of 2000. With these new products, Nokian Tyres aims to strengthen its position both in the Nordic countries and in Western Europe.

Outlook for the year 2000

Tough competition in the passenger car tyre market will continue. There is an excess supply particularly of the lower speed rating passenger car tyres, which increases price pressure.

The increase in demand for winter tyres and high performance summer tyres is expected to continue. The outlook for heavy tyres is also positive.

Despite price pressure from competition and higher raw material prices, Nokian Tyres aims to grow and increase its profitability by focusing on high-class speciality products, launching new products and developing its production capacity. In the year 2000, the company will invest a total of approximately 36 million euros in expanding its production capacity. Investments are part of the company's five-year plan, where the target is to increase production capacity by 50% and to increase the share of premium tyres in production. Particularly in passenger car tyre production, this will lead to increased production of high performance and ultra high performance tyres.

In the year 2000, the company will launch more new products than ever before. Whole new product families will be introduced in several product groups. Important structural changes will continue in production and production capacity in 2000 will be 10% higher than in 1999.The company has the largest retail chain in the Nordic countries, which benefits purchasing, marketing and administration. In 2000, the target of Nokian Tyres is to improve sales and profits as in previous years.

Nokia, 14 February 2000

Board of Directors

Profit and loss accounts

in '000 euros Years ended December 31	Notes	GROUP 1999	GROUP 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
Net sales	(1)	**322 623**	251 275	**209 997**	195 017
Total cost of goods sold	(2)(3)(4)	**-195 705**	-160 226	**-138 044**	-133 504
Gross margin		**126 918**	91 049	**71 953**	61 513
Selling and marketing expenses	(3)(4)	**-63 691**	-41 309	**-21 678**	-17 428
Administration expenses	(3)(4)	**-8 971**	-6 489	**-7 858**	-6 011
Other operating expenses	(3)(4)	**-10 225**	-8 498	**-9 761**	-7 907
Other operating income		**1 344**	408	**591**	42
Goodwill depreciation	(4)	**-3 253**	-1 943		
Total other costs		**-84 796**	-57 831	**-38 706**	-31 305
Operating profit		**42 122**	33 218	**33 247**	30 208
Financial income and expenses	(5)	**-6 194**	-3 903	**-4 680**	-2 775
Profit before extraordinary items, appropriations and tax		**35 928**	29 315	**28 567**	27 433
Extraordinary items	(6)	**-447**	607	**0**	79
Profit before appropriations and tax		**35 482**	29 922	**28 567**	27 512
Increase in accumulated depreciation in excess of plan	(7)			**-3 828**	-6 892
Direct tax					
Direct tax for the year		**-9 585**	-7 218	**-6 739**	-5 966
Change in deferred tax		**-212**	-1 106	**931**	390
Profit applicable to minority shareholders		**-3**	0		
Net profit for the year		**25 682**	21 598	**18 932**	15 045

Balance sheets

in '000 euros	December 31	Notes	GROUP 1999	GROUP 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
ASSETS						
Fixed assets and other non-current assets						
Intangible assets		(8)	**8 875**	2 647	**4 620**	2 600
Goodwill		(8)	**50 716**	14 548		
Tangible assets		(8)	**154 052**	122 535	**126 141**	109 592
Shares in Group companies		(9)(10)			**89 140**	41 688
Shares in associated companies		(9)(10)	**107**	68	**150**	66
Shares in other companies		(10)	**592**	195	**102**	86
Total non-current assets			**214 341**	139 994	**220 152**	154 031
Current assets						
Inventories		(11)	**68 368**	51 011	**30 394**	24 850
Long-term receivables		(12)	**6 525**	2 492	**15 570**	4 178
Deferred tax asset		(15)	**3 178**	1 642	**1 401**	469
Short-term receivables		(13)	**85 173**	61 538	**83 375**	68 584
Cash in hand and at bank			**14 263**	12 640	**2 143**	1 879
Total current assets			**177 507**	129 323	**132 883**	99 961
			391 849	269 317	**353 035**	253 993
LIABILITIES AND SHAREHOLDERS' EQUITY						
Shareholders' equity		(14)				
Share capital			**17 735**	17 357	**17 735**	17 357
Share issue			**0**	145	**0**	145
Share issue premium			**5 088**	4 390	**5 088**	4 390
Retained earnings			**72 496**	56 467	**43 198**	35 766
Net profit for the year			**25 682**	21 598	**18 932**	15 045
Total shareholders' equity			**121 000**	99 957	**84 953**	72 702
Minority shareholders' interest			**148**	0		
Untaxed reserves and provisions						
Accumulated depreciation in excess of plan					**44 667**	40 839
Liabilities						
Deferred tax liability		(15)	**16 222**	13 103	**0**	0
Long-term liabilities		(16)				
interest bearing			**127 472**	77 320	**123 080**	76 909
interest-free			**385**	52	**470**	8
			127 857	77 372	**123 550**	76 917
Short-term liabilities		(17)				
interest bearing			**57 174**	29 569	**58 453**	32 682
interest-free			**69 447**	49 317	**41 413**	30 852
			126 621	78 886	**99 866**	63 535
Total liabilities			**270 700**	169 360	**223 416**	140 452
			391 849	269 317	**353 035**	253 993

Cash flow statements

in ’000 euros Years ended December 31	GROUP 1999	GROUP 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
Cash flow from operating activities:				
Payments received from sales	**302 849**	254 877	**202 381**	197 373
Expenses paid for operating activities	**-266 706**	-218 029	**-164 989**	-161 306
Cash flow from operating activities before the financial items and taxes	**36 144**	36 848	**37 392**	36 067
Interest paid and other financial expenses	**-6 424**	-4 774	**-6 373**	-4 310
Interest received from operating activities	**885**	36	**2 418**	639
Dividends reiceived from operating activities	**94**	0	**614**	393
Income taxes paid	**-8 424**	-10 957	**-5 966**	-9 247
Cash flow from operating activities before extraordinary items	**22 275**	21 153	**28 085**	23 542
Cash flow from operating activities (A)	**22 275**	21 153	**28 085**	23 542
Cash flow from investing activities:				
Acquisition of tangible and intangible fixed assets	**-41 646**	-44 056	**-32 812**	-44 512
Acquisition of group companies, net of acquired cash	**-48 318**	-25 110	**-47 452**	-26 365
Investments in other shares	**-130**	-120	**-94**	-2
Cash flow from investing activities (B)	**-90 095**	-69 286	**-80 358**	-70 879
Cash flow from financing activities:				
Share issues	**932**	1 043	**932**	1 043
Change in short-term financial receivables	**799**	-7 170	**-2 154**	-6 731
Change in long-term financial receivables	**-4 033**	-2 065	**-11 392**	-2 065
Change in financial short-term debt	**28 872**	22 232	**26 132**	22 198
Change in financial long-term debt	**50 486**	40 138	**46 633**	32 152
Dividends paid	**-7 613**	-6 037	**-7 613**	-6 037
Cash flow from financing activities (C)	**69 442**	48 141	**52 537**	40 560
Change in cash and cash equivalents (A+B+C) increase + / decrease -	**1 623**	9	**264**	-6 777
Cash and cash equivalents at the beginning of the period	**12 640**	12 632	**1 879**	8 656
Cash and cash equivalents at the end of the period	**14 263**	12 640	**2 143**	1 879
	1 623	9	**264**	-6 777

Notes to the cash flow statements

Acquisition of group companies

Cash flow from the acquisition	GROUP 1999	GROUP 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
Acquisition cost of the acquired companies	**50 842**	26 365	**47 452**	26 365
Cash and cash equivalents of the acquired companies	**-2 524**	-1 255		
	48 318	25 110	**47 452**	26 365

Accounting principles

Principles of consolidation

The consolidated financial statements include the accounts of companies in which Nokian Tyres plc, domicile in Nokia, owns, directly or indirectly through subsidiaries, over 50% of the voting rights and associated companies, where Nokian Tyres plc owns between 20% and 50% of the voting rights. Companies acquired during the financial year are consolidated into the profit and loss account from the date of the acquisition.

All internal transactions, unrealised internal margins in the internal transactions, internal receivables and liabilities and internal dividend distributions are eliminated as part of the consolidation process.

Minority interests are presented as separate items in the consolidated profit and loss accounts and balance sheets. At the end of the financial year Nokian Tyres plc owns 99.15 % of the share capital in Isko plc. Minority interest 0.85 % is not presented in the profit and loss statement or balance sheets. Nokian Tyres plc has a redemption offer for all the shares in Isko plc until 28th of January, 2000. The influence of the minority interest in the profit and loss statement would be 20,000 euros and in the balance sheet 100,000 euros. Commitment to the redemption offer is included in the acquisition commitments in contingent liabilities.

Acquisitions of companies are accounted for using the purchase method. A consolidation difference arises from the acquisition cost if it is more than the total equity at the moment of the acquisition. If the fair value of the assets is less than the acquisition cost, the elimination difference is allocated to the acquired company's assets and is amortised according to the plan on the basis of the estimated useful life of the assets. The rest of the elimination difference is treated as goodwill and is amortised on a straight line basis over its expected useful life. This varies between five and ten years depending upon the nature of the acquisition. The goodwill arising from the acquisitions of the retail companies in years 1998 and 1999 is amortised in ten years based on the longer than normal income expectations and the major strategic significance to the business operations of the Group.

Investments in associated companies, where Nokian Tyres plc owns between 20% and 50% of the voting rights are reported according to the equity method of accounting. The Group's share of profits and losses of associated companies is treated as selling and marketing expenses.

Foreign Group companies

All items in the balance sheets of foreign subsidiaries are translated into Finnish marks using the exchange rates published by the European Central Bank ruling at the financial statement date and in the profit and loss accounts, using average rates for the year. Translation differences arising from these are treated as part of consolidated shareholders' equity. Translation differences arising from the application of the purchase method are treated as part of consolidated shareholders' equity. The Group's policy is to hedge a portion of shareholders' equity in the foreign subsidiaries to reduce the effects of exchange rate fluctuations on the Group's net investments in foreign Group companies. Exchange gains and losses resulting from the hedging transactions are offset against the translation differences arising from consolidation and recorded in shareholders' equity.

Inventory valuation

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first in – first out (FIFO) basis. In addition to the direct costs, an appropriate proportion of production overheads is included in the value of finished goods.

Fixed assets and depreciation

Fixed assets are stated in the balance sheets at cost less depreciation according to plan. In the Parent Company, the accumulated difference between the total depreciation charged to the profit and loss account and depreciation according to plan is shown as a separate item in untaxed reserves.

Depreciations according to plan are calculated on the basis of the estimated useful life of the assets using the straight line method. The depreciation times are as follows:

Intangible assets	3–10 years
Goodwill	5–10 years
Buildings	20–40 years
Machinery and equipment	4–20 years
Other tangible assets	10–40 years

Land property, as well as investments in shares, are not regularly depreciated.

Research and development

Research and development costs are charged to the other operating expenses in the profit and loss account in the year in which they are incurred. Certain significant development costs with useful life over three years are capitalised and are amortised on a systematic basis over their expected useful lives. The amortisation period is between three and five years.

Pensions and coverage of pension liabilities

Pension contributions are based on local, periodic actuarial calculations and are charged to the profit and loss account. In Finland the pension schemes are funded through payments to a pension insurance company. Foreign subsidiaries operate pension schemes for their employees in accordance with their local conditions and practices.

Direct taxes

The consolidated profit and loss statement include the change in deferred tax and the direct taxes which are based on taxable profit of each company. These direct taxes are calculated according to local tax rules. The deferred tax liability and assets are recorded as separate items and are based on the prevailing corporate tax rate.

The profit and loss statements of the Parent Company include direct taxes based on the taxable profit and the change in deferred tax arising from temporary differences. The untaxed reserves of the Parent Company are shown in full in the balance sheet, and the deferred tax liability is not recorded.

The change in deferred tax of the previous financial periods in year 1998 is recorded in the extraordinary items according to the instructions of the Finnish Accounting Standards Board.

Foreign currency items

Transactions in foreign currencies are recorded at the exchange rates ruling at the dates of the transactions. At the end of the accounting period unsettled balances on foreign currency transactions and forward exchange contracts are valued at the rates published by the European Central Bank as at the financial statement date.

Foreign exchange gains and losses relating to normal business operations and hedging gains and losses are treated as adjustments to sales and purchases. The exchange rate difference from hedging against estimated cash flow is accounted in profit and loss accounts under sales adjustment items when the cash flow is realised. Gains and losses associated with financial transactions and hedging are entered under financial income and expenses.

The exchange rate gains and losses of the currencies within the eurocurrency area have been recorded as fully realized on December 31, 1998.

Notes to the financial statements

in '000 euros	GROUP 1999	GROUP 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
1. NET SALES BY PRODUCT AND MARKET AREAS				
Car and Van tyres	**163 987**	136 760	**146 390**	129 558
Heavy tyres	**54 938**	53 467	**45 825**	46 412
Bicycle tyres and inner tubes	**7 126**	7 593	**7 124**	7 590
Retreading materials	**11 056**	10 032	**10 670**	9 718
Retail	**100 598**	48 295		
Others and eliminations	**-15 081**	-4 872	**-11**	1 738
Total	**322 623**	251 275	**209 997**	195 017
Finland	**83 439**	65 608	**64 377**	65 248
Other Nordic countries	**133 307**	98 307	**51 763**	46 174
Baltic States and Russia	**14 876**	15 878	**14 611**	15 757
Other European countries	**67 861**	54 092	**62 402**	51 069
North America	**20 065**	15 643	**13 769**	15 020
Other countries	**3 075**	1 748	**3 075**	1 748
Total	**322 623**	251 275	**209 997**	195 017
2. TOTAL COST OF GOODS SOLD				
Raw materials	**63 703**	58 827	**59 984**	58 601
Goods purchased for resale	**66 703**	43 794	**12 775**	15 409
Wages and social costs of goods sold	**33 510**	27 912	**31 930**	27 912
Other costs	**20 578**	20 814	**19 793**	20 630
Depreciation of production	**12 742**	10 012	**12 434**	9 900
Sales freights	**9 731**	8 510	**6 673**	6 207
Change in inventories	**-11 262**	-9 643	**-5 544**	-5 156
Total	**195 705**	160 225	**138 044**	133 504
3. WAGES, SALARIES AND SOCIAL EXPENSES				
Wages and salaries	**58 235**	44 678	**38 632**	33 284
Pension contributions	**7 480**	6 795	**6 118**	6 274
Other social expenses	**14 951**	11 560	**11 034**	9 768
Total	**80 666**	63 033	**55 784**	49 326
Remuneration of the members of the Boards, President and Managing Directors on accr. basis	**1 500**	1 156	**317**	222
of which incentives	**194**	40		
Personnel, average during the year				
Production	**1 112**	975	**1 040**	954
Sales and marketing	**766**	465	**152**	147
Others	**145**	180	**145**	175
Total	**2 023**	1 620	**1 337**	1 276

No special pension commitments have been granted to the members of the Boards, President and Managing Directors.

in '000 euros	GROUP 1999	GROUP 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
4. DEPRECIATION				
Depreciation according to plan by asset category				
Intangible assets	**654**	190	**389**	183
Goodwill	**3 253**	1 943		
Buildings	**2 218**	1 360	**1 564**	1 006
Machinery and equipment	**13 212**	10 480	**11 608**	9 694
Other tangible assets	**417**	309	**193**	144
Total	**19 754**	14 282	**13 754**	11 026

in ‘000 euros	GROUP 1999	GROUP 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
The planned depreciation times are as follows:				
Intangible assets		3–10 years		
Goodwill		5–10 years		
Buildings		20–40 years		
Machinery and equipment		4–20 years		
Other tangible assets		10–40 years		

Depreciation according to plan is calculated on the basis of the estimated useful life of the assets using the straight line method.

in ‘000 euros	GROUP 1999	GROUP 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
Depreciation by function				
Production	**12 742**	10 012	**12 434**	9 900
Sales and marketing	**2 340**	1 535	**215**	343
Administration	**384**	227	**362**	217
Other operating depreciation	**1 036**	566	**743**	566
Goodwill	**3 253**	1 943		
Total	**19 754**	14 282	**13 754**	11 026

5. FINANCIAL INCOME AND EXPENSES

in ‘000 euros	GROUP 1999	GROUP 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
Dividend income				
From the Group companies			**610**	393
From others	**94**	1	**4**	1
Total	**94**	1	**614**	394
Interest income, long-term				
From the Group companies			**266**	120
From others	**46**	0	**46**	0
Total	**46**	0	**312**	120
Other interest and financial income				
From the Group companies			**1 304**	782
From others	**753**	786	**273**	381
Total	**753**	786	**1 577**	1 163
Exchange rate differentials (net)	**206**	-54	**-127**	-55
Interest and other financial expenses				
To the Group companies			**-48**	-16
To others	**-6 992**	-4 388	**-6 751**	-4 195
Other financial expenses	**-301**	-248	**-255**	-186
Total	**7 293**	-4 636	**-7 055**	-4 396
Total financial income and expenses	**-6 194**	-3 903	**-4 680**	-2 775

6. EXTRAORDINARY ITEMS

The extraordinary items in the Group in 1999 contain the increase in deferred tax liability caused by the rise of the corporate tax rate. The extraordinary items in the Group and the Parent company in 1998 contain the change in deferred tax – as required by the new accounting act – of the previous financial periods.

in ‘000 euros	GROUP 1999	GROUP 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
Rise of corporate tax rate in deferred tax liability	**-447**	0		
Consolidation	**0**	492		
Temporary differences	**0**	115	**0**	79
Total	**-447**	607	**0**	79

7. APPROPRIATIONS

in ‘000 euros	GROUP 1999	GROUP 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
Change in accumulated depreciation in excess of plan				
Intangible assets			**171**	299
Buildings			**494**	434
Machinery and equipment			**3 081**	6 127
Other tangible assets			**81**	31
Total			**3 828**	6 892

8. FIXED ASSETS

in '000 euros	Intangible assets	Goodwill	Tangible assets				
Group			Land property	Buildings	Machinery and equipment	Other tangible assets	Advances and fixed assets under construction
Accumulated cost, Jan. 1st 1999	3 359	22 351	2 046	55 699	133 210	3 496	10 240
Decrease/Increase	6 889	39 370	2 814	14 065	25 038	1 300	1 204
Accumulated cost, Dec. 31st 1999	10 248	61 721	4 860	69 765	158 248	4 796	11 444
Translation difference	7	91	51	529	695	32	0
Accum. depr. acc. to plan, Dec. 31st 1999	-1 380	-11 097	0	-17 068	-77 541	-1 759	0
Book value, Dec. 31st 1999	8 875	50 716	4 911	53 225	81 402	3 069	11 444
Book value, Dec. 31st 1998	2 647	14 548	1 982	40 983	67 347	1 982	10 240
Parent Company							
Accumulated cost, Jan. 1st 1999	3 278		868	42 545	120 547	1 882	10 240
Decrease/Increase	2 408		17	6 628	19 053	1 135	1 204
Accumulated cost, Dec. 31st 1999	5 685		886	49 173	139 600	3 016	11 444
Translation difference							
Accum. depr. acc. to plan, Dec 31st 1999	-1 066		0	-10 922	-66 262	-794	0
Book value, Dec. 31st 1999	4 620		886	38 251	73 338	2 222	11 444
Book value, Dec. 31st 1998	2 600		0	33 187	64 016	1 281	10 240
Accum. depreciation in excess of plan, Dec. 31st 1999	515			14 458	29 397	296	
Accum. depreciation in excess of plan, Dec. 31st 1998	344			13 490	26 790	215	

9. COMPANIES OWNED BY THE GROUP AND THE PARENT COMPANY

	Group share ownership %	Parent company share ownership %	Nominal value currency	Nominal value 1 000	Book value Dec. 31st 1999 in '000 euros
Group companies					
Nokian-Rosshina Tyre Holding Oy, Nokia, Finland	100	100	fim	50	8
Rosshina-Nokian Dealer Holding Oy, Nokia, Finland	100	100	fim	50	8
Direnic Oy, Nokia, Finland	100	100	fim	50	10
Isko Oyj, Lappeenranta, Finland	99	99	fim	178 467	47 419
AS Isko, Estonia	87	0	eek	539	311
Itä-Suomen Kumi Oy, Lappeenranta, Finland	84	0	fim	114	1 223
Mäntsälän Rengas Oy, Mäntsälä, Finland	100	0	fim	15	0
Seinäjoen Autokumi Oy, Nurmo, Finland	100	0	fim	150	1 542
Forssan Rengas Oy, Forssa, Finland	100	0	fim	50	8
Valkeakosken Huhtakatu 7 Oy, Valkeakoski, Finland	100	0	fim	90	436
Alppirengas V. Suvanto Oy, Helsinki, Finland	100	0	fim	50	120
Porvoon Rengas Ky, Porvoo, Finland, share of the active partner				0	264
Auto-Söövis Ky, Mikkeli, Finland, share of the active partner				0	127
Nokian Däck AB, Sweden	100	100	sek	7 000	904
Nokian Dekk AS, Norway	100	100	nok	29 480	3 914
Nokian Reifen GmbH, Germany	100	100	dem	2 500	1 197
Nokian Reifen AG, Switzerland	100	100	chf	200	84
Nokian Tyres Inc., U.S.A	100	100	usd	1 500	1 300
Nokian Tyres (North America) Ltd., Canada	100	100	cad	500	306
Galaxie AB, Sweden	100	100	sek	1 000	16 593
Galaxie Gummi AB, Sweden	100	0	sek	100	187
Däckkedjan i Vara AB, Sweden	100	0	sek	1 000	206
Gävle Nya Gummi AB, Sweden	100	0	sek	102	3 153
B. Andersbergs I Örkelljunga AB, Sweden	100	0	sek	100	117
Falköpings Regummerings AB, Sweden	100	0	sek	100	23
Auto Vulk i Kristianstad AB, Sweden	100	0	sek	100	18
Boss Däck i Vara AB, Sweden	100	0	sek	100	12
Däckshopen Autoservice i Malmö AB, Sweden	100	100	sek	500	1 912
Örestads Däckmarknad AB, Sweden	100	0	sek	100	140
Däckshopen Bil & Däckservice i Landskrona AB, Sweden	100	100	sek	100	89
Vianor AS, Norway	100	100	nok	2 550	7 618
Bergs Gummi-Industri AS, Norway	100	100	nok	500	6 881
Marco Trading AS, Norway	100	0	nok	324	27
Hallingdal Dekkservice AS, Norway	100	100	nok	50	897
Br Bråthen AS, Norway	100	0	nok	3 179	394
Associated companies					
Freibi Riepas SIA, Latvia	50	50	lvl	50	41
Sammaliston Sauna Oy, Finland *)	33	33	fim	0	66

*) Omitted from the Group accounts because of no material effect on the total.

10. INVESTMENTS

in '000 euros	GROUP		PARENT COMPANY		
	Shares in associated companies	Shares in other companies	Shares in Group companies	Shares in associated companies	Shares in other companies
Accumulated cost, Jan. 1st 1999	68	195	41 688	66	86
Decrease/Increase	39	395	47 452	84	16
Accumulated cost, Dec. 31st 1999	107	591	89 141	150	102
Translation difference	0	1			
Book value, Dec. 31st 1999	107	592	89 141	150	102
Book value, Dec. 31st 1998	68	195	41 688	66	86

No company shares are owned by the Parent company or the Group

	GROUP		PARENT COMPANY	
in '000 euros	**1999**	1998	**1999**	1998
11. INVENTORIES				
Raw materials and supplies	**8 338**	7 674	**7 301**	7 377
Work-in-progress	**3 518**	2 474	**3 518**	2 474
Finished goods	**56 512**	40 863	**19 575**	14 999
Total book value	**68 368**	51 011	**30 394**	24 850
Replacement price	**69 556**	52 278	**30 469**	24 932
Difference	**-1 188**	-1 267	**-75**	-82
12. LONG-TERM RECEIVABLES				
Loan receivables from the Group companies			**9 904**	3 523
Loan receivables from the Assoc. companies	**754**	0	**754**	0
Loan receivables	**5 084**	1 937	**4 879**	621
Other receivables	**688**	555	**34**	34
Total	**5 771**	2 492	**4 913**	655
Total long-term receivables	**6 525**	2 492	**15 570**	4 178

Loans to directors
Managing Directors and the members of the Board of Directors in the Group have been granted loans, totalling 107 279 euros. Loans have yearly installments.

	GROUP 1999	GROUP 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
13. SHORT-TERM RECEIVABLES				
Receivables from the Group companies				
Trade debtors			**24 168**	18 873
Loan receivables			**17 646**	15 260
Accrued revenues and deferred expenses			**386**	123
Total			**42 201**	32 256
Receivables from the Assoc. companies				
Trade debtors	**582**	0	**582**	0
Loan receivables	**393**	0	**393**	0
Accrued revenues and deferred expenses	**8**	0	**8**	0
Total	**982**	0	**982**	0
Trade debtors	**76 857**	53 708	**35 101**	28 826
Loan receivables	**110**	339	**0**	0
Other receivables	**2 385**	3 348	**2 017**	2 642
Accrued revenues and deferred expenses	**4 838**	4 143	**3 075**	2 861
Total	**84 191**	61 538	**40 193**	34 328
Total short-term receivables	**85 173**	61 538	**83 375**	68 584
Significant items under accrued revenues and deferred expenses				
Taxes	**728**	1 637	**714**	1 486
Annual discounts, purchases	**1 273**	1 093	**544**	453
Financial items	**440**	595	**323**	595
Social payments	**1 343**	113	**1 316**	74

in '000 euros	GROUP 1999	GROUP 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
14. SHAREHOLDERS' EQUITY				
Share capital, Jan. 1st	**17 357**	17 226	**17 357**	17 226
Emissions in 1998	**0**	109	**0**	109
Transfer to the share capital	**145**	21	**145**	21
Emissions in 1999	**234**		**234**	
Share capital, Dec. 31st	**17 735**	17 357	**17 735**	17 357
Share issue, Jan 1 st	**145**	21	**145**	21
Emissions in 1998		145		145
Transfer to the share capital	**-145**	-21	**-145**	-21
Share issue, Dec. 31st	**0**	145	**0**	145
Share issue premium, Jan. 1st	**4 390**	3 601	**4 390**	3 601
Emission gains	**698**	789	**698**	798
Share issue premium, Dec. 31st	**5 088**	4 390	**5 088**	4 390
Retained earnings, Jan. 1st	**78 065**	64 135	**50 811**	41 802
Dividends to shareholders	**-7 613**	-6 037	**-7 613**	-6 037
Translation adjustment	**2 043**	-1 631	**0**	0
Retained earnings, Dec. 31st	**72 496**	56 467	**43 198**	35 766
Net profit for the year	**25 682**	21 598	**18 932**	15 045
Total shareholders' equity	**121 000**	99 957	**84 953**	72 702
Specification of the distributable equity, Dec. 31st				
Retained earnings, Dec. 31st	**72 496**	56 467		
Net profit for the year	**25 682**	21 598		
The share of untaxed reserves and appropriations recorded in shareholders' equity	**-34 585**	-30 385		
Subsidiaries' reserve funds	**-6 381**	-5 247		
Distributable equity, Dec. 31st	**57 211**	42 433		
15. DEFERRED TAX LIABILITIES AND ASSETS				
Deferred tax assets from				
Consolidation	**1 265**	753		
Temporary differences	**1 913**	889	**1 401**	469
Total	**3 178**	1 642	**1 401**	469
Deferred tax liabilities from				
Untaxed reserves and provisions	**15 671**	12 837		
Consolidation	**257**	48		
Temporary differences	**294**	218	**0**	0
Total	**16 222**	13 103	**0**	0
16. LONG-TERM LIABILITIES				
Interest bearing				
Bonds	**8 409**	8 409	**8 409**	8 409
Loans from financial institutions	**100 079**	60 273	**95 686**	59 861
Pension premium loans	**18 984**	8 638	**18 984**	8 638
Total	**127 472**	77 320	**123 080**	76 909
Interest-free				
Liabilities to the Group companies				
Other long-term loans			**128**	0
Other long-term loans	**385**	52	**342**	8
Total long-term liabilities	**127 857**	77 372	**123 550**	76 917
Bonds				
2/1996 6% bullet maturity in 2001	**8 409**	8 409	**8 409**	8 409
Total	**8 409**	8 409	**8 409**	8 409

in ‘000 euros	GROUP 1999	GROUP 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
Liabilities maturing after five years				
Loans from financial institutions	**16 294**	25 856	**15 833**	25 565
Pension premium loans	**10 910**	6 462	**10 910**	6 462
Total	**27 204**	32 318	**26 744**	32 026
Maturing of long-term liabilities				
Maturity				
2001	**17 168**	12 838	**15 557**	12 801
2002	**24 976**	4 377	**23 663**	4 352
2003	**31 864**	23 345	**31 292**	23 319
2004	**26 260**	26 042	**25 825**	26 017
2005 and later	**27 204**	6 276	**26 744**	6 009
Total	**127 472**	72 878	**123 080**	72 498

17. SHORT-TERM LIABILITIES

in ‘000 euros	GROUP 1999	GROUP 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
Interest bearing				
Liabilities to the Group companies				
Finance loans			**3 237**	3 162
Bonds	**0**	8 409	**0**	8 409
Loans from financial institutions	**55 339**	20 510	**53 523**	20 461
Pension premium loans	**1 835**	650	**1 694**	650
Total	**57 174**	29 569	**55 216**	29 520
Total interest bearing	**57 174**	29 569	**58 453**	32 682
Interest-free				
Liabilities to the Group companies				
Trade creditors			**9**	249
Accrued expenses and deferred revenues			**3 252**	4
Total			**3 261**	253
Trade creditors	**28 186**	22 390	**13 991**	12 618
Liabilities to the others	**8 436**	6 482	**3 569**	2 522
Accrued expenses and deferred revenues	**32 825**	20 444	**20 591**	15 459
Total	**69 447**	49 317	**38 151**	30 599
Total interest-free liabilities	**69 447**	49 317	**41 413**	30 852
Total short-term liabilities	**126 621**	78 886	**99 866**	63 535
Bonds				
1/1996 5% bullet maturity in 1999	**0**	8 409	**0**	8 409
Significant items under accrued expenses and deferred revenues				
Wages and salaries	**9 892**	7 876	**7 110**	5 660
Annual discounts, sales	**5 941**	3 991	**4 041**	3 227
Social payments	**6 494**	1 781	**2 901**	2 119
Uninvoiced receipts	**216**	1 633	**122**	202
Taxes	**1 473**	692	**0**	0
Financial items	**3 509**	653	**3 460**	653

in '000 euros	GROUP 1999	GROUP 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
18. CONTINGENT LIABILITIES				
For own debt				
Mortgages	**7 375**	1 438	**0**	0
Mortgage on company assets	**11 353**	0	**0**	0
Pledged assets	**67**	386	**0**	17
Guarantees	**1 177**	1 177	**1 177**	1 177
The amount of debts mortgaged for	**6 458**	651	**0**	0
On behalf of Group companies				
Guarantees			**2 174**	1 974
Rent commitments			**375**	435
On behalf of other companies				
Guarantees	**9**	8	**0**	0
Other own commitments				
Leasing and rent commitments				
Payments due in 2000/1999	**1 447**	1 591	**261**	945
Payments due in subsequent years	**1 541**	2 225	**416**	1 712
Acquisition commitments	**5 109**	0	**5 109**	0
19. DERIVATIVE CONTRACTS				
Interest rate derivatives				
Interest rate swaps				
Fair value	**283**	473	**283**	473
Underlying value	**8 409**	8 409	**8 409**	8 409
Options, purchased				
Fair value	**41**	0	**0**	0
Underlying value	**5 046**	0	**0**	0
Currency derivatives				
Forward contracts				
Fair value	**-1 266**	292	**-1 266**	292
Underlying value	**58 375**	48 488	**58 375**	48 488
Options, purchased				
Fair value	**148**	174	**148**	174
Underlying value	**7 000**	15 247	**7 000**	15 247
Options, written				
Fair value	**-240**	-8	**-240**	-8
Underlying value	**11 000**	6 857	**11 000**	6 857

The fair value of interest rate swaps is defined by cash flows due to contracts.

The fair value of exchange forward contracts is calculated at the rates at the balance sheet closing date on the basis of cash flow arising from contracts. The fair value of options is based on the market price calculated by Black & Scholes' option pricing model.

The underlying value of currency derivatives is the Finnish mark equivalent of the contracts' currency denominated amount at the balance sheet closing date.

Currency derivatives are used only to hedge the Group's net exposure.

Currency derivatives are included in the financial result at market value except those relating to budgeted net currency positions, which are entered in the profit and loss account as the cash flow is received.

Financing and financial risk management

Financial risk management aims to protect the Group's commercial operations from unfavourable changes in the financing market in order to secure the planned profit development. The parent company's treasury manages the financial risks of the Group centrally according to the financing policy confirmed by the Board of Directors. Financial risk management is centralised for effectiveness, minimised costs and optimised cash flow.

Currency exchange rate risk

The Group consists of the parent company in Finland, sales companies in Sweden, Norway, Germany, Switzerland and the United States and retail chains in the Nordic countries, Estonia and Latvia. The subsidiaries mostly operate in their own currencies and it is therefore mainly the parent company that needs to be protected from exposure to currency exchange rate risk. The subsidiaries hedge significant exchange rate risks by internal forward contracts with the treasury. The treasury hedges the Group's foreign exchange position by matching, forward rate agreements and currency options. Currency derivatives are only used for hedging purposes.

In 1999, a generous 53 percent of the Group's invoicing was in currencies other than the EMU-currencies. The most important invoice currencies were the US dollar, the Norwegian crown and the Swedish crown, which constituted approximately 90 percent of invoicing in currencies other than the EMU-currencies.

The foreign exchange exposure of the Group is calculated in each of the foreign currencies as net foreign exchange positions. Foreign exchange exposure includes currency denominated assets and liabilities, firm purchase and sale commitments, budgeted foreign currency cash flow and existing hedging contracts. The calculation period covers the next twelve months. As defined in the Group's financing policy confirmed by the Board of Directors, +/-20% over- or underhedging is allowed in hedging the whole net position, which consists of currency denominated assets and liabilities and firm purchase and sale commitments. The budgeted cash flow can also be hedged so that the maximum hedging percentage is 70. Exchange rate differences from hedging are entered in the Profit and Loss Account as income adjustment items and expense adjustment items. Exchange rate differences from hedging against estimated cash flow will be entered in the Profit and Loss Account as income adjustment items when the cash flow is realised.

Exchange rate differences from hedging long-term liabilities are accounted in financing profits and losses.

As the Group has foreign subsidiaries, currency exchange rates affect equity. Changes of equity due to currency fluctuations are entered as translation differences in the Consolidated Financial Statements. As the foreign subsidiaries are sales companies, their equity is generally always low. Subsidiaries' significant equities are hedged by long-term currency loans. Hedging differences are entered in the Consolidated Financial Statements for their net value against the translation differences of the equities.

Interest rate risk

The Group's interest rate risk management is centralised in the treasury. It monitors the interest rate risk using Gap analysis and steers the interest rate risk position with forward rate agreements, interest rate options and interest rate swaps. In 1999, the Group emphasised fixed rate loans in interest rate risk management. On 31 December 1999, the average interest rate tying time of the Group's interest rate portfolio was 20 months, as opposed to 6 months the previous year.

Credit and liquidity risk

The Group attempts to maintain adequate liquidity at all times. At the end of 1999, the Group's liquid assets and investments were 14 million euros. Additionally, the Group had foreign currency credit limits and commercial paper programmes for 85 million euros. Short-term limits are used to finance inventory, receivables and subsidiaries that operate as distribution channels. The average turnover of sales receivable was 96 days. Regular seasonal variation, which is typical for the industry, is managed using the above mentioned foreign currency credit limits and commercial paper programmes.

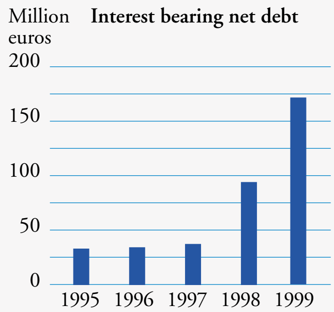
At the end of the year, the amount of interest bearing loans was 185 million euros as opposed to 107 million euros the previous year. The increase was due to the expansion of the Finnish retail chain through the acquisition of Isko as well as production investments. Investments amounted to 86 million euros. The proportion of short-term loans, including repayments within the year, was 57 million euros.

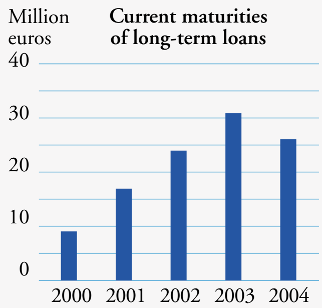
Of the long-term loans, the proportion of other than Eurocurrency loans was 23 percent. The average interest rate of long-term loans was 4.59 percent as opposed to 4.25 percent the previous year.

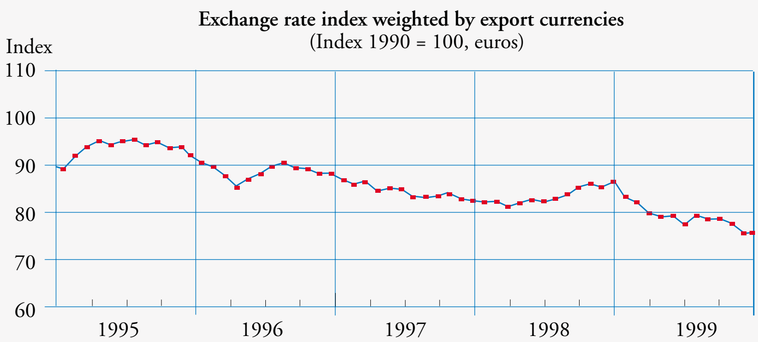
Counterparty risk

The Group only makes short-term investments and only approves those counterparts with high credit-worthiness.

The Group only enters into derivative contracts with banks and credit institutions with adequate solvency.







The Board's proposal for the use of profit

The distributable reserves of the Group on 31 December 1999 total 98,178,000 euros, of which 57,211,000 euros can be distributed as dividends. The distributable reserves of the Parent Company total 62,129,794.98 euros. There are 10,544,786 shares entitled to a dividend.

The Board of Directors proposes that a dividend of 0.85 euros (a total of 8,963,068.10 euros) be paid out for the 1999 fiscal year.

Nokia, 14 February 2000

Olli-Pekka Kallasvuo   Lasse Kurkilahti

Matti Oksanen   Hannu Penttilä

Antti Saarialho

Auditors' report

To the shareholders of Nokian Tyres plc

We have audited the accounting records and the financial statements, as well as the administration by the Board of Directors and the President of Nokian Tyres plc for the period ending 31 December 1999. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the President. Based on our audit, we express our opinion on these financial statements and the company's administration.

We have conducted our audit in accordance with Finnish Generally Accepted Auditing Standards. Those standards require that we plan and perform the audit in order to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration has been to examine that the Board of Directors and the President have complied with the rules of the Finnish Companies' Act.

In our opinion, the financial statements have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company result of operations as well as of the financial position. The financial statements can be adopted and the members of the Board of Directors and the President of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the handling of the profit is in compliance with the Finnish Companies' Act.

We have reviewed the interim reports published during the financial year. The interim reports have been prepared in accordance with applicable regulations.

Nokia, 15 February 2000

KPMG WIDERI OY AB

Matti Sulander

Authorized Public Accountant

Board of Directors from left: Antti Saarialho, Matti Oksanen, Lasse Kurkilahti, David Powell, Hannu Penttilä and Olli-Pekka Kallasvuo (in front).

Board of Directors

Chairman:
Olli-Pekka Kallasvuo
Master of Laws
Executive Vice President, Chief Financial Officer, Nokia Group
Chairman of the Board 1992–1997
Chairman of the Board since 1999
Nokian Tyres' share ownership on 31 December 1999: 2000

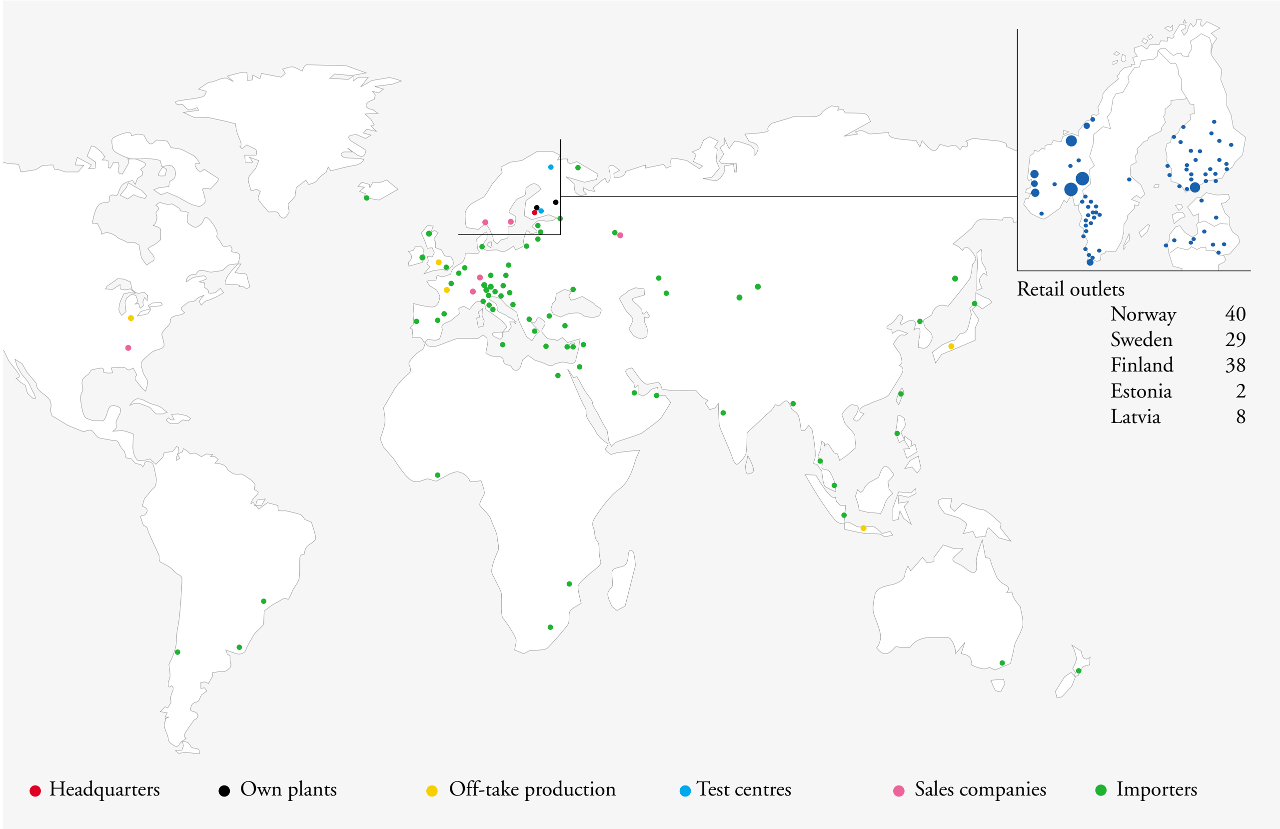
Lasse Kurkilahti
M.Sc. (Econ.)
President and CEO, Nokian Tyres plc
Member of the Board since 1988
Nokian Tyres' share ownership on 31 December 1999: 3000

Matti Oksanen
M.Sc. (Chem.Eng.)
Managing Director, Neste Marketing Ltd.
Member of the Board since 1999
No Nokian Tyres' shares.

Hannu Penttilä
Master of Law
Deputy Managing Director, Stockmann plc
Member of the Board since 1999
No Nokian Tyres' shares.

David Powell
Fellow of the Chartered Institute of Management Accountants
President, Dunlop Tyres Ltd. (until 30 November 1999)
Member of the Board 1988–1999
No Nokian Tyres' shares.

Antti Saarialho
Licenciate of Technology
Professor (emer.) (Helsinki University of Technology, Automotive Engineering)
Member of the Board since 1999
No Nokian Tyres' shares.



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Managing Director Ruedi Häfliger

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Managing Director Dennis Gaede

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Managing Director Tor Dahle

REPRESENTATIVE OFFICE

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Investor information

Annual General Meeting

The Annual General Meeting of Nokian Tyres plc will be held on Wednesday, March 29, 2000 at 4 p.m. at Nokian Tyres' headquarters in Nokia. Registrations and handing out of ballot papers start at 3 p.m.

Shareholders registered on the company's shareholder register maintained by the Central Share Register of Finland by March 24, 2000 at the latest, are entitled to attend the Annual General Meeting. Any shareholder who would like to attend must register by March 27,2000, 3 p.m., either in writing to:
Nokian Tyres plc, PO Box 20, 37101 NOKIA, Finland; or by telephone on: +358 3 3407 438 or +358 3 3407 641 or by fax on +358 3 3407 378. Any credentials shall be delivered to the address above together with the registration.

Financial statements shall be made available at the company's headquarters one week before the Annual General Meeting of Shareholders.

Payment of dividends

The Board of Directors will propose at the Annual General Meeting of Shareholders that a dividend of 0.85 euros per share be paid for the fiscal year 1999. If the Board of Directors' proposal is accepted, the matching date for the dividend will be April 3, 2000, and the payment date will be April 10, 2000.

Share register

Shareholders are requested to report changes to their contact information as well as changes to their ownership to the book-entry registry where they are listed.

Financial reporting

Nokian Tyres will publish reports in Finnish and English as follows:

3 month Interim Report	April 27, 2000
6 month Interim Report	August 3, 2000
9 month Interim Report	October 27, 2000
Financial Statements Bulletin 2000	February 2001
Annual report 2000	March 2001

These reports can be ordered from the corporate information department at Nokian Tyres,
telephone +358 3 3407 641,
fax +358 3 3407 799,
e-mail info@nokiantyres.fi

Internet users can access Nokian Tyres' reports and statements at http://www.nokiantyres.com

Selander & Co. / Hämeen Kirjapaino Oy, 3.2000

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