

Salaries and remunerations 2012

The highest decision-making power in the company is held by the Annual General Meeting. The Annual General Meeting elects the members of the Board of Directors and determines the fees for Board and committee work, as well as other benefits. Fees are paid in cash or company shares.

Remunerations paid to members of the Board in 2012

In 2012, in accordance with the decision of the General Meeting held on 12 April 2012, a fixed fee of EUR 80,000 was paid to the Chairman of the Board, and a fee of EUR 40,000 to each of the members of the Board. The annual fee consisted of a cash payment accounting for 50% of the fee and company shares accounting for 50% of the fee. In addition, the Board and committee members received a meeting fee of EUR 600 for each meeting attended. In 2012, remunerations to Board members totaled EUR 280,000 (EUR 218,750), including 3,913 (2,592) Nokian Tyres' shares worth EUR 140,000 (EUR 84,000). In addition, meeting fees paid to the committee and Board members totalled EUR 39,600 (EUR 24,000). Members of the Board of Directors did not receive any other monetary benefits, and they are not covered by the company's stock option schemes.

The President and CEO of the company is a member of the Board of Directors, but the President does not receive a separate fee for the Board work. The President and CEO is covered by the stock option schemes.

The Board met 10 times in 2012, with the following attendance rate:

	Attendance in Board meetings	
Petteri Walldén, Chairman	10/10	100 %
Kim Gran	10/10	100 %
Hille Korhonen	10/10	100 %
Risto Murto (April 12,2012)	7/7	100 %
Hannu Penttilä	10/10	100 %
Benoit Raulin	9/10	90 %
Aleksey Vlasov	9/10	90 %

Reward system of the President and CEO and company management

The Board of Directors determines the salaries and benefits of the Group's President and CEO and other members of the management team based on the proposal submitted by the Nomination and Remuneration Committee. The Group's management team consists of the President and CEO, heads of profit centres and service functions, and the manager in charge of Russian operations.

In addition to a monthly salary, the President and CEO and members of the management team receive incentives, which are determined annually on the basis of principles confirmed by the Board of Directors, based on the Nomination and Remuneration Committee's proposal.

The annual bonus of management team members is determined on the basis of the Group's net results and the achievement of the KPIs set for different functions. The function-specific KPIs consist of several factors including profitable growth, cash flow and the efficiency of operative processes. The annual bonus sum ranges between 15 and 25 per cent of the recipient's annual salary.

In 2012, members of the Group's management team, other than the President and CEO, received fixed salaries totalling EUR 1,881,465 and annual bonuses totalling EUR 351,424, i.e. a combined total of EUR 2,232,889.

The Annual General Meetings of 3 April 2007 and 8 April 2010 decided on the company personnel's stock option schemes that form a part of the incentive and commitment programme for the personnel. Members of the Group's management team are covered by Nokian Tyres plc's 2007 and 2010 stock option schemes. The terms and conditions of the option schemes are available on the company's website at <http://www.nokiantyres.com/stock-options>

Financial benefits belonging to the office of President and CEO

The Board of Directors appoints and dismisses the President and CEO of the company and decides the terms and benefits of this office as outlined in the President's written contract. As of 1 September 2000, the President and CEO of Nokian Tyres plc has been Kim Gran.

In 2012, the fixed salary paid to the President and CEO totalled EUR 625,719. In addition, an annual bonus of EUR 387,072 was paid. The fixed salary includes fringe benefits worth EUR 20,320.

The President and CEO is covered by Nokian Tyres plc's 2007 and 2010 stock option schemes. The terms and conditions of the option schemes are available on the company's website at <http://www.nokiantyres.com/stock-options>

According to the President's contract, the retirement age of the President and CEO is 60 years. The pension will be determined on the basis of the Employees Pensions Act and an additional, defined benefit pension plan taken out by the company. The total pension shall total no more than 60% of the salary noted as the basis of the supplementary pension, determined on the basis of the salaries and other benefits payable under the current employment contract for a maximum period of five years.

The President's period of notice is 12 months. If the agreement is terminated by the company, the President is entitled to a remuneration corresponding to 12 months' salary and other benefits, in addition to the notice period's salary.