

Olli-Pekka Kallasvujo, President and CEO, Nokia

2008 Nokia Annual General Meeting

Helsinki Fair Centre, Amfi Hall, 8 May 2008

Ladies and gentlemen, Nokia shareholders, good afternoon. And welcome to the Nokia Annual General Meeting of 2008.

As you know, at the start of this year, we changed Nokia's organizational structure to reflect our renewed strategy. Before I begin my remarks today, I would like to introduce the members of our Group Executive Board. As I read their names, I would ask each to stand and remain standing:

- **Robert Andersson**, head of Devices Finance, Strategy & Sourcing
- **Simon Beresford-Wylie**, CEO of Nokia Siemens Networks
- **Timo Ihamuotila**, head of Sales
- **Mary McDowell**, Chief Development Officer
- **Hallstein Moerk**, head of Human Resources
- **Tero Ojanperä**, head of Entertainment & Communities
- **Niklas Savander**, head of Software & Services
- **Rick Simonson**, Chief Financial Officer
- **Veli Sundbäck**, head of Corporate Relations and Responsibility
- **Anssi Vanjoki**, head of Markets
- and **Kai Öistämö**, head of Devices

I think this is the finest leadership team in our industry. And I want to take this opportunity to thank them and the rest of our people for the hard work they have contributed in the past year to Nokia's success. Thank you.

It is my responsibility and great pleasure today to update you on the progress that we have made in the past year. It was a busy, challenging and, ultimately, a successful year for Nokia.

In many ways, the numbers for 2007 tell much of the story of Nokia's success:

- Our global market share reached 40 percent for the first time in our history.
- Nokia's net sales increased 24 percent, to more than 51 billion euros.
- Our operating profit increased 46 percent to 8 billion euros.
- Diluted earnings-per-share increased 74 percent to 1-euro-83-cents.
- We sold a total of 437 million devices – another record.
- Those included a record 200 million camera-equipped devices and 146 million music-capable devices.

These numbers show that we made solid progress in delivering value to our customers and to you as Nokia shareholders, despite the competitive challenges in our fast-changing industry.

As you know, reaching the 40 percent market-share milestone was significant. While our share was 39 percent in the first quarter, it remains larger than that of our three largest competitors combined. And I want to emphasize that we do not intend to stop at this level and begin defending our share. I am confident that we can and will build on our success.

We have grown our share with the broadest portfolio of devices in the industry. This is an area in which we have been devoting considerable resources to keep ahead of the competition.

Under our renewed strategy, Nokia also is intensely focused on investing in Internet services that will enhance our devices and delight our customers. Over time, these services will become a key part of our core business.

I want to make a point here: Devices will remain our core business. As we look to take advantage of growth opportunities in Internet services, Nokia must maintain a competitive range of devices that meet all of our customers' needs.

We have worked hard to improve our device portfolio – not only in terms of innovative features and functionality, but in terms of greater attention to design, to how we go to

market, and to environmental sensitivity. This has led to improved profitability and has strengthened the reputation of our already strong brand.

Moreover, these improved margins have yielded consistent and increasing cash flow. Over the past several years, we have returned a lot of this cash to our shareholders in the form of increased dividends and substantial share buybacks. The strong cash flow also has allowed us to continue to invest in the two areas that are critical in this industry: marketing and R&D.

Continued investment in Research and Development is a key to remaining competitive in what has become a hypercompetitive business. In 2007, Nokia's R&D costs for mobile devices were 2.6 billion Euros, compared with 2.4 billion the previous year. And at the end of last year, 27 percent of Nokia's entire workforce – more than 30-thousand people – were employed in R&D activities in 10 countries.

One area where our R&D and marketing investment has paid off is in emerging markets, where Nokia continues to have considerable success. We are, in fact, selling an increasing number of our devices in developing countries. By innovating and investing early on, Nokia has done more than any other company to bring the benefits of mobile communications to some of the least developed regions of the world.

The socio-economic benefits of mobility in emerging markets are significant. Mobile phones and services for banking, health-care and education are having a positive impact on people's lives. In fact, being connected is leading to real growth in GDP.

A key reason for our strong performance in emerging markets is Nokia's ability to understand the various local cultures and influences. This has allowed us to tailor our phones and our marketing to really fit the needs of our customers.

Last month, for example, we launched four new devices for emerging markets. This impressive line-up included the Nokia 1680 classic, which is Nokia's most affordable camera phone ever.

These are the types of products that are targeting the growing demand for replacement devices. As we said earlier this year, we expect replacement devices to account for more than 60 percent of industry sales in emerging markets alone in 2008.

Colour screens, cameras, music players, and faster Internet connections also are boosting demand as our customers move to replace their older devices. This is important, as globally we expect replacement sales to represent more than 70 percent of the industry's volume in 2008.

In the higher end of the market, there also has been a lot of activity in converged devices, as computer and software companies have moved or talked about moving into this growing and profitable end of the mobile business.

Companies such as Apple, Google and Microsoft are not our traditional competitors, but they are major forces that must be reckoned with. Make no mistake: We are taking on these challenges seriously and aggressively.

Fortunately, we are working from a position of strength, with a leading share of the converged device market globally. During the first quarter of this year alone, we shipped 14.6 million converged devices and announced several new models.

On the screens, you can see one of our latest N-Series devices, the Nokia N78, which combines so many great experiences.

And while I cannot share any details today, I can tell you that we have some well-designed multimedia devices that we will unveil over the coming year. They have features that hopefully will surprise and delight our customers – and win many new ones.

Success in the future will require mastering and integrating a complex set of technologies and services. It will involve partnering with others where it makes sense, and bringing all this together in products and services that improve or enhance our customers' lives.

A good example of changing the way we do business to gain an advantage is our chipset strategy, announced in August. Under this new approach, we have discontinued some of our own chipset development and expanded our use of commercially available chipsets. This will also allow us to focus our R&D more on software and services.

We also accelerated our mergers and acquisition activity in the last year to strengthen our current and future business areas.

Last year we acquired Twango, a media-sharing service that now operates as Share on Ovi. We acquired Enpocket, a global leader in mobile advertising, and Avvenu, a leader in technology that allows users to access and view PC files remotely. And in our biggest deal to date, we announced a definitive agreement to acquire NAVTEQ, a leading provider of digital map information.

The pending acquisition of NAVTEQ will allow us to more quickly realize the potential of combining navigation and maps with our devices. And we believe the potential here is huge. Particularly as we move from devices with simple navigation to more sophisticated location-based services, such as pedestrian navigation and targeted advertising.

It may surprise you to know that the personal navigation device market has more than doubled every year since 2005. As we said earlier this year, we expect to ship about 35 million GPS-enabled Nokia devices in 2008, which is equal to the entire GPS device market in 2007.

We are very excited about the prospects for pedestrian navigation and other location-aware services. The market for location-based services promises to be the next big thing in mobility.

Navigation is just one of the services we are targeting. Last year, saw the launch of our Internet services brand, Ovi. Ovi is our gateway to such new services as Ovi Share, Nokia Maps, N-Gage games and the Nokia Music Store. You can expect a lot more activity here during 2008.

The link created between our devices and our mobile services will enhance our already strong brand, our market share and ultimately our device margins. Expanding into services also is giving us an opportunity to work together in new areas with our operator customers, as their businesses also change. Around the world, operators are innovating with new ways to create and distribute new mobile content.

This is one reason why Nokia Siemens Networks remains important to our overall strategy. In its first full year of operations, the company maintained profitability – despite a slowing market and a fiercely competitive landscape. Nokia Siemens Networks is on track to meet its target of saving 2 billion Euros through cost synergies, and it has gained significant new business in China and North America. But tough work remains to improve cash flow and margins. With the rapid expansion in mobile broadband, the increase in data traffic will mean more opportunity for growth in the infrastructure business in the years to come.

At the start of my remarks today, I mentioned our new organizational structure. Our strategy to expand into services and software was one of the key reasons we decided last year to reorganize. Our business is changing at a far more rapid place than in the past.

As you may have noticed with our first quarter results this year, we now have two reportable segments, Devices and Services and Nokia Siemens Networks. In this new organization, our three former mobile device business groups – as well as the supporting horizontal groups – have been replaced by this integrated Devices and Services unit.

Our new structure is helping Nokia to be more integrated as we focus more attention on developing new businesses around Internet services. Over time, it will allow us to be faster and more agile in bringing out new products and services, in serving our operator customers better, and in meeting our customers' needs in different parts of the world. As I like to tell our employees, our goal is to act less like a traditional manufacturer, and more like an Internet company.

Some have asked why Nokia reorganized when our business has been going so well. In other words, "if it ain't broke, why fix it?" More often, companies reorganize only when

they are forced to, long after a shift in the marketplace has made their business model obsolete.

I believe that it is best for Nokia to transform itself “ahead of the curve,” to better position our company to take advantage of new growth opportunities.

One of Nokia’s strengths always has been its talented and dedicated workforce. Last year, we involved a broad cross-section of employees in discussions on Nokia’s culture, values and the company’s future.

One of the results of those discussions was a decision to update our corporate values. In a reorganization of this scale, it is critical to create a culture where people feel involved and accountable for decision-making. Our values should be reflected in every action we take, in how we conduct our business and in how we develop and market our products and services. They also should be reflected in how we deal with the toughest decisions.

One of the toughest business decisions we had to take in the past year was to plan for the closure of our manufacturing plant in Bochum, Germany. There are clear business reasons for taking this move, but this doesn’t change the fact that it is painful for all the affected employees and their families. We have clear responsibilities to our employees in this kind of difficult situation, and it was our firm intention to agree on a social plan that met the expectations of both Nokia and the employee representatives.

After extensive talks with our employees, stakeholders and representatives in Bochum and in the region, we have agreed on a fair and responsible solution.

I also want to talk to you briefly about Nokia’s leadership in increasing environmental awareness and performance over the past year. We took several actions to raise the awareness of our industry’s impact, and what Nokia is doing about it. One very visible example is the new compact packaging for some of our phones.

We have shipped more than 250 million phones using this new design, which saved Nokia more than 100 million euros in transportation and logistics costs last year. It also meant we used five-thousand fewer trucks, reducing fuel consumption and carbon emissions.

We also agreed to new environmental targets with suppliers. This builds on our work to improve labour and social conditions in their factories, as well as throughout the supply chain.

Nokia Siemens Networks has placed strong emphasis on an environmentally sustainable business approach. Smaller products with low power consumption and sophisticated take-back and recycling services are making a difference. In emerging markets and remote areas, sites are increasingly being run by renewable energy, such as solar and wind power.

We also made environmental news with our devices. Last year, we launched the Nokia 3110 Evolve, which features “bioplastic covers” made from 50 percent renewable material. It also comes with our most energy efficient charger yet. Then, this past February, we showed a stylish and remarkable concept phone called “Remade.” This phone is made from only renewable materials, and environmentally friendly technologies.

When we showed it for the first time to an international audience at the Mobile World Congress in February, it got a very strong reception.

Ladies and gentlemen, the last 12 months were a year of incredible change and action. We executed well on the strategy and plans we laid out for the growth and future success of Nokia. But, of course, we know there is still much more work to be done. Developments in Internet technology have led to increased productivity and improved living standards in ways that were difficult to imagine just a few years ago. It makes me humble yet proud to know that Nokia is the leader for what can be done with mobile technology. It is a leadership mantle that we will not relinquish.

I trust that you, our shareholders, will continue to have confidence in Nokia. That you will continue to support our quest to discover innovative new ways of connecting people, building communities and finding new opportunities for growth.

For that support, I thank you.

Now, I would be happy to take a few questions.

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FORWARD-LOOKING STATEMENTS

It should be noted that certain statements herein which are not historical facts, including, without limitation, those regarding: A) the timing of product, services and solution deliveries; B) our ability to develop, implement and commercialize new products, services, solutions and technologies; C) expectations regarding market growth, developments and structural changes; D) expectations regarding our mobile device volume growth, market share, prices and margins; E) expectations and targets for our results of operations; F) the outcome of pending and threatened litigation; G) expectations regarding the successful completion of contemplated acquisitions on a timely basis and our ability to achieve the set targets upon the completion of such acquisitions; and H) statements preceded by "believe," "expect," "anticipate," "foresee," "target," "estimate," "designed," "plans," "will" or similar expressions are forward-looking statements. These statements are based on management's best assumptions and beliefs in light of the information currently available to it. Because they involve risks and uncertainties, actual results may differ materially from the results that we currently expect. Factors that could cause these differences include, but are not limited to: 1) competitiveness of our product, service and solutions portfolio; 2) the extent of the growth of the mobile communications industry and general economic conditions globally; 3) the growth and profitability of the new market segments that we target and our ability to successfully develop or acquire and market products, services and solutions in those segments; 4) our ability to successfully manage costs; 5) the intensity of competition in the mobile communications industry and our ability to maintain or improve our market position or respond successfully to changes in the competitive landscape; 6) the impact of changes in technology and our ability to develop or otherwise acquire complex technologies as required by the market, with full rights needed to use; 7) timely and successful commercialization of complex technologies as new advanced products, services and solutions; 8) our ability to protect the complex technologies, which we or others develop or that we license, from claims that we have infringed third parties' intellectual property rights, as well as our unrestricted use on commercially acceptable terms of certain technologies in our products, services and solution offerings; 9) our ability to protect numerous Nokia and Nokia Siemens Networks patented, standardized or proprietary technologies from third-party infringement or actions to invalidate the intellectual property rights of these technologies; 10) Nokia Siemens Networks' ability to achieve the expected benefits and synergies from its formation to the extent and within the time period anticipated and to successfully integrate its operations, personnel and supporting activities; 11) whether, as a result of investigations into alleged violations of law by some current or former employees of Siemens AG ("Siemens"), government authorities or others take further actions against Siemens and/or its employees that may involve and affect the carrier-related assets and employees transferred by Siemens to Nokia Siemens Networks, or there may be undetected additional violations that may have occurred prior to the transfer, or ongoing violations that may have occurred after the transfer, of such assets and employees that could result in additional actions by government authorities; 12) any impairment of Nokia Siemens Networks customer relationships resulting from the ongoing government investigations involving the Siemens carrier-related operations transferred to Nokia Siemens Networks; 13) occurrence of any actual or even alleged defects or other quality issues in our products, services and solutions; 14) our ability to manage efficiently our manufacturing and logistics, as well as to ensure the quality, safety, security and timely delivery of our products, services and solutions; 15) inventory management risks resulting from shifts in market demand; 16) our ability to source sufficient amounts of fully functional components and sub-assemblies without interruption and at acceptable prices; 17) any disruption to information technology systems and networks that our operations rely on; 18) developments under large, multi-year contracts or in relation to major customers; 19) economic or political turmoil in emerging market countries where we

do business; 20) our success in collaboration arrangements relating to development of technologies or new products, services and solutions; 21) the success, financial condition and performance of our collaboration partners, suppliers and customers; 22) exchange rate fluctuations, including, in particular, fluctuations between the euro, which is our reporting currency, and the US dollar, the Chinese yuan, the UK pound sterling and the Japanese yen, as well as certain other currencies; 23) the management of our customer financing exposure; 24) allegations of possible health risks from electromagnetic fields generated by base stations and mobile devices and lawsuits related to them, regardless of merit; 25) unfavorable outcome of litigations; 26) our ability to recruit, retain and develop appropriately skilled employees; 27) the impact of changes in government policies, laws or regulations; and 28) our ability to effectively and smoothly implement our new organizational structure; as well as the risk factors specified on pages 10-25 of Nokia's annual report on Form 20-F for the year ended December 31, 2007 under "Item 3.D Risk Factors." Other unknown or unpredictable factors or underlying assumptions subsequently proving to be incorrect could cause actual results to differ materially from those in the forward-looking statements. Nokia does not undertake any obligation to update publicly or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.