

NOKIA**PRESS RELEASE**

July 18, 2002

**NOKIA 2Q PROFITS AND MARGINS UP
— REVENUES IN LINE WITH GUIDANCE**

Second quarter 2002 compared with second quarter 2001:

- Net sales decreased 6% to EUR 6 935 million (EUR 7 346 million in 2Q 2001)
- Pro forma operating profit increased to EUR 1 260 million (EUR 1 137 million); pro forma operating margin increased to 18.2% (15.5%)
- Reported operating profit increased to EUR 1 221 million (EUR 856 million); reported operating margin increased to 17.6% (11.7%)
- Pro forma adjustments: EUR 52 million in goodwill amortization and a EUR 13 million positive adjustment related to the earlier Dolphin write-off in 3Q 2001
- Pro forma earnings per share (diluted) increased to EUR 0.19 (EUR 0.17)
- Reported (IAS) net profit increased to EUR 862 million (EUR 589 million) and reported earnings per share (diluted) increased to EUR 0.18 (EUR 0.12)
- Operating cash flow increased to EUR 1 410 million (EUR 790 million)

JORMA OLLILA, CHAIRMAN AND CEO:

Thanks to our consistent record of strong execution and tight cost control, we were able to put in a solid second quarter. Pro forma operating profit, in particular, showed year-on-year growth of 11%, generating a very strong operating cash flow of EUR 1.4 billion. In mobile phones, we saw pro forma operating profit grow by 22%. For these achievements in a difficult environment my thanks go to the whole Nokia team.

During the quarter, our winning product portfolio brought further gains in mobile phone market share, which rose both sequentially and year on year to over 38%. We also expect our full-year 2002 market share to show an increase on last year's 37%.

Shipments of the new Symbian-based Nokia 7650 camera and PDA phone began in Europe and Asia Pacific, with priority given to markets where operators have already launched their MMS services. Initial feedback from customers and users across the board has been extremely positive.

As we enter the second half we are seeing a clear and concrete shift. Feature-rich multimedia products with color screens offering compelling new services are now in the hands of consumers. We also see this driving demand as consumers and business people, motivated by new communications possibilities, move to upgrade their existing phones or even look towards owning more than one device.

Nokia is preparing for a string of new product launches for the remainder of the year, including a major step in September with the introduction of our first dual-mode WCDMA/GSM phone and our first 3G network. Depending on operator schedules in WCDMA networks, we expect the 3G business system to be mature enough for commercial handset shipments by early 2003.

Interoperability is requisite for the success of advanced mobile services and our industry is supporting this through the Open Mobile Alliance. In the last few months, a lot of progress has been made to ensure that technologies and services function together for consumers on any network and terminal.

Economic conditions in the latter part of the year will continue to be hard. We see ourselves as very competitively positioned to lead the industry into the next mobile communications growth phase.

NOKIA SECOND QUARTER 2002 / FIRST HALF 2002 FINANCIAL RESULTS

2Q 2002	PRO FORMA (excludes goodwill amortization and non-recurring items)			REPORTED		
	2Q/2002	2Q/2001	Change (%)	2Q/2002	2Q/2001	Change (%)
EUR (million)						
Net sales	6 935	7 346	-6	6 935	7 346	-6
Nokia Mobile Phones	5 398	5 349	1	5 398	5 349	1
Nokia Networks	1 474	1 896	-22	1 474	1 896	-22
Nokia Ventures Organization	106	134	-21	106	134	-21
Operating profit	1 260	1 137	11	1 221	856	43
Nokia Mobile Phones	1 171	960	22	1 148	902	27
Nokia Networks	171	300	-43	161	240	-33
Nokia Ventures Organization	-63	-92	32	-69	-255	73
Common Group Expenses	-19	-31		-19	-31	
Operating Margin (%)	18.2	15.5		17.6	11.7	
Nokia Mobile Phones (%)	21.7	17.9		21.3	16.9	
Nokia Networks (%)	11.6	15.8		10.9	12.7	
Nokia Ventures Organization (%)	-59.4	-68.7		-65.1	-190.3	
Financial income and expenses	39	27	44	39	27	44
Profit before tax and minority interests	1 292	1 166	11	1 253	885	42
Net profit	905	830	9	862	589	46
EPS, EUR						
Basic	0.19	0.18	6	0.18	0.13	38
Diluted	0.19	0.17	12	0.18	0.12	50

1H 2002	PRO FORMA (excludes goodwill amortization and non-recurring items)			REPORTED		
	1H/2002	1H/2001	Change (%)	1H/2002	1H/2001	Change (%)
EUR (million)						
Net sales	13 949	15 353	-9	13 949	15 353	-9
Nokia Mobile Phones	10 836	11 179	-3	10 836	11 179	-3
Nokia Networks	2 910	3 918	-26	2 910	3 918	-26
Nokia Ventures Organization	263	303	-13	263	303	-13
Operating profit	2 546	2 577	-1	2 455	2 225	10
Nokia Mobile Phones	2 379	2 167	10	2 333	2 085	12
Nokia Networks	317	664	-52	283	585	-52
Nokia Ventures Organization	-93	-194	52	-104	-385	73
Common Group Expenses	-57	-60		-57	-60	
Operating Margin (%)	18.3	16.8		17.6	14.5	
Nokia Mobile Phones (%)	22.0	19.4		21.5	18.7	
Nokia Networks (%)	10.9	16.9		9.7	14.9	
Nokia Ventures Organization (%)	-35.4	-64.0		-39.5	-127.1	
Financial income and expenses	74	74	-	74	74	-
Profit before tax and minority interests	2 605	2 651	-2	2 514	2 299	9
Net profit	1 820	1 876	-3	1 725	1 564	10
EPS, EUR						
Basic	0.38	0.40	-5	0.36	0.33	9
Diluted	0.38	0.39	-3	0.36	0.33	9

**All figures can be found in the tables on pages 6-13*

BUSINESS ENVIRONMENT AND FORECASTS

Nokia's second-quarter sales declined by 6% compared with the second quarter 2001. Sales for Nokia Mobile Phones grew by 1% compared with the previous year, reflecting growth in Asia Pacific and Europe, offset by lower sales in the Americas. Sales for Nokia Networks showed a year-on-year decline of 22%, with continued lower-than-expected 2G investments in China and Europe, partially offset by steady growth in the US.

Accelerated 3Q and 2H sales growth

Sales for the Nokia group in the third quarter 2002 are anticipated to be in the range of EUR 7.2 billion to EUR 7.6 billion, compared with EUR 7.0 billion in the third quarter 2001. Overall sales growth for the second half is then estimated to be between 3% and 10%. Sales growth will be driven by volume deliveries of a number of advanced high value-added models during the second half and revenue recognized from 3G network sales, assuming the necessary technology milestones are satisfied.

Profitability outlook strong

Nokia's profitability outlook remains strong, reflecting the company's operational efficiencies and cost control. Third-quarter pro forma earnings per share (diluted) is expected to be in the range of EUR 0.15 to EUR 0.17. Management expects to see full-year pro forma earnings per share (diluted) in the range of EUR 0.79 to EUR 0.84.

Pro forma operating margins for Nokia Mobile Phones are expected to continue at around 20% for the second half of 2002, with the fourth quarter being stronger than the third. Nokia Networks pro forma operating margins are estimated to remain at approximately the 10% level for the rest of the year, while Nokia Ventures Organization is expected to post a pro forma loss of around EUR 150 million for 2002.

Full-year handset market estimate about 400 million

Nokia estimates full-year 2002 market volume at about 400 million units sold. All regions are estimated to show growth of approximately 5% led by the Americas and Asia-Pacific and followed by Europe.

Nokia's mobile phone sales volume in the second quarter of 2002 increased year on year by 12% to about 36 million. This clearly outpaced overall market volume, which is estimated to have grown by about 4% to around 93 million units.

Year-on-year overall market volume growth was strongest in the Americas followed by Europe, while Asia-Pacific declined slightly, largely due to slow replacement sales in Japan and South Korea. GSM clearly continues to be the largest cellular standard. During the first half, GSM and CDMA showed modest growth, while TDMA remained flat and the Japanese PDC market declined.

Second half network market developments

Based on second-quarter developments, Nokia continues to expect an annual decline in the GSM and overall infrastructure market in 2002. Major operators in Europe and Asia are scheduled to start their multimedia messaging services during the second half 2002.

Customer financing

At the end of June, outstanding long-term customer loans totaled EUR 1 555 million (EUR 1 128 million at December 31, 2001), while guarantees given on behalf of third parties totaled EUR 121 million (EUR 127 million). In addition, Nokia had financing commitments totaling EUR 2 542 million (EUR 2 955 million). Of the total committed and outstanding customer financing at the end of June, EUR 3 569 million (EUR 3 607 million) related to 3G networks.

Nokia's German operator customer MobilCom, to which the company has provided long-term financing of EUR 752 million, is currently restructuring its financing. These arrangements may involve vendor participation in the form of rescheduling or other restructuring of financing terms. Discussions are ongoing as to the exact nature of the restructuring. An agreement is expected to lead to a reassessment of the valuation of Nokia's current MobilCom receivables or any alternative security through a charge of a material portion of such receivables against earnings during the third quarter of 2002. This charge would be excluded from pro forma earnings.

NOKIA MOBILE PHONES

During the first six months of 2002, Nokia Mobile Phones announced and started shipping a record 20 new mobile phone models. The company plans to announce and ship further new phones during the second half, bringing the full-year total of new products shipping to more than 30.

During the second quarter, Nokia started shipping 12 new phones, representing several different product categories in Nokia's mobile phone portfolio, and incorporating a number of key enabling technologies. These included the Nokia 7650, the company's first imaging model with an integrated VGA resolution digital camera for multimedia messaging. Running on the Symbian Operating System, the Nokia 7650 includes both GPRS and HSCSD connections, WAP and email, Bluetooth and infrared, and MIDP Java™ support.

Other breakthrough deliveries were the Nokia 6370, the company's first CDMA/1X model for North America, and the first mass-volume GPRS and MMS-enabled GSM model, the Nokia 3510, which began shipping in Europe and Asia Pacific. Another volume GSM model, the Nokia 3410 with Java™, started shipping in Europe. In June, Nokia started deliveries of a new China-specific model, the Nokia 3610, and in July commenced shipments of its first GAIT (GSM/TDMA) model, the Nokia 6340 in the US.

The current quarter will bring further key deliveries, such as the tri-band GSM models: the Nokia 7210 and 6610, both with Java™, MMS and color displays, as well as the Nokia 6590 and 3590 for GSM 850/1900/GPRS in the Americas, supporting XHTML.

Nokia welcomes the formation of the 200-member Open Mobile Alliance, providing new impetus for the next industry growth phase. The alliance is working to ensure interoperable services across countries, networks and handsets through open standards and platforms.

In order to accelerate this unprecedented move towards a global, interoperable mobile services market, Nokia is licensing its Series 60 smartphone software to other manufacturers. During the quarter, Series 60 licensing agreements were signed with Matsushita and Siemens. The Nokia Series 60 incorporates key enabling technologies, such as MMS and Java™.

NOKIA NETWORKS

In WCDMA and EDGE network infrastructure, Nokia is delivering 3G equipment in 23 countries to 42 operators, of which 26 are in full commercial volume deliveries. The value of inventory related to work in progress on 3G amounted to EUR 686 million at the end of June. During the quarter, the company was selected as a 3G radio network supplier to mmO2 in the UK, Germany and Ireland. Nokia also signed contracts with Hutchison 3G Austria to supply its 3G core network and with Radiolinja in Finland for its 2G and 3G radio and core networks.

Major operators in Europe and Asia are scheduled to start their multimedia messaging services during the second half, 2002. Nokia was selected as a supplier of multimedia messaging infrastructure by several operators, including TIM in Italy, the Telefonica Moviles Group, mmO2 across its European markets and M1 in Singapore.

Nokia signed GSM contracts with eight operators, including a GSM/GPRS/EDGE radio network expansion contract with AT&T Wireless, further strengthening the position of GSM technology in the US market.

NOKIA VENTURES ORGANIZATION

Nokia Ventures Organization continued to identify and develop new business opportunities for Nokia. A modest recovery in the VPN and firewall security appliance market continued to carry over into the second quarter for Nokia Internet Communications. The unit was further strengthened by a record number of new product announcements, entry into the small office security appliance segment, the launch of the Nokia Security Developers Alliance program and ongoing solution bundling with strategic partners: Check Point Software Technologies, ISS and F5. Nokia Venture Partners opened an office in South Korea and made its first investment in the Asia Pacific region.

NOKIA IN JANUARY–JUNE 2002 REPORTED

Second quarter 2002

(International Accounting Standards (IAS) comparisons given to the second quarter 2001 results unless otherwise indicated)

Nokia's net sales decreased by 6% to EUR 6 935 million (EUR 7 346 million). Sales of Nokia Mobile Phones increased by 1% to EUR 5 398 million (EUR 5 349 million). Sales of Nokia Networks decreased by 22% to EUR 1 474 million (EUR 1 896 million). Sales of Nokia Ventures Organization decreased by 21% and totaled EUR 106 million (EUR 134 million).

Operating profit increased by 43% to EUR 1 221 million (EUR 856 million), representing an operating margin of 17.6% (11.7%). Operating profit in Nokia Mobile Phones increased by 27% to EUR 1 148 million (EUR 902 million), representing an operating margin of 21.3% (16.9%). Operating profit in Nokia Networks decreased by 33% to EUR 161 million (EUR 240 million), representing an operating margin of 10.9% (12.7%). Nokia Ventures Organization reported an operating loss of EUR 69 million (operating loss of EUR 255 million). Common Group Expenses, which comprises Nokia Head Office and Nokia Research Center, totaled EUR 19 million (EUR 31 million).

Financial income totaled EUR 39 million (EUR 27 million). Profit before tax and minority interests was EUR 1 253 million (EUR 885 million). Net profit totaled EUR 862 million (EUR 589 million). Earnings per share increased to EUR 0.18 (basic) and to EUR 0.18 (diluted) compared with EUR 0.13 (basic) and EUR 0.12 (diluted) in the second quarter 2001.

First half 2002

(IAS comparisons given to the first half 2001 results unless otherwise indicated)

Nokia's net sales decreased by 9% to EUR 13 949 million (EUR 15 353 million). Sales of Nokia Mobile Phones decreased by 3% to EUR 10 836 million (EUR 11 179 million). Sales of Nokia Networks decreased by 26% to EUR 2 910 million (EUR 3 918 million). Sales of Nokia Ventures Organization decreased by 13% and totaled EUR 263 million (EUR 303 million).

Operating profit increased by 10% to EUR 2 455 million (EUR 2 225 million), representing an operating margin of 17.6% (14.5%). Operating profit in Nokia Mobile Phones increased by 12% to EUR 2 333 million (EUR 2 085 million), representing an operating margin of 21.5% (18.7%). Operating profit in Nokia Networks decreased by 52% to EUR 283 million (EUR 585 million), representing an operating margin of 9.7% (14.9%). Nokia Ventures Organization reported an operating loss of EUR 104 million (operating loss of EUR 385 million). Common Group Expenses, which comprises Nokia Head Office and Nokia Research Center, totaled EUR 57 million (EUR 60 million).

Financial income totaled EUR 74 million (EUR 74 million). Profit before tax and minority interests was EUR 2 514 million (EUR 2 299 million). Net profit totaled EUR 1 725 million (EUR 1 564 million). Earnings per share increased to EUR 0.36 (basic) and to EUR 0.36 (diluted) compared with EUR 0.33 (basic) and EUR 0.33 (diluted) in the first half 2001.

The average number of employees during the first half was 53 028. At June 30, Nokia employed a total of 52 970 people (53 849 people at December 31, 2001).

At June 30, 2002, net debt-to-equity ratio (gearing) was -42% (-41% at December 31, 2001). During the January to June period in 2002, capital expenditures amounted to EUR 262 million (EUR 625 million).

On June 30, the Group companies owned 1 077 797 Nokia shares. The shares had an aggregate par value of EUR 64 667.82, representing 0.02% of the share capital of the company and the total voting rights. The number of issued shares on June 30 was 4 753 226 997 and the share capital was EUR 285 193 619.82.

CONSOLIDATED PROFIT AND LOSS ACCOUNT, EUR million

(unaudited)

	Pro forma	Pro forma	Reported,	Reported,
	4-6/02	4-6/01	IAS	IAS
			4-6/02	4-6/01
Net sales	6,935	7,346	6,935	7,346
Cost of sales 1)	-4,052	-4,556	-4,052	-4,627
Research and development expenses	-779	-794	-779	-794
Selling, general and administrative expenses 2)	-844	-859	-844	-998
Adjustment to Dolphin write-off 3)	-	-	13	-
Amortization of goodwill	-	-	-52	-71
Operating profit	1,260	1,137	1,221	856
Share of results of associated companies	-7	2	-7	2
Financial income and expenses	39	27	39	27
Profit before tax and minority interests	1,292	1,166	1,253	885
Tax	-377	-303	-381	-263
Minority interests	-10	-33	-10	-33
Net profit	905	830	862	589
Earnings per share, EUR				
Basic	0.19	0.18	0.18	0.13
Diluted	0.19	0.17	0.18	0.12
Average number of shares (1,000 shares)				
Basic	4,745,947	4,694,648	4,745,947	4,694,648
Diluted	4,784,745	4,788,099	4,784,745	4,788,099
Depreciation and amortization, total			322	360

*Non-recurring items*1) *Non-recurring charges of EUR 71 million from 2Q 2001.*2) *In 2001, non-recurring charges of EUR 139 million, including a EUR 54 million impairment of goodwill, and a EUR 24 million gain from the disposal of certain production operations from 2Q 2001.*3) *Positive adjustment of EUR 13 million related to the earlier Dolphin write-off in 3Q 2001.*

CONSOLIDATED PROFIT AND LOSS ACCOUNT, EUR million

(unaudited)

	Pro forma	Pro forma	Reported,	Reported,
	1-6/02	1-6/01	IAS	IAS
			1-6/02	1-6/01
Net sales	13,949	15,353	13,949	15,353
Cost of sales 1)	-8,296	-9,584	-8,296	-9,655
Research and development expenses	-1,482	-1,560	-1,482	-1,560
Selling, general and administrative expenses 2)	-1,625	-1,632	-1,625	-1,771
Adjustment to Dolphin write-off 3)	-	-	13	-
Amortization of goodwill	-	-	-104	-142
Operating profit	2,546	2,577	2,455	2,225
Share of results of associated companies	-15	-	-15	-
Financial income and expenses	74	74	74	74
Profit before tax and minority interests	2,605	2,651	2,514	2,299
Tax	-755	-721	-759	-681
Minority interests	-30	-54	-30	-54
Net profit	1,820	1,876	1,725	1,564
Earnings per share, EUR				
Basic	0.38	0.40	0.36	0.33
Diluted	0.38	0.39	0.36	0.33
Average number of shares (1,000 shares)				
Basic	4,741,230	4,693,933	4,741,230	4,693,933
Diluted	4,793,896	4,788,474	4,793,896	4,788,474
Depreciation and amortization, total			635	673

*Non-recurring items*1) *Non-recurring charges of EUR 71 million from 2Q 2001.*2) *In 2001, non-recurring charges of EUR 139 million, including a EUR 54 million impairment of goodwill, and a EUR 24 million gain from the disposal of certain production operations from 2Q 2001.*3) *Positive adjustment of EUR 13 million related to the earlier Dolphin write-off in 3Q 2001.*

CONSOLIDATED PROFIT AND LOSS ACCOUNT, EUR million

(unaudited)

	Pro forma 1-12/01	Reported, IAS 1-12/01
Net sales	31,191	31,191
Cost of sales 1)	-19,693	-19,787
Research and development expenses	-2,985	-2,985
Selling, general and administrative expenses 2)	-3,276	-3,443
One-time customer finance charges 3)	-	-714
Impairment of minority investments	-	-80
Impairment of goodwill	-	-518
Amortization of goodwill	-	-302
Operating profit	5,237	3,362
Share of results of associated companies	-12	-12
Financial income and expenses	125	125
Profit before tax and minority interests	5,350	3,475
Tax	-1,478	-1,192
Minority interests	-83	-83
Net profit	3,789	2,200
Earnings per share, EUR		
Basic	0.81	0.47
Diluted	0.79	0.46
Average number of shares (1,000 shares)		
Basic	4,702,852	4,702,852
Diluted	4,787,219	4,787,219

Depreciation and amortization, total		1,430
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Non-recurring items

1) Includes non-recurring charges of EUR 71 million from 2Q and EUR 23 million from 4Q.

2) Includes non-recurring charges of EUR 85 million from 2Q, including a EUR 24 million gain from the disposal of certain production operations, and a total of EUR 82 million from 4Q.

3) Includes one-time customer finance charges from 3Q.

NET SALES BY BUSINESS GROUP, EUR million

(unaudited)

	4-6/02	4-6/01	1-6/02	1-6/01	1-12/01
Nokia Mobile Phones	5,398	5,349	10,836	11,179	23,158
Nokia Networks	1,474	1,896	2,910	3,918	7,534
Nokia Ventures Organization	106	134	263	303	585
Inter-business group eliminations	-43	-33	-60	-47	-86
Nokia Group	6,935	7,346	13,949	15,353	31,191

OPERATING PROFIT BY BUSINESS GROUP, EUR million

(unaudited)

Pro forma	4-6/02	4-6/01	1-6/02	1-6/01	1-12/01
Nokia Mobile Phones	1,171	960	2,379	2,167	4,648
Nokia Networks	171	300	317	664	1,073
Nokia Ventures Organization	-63	-92	-93	-194	-327
Common Group Expenses	-19	-31	-57	-60	-157
Nokia Group	1,260	1,137	2,546	2,577	5,237

Goodwill amortization	4-6/02	4-6/01	1-6/02	1-6/01	1-12/01
Nokia Mobile Phones	-23	-23	-46	-47	-92
Nokia Networks	-23	-19	-47	-38	-105
Nokia Ventures Organization	-6	-29	-11	-57	-105
Common Group Expenses	-	-	-	-	-
Nokia Group	-52	-71	-104	-142	-302

Non-recurring items	4-6/02	4-6/01	1-6/02	1-6/01	1-12/01
Nokia Mobile Phones	-	-35	-	-35	-35
Nokia Networks	13	-41	13	-41	-1,041
Nokia Ventures Organization	-	-134	-	-134	-423
Common Group Expenses	-	-	-	-	-74
Nokia Group	13	-210	13	-210	-1,573

Reported, IAS	4-6/02	4-6/01	1-6/02	1-6/01	1-12/01
Nokia Mobile Phones	1,148	902	2,333	2,085	4,521
Nokia Networks	161	240	283	585	-73
Nokia Ventures Organization	-69	-255	-104	-385	-855
Common Group Expenses	-19	-31	-57	-60	-231
Nokia Group	1,221	856	2,455	2,225	3,362

CONSOLIDATED BALANCE SHEET, IAS, EUR million (unaudited)

ASSETS	30.6.02	30.6.01	31.12.01
Fixed assets and other non-current assets			
Capitalized development costs	1,012	751	893
Goodwill	751	1,057	854
Other intangible assets	223	278	237
Property, plant and equipment	2,140	2,715	2,514
Investments in associated companies	67	62	49
Available-for-sale investments	356	408	399
Deferred tax assets	894	504	832
Long-term loans receivable	1,555	964	1,128
Other non-current assets	40	60	6
	7,038	6,799	6,912
Current assets			
Inventories	1,828	1,897	1,788
Accounts receivable	4,671	4,711	5,719
Prepaid expenses and accrued income	1,423	1,793	1,480
Short-term loans receivable	554	243	403
Available-for-sale investments	5,026	2,674	4,271
Bank and cash	1,386	1,501	1,854
	14,888	12,819	15,515
Total assets	21,926	19,618	22,427
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	285	282	284
Share issue premium	2,096	1,704	2,060
Treasury shares	-20	-150	-21
Translation differences	251	380	326
Fair value and other reserves	44	-114	20
Retained earnings	9,987	8,893	9,536
	12,643	10,995	12,205
Minority interests	218	218	196
Long-term liabilities			
Long-term interest-bearing liabilities	176	161	207
Deferred tax liabilities	195	62	177
Other long-term liabilities	71	65	76
	442	288	460
Current liabilities			
Short-term borrowings	859	1,187	831
Current portion of long-term debt	25	47	-
Accounts payable	2,508	1,966	3,074
Accrued expenses	2,985	3,002	3,477
Provisions	2,246	1,915	2,184
	8,623	8,117	9,566
Total shareholders' equity and liabilities	21,926	19,618	22,427
Interest-bearing liabilities	1,060	1,395	1,038
Shareholders' equity per share, EUR	2.66	2.34	2.58
Number of shares (1000 shares) *	4,752,149	4,695,441	4,736,302

Dividends to Nokia's shareholders, EUR 1,279 million (EUR 1,314 million in 2001), were deducted from retained earnings and recorded within accrued expenses as a liability at the end of 1Q both in 2002 and 2001. Dividends were paid in April and had an impact on cash flow and gearing in the second quarter.

* Shares owned by Group companies are excluded

CONSOLIDATED CASH FLOW STATEMENT, IAS, EUR million

	1-6/02	1-6/01	1-12/01
Cash flow from operating activities			
Net profit	1,725	1,564	2,200
Adjustments, total	1,371	1,393	4,132
Net profit before change in net working capital	3,096	2,957	6,332
Change in net working capital	226	246	978
Cash generated from operations	3,322	3,203	7,310
Interest received	126	146	226
Interest paid	-30	-45	-155
Other financial income and expenses	21	-11	99
Income taxes paid	-1,121	-780	-933
Net cash from operating activities	2,318	2,513	6,547
Cash flow from investing activities			
Acquisition of Group companies, net of acquired cash	-	-143	-131
Purchase of non-current available-for-sale investments	-80	-93	-323
Additions in capitalized development costs	-221	-194	-431
Long-term loans made to customers	-426	-213	-1,129
Proceeds from (+), payment (-) of other long-term receivables	1	-36	84
Proceeds from (+), payment (-) of short-term loan receivables	-184	45	-114
Capital expenditures	-261	-625	-1,041
Proceeds from disposal of Group companies, net of disposed cash	105	-	-
Proceeds from sale of non-current available-for-sale investments	3	98	204
Proceeds from sale of fixed assets	128	206	175
Dividends received	25	27	27
Net cash used in investing activities	-910	-928	-2,679
Cash flow from financing activities			
Proceeds from share issue	51	12	77
Purchase of treasury shares	-13	-	-21
Capital investment by minority shareholders	26	2	4
Proceeds from long-term borrowings	6	-8	102
Repayment of long-term borrowings	-11	-	-59
Proceeds from (+), payment of (-) short-term borrowings	90	-282	-602
Dividends paid	-1,308	-1,339	-1,396
Net cash used in financing activities	-1,159	-1,615	-1,895
Foreign exchange impact on cash	-50	22	-43
Net increase in cash and cash equivalents	199	-8	1,930
Cash and cash equivalents at beginning of period	6,125	4,183	4,183
Cash and cash equivalents at end of period	6,324	4,175	6,113
Change in net fair value of current available-for-sale Investments	88	-	12
As reported on balance sheet	6,412	4,175	6,125

NB: Figures in the consolidated cash flow statement cannot be directly traced from the balance sheet without additional information as a result of acquisitions and disposals of subsidiaries and net foreign exchange differences arising on consolidation.

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

	Share capital	Share Issue Premium	Treasury shares	Translation Differences	Fair value and other reserves	Retained earnings	Total
Balance at December 31, 2000	282	1,695	-157	347	-	8,641	10,808
Effect of adopting IAS 39					-56		-56
Balance at January 1, 2001, restated	282	1,695	-157	347	-56	8,641	10,752
Share issue		11					11
Reissuance of treasury shares			7				7
Stock options issued on acquisitions		4					4
Stock options exercised related to acquisitions		-6					-6
Dividend						-1,314	-1 314
Translation differences				134			134
Net investment hedge gains/ (losses)				-101			-101
Cash flow hedges and available-for-sale investments					-58		-58
Other increase/decrease, net						2	2
Net profit						1,564	1,564
Balance at June 30, 2001	282	1,704	-150	380	-114	8,893	10,995
Balance at December 31, 2001	284	2,060	-21	326	20	9,536	12,205
Share issue	1	49					50
Acquisition of treasury shares			-13				-13
Reissuance of treasury shares			14				14
Stock options exercised related to acquisitions		-13					-13
Dividend						-1,279	-1,279
Translation differences				-84			-84
Net investment hedge gains/ (losses)				9			9
Cash flow hedges					87		87
Available-for-sale investments					-63		-63
Other increase/decrease, net						5	5
Net profit						1,725	1,725
Balance at June 30, 2002	285	2,096	-20	251	44	9,987	12,643

COMMITMENTS AND CONTINGENCIES, EUR million

(unaudited)

	GROUP		
	30.6.02	30.6.01	31.12.01
Collateral for own commitments			
Mortgages	18	12	18
Assets pledged	13	4	4
Collateral given on behalf of other companies			
Assets pledged	37	24	33
Contingent liabilities on behalf of Group companies			
Other guarantees	389	662	505
Contingent liabilities on behalf of other companies			
Guarantees for loans	85	153	95
Other guarantees			
Leasing obligations	722	1,151	1,246

NOTIONAL AMOUNTS OF DERIVATIVE FINANCIAL INSTRUMENTS, EUR million ¹⁾
(unaudited)

	30.6.02	30.6.01	31.12.01
Foreign exchange forward contracts ^{2) 3)}	18,606	9,242	20,978
Currency options bought	524	1,723	1,328
Currency options sold	758	1,631	1,209
Interest rate swaps	-	51	-
Cash settled equity swaps ⁴⁾	122	278	182

1) The notional amounts of derivatives summarized here do not represent amounts exchanged by the parties and, thus are not a measure of the exposure of Nokia caused by its use of derivatives.

2) Notional amounts outstanding include positions, which have been closed off.

3) Notional amount includes contracts used to hedge the net investments in foreign subsidiaries.

4) Cash settled equity swaps are used to hedge risks relating to incentive programs and investments activities.

Closing rate: 1 EUR = 0.946 USD

It should be noted that certain statements herein which are not historical facts, including, without limitation those regarding A) the timing of product deliveries; B) our ability to develop and implement new products and technologies; C) expectations regarding market growth and developments; D) expectations for growth and profitability; and E) statements preceded by "believe," "expect," "anticipate," "foresee" or similar expressions, are forward-looking statements. Because these statements 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) developments in the mobile communications market including the continued development of the replacement market and the Company's success in the 3G market; 2) demand for products and services; 3) market acceptance of new products and service introductions; 4) the availability of new products and services by operators; 5) weakened economic conditions in many of the Company's principal markets; 6) pricing pressures; 7) intensity of competition; 8) the impact of changes in technology; 9) consolidation or other structural changes in the mobile communications market; 10) the success and financial condition of the Company's partners, suppliers and customers; 11) the management of the Company's customer financing exposure; 12) the continued success of product development by the Company; 13) the continued success of cost-efficient, effective and flexible manufacturing by the Company; 14) the ability of the Company to source component production and R&D without interruption and at acceptable prices; 15) inventory management risks resulting from shifts in market demand; 16) fluctuations in exchange rates, including, in particular, the fluctuations in the euro exchange rate between the US dollar and the Japanese yen; 17) impact of changes in government policies, laws or regulations; 18) the risk factors specified on pages 10 to 17 of the Company's Form 20-F for the year ended December 31, 2001.

NOKIA

Helsinki, July 18, 2002

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- Nokia plans mid-quarter updates on September 10 and December 10, 2002.

- Results announcements for 3Q, and 4Q 2002 are planned for October 17 and January 23, respectively.