

PROPOSAL BY THE BOARD OF DIRECTORS OF NOKIA CORPORATION TO GRANT STOCK OPTIONS TO SELECTED PERSONNEL OF NOKIA**Nokia's compensation and incentive programs**

The Board of Directors of Nokia Corporation has on January 27, 2005 approved the principles of the equity-based incentive program for 2005. The main instrument in the 2005 program will be performance shares. In addition, the program will still comprise stock options, and to a limited extent, restricted shares. The program follows the structure adopted in 2004.

Equity-based incentives are a part of Nokia's compensation program. The compensation program includes performance related and discretionary elements, the purpose of which is to reward achievement, and retain talented and critical employees in the company. The combined use of Performance Shares and stock options builds a well-balanced combination of share-based compensation elements for Nokia's award model. The diversified program aligns the potential value received by participants directly with the performance of the company in line with shareholders' interests.

Nokia competes for the talented people on a global basis, and for this purpose needs incentive programs that are competitive. The Finnish Companies Act requires the approval by the Annual General Meeting of the issue of stock options. Therefore the Board again brings the proposal before the Meeting, as in the year 2003.

Proposal for the 2005 stock option plan

The Board of Directors proposes to the Annual General Meeting the approval of the stock option plan 2005. The plan includes issuance of a maximum of 25 000 000 stock options to selected personnel of Nokia Group, or a wholly owned subsidiary of Nokia Corporation. The stock options shall each entitle the holder to subscribe for a maximum of 25 000 000 new Nokia shares with the par value of EUR 0.06 each. The shareholder's pre-emptive right for a share subscription is proposed to be disappplied as the stock options are intended to be a part of the incentive programs of Nokia's seleted personnel. We intend to grant stock options under the plan during the next two years.

The stock options in the proposed plan will be non-transferable by the participants allowing them to exercise their stock options through share subscriptions only. The share subscription periods with the stock options will have a quarterly staggered commencement schedule, which has been Nokia's policy since 2001. The subcategories of stock options to be issued under the plan will have a life of approximately 5 years, the last of the subcategories expiring as of 31 December 2011. The subscription prices (i.e. exercise prices) shall be determined at grant, as a rule on a quarterly basis, or, if so decided by the Board, on a monthtly basis. Our intention is to determine the exercise prices at fair market value.

The complete terms and conditions of the stock options are attached to this proposal as Enclosure 1.

The stock options currently outstanding would result in the increase of the number of shares by approximately 3.2 per cent as of January 1, 2005, assuming full dilution and assuming that the cancellation of shares proposed by the Board (i.e. up to a maximum of 230 million shares) is fully carried out. The new proposed stock option plan will result in an increase in the company's share capital by another 0.56 per centage points.

A part of the persons entitled to share subscription under the proposed plan belong to the category of related parties as defined in the Companies Act, Chapter 1, Section 4, paragraph 1. The aggregate amount of shares held by these persons together with the shares that they are entitled to subscribe for on the basis of their existing stock options, amount to approximately 0.27 per cent of the share capital and 0.28 per cent of the total voting rights of the Company. If these persons subscribed for all the shares pursuant to all of the stock options that they currently hold, their holdings would correspond to approximately 0.28 per cent of the share capital and 0.28 per cent of the total voting rights assuming that the cancellation of shares proposed by the Board is fully carried out.

Espoo, January 27, 2005

Board of Directors

ENCLOSURES

- 1 The Terms and Conditions of the Nokia Stock Option Plan 2005