

**PROPOSAL BY THE BOARD OF DIRECTORS OF NOKIA CORPORATION TO GRANT STOCK OPTIONS TO KEY PERSONS OF NOKIA**

Nokia stock option plans are a part of Nokia's competitive incentive programs. Nokia competes for the talented people on a global basis, and for this purpose needs incentive programs that are competitive. Stock options are one widely used type of incentives and therefore stock option plans are still necessary also for Nokia.

The Board of Directors proposes to the Annual General Meeting that key persons of the Nokia Group and a fully owned subsidiary of Nokia Corporation, be granted a maximum of 94 600 000 stock options, which entitle to subscribe for a maximum of 94 600 000 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 disapplied as the stock options are intended to be a part of the incentive programs of Nokia's key persons.

The structure of the new stock option plan is largely similar to the stock option plan approved by the Annual General Meeting in 2001, with the exception that in the proposed stock option plan, stock options are 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 commence in the proposed plan, as in our previous plans, in different stages. The complete terms and conditions of the stock options are attached to this proposal as Enclosure 1.

The share subscription prices for the stock options will be determined primarily based on quarterly pricing and, subject to the resolution of the Board, based on monthly pricing. The stock options will be divided into sub-categories based on the share subscription prices pertaining to them.

The share subscription price for each of the stock option sub-categories will equal, for the quarterly priced stock options, to the trade volume weighted average price of the Nokia share on the Helsinki Exchanges during the trading days of the first whole week of the second month (i.e. February, May, August or November) of the respective calendar quarter, based on which the stock option has been denoted, and, for the monthly priced stock options, to the trade volume weighted average price of the Nokia share on the Helsinki Exchanges during the trading days of the first whole week of the respective month.

The share subscription periods for the stock options will begin no earlier than July 1, 2004 and end no later than December 31, 2009 as to be resolved by the Board of Directors. A table including the share subscription periods for each of the stock option categories to be offered during the year 2003 is attached (Enclosure 2).

The share capital of Nokia may increase by a maximum of EUR 5 676 000 as a result of the share subscriptions with the stock options. The new proposed stock option plan will comprise the issuance of the maximum of 94 600 000 new shares. Such issuance would result in an increase of the share capital with 1.98 per cent – excluding the impact of the other existing stock option plans of Nokia. The maximum potential increase in share capital

as a result of the existing stock options plans, including all outstanding but unexercised options was at the maximum of 4.5 per cent as of December 31, 2002. The stock option plan issued by Nokia in 1997 will terminate on January 31, 2003.

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 they are entitled to subscribe for on the basis of their existing stock options, amount to approximately 0.56 per cent of the share capital and the total voting rights of the Company. If these persons subscribed for all the shares pursuant to all the stock options, their holdings would correspond to approximately 2.5 per cent of the share capital and the total voting rights.

Espoo, January 23, 2003

Board of Directors

#### ENCLOSURES

- 1 The Terms and Conditions of the Nokia Stock Option Plan 2003
- 2 Share Subscription Periods for the stock options under the Nokia Stock Option Plan 2003