

Review by the Board of Directors 2007*

Nokia's net sales for 2007 increased 24% to EUR 51 058 million (EUR 41 121 million for 2006). Net sales of Mobile Phones for 2007 increased 1% to EUR 25 083 million (EUR 24 769 million). Net sales of Multimedia for 2007 increased 34% to EUR 10 538 million (EUR 7 877 million). Net sales of Enterprise Solutions for 2007 increased 101% to EUR 2 070 million (EUR 1 031 million). Net sales of Nokia Siemens Networks were EUR 13 393 million.

In 2007, Europe accounted for 39% of Nokia's net sales (38% in 2006), Asia-Pacific 22% (20%), China 12% (13%), North America 5% (7%), Latin America 8% (9%), and Middle East & Africa 14% (13%). The 10 markets in which Nokia generated the greatest net sales in 2007 were, in descending order of magnitude, China, India, Germany, the UK, the US, Russia, Spain, Italy, Indonesia and Brazil, together representing approximately 50% of total net sales in 2007. In comparison, the 10 markets in which Nokia generated the greatest net sales in 2006 were China, the US, India, the UK, Germany, Russia, Italy, Spain, Indonesia and Brazil, together representing approximately 51% of total net sales in 2006.

Nokia's operating profit for 2007 increased 45% to EUR 7 985 million, including net positive special items of EUR 858 million (operating profit of EUR 5 488 million in 2006, including net positive special items of EUR 171 million), representing a 2007 operating margin of 15.6% (13.3%). Operating profit in Mobile Phones increased 33% to EUR 5 434 million (operating profit of EUR 4 100 million in 2006), representing a 2007 operating margin of 21.7% (16.6%). Operating profit in Multimedia increased 69% to EUR 2 230 million (operating profit of EUR 1 319 million in 2006), representing a 2007 operating margin of 21.2% (16.7%). Enterprise Solutions operating profit was EUR 267 million (operating loss of EUR 258 million in 2006), representing a 2007 operating margin of 12.9% (-25.0%) Nokia Siemens Networks had an operating loss of EUR 1 308 million, including net negative special items of EUR 1 069 million, representing an operating margin of -9.8%.

Research and development expenses were EUR 5 647 million in 2007, up 45% from EUR 3 897 million in 2006. The increase in research and development spending was primarily due to the formation of Nokia Siemens Networks, which added Siemens' carrier-related operations and associated research and development expenses. Research and development expenses for 2007 also included special items of EUR 439 million. Research and development expenses have been higher as a percent of sales for both Nokia's former Networks business group and Nokia Siemens Networks than for the Nokia Group. Research and development costs represented 11.1% of Nokia Group net sales in 2007, up from 9.5% in 2006. Research and development expenses for the device business represented 6.6% of its net sales in 2007, down from 7.1% in 2006, reflecting continued efforts to gain efficiencies

in our investments. As of December 31, 2007, Nokia employed 30 415 people in research and development, representing approximately 27% of the group's total workforce, and had a strong research and development presence in 10 countries.

In 2007, Nokia's selling and marketing expenses were EUR 4 380 million, up 32% from EUR 3 314 million in 2006, reflecting increased selling and marketing spend in all business groups to support new product introductions and the higher level of overall Nokia net sales. The increased selling and marketing expense also was impacted by the formation of Nokia Siemens Networks, which added Siemens' carrier-related operations and associated selling and marketing expenses. Selling and marketing expenses for 2007 also included special items of EUR 149 million. Selling and marketing expenses have been higher as a percent of sales for both Nokia's former Networks business group and Nokia Siemens Networks than for the Nokia Group. Selling and marketing expenses for the Nokia Group represented 8.6% of its net sales in 2007, up from 8.1% in 2006. Selling and marketing expenses for the device business represented 7.5% of its net sales in 2007, down from 7.9% in 2006, reflecting continued efforts to gain efficiencies in our investments.

Administrative and general expenses were EUR 1 180 million in 2007, compared to EUR 666 million in 2006. Administrative and general expenses were equal to 2.3% of net sales in 2007 (1.6%). Administrative and general expenses for 2007 also included special items of EUR 146 million.

Group Common Functions operating profit totaled EUR 1 362 million in 2007 (Group Common Functions expenses totaled EUR 481 million in 2006), including a EUR 1 879 million non-taxable gain on the formation of Nokia Siemens Networks, EUR 75 million real estate gains and a EUR 53 million gain on a business transfer.

Net financial income was EUR 239 million in 2007 (EUR 207 million in 2006).

Profit before tax and minority interests was EUR 8 268 million (EUR 5 723 million in 2006). Net profit totaled EUR 7 205 million (EUR 4 306 million). Earnings per share increased to EUR 1.85 (basic) and EUR 1.83 (diluted), compared to EUR 1.06 (basic) and EUR 1.05 (diluted) in 2006.

Operating cash flow for the year ended December 31, 2007, was EUR 7 882 million (EUR 4 478 million in 2006) and total combined cash and other liquid assets were EUR 11 753 million as of December 31, 2007 (EUR 8 537 million as of December 31, 2006). As of December 31, 2007, our net debt-to-equity ratio (gearing) was -61% (-68% as of December 31, 2006). In 2007, capital expenditure (excluding acquisitions) amounted to EUR 715 million (EUR 650 million).

The key financial data, including the calculation of key ratios, for the years 2007, 2006 and 2005 may be found in the Annual Accounts.

Operating highlights in 2007

Nokia Group

- » On June 20, 2007, Nokia announced that it would introduce a new integrated company structure for its devices business from January 1, 2008. As part of this reorganization, Nokia has replaced its three reportable devices segments with an integrated reportable segment, Devices & Services.
- » In August, Nokia introduced Ovi, the company's new Internet services brand name. Ovi will enable people to easily access their existing social network, communities and content, as well as act as a gateway to Nokia services.
- » As part of Ovi, Nokia announced the Nokia Music Store and N-Gage, two services that make it easy for people to discover, try and buy music and games respectively, from a range of artists and publishers, including exclusive content only available through Nokia. The Nokia Music Store went live in the UK in November 2007 and the N-Gage games service is expected to go live in early 2008.
- » In December, we announced Nokia Comes With Music, a program that will enable people to buy a Nokia device with access to millions of tracks from a range of artists. Nokia Comes With Music is expected to become commercially available in the second half of 2008.

Mobile Phones

- » Mobile Phones introduced a broader entry-level portfolio, focusing on thinner design, and adding features such as music playing capability to many devices.
- » Shipments of the slim and stylish Nokia 6300 GSM device, announced in late 2006, began in 2007.
- » The Nokia 8800 Arte and Nokia 8800 Sapphire Arte were announced, bringing 3G capabilities to the Nokia 8800 series. The Nokia 8800 Arte began shipping during 2007.
- » The Nokia 3110 Evolve, a mobile device with bio-covers made from more than 50% renewable material, was announced in December 2007.
- » There were also several announcements from Vertu, including the Vertu Ascent Ferrari 1947 Limited Edition; The Vertu Ascent Ti collection; the Vertu Constellation Burgundy; the Vertu Constellation Mixed Metals; and various Vertu Signature phones.

* As of April 1, 2007, Nokia results include those of Nokia Siemens Networks on a fully consolidated basis. Nokia Siemens Networks, a company jointly owned by Nokia and Siemens, is comprised of Nokia's former Networks business group and Siemens' carrier-related operations for fixed and mobile networks. Accordingly, the results of the Nokia Group and Nokia Siemens Networks for 2007 are not directly comparable to results for 2006 and 2005. Nokia's 2006 and 2005 results included Nokia's former Networks business group only.

In addition, the following devices were announced and began shipping during 2007:

- » Seven devices with functions and features specially designed for consumers in emerging markets: Nokia 1200, Nokia 1208, Nokia 1650, Nokia 2505, Nokia 2630, Nokia 2660 and Nokia 2760.
- » The Nokia 6110 Navigator, an HSDPA device with GPS and A-GPS.
- » The Nokia 6500 classic, a thin 3G phone with a sleek design; and the Nokia 6120 classic, Nokia's smallest 3G device.
- » The Nokia 6555, the first phone with a unique smooth-back fold design. In the US, the Nokia 6555 is exclusively available from AT&T.
- » The Nokia 6263 device for the US market, complete with e-mail capability and support for attachments, a 1.3 megapixel camera, video recorder and music player.
- » A new music range including the Nokia 5610 XpressMusic and The Nokia 5310 XpressMusic.
- » A new fashion collection with the Nokia 7900 Prism and the Nokia 7500 Prism, featuring a diamond-cut design with sharp angled lines, geometric patterns and graphic light-refracting colors.
- » In CDMA: the Nokia 2505, a sleek fold-style phone; the Nokia 7088, the first CDMA model in the popular L'Amour Collection; and the Nokia 2135, a compact device with a contemporary design and solid basic features.

Multimedia

- » Multimedia continued to build the Nokia Nseries sub-brand and multimedia computer product category, and developed and brought to market Nokia's first Internet services, such as Nokia Maps and the Nokia Music Store.
- » Key volume devices for 2007 included the Nokia N95, Nokia's flagship product for technology enthusiasts, the Nokia N73 and the Nokia N70.
- » Important new products launched and shipping during the year included the Nokia N95 8GB, which follows on from the success of the original Nokia N95 with a larger display, enhanced usage times and 8 gigabytes memory capacity; Nokia N81, an entertainment focused multimedia computer, and the Nokia N82, a multimedia computer optimized for photography, navigation and Internet connectivity.
- » Multimedia also announced and started shipments of the Nokia N810 Internet Tablet with slide-out keyboard, built-in GPS, digital audio/video playback and WLAN capability for VoIP calling.

Enterprise Solutions

- » Four new Nokia Eseries business devices were announced and started shipping: Nokia E90 Communicator, Nokia E61i, Nokia E65 and Nokia E51. The four dual-mode devices, capable of utilizing both cellular and Wi-Fi networks, are designed to offer faster and better quality access to important business information and processes over wireless technologies.
- » The Nokia Eseries became available in the United States through complementary channels, including Ingram Micro and Dell.com, for businesses and consumers.
- » Nokia Call Connect for Cisco became commercially available, allowing businesses to route calls through corporate PBXs instead of cellular networks, with the aim of realizing significant cost savings and improved worker flexibility, collaboration and productivity.
- » Nokia Intellisync Mobile Suite 8.0 was launched. This comprehensive platform of wireless email, file synchronization and application synchronization features is designed to bring flexibility and cost-control.
- » New device management features for Nokia Intellisync Mobile Suite were announced, including wider device support, remote control, improved theft-loss protection and hardware control.
- » The Nokia Intellisync Mobile Suite customer base was expanded to include more than 40 operators around the globe by December 31, 2007, with more than 3.7 million user licenses signed.
- » Three new IP security appliances were launched: Nokia IP290, Nokia IP690 and Nokia IP2450. The appliances are based on a scalable new hardware platform design aimed at offering better IT investment protection and a greater choice of security software applications to address emerging threats to company networks and data.
- » Nokia announced collaboration with Check Point and Intel aimed at improving enterprise security by delivering new security appliances that inspect network traffic in multi-gigabit environments. The Nokia IP2450 security platform was the first product announced as part of this collaboration.
- » The first Accelerated Data Path (ADP) Service Modules were delivered, as was the latest version of the Nokia IPSO operating system – IPSO 6.0 – aimed at allowing customers to expand the performance of their Nokia IP Security appliances.
- » The new Nokia for Business Channel Program came to market in January and more than 500 accredited partners joined during the year. In October, Nokia announced plans to expand the program to include operators and independent software vendors.

Nokia Siemens Networks

- » The new company defined its values and introduced ethics and integrity guidelines, as well as a compliance program, for all its employees.
- » Nokia Siemens Networks showed its commitment to emerging markets with the expansion of R&D capacity in Chengdu, China, and the investment of USD 100 million to strengthen operations in India. The company also moved its Services business unit to India.
- » Deals signed in India included a USD 500 million network expansion contract with Idea Cellular and a USD 900m end-to-end network expansion with Bharti Airtel; and in China a EUR 180 million GSM/EDGE deal with Henan MCC.
- » Nokia Siemens Networks won a deal with Sprint Nextel to become an infrastructure provider for its 4G WiMAX network; won the first commercial deployment for its I-HSPA solution with TerreStar; won a trial deal with Verizon for LTE; and was chosen together with Panasonic by NTT DoCoMo in Japan for its super 3G (LTE) base station project.
- » Nokia Siemens Networks demonstrated the world's first multi-user field trial in an urban environment using LTE technology, which delivers data rates up to 10 times the current level. Nokia Siemens Networks also became the first company to successfully deploy hybrid backhaul in a live network, aimed at allowing operators to reduce costs while boosting capacity.
- » The company signed a cooperation agreement with Intel in IPTV; and launched a new 3G Femto Home Access solution and then struck Femto cooperation deals with Airvana Inc. and Thomson.
- » Nokia Siemens Networks announced an energy efficiency solution designed to lower customers' energy consumption and operating expenses.
- » In December, Nokia Siemens Networks reached an agreement on supplying 2G and 3G network equipment to Zain in Saudi Arabia (the USD 935 million deal was announced on January 7, 2008.)

Acquisitions and divestments

On April 1, 2007, Nokia's Networks business group was combined with Siemens' carrier-related operations for fixed and mobile networks to form Nokia Siemens Networks, a company jointly owned by Nokia and Siemens and consolidated by Nokia.

On July 24, 2007, Nokia announced that it had acquired substantially all the assets of Twango, a provider of a comprehensive media sharing solution for organizing and sharing photos, videos and other personal media.

On August 8, 2007, in connection with Nokia's announcement of introducing a licensing and multi-sourcing model for its chipset strategy, Nokia also announced that it planned to deepen its collaboration with STMicroelectronics on the licensing and supply of integrated circuit designs and modem technologies for 3G and its evolution. This included a transfer of a part of Nokia's integrated circuit operations to STMicroelectronics, the closing of which was announced on November 5, 2007.

On September 17, 2007, Nokia announced the acquisition of Enpocket, a global leader in mobile advertising. The completion of the acquisition was announced on October 8, 2007.

On October 1, 2007, Nokia and NAVTEQ Corporation announced a definitive agreement for Nokia to acquire NAVTEQ, a leading provider of comprehensive digital map information for automotive navigation systems, mobile navigation devices, Internet-based mapping applications, and government and business solutions. Under the terms of the agreement, Nokia agreed to pay USD 78 in cash for each share of NAVTEQ including outstanding options for an aggregate purchase price of USD 8.1 billion, or approximately USD 7.7 billion net of NAVTEQ's existing cash balance. The acquisition has been approved by the board of directors of each company and the shareholders of NAVTEQ and is subject to customary closing conditions, including regulatory approvals.

On October 23, 2007, Nokia Siemens Networks announced that it would assume control of Vivento Technical Services (VTS), a division of Deutsche Telekom's personnel service provider, Vivento. As part of the deal, approximately 2 000 VTS employees transferred to Nokia Siemens Networks in Germany.

On October 25, 2007, Nokia Siemens Networks announced the acquisition of Atrica, which provides a full range of Carrier Ethernet transport solutions to service providers delivering Metro Ethernet services. The completion of the acquisition was announced on January 7, 2008.

On December 5, 2007, Nokia announced the completion of the acquisition of Avvenu, a company providing secure remote access and private sharing technology that allows users to access and view PC files remotely.

Personnel

The average number of employees for 2007 was 100 534 (65 324 for 2006 and 56 896 for 2005). At December 31, 2007, Nokia employed a total of 112 262 people (68 483 people at December 31, 2006). The increase in personnel in 2007 is primarily attributable to the formation of Nokia Siemens Networks. The total amount of wages and salaries paid in 2007 was EUR 4 664 million (EUR 3 457 million in 2006 and EUR 3 127 million in 2005).

Management and Board of Directors

Board of Directors and President

Pursuant to the articles of association, Nokia has a Board of Directors composed of a minimum of seven and a maximum of twelve members. The members of the Board are elected at each Annual General Meeting for a term of one year expiring at the close of the following Annual General Meeting. The Annual General Meeting convenes each year by June 30. A general meeting may also dismiss a member of the Board of Directors. The Board of Directors shall elect and dismiss the President of Nokia.

The current members of the Board of Directors were elected at the Annual General Meeting on May 3, 2007. On December 31, 2007, the Board consisted of the following members: Jorma Ollila (Chair), Marjorie Scardino (Vice Chair), Georg Ehrnrooth, Lalita D. Gupte, Bengt Holmström, Henning Kagermann, Per Karlsson, Olli-Pekka Kallasvuo, Keijo Suila and Vesa Vainio. Also Daniel R. Hesse was re-elected as a Nokia Board member in the Annual General Meeting on May 3, 2007. Due to his resignation from the Board of Directors after being appointed as President and CEO of Sprint Nextel Corporation, Nokia announced on December 28, 2007, that its Board consisted of the above-mentioned ten members.

Information on shares and stock options held by the members of the Board of Directors and the President and CEO of Nokia may be found in the Annual Accounts.

Changes in the Group Executive Board

Timo Ihamuotila was appointed as a new member of the Group Executive Board effective April 1, 2007.

Service contracts

Olli Pekka Kallasvuo's service contract covers his current position as President and CEO and Chairman of the Group Executive Board. As at December 31, 2007, Mr. Kallasvuo's annual total gross base salary, which is subject to an annual review by the Board of Directors and confirmation by the independent members of the Board, is EUR 1 050 000. His incentive targets under the Nokia short-term cash incentive plan are 150% of the annual gross base salary. In case of termination by Nokia for reasons other than cause, including a change of control, Mr. Kallasvuo is entitled to a severance payment of up to 18 months of compensation (both the annual total gross base salary and target incentive). In case of termination by Mr. Kallasvuo, the notice period is 6 months and he is entitled to a payment for such notice period (both annual total gross base salary and target incentive for 6 months). Mr. Kallasvuo is subject to a 12-month non-competition obligation after termination of the contract. Unless the contract is terminated for cause, Mr. Kallasvuo may be entitled to compensation during the non-competition period or a part of it. Such compensation amounts to the annual total gross base salary and target incentive for the respective period during which no severance payment is paid.

Provisions on the amendment of articles of association

Amendment of the articles of association requires a decision of the general meeting, supported by two-thirds of the votes cast and two-thirds of the shares represented at the meeting. Amendment of the provisions of Article 13 of the articles of association requires a resolution supported by three-quarters of the votes cast and three-quarters of the shares represented at the meeting.

Shares and share capital

Nokia has one class of shares. Each Nokia share entitles the holder to one vote at general meetings of Nokia.

In 2007, Nokia's shareholders' equity increased by EUR 193 904.82 as a result of the issue of 3 231 747 new shares upon exercise of stock options issued to personnel in 2003 and 2005. Effective April 4, 2007, a total of 169 500 000 shares held by the company were cancelled. The cancellation of shares does not have an effect on the amount of share capital of the company. Neither the aforementioned issuances nor the cancellation of shares had any significant effect on the relative holdings of the other shareholders of the company nor on their voting power.

Nokia repurchased through its share repurchase plan a total of 180.6 million shares on the Helsinki Stock Exchange at an aggregate price of approximately EUR 3 884 million during the period from January 26, 2007, to December 21, 2007. The price paid was based on the market price at the time of repurchase. The shares were repurchased to be used for the purposes specified in the authorizations given by the Annual General Meetings of 2006 and 2007 to the Board. The aggregate amount of shares repurchased in 2007 represented approximately 4.6% of the total number of shares of the company and the total voting rights. These new holdings did not have any significant effect on the relative holdings of the other shareholders of the company nor on their voting power.

As announced on May 21, 2007, Nokia transferred a total of 2.3 million Nokia shares held by it under the Performance Share Plans and 0.9 million shares held by it under its Restricted Share Plans as settlement under the plans to the Plan participants, personnel of Nokia Group. The amount of shares transferred represented approximately 0.08% of the total number of shares of the company and the total voting rights. The transfers did not have a significant effect on the relative holdings of the other shareholders of the company nor on their voting power.

On December 31, 2007, Nokia and its subsidiary companies owned 136 862 005 Nokia shares. The shares represented approximately 3.4% of the total number of the shares of the company and the total voting rights. The total number of shares at December 31, 2007, was 3 982 811 957. On December 31, 2007, Nokia's share capital was EUR 245 896 461.96.

Review by the Board of Directors

Information on the authorizations held by the Board in 2007 to increase the share capital, transfer shares and repurchase own shares as well as information on the shareholders, stock options, dividend yield, price per earnings ratio, share prices, market capitalization, share turnover and average number of shares may be found in the Annual Accounts.

Industry and Nokia outlook for full year 2008

- » Nokia continues to expect industry mobile device volumes in 2008 to grow approximately 10% from the approximately 1.14 billion units Nokia estimates for 2007.
- » Nokia continues to expect the device industry to experience value growth in 2008, but expects some decline in industry ASPs, primarily reflecting the increasing impact of the emerging markets and competitive factors in general.
- » Nokia continues to target an increase in its market share in mobile devices in 2008.
- » Nokia continues to expect very slight growth for the mobile and fixed infrastructure and related services market in euro terms in 2008.
- » Nokia and Nokia Siemens Networks continue to target that Nokia Siemens Networks will grow faster than the market in 2008.
- » Nokia and Nokia Siemens Networks cost synergy target for Nokia Siemens Networks is to achieve substantially all of the EUR 2.0 billion of targeted annual cost synergies by the end of 2008, as previously announced.

Subsequent events

On December 20, 2007, Nokia announced its decision to transfer the Finnish statutory pension liability of Nokia and Nokia Siemens Networks to the pension insurance companies Ilmarinen and Varma, respectively, as of March 1, 2008.

On January 15, 2008, Nokia announced plans to discontinue the production of mobile devices in Germany and close its Bochum site by mid-2008. Nokia plans to move the production to its other, more cost-competitive European facilities.

On January 2, 2008, Nokia Siemens Networks announced the acquisition of the UK-based subscriber-centric network specialist Apertio Ltd for approximately EUR 140 million. The acquisition closed on February 11, 2008.

On January 28, 2008, Nokia and Norway-based software provider Trolltech ASA announced that they have entered into an agreement that Nokia will make a public voluntary offer to acquire Trolltech. The

completion of the acquisition is subject to customary closing conditions, including acceptance by shareholders of Trolltech representing more than 90% of the fully diluted share capital and the necessary regulatory approvals.

Risk factors

Set forth below is a description of factors that may affect our business, results of operations and share price from time to time.

- » We need to have a competitive portfolio of products, services and solutions that are preferred by our current and potential customers to those of our competitors. If we fail to achieve or maintain a competitive portfolio, our business, market share and results of operations may be materially adversely affected.
- » Our sales and profitability depend materially on the continued growth of the mobile communications industry in terms of the number of new mobile subscribers, number of existing subscribers who upgrade and/or replace their devices, and increased usage and demand for value-added services as well as on general economic conditions globally and regionally. If the mobile communications industry does not grow as we expect or general economic conditions deteriorate, our business and results of operations may be materially adversely affected.
- » The mobile communications industry continues to undergo significant changes and new market segments within our industry have been introduced and are still being introduced. Our sales and profitability are significantly affected by 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. If the new market segments we target and invest in grow less or are less profitable than expected, or if new faster growing market segments emerge in which we have not invested, our business, results of operations and financial condition may be materially adversely affected.
- » Our business and results of operations, particularly our profitability, may be materially adversely affected if we are not able to successfully manage costs related to our products, services, solutions and operations.
- » Competition in our industry is intense. Our failure to maintain or improve our market position or respond successfully to changes in the competitive landscape may have a material adverse effect on our business and results of operations.

- » We must develop or otherwise acquire complex, evolving technologies to use in our business. If we fail to develop or otherwise acquire these complex technologies as required by the market, with full rights needed to use in our business, or to protect them, or to successfully commercialize such technologies as new advanced products, services and solutions that meet customer demand, or fail to do so on a timely basis, this may have a material adverse effect on our business and results of operations.
- » Our products, services and solutions include increasingly complex technologies, some of which have been developed by us or licensed to us by certain third parties. As a consequence, evaluating the rights related to the technologies we use or intend to use is more and more challenging, and we expect increasingly to face claims that we have infringed third parties' intellectual property rights. The use of these technologies may also result in increased licensing costs for us, restrictions on our ability to use certain technologies in our products, services and solution offerings, and/or costly and time-consuming litigation, which could have a material adverse effect on our business and results of operations.
- » Our products, services and solutions include numerous new Nokia and Nokia Siemens Networks patented, standardized or proprietary technologies on which we depend. Third parties may use without a license or unlawfully infringe our intellectual property or commence actions seeking to establish the invalidity of the intellectual property rights of these technologies. This may have a material adverse effect on our business and results of operations.
- » Currently expected benefits and synergies from forming Nokia Siemens Networks may not be achieved to the extent or within the time period that is currently anticipated or the currently expected benefits or synergies may not be sufficient to achieve the objectives for the formation of Nokia Siemens Networks. We may also encounter costs and difficulties related to the integration of Nokia Siemens Networks which could reduce or delay the realization of anticipated net sales, cost savings and operational benefits.
- » The Siemens carrier-related operations transferred to Nokia Siemens Networks are the subject of various ongoing criminal and other governmental investigations related to whether certain transactions and payments arranged by some former employees of Siemens' Com business group were unlawful. As a result of those investigations, government authorities and others have taken and may take further actions against Siemens and/or its employees that may involve and affect the 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 violations that may have occurred after the transfer, of such assets and employees that could have a material adverse effect on Nokia Siemens Networks and our reputation, business, results of operations and financial condition.

- » Any actual or even alleged defects or other quality issues in our products, services and solutions could materially adversely affect our sales, results of operations, reputation and the value of the Nokia brand.
- » Our sales and results of operations could be materially adversely affected if we fail to efficiently manage our manufacturing and logistics without interruption, or fail to ensure that our products, services and solutions meet our and our customers' quality, safety, security and other requirements and are delivered on time and in sufficient volumes.
- » We depend on a limited number of suppliers for the timely delivery of sufficient amounts of fully functional components and subassemblies and for their compliance with our supplier requirements, such as our and our customers' product quality, safety, security and other standards. Their failure to do so could materially adversely affect our ability to deliver our products, services and solutions successfully and on time.
- » Our operations rely on complex and centralized information technology systems and networks. If any system or network disruption occurs, this could have a material adverse effect on our business and results of operations.
- » The global networks business relies on a limited number of customers and large multiyear contracts. Unfavorable developments under such a contract or in relation to a major customer may adversely and materially affect our sales, results of operations and financial position.
- » Our sales derived from, and assets located in, emerging market countries may be materially adversely affected by economic, regulatory and political developments in those countries or by other countries imposing regulations against imports to such countries. As sales from these countries represent a significant portion of our total sales, economic or political turmoil in these countries could materially adversely affect our sales and results of operations. Our investments in emerging market countries may also be subject to other risks and uncertainties.
- » We are developing a number of our new products, services and solutions together with other companies. If any of these companies were to fail to perform as planned, we may not be able to bring

our products, services and solutions to market successfully or in a timely way and this could have a material adverse effect on our sales and results of operations.

- » Our sales, costs and results of operations are affected by exchange rate fluctuations, particularly 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.
- » Providing customer financing or extending payment terms to customers can be a competitive requirement and could have a material adverse effect on our results of operations and financial condition.
- » Allegations of possible health risks from the electromagnetic fields generated by base stations and mobile devices, and the lawsuits and publicity relating to them, regardless of merit, could have a material adverse effect on our sales, results of operations and share price by leading consumers to reduce their use of mobile devices, or by leading regulatory bodies to set arbitrary use restrictions and exposure limits, or by causing us to allocate additional monetary and personnel resources to these issues.
- » An unfavorable outcome of litigation could have a material adverse effect on our business, results of operations and financial condition.
- » If we are unable to recruit, retain and develop appropriately skilled employees, our ability to implement our strategies may be hampered and, consequently, that may have a material adverse effect on our business and results of operations.
- » Changes in various types of regulation and trade policies in countries around the world could have a material adverse effect on our business.
- » If we are unable to effectively and smoothly implement the new organizational structure effective January 1, 2008, we may experience a material adverse effect on our business, sales and results of operations.

Dividend

Nokia's Board of Directors will propose a dividend of EUR 0.53 per share for 2007.