

**PROPOSAL BY THE BOARD OF DIRECTORS OF NOKIA CORPORATION TO AUTHORIZE
THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL**

The Board proposes that it be authorized to resolve to increase the share capital of the Company by issuing new shares, stock options or convertible bonds in one or more issues. The increase of the share capital through issuance of new shares, subscription of shares pursuant to stock options and conversion of convertible bonds into shares, may amount to a maximum of EUR 48 540 000 in total.

As a result of share issuance, subscription of shares pursuant to stock options and conversion of convertible bonds into shares an aggregate maximum of 809 000 000 new shares with a par value of 6 cents may be issued. The total proposed amount represents approximately 19.9 per cent of the registered share capital and the total voting rights as of December 31, 2005, assuming that the Annual General Meeting approves the other proposal by the Board to reduce the share capital through cancellation of shares and that the cancellation is fully carried out (Notice of Meeting, item 10).

The Board proposes that the authorization be used to finance or carry out acquisitions or other arrangements or to grant incentives to selected members of the personnel. It is also proposed that the Board be authorized to decide on persons entitled to subscription, the subscription price, grounds for determining the subscription price, other terms and conditions for the share subscription, as well as any other terms and conditions and matters relating to issuance of shares, stock options or convertible bonds. It is also proposed that the Board be authorized to determine that a share subscription may be made in kind or otherwise on certain terms, as prescribed by the Finnish Companies Act.

The Board proposes to be authorized to disapply the shareholders' pre-emptive rights to the Company's shares, provided that from the Company's perspective important financial grounds exist. The Board considers that the above mentioned purposes can constitute such important financial grounds. However, the Board may not make the decision to the benefit of the persons referred to in the Finnish Companies Act, Chapter 1, Section 4, Paragraph 1, as prescribed by the Act.

In practice, the Board could use the authorization to settle performance share and restricted share grants based on the Company's share-based incentive plans in use since 2003 and 2004. The Company will settle such share-based incentive plans in Nokia shares in later years, provided and to the extent that the terms and conditions of the plans are fulfilled. The Company estimates that during 2006, approximately 4.1 million shares will be settled under the restricted share plan of 2003 and performance share plan of 2004. More information on Nokia's share-based plans and their vesting conditions is available in Nokia's annual accounts 2005.

It is proposed that the authorization is effective until March 30, 2007.

The Finnish Government has issued a Government proposal for the new Finnish Companies Act and laws related thereto (HE 109/2005) to be passed by Parliament. The proposed laws are intended to enter into force on September 1, 2006. The new Companies Act, when in force, will allow the general meeting of shareholders to resolve on the authorization for the Board to increase share capital for a period of up to 5 years. Under the current law, the authorization may be given for a period of up to one year only. In the event that the President of the Republic of Finland approves the laws by the time of the Annual General Meeting, and provided that the new Companies Act enters into force latest on March 30, 2007, the authorization is in this case proposed to be effective until June 30, 2007.

It is proposed that the authorization granted by the Annual General Meeting 2005 on April 7, 2005, to increase share capital shall expire on March 30, 2006, if this authorization is approved.

Espoo, January 26, 2006

Board of Directors