

PROPOSAL BY THE BOARD OF DIRECTORS OF NOKIA CORPORATION TO REDUCE THE SHARE CAPITAL THROUGH CANCELLATION OF NOKIA SHARES HELD BY THE COMPANY

The Board has used part of the authorization by the Annual General Meeting held on April 7, 2005 to repurchase Nokia shares. As a result of the repurchases, the Company held a total of 261 010 000 Nokia shares as of December 31, 2005, corresponding to approximately 5.9 per cent of the share capital of the Company and the total voting rights.

The Board proposes that the share capital be reduced by an aggregate par value of all the above mentioned shares as well as the shares possibly repurchased until the Annual General Meeting, i.e. a minimum of EUR 15 660 600 and a maximum of EUR 22 962 600 and that the amount to be cancelled be transferred from the share capital to the share issue premium. The reduction of the share capital will be effected through cancellation without consideration of the Nokia shares held by the Company, i.e. a minimum of 261 010 000 and a maximum of 382 710 000 shares, which reduces the total number of outstanding Nokia shares respectively. As a result of the reduction, the shareholders' equity of the Company will not be reduced.

The purpose of the reduction in share capital is to cancel the above mentioned shares acquired by the Company and hence the cancellation concerns solely shares held by the Company. The reduction in the share capital will have no effect on the relative holdings of the other shareholders of the Company or on their voting powers among them.

The reduction in share capital will have no effect on the stock options issued by the Company, or on the rights pertaining thereto.

The aggregate number of shares held by the persons belonging to the related parties referred to in the Finnish Companies Act, Chapter 1, Section 4, Paragraph 1, amounts to approximately 0.31 per cent of the share capital of the Company and approximately 0.33 per cent of the total voting rights. The number is based on the current share capital of the Company, shareholdings of the said category, and the equity incentives held by them assuming the incentives fully result in shareholding in the Company. Assuming the full completion of the proposed cancellation of shares, the corresponding numbers will be approximately 0.34 per cent of the share capital and 0.34 per cent of the total voting rights.

Espoo, January 26, 2006

Board of Directors