

**PROPOSAL BY THE BOARD OF DIRECTORS TO REDUCE THE SHARE ISSUE PREMIUM**

The Board proposes that the Annual General Meeting resolve to reduce the share issue premium of the Company by a minimum of EUR 2 312 146 296.94 by transferring all the funds in the share issue premium on the date of the Annual General Meeting to the fund for invested non-restricted equity.

Under the Companies Act effective prior to September 1, 2006, the part of the subscription price for new shares corresponding to the nominal value was to be recorded in the share capital, and the remaining part was to be recorded in the share issue premium. Under the new Companies Act effective as from September 1, 2006, the share subscription price is recorded in the share capital or in the fund for invested non-restricted equity.

Nokia has accrued a significant amount of funds in its share issue premium as the market value of the Nokia share and the subscription prices paid for newly issued shares have consistently been significantly higher than the nominal value of the share (latest nominal value being EUR 0.06). The amount of funds in the Company's share issue premium on December 31, 1995 was EUR 778 million, whereas by December 31, 2006 it had already grown up to EUR 2 312 million.

The funds accrued in the share issue premium constitute restricted shareholders equity, the use of which is limited. As a consequence of the proposed reduction of the share issue premium, the respective funds are transferred to the unrestricted shareholders equity. Thus the proposed reduction of the share issue premium would lead to a more flexible capital structure, which makes a more efficient use of funds possible (including distribution of funds to the shareholders).

Espoo, January 25, 2007

Board of Directors