**Stephen Elop, President & CEO, Nokia Corporation**
**Nokia Annual General Meeting, May 3, 2011**

Thank you for joining me today for the Annual General Meeting. I understand we have a record number of attendees this year. That is wonderful, so thank you for joining us.

Because today is my first opportunity to meet with you in this setting, I thought it would be helpful to share a bit of my background.

On a personal front, I am a father of five children. I have a son who is now in university in Canada studying engineering like his father and his grandfather. I have a daughter who we adopted from China. And then one day, we welcomed just a little bit of disruption into our home. Well, actually three little disruptions who completely redefined our family dynamics.

My wife Nancy and I have triplet daughters – three - who are months away from becoming teenagers. So when I am not at Nokia, I am busy at sports events and musical recitals for my children, all of whom have chosen different sports and different musical instruments.

I also am a Canadian, so I am delighting in the opportunity to be back in the snow and to be close to real hockey. Culturally, it turns out that Canada and Finland share similarities beyond ice and hockey arenas. When I considered the opportunity at Nokia, I studied some research that showed our cultures are very similar.

Perhaps it is because we both reside close to the Arctic Circle, perhaps it is a historic dependence on land and natural resources or perhaps because we all grew up in the shadow of very powerful neighbors. Regardless of the reason, I have come to enjoy many of the traditions of the Finnish culture, and I am thankful for the openness and hospitality that all of you have shown to me.

Professionally, I am an engineer. I have had the opportunity to work in Canadian and American companies. I have also faced a few disruptions in my professional career. While at Macromedia, for example, I faced the end of the dot.com era, a dramatic moment where we had to reinvent ourselves and rebuild an even stronger company when so many others fell on hard times. This in turn led us to a successful merger with Adobe, creating yet another disruption in the software industry.

While at Microsoft, we faced a new era of software called cloud computing that challenged the way we built, delivered and sold some very profitable software, again facing a disruption. This new cloud computing strategy introduced us to a new set of customers and entirely new revenue streams.

The common theme in all of these stories, both personal and professional, is about disruption. It is a natural part of the industry in which we operate.

After leading the Microsoft Office team through the early changes associated with cloud computing, my career also had an unexpected disruption, and that disruption was in the form a phone call from Jorma. And it is that phone call that began the journey that brings me to this stage today.

Much like the journey on which I have been, Nokia has also experienced moments of disruption followed by moments of even greater success during its 146-year life. Since the formation of the company in the 1860s, it has always gone through cycles of redefining itself.

For example, in 1992, Nokia was making a loss. The company had to take some very bold steps. Nokia was a conglomerate with 11 major businesses and sold off 80 percent of the businesses. Jorma, who was CEO at the time, retained two of those businesses, and turned them into global winners. This move redefined the company and ultimately redefined the mobile industry.

And now, today, Nokia is again facing a moment of disruption. Let’s talk now about that disruption.

In 2007, Apple introduced the iPhone, which became the experiential bar against which every device was and continues to be measured. When Apple introduced the iPhone, they also created what we call an ecosystem: They delivered not only a device, but various services like iTunes and an environment where software developers could quickly build applications for the iPhone. The iPhone and associated ecosystem changed forever what people expect of their mobile devices.

What you see on the slide is a view of wholesale handset revenue – Nokia’s and Apple’s. Prior to the launch of the iPhone, they were at the bottom of the chart, and last month, Apple overtook Nokia for the first time to become the world's largest handset vendor in wholesale revenue terms during Q1 2011. But Apple took a truly Apple approach. They created an experience from the software to the device to the purchasing experience that was uniquely Apple. But they kept their ecosystem closed, the kept it all for themselves. So far, only Apple can produce phones for the Apple ecosystem.

But by keeping it to themselves, Apple created a vacuum in the industry that was crying out to be filled. Other manufacturers wanted to build an Apple-like experience but they had no way to do it. Google stepped in and filled the vacuum by introducing their Android platform – something that everyone could use – and this created an even larger disruption for all of us.

Google seized a huge opportunity, while, at the time, Nokia was working on its own ecosystem. Google created a software platform that was competitive to the iPhone, and they opened it up to developers, to all of the other hand-set manufacturers, and to operators around the globe. In doing so, they created a market share growth trajectory that is faster than anything we have seen before in the technology industry.

They had just 8 percent smartphone market share at the end of 2009. By the end of 2010, their smartphone market share skyrocketed to 27 percent.  In late 2008, we saw first commercially available Android device.  And, two and half years later, they took our leadership position in smartphone volume share.

This competitive disruption, Apple and Google, has impacted Nokia. In the context of this new climate, we determined that we needed to shift our strategy from just competing device to device, and instead we needed to start competing on an ecosystem to ecosystem basis. We believed that Android and Apple captured our market share because they managed to offer consumers a complete experience, including the hardware, software, applications and services.

A that point, we concluded that Nokia had three options.

Our first, and initially preferred option, was to catalyze the construction of an ecosystem by taking advantage of our Symbian assets where they were strong, and by investing further in some new technology that we had in the labs, called MeeGo.

Symbian continues to sell well in many markets, and yet we knew we had some challenges. Our efforts to introduce and re-introduce Symbian into the North American markets had been unsuccessful – customers there felt that the user experience was not as strong as Apple's or Android's. We also see our share is being challenged in the UK and across Europe. And even in some of our strongest markets, our leadership position is being attacked.

To improve the Symbian experience, we faced an engineering challenge. Symbian has served us extremely well for many years, but over those years the application code has become fragile. We learned from our engineers that the updating of the Symbian application code was becoming more and more difficult. As a result, we felt it would be hard to catch up to the competition.

To help address our Symbian challenges, the company had begun an effort on a new software platform called MeeGo. Our MeeGo efforts had been initially designed to be a high price-point solution.

We evaluated whether we could put more resources on the MeeGo team, in order to bring MeeGo devices to more of the price points where Symbian faced challenges. While there is some incredible innovation inside MeeGo, we determined that we could not create a portfolio of devices across many different price points in the time that we needed. MeeGo could help, but could not solve all of our problems.

At the same time, we assessed if we could catalyse ecosystem support around MeeGo. We flew around the world to meet with CEOs of all of the major operators. We met with the key software and applications companies. And, we even met with all of our competitors to see if they could somehow be supportive of a third ecosystem around MeeGo.

In some areas, we had support. In a lot of areas, it was about "wait-and-see". And still, in other areas, we faced resistance to our ideas. In total, we assessed that we could not build enough industry support fast enough to catalyse an ecosystem around MeeGo.

Thus, we determined that it would be very difficult to catalyze the construction of an ecosystem around our internal efforts.  So, we needed to evaluate our other options – either join an ecosystem like Android or build a new ecosystem with Microsoft.

We met with both companies – and learned a tremendous amount. We met with Google and assessed both the pros and cons of going Android.

With Google, we believed that we could join a winning ecosystem. We could also gain faster access to the US market than we could do all by ourselves. And yet, going Android felt a little like "giving-in" and becoming just one of many companies doing the same thing, instead of the "fighting" attitude for which Nokia has stood for so many years.

With Android, we also felt that we could not extract sufficient value from investments that we have made in our services portfolio, including NAVTEQ, which is an asset that is valuable to our business. There also seemed to be less opportunity for differentiation and unique innovation in Android. We also worry that this ecosystem might rapidly devolve into a low-cost provider model, with it becoming harder and harder for companies to set themselves apart from the pack.

We also spent time with Microsoft and learned that there was symmetry in our requirements: we need a competitive smartphone operating system, and they need a differentiated hardware, software and services partner.

We believe we have a complementary set of services assets. They have search, advertising, entertainment, and Office productivity. We would bring mapping and navigation and the potential for delivering location-based services. Unlike Android, Microsoft could also offer us the opportunity to differentiate within the ecosystem. We could apply our engineering skills in a way that others will not.

As a result and with the involvement and approval of the Nokia Board of Directors, we made a decision to pursue a smartphone strategy with Microsoft. And, this year on April 21st, we signed the definitive agreement with Microsoft, creating a partnership that is, in my mind, well-balanced. Let me tell you about that balance.

The first aspect of the balanced relationship is the combination of the complementary services assets we both bring to the ecosystem. Nokia will take advantage of our NAVTEQ asset to deliver mapping, navigation, and certain location-based services to the Windows Phone ecosystem. Additionally, we will bring our global scale, our extensive supply network and the strength of our brand.

Microsoft will provide search services across the Nokia smartphone portfolio as well as contributing strength in productivity, advertising, gaming, social media and a variety of other services. With this, we gain a new form of advertising revenue, which is an area where we have not participated previously.

The second aspect of this agreement is that we will pay a royalty to Microsoft for the Windows Phone platform, which will commence when we ship the first devices. In return, Microsoft will deliver to us the Windows Phone platform, and we are able to reduce our operating expenses as a result.

The third aspect of the relationship further reflects the growing importance of intellectual property, and we created mechanisms for exchanging intellectual property rights. As part of this, Nokia will receive substantial payments under the agreement.

And fourth, in recognition of the unique nature of this partnership and Nokia’s substantial commitment to the Windows Phone platform, we will receive payments from Microsoft totaling billions of dollars.

Today, hundreds of people, from both Nokia and Microsoft, already are engaging on joint engineering efforts, and collaborating on a portfolio of new Nokia devices. Overall, I am encouraged by our early progress with Microsoft, and we are now in a position to affirmatively respond to the disruptions in the smartphone business. There is a fresh sense of excitement and hope building within Nokia.

The Smartphone disruption story that I described involving Apple and then Google is only one art of the disruption story faced by Nokia. There is another entire half to our business that does not get nearly as much public attention.

This disruption relates to our Mobile phones business – those devices that are designed for lower-end price points, quite often for emerging markets. Chinese manufacturers are producing mobile phones at an alarming rate at very low prices, which is disrupting our mobile phones business.

Rapidly, the Chinese manufacturers are delivering new types of innovation to the market. One example is something called dual SIM, which means the phone has a spot for two SIM different cards. This has been a very popular product in markets like India, and we have not yet had a dual SIM product from Nokia.

As you can see by this graph, the competition in the mobile phone space is fierce, and we find ourselves at an important point of product family transition. As part of our new strategy, we decided to renew our investments in our mobile phone products to strengthen our leadership in that space. Since then, we have announced that we plan to ship our first dual SIM device by the end of this quarter and we are quite excited about that.

But, more broadly, as it relates to the Mobile Phones, we announced that we would focus on connecting the next billion people to the internet. Today nearly 80 percent of people in the world live in cell phone signal range. Yet only 20 percent use the internet.

We have the opportunity to make Nokia their first online experience. We can bring the next billion online and connect the unconnected. In 2011, we will bring proxy browsers to more people through our mobile phones. We will drive third-party innovation through local partnerships and developer ecosystems.

We plan to increase our investment in future opportunities to bring a modern mobile experience to more people. With this approach, we plan to manage through the disruption on the low end of our products.

In some ways, this is far too much talk about responding to the disruptions of others. We at Nokia are tired of being “disrupted.” It is time for Nokia to plan again to be the industry disruptor. We must plan to lead the next disruption in the mobile industry.

As a result and third pillar of strategy, we have created a team to better define the future. This team will focus on our north star, which is to connect billions of people to opportunities every day. The third aspect of our strategy is to invest in future disruptions. While this is a longer term strategy that we don’t yet talk much about, we recognize it is critical for Nokia to lead the industry in the future.

The reality of all elements of our new strategy is that we also have to make some difficult decisions to align our global workforce and to consolidate our site operations. As you know, we made a series of announcements about this just last week.

First, we will be ramping up our capabilities to build smartphones based on the Windows Phone platform, next generation mobile phones and future disruptions. We aim to retain and retrain as many of our talented people as possible, and we are always on the lookout for additional new talent in our industry.

Second, we aim to create outsourcing opportunities. Specifically, we are collaborating with Accenture, and plan to transfer about 3 000 Symbian software developers to Accenture. They will be our partner during the Symbian transition, and then will contribute to the development of the Windows Phone ecosystem around the broader world.

Third, we plan to consolidate our R&D and product development sites. We also will give each site a clear mission to increase our overall speed and accountability. To that end, we will have Smart Devices sites in Beijing, Salo, San Diego, and Tampere. And in the Helsinki-Espoo region, we will have software application development activities for the Windows Phone ecosystem. We will have Mobile Phones sites in Beijing, Oulu and Ulm. We will have sites working on these Future Disruptions in Sunnyvale and the Helsinki-Espoo region.

Unfortunately, as part of the site consolidation, we also plan to have some site closings. We will ramp down Copenhagen by the end of 2012. We will close our US office in White Plains, New York by the end of 2012. We will close three offices in the UK. In Romania, we will discontinue all R&D work by the end of 2011, but there are no changes to our factory in Romania. Here in Finland, there are no site closings.

The fourth aspect of our site consolidation and employee plans, we plan to have employee reductions across all sites and countries, totaling approximately 4 000 employees. The most significant impacts are expected to be in Smart Devices and Mobile Phones groups. The regions that are most impacted are Copenhagen, the UK, the US and India. Also, here in Finland, we plan to reduce the local headcount by 1 400 people.

The impact on Nokia employees and communities is very difficult. We are, however, working on long-term re-employment programs and alternative career opportunities for as many Nokia employees as possible during this company-wide transition.

We will seek to retain employees by identifying job opportunities at Nokia and companies outside of Nokia. We will offer assistance to employees interested in starting a new business. And, we will work with our local partners to create new opportunities for career renewal, such as research programs and scholarships.

Since announcing our strategy, we also made some changes to the Nokia Leadership Team. There are several new Nokia Leadership Team members, some team members with new areas of responsibility, as well as some departures.

A brief summary of their roles includes: we have two devices business units, Mobile Phones led by Mary McDowell and Smart Devices led by Jo Harlow. We will continue to have a markets organization led by Niklas Savander, including Jerri DeVard as our Chief Marketing Officer and Colin Giles as the sales leader, with all three of them as members of the Nokia Leadership Team.

We have three supporting teams that work across the business units. The first is the services business unit led by Tero Ojanperä, on an acting basis, while we are searching for a new leader. The second supporting group is the Design team led by Marko Ahtisaari. And Rich Green is our Chief Technology Officer. We will now bring our focus on future disruptions under Rich.

We also will have a family of corporate functions, including Corporate Development led by Kai Öistämö, the CFO Office led by Timo Ihamuotila, Human Resources led by Juha Äkräs, Legal & Intellectual Property led by Louise Pentland, and Corporate Relations & Responsibility led by Esko Aho.

Additionally, Larry Kaplan will continue to lead NAVTEQ and Rajeev Suri will continue to lead Nokia Siemens Networks. However, Nokia Siemens Networks is not on the organizational chart because it is a separate business segment, which is jointly owned with Siemens and consolidated in Nokia Group financials

What I've learned about moments of disruption is that they are often followed by periods of great innovation. Throughout business history, there is a pattern of new platforms emerging, often disruptively, followed by unprecedented innovation.

The pattern we've seen over time is that when a new communications medium emerges, the first exploration of that platform usually takes the approach from an old platform and simply porting it to a new one. For example: When movies first emerged, directors just filmed live theater. When TV first came out, it mimicked radio programs. When cable TV first was launched, it simply repackaged network programs. When mobility emerged as a media and entertainment platform, it simply ported Internet content.

However, once these new platforms hit an inflection point from the advancement in technology or enough consumer participation, the content and applications on that platform take on a new form that is unique and that can only be done on that new platform.

For example, the innovation of portable cameras helped movie directors to film high speed trains and landscapes, which created a new experience for the audience. Early TV programs started using nonverbal communications and gestures to tell stories beyond the words. New cable-only channels, like ESPN and CNN, began to appear. Broadband expanded and browsers evolved and the Internet exploded.

Mobility is following exactly this same pattern. Mobility first emerged by using internet content on mobile phones. But we are now at that point of innovation – in other words, the story of mobility is at its very beginning, and Nokia is in a strong position to take advantage of so much of what is still ahead.

We are just starting to see the potential for mobility as a platform. Mobility has the potential to become the most dynamic medium ever. It is more intelligent, more pervasive and more accessible.

Nokia can lead through this disruption to unleash this unprecedented innovation. I have seen incredible innovation within Nokia. We can bring this innovation to market more rapidly by drawing on the strength of our people, respecting the values of our past, and taking decisive action to change the way our company works.

This is why, during this moment of disruption, I am very optimistic. Nokia has faced disruption in the past, and we will face it also in the future. We have made many tough decisions and we are now shifting our strategy into action. Time and time again, Nokia emerges stronger and more capable to lead through amazingly transformative times. In the service of you, the shareholders, it is my job to provide the leadership necessary to move Nokia to its next period of growth and success.

Thank you very much.

*FORWARD-LOOKING STATEMENTS*

*It should be noted that certain statements herein which are not historical facts are forward-looking statements, including, without limitation, those regarding: A) the expected plans and benefits of our strategic partnership with Microsoft to combine complementary assets and expertise to form a global mobile ecosystem and to adopt Windows Phone as our primary smartphone platform; B) the timing and expected benefits of our new strategy, including expected operational and financial benefits and targets as well as changes in leadership and operational structure; C) the timing of the deliveries of our products and services; D) our ability to innovate, develop, execute and commercialize new technologies, products and services; E) expectations regarding market developments and structural changes; F) expectations and targets regarding our industry volumes, market share, prices, net sales and margins of products and services; G) expectations and targets regarding our operational priorities and results of operations; H) expectations and targets regarding collaboration and partnering arrangements; I) the outcome of pending and threatened litigation; J) expectations regarding the successful completion of acquisitions or restructurings on a timely basis and our ability to achieve the financial and operational targets set in connection with any such acquisition or restructuring; and K) statements preceded by "believe," "expect," "anticipate," "foresee," "target," "estimate," "designed," "plans," "will" or similar expressions. These statements are based on management's best assumptions and beliefs in light of the information currently available to it. Because they involve risks and uncertainties, actual results may differ materially from the results that we currently expect. Factors that could cause these differences include, but are not limited to: 1) our ability to succeed in creating a competitive smartphone platform for high-quality differentiated winning smartphones or in creating new sources of revenue through our partnership with Microsoft; 2) the expected timing of the planned transition to Windows Phone as our primary smartphone platform and the introduction of mobile products based on that platform; 3) our ability to maintain the viability of our current Symbian smartphone platform during the transition to Windows Phone as our primary smartphone platform; 4) our ability to realize a return on our investment in MeeGo and next generation devices, platforms and user experiences; 5) our ability to build a competitive and profitable global ecosystem of sufficient scale, attractiveness and value to all participants and to bring winning smartphones to the market in a timely manner; 6) our ability to produce mobile phones in a timely and cost efficient manner with differentiated hardware, localized services and applications; 7) our ability to increase our speed of innovation, product development and execution to bring new competitive smartphones and mobile phones to the market in a timely manner; 8) our ability to retain, motivate, develop and recruit appropriately skilled employees; 9) our ability to implement our strategies, particularly our new mobile product strategy; 10) the intensity of competition in the various markets where we do business and our ability to maintain or improve our market position or respond successfully to changes in the competitive environment; 11) our ability to maintain and leverage our traditional strengths in the mobile product market if we are unable to retain the loyalty of our mobile operator and distributor customers and consumers as a result of the implementation of our new strategy or other factors; 12) our success in collaboration and partnering arrangements with third parties, including Microsoft; 13) the success, financial condition and performance of our suppliers, collaboration partners and customers; 14) our ability to source sufficient quantities of fully functional quality components, subassemblies and software on a timely basis without interruption and on favorable terms, including the disruption of production and/or deliveries from any of our suppliers as a result of adverse conditions in the geographic areas where they are located; 15) our ability to manage efficiently our manufacturing, service creation, delivery and logistics without interruption; 16) our ability to ensure the timely delivery of sufficient volumes of products that meet our and our customers' and consumers' requirements and manage our inventory and timely adapt our supply to meet changing demands for our products; 17) any actual or even alleged defects or other quality, safety and security issues in our products; 18) any actual or alleged loss, improper disclosure or leakage of any personal or consumer data collected or made available to us or stored in or through our products; 19) our ability to successfully manage costs, including our ability to achieve targeted costs reductions and to effectively and timely execute related restructuring measures, including personnel reductions; 20) our ability to effectively and smoothly implement the new operational structure for our* *devices and services business effective April 1, 2011; 21) the development of the mobile and fixed communications industry and general economic conditions globally and regionally; 22) exchange rate fluctuations, including, in particular, fluctuations between the euro, which is our reporting currency, and the US dollar, the Japanese yen and the Chinese yuan, as well as certain other currencies; 23) our ability to protect the technologies, which we or others develop or that we license, from claims that we have infringed third parties' intellectual property rights, as well as our unrestricted use on commercially acceptable terms of certain technologies in our products and services; 24) our ability to protect numerous Nokia, NAVTEQ and Nokia Siemens Networks patented, standardized or proprietary technologies from third-party infringement or actions to invalidate the intellectual property rights of these technologies; 25) the impact of changes in government policies, trade policies, laws or regulations and economic or political turmoil in countries where our assets are located and we do business; 26) any disruption to information technology systems and networks that our operations rely on; 27) unfavorable outcome of litigations; 28) allegations of possible health risks from electromagnetic fields generated by base stations and mobile products and lawsuits related to them, regardless of merit; 29) our ability to achieve targeted costs reductions and increase profitability in Nokia Siemens Networks and to effectively and timely execute related restructuring measures; 30) Nokia Siemens Networks' ability to maintain or improve its market position or respond successfully to changes in the competitive environment; 31) Nokia Siemens Networks' liquidity and its ability to meet its working capital requirements; 32) whether Nokia Siemens Networks is able to successfully integrate the acquired assets of Motorola Solutions 's networks business, retain existing customers of the acquired business, cross-sell Nokia Siemens Networks' products and services to customers of the acquired business and otherwise realize the expected synergies and benefits of the acquisition; 33) Nokia Siemens Networks' ability to timely introduce new products, services, upgrades and technologies; 34) Nokia Siemens Networks' success in the telecommunications infrastructure services market and Nokia Siemens Networks' ability to effectively and profitably adapt its business and operations in a timely manner to the increasingly diverse service needs of its customers; 35) developments under large, multi-year contracts or in relation to major customers in the networks infrastructure and related services business; 36) the management of our customer financing exposure, particularly in the networks infrastructure and related services business; 37) whether ongoing or any additional governmental investigations into alleged violations of law by some former employees of Siemens AG may involve and affect the carrier-related assets and employees transferred by Siemens AG to Nokia Siemens Networks; 38) any impairment of Nokia Siemens Networks customer relationships resulting from ongoing or any additional governmental investigations involving the Siemens carrier-related operations transferred to Nokia Siemens Networks; as well as the risk factors specified on pages 12-39 of Nokia's annual report Form 20-F for the year ended December 31, 2010 under Item 3D. "Risk Factors." Other unknown or unpredictable factors or underlying assumptions subsequently proving to be incorrect could cause actual results to differ materially from those in the forward-looking statements. Nokia does not undertake any obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.*