Olli-Pekka Kallasvuo, President and CEO, Nokia
2009 Nokia Annual General Meeting
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Ladies and gentlemen, Nokia shareholders, good afternoon. And welcome to the Nokia Annual General Meeting of 2009. It is a privilege to be here with you today.

This is an unprecedented time for Nokia and the world around us.

Since we last gathered here a year ago, global economic turmoil has led to a great deal of uncertainty, discomfort and change. I am sure many of you have questions about the impact of this turmoil on our business and performance, and rightly so.

As you have seen, we published our 2009 first quarter results last week, which have been widely discussed. It has also been reported that we may not have seen a bottom in demand for mobile devices, which is too early to say.

While I will not dwell on the global economy today, I do want to share our thoughts on the changing dynamics of our business and how Nokia is responding. I will also highlight how we are strengthening Nokia's position for the future, to be prepared for the economic turnaround, and to ensure we deliver value to our customers and shareholders alike.

Of course, in today's business world, change is constant. Nokia has an advantage here, in that we have a long history of being flexible and adapting to change.

Today, Nokia is fundamentally changing its business model to transform both our company and our industry. It is a change we must make, and there is no turning back.

For while we still compete with the traditional mobile device manufacturers, we also are dealing with new competitors entering the market from the PC and Internet industries.

To succeed in this new environment, we need to offer consumers irresistible <u>solutions</u> that improve their lives. As I have said before, mobile devices alone are no longer enough, and they need to be combined with our services offering to create solutions that meet our customers' demands.

During 2008 and 2009, we have taken many steps to ensure we maintain our strong leading position in the device business, while increasing our focus on solutions-centric business models.

Although the global device market will contract this year for the first time in many years, I strongly believe there are reasons to be optimistic about Nokia's future.

There is a lot of opportunity for the taking in our industry. Mobile devices are becoming true mobile computers and consumers increasingly are more willing to use them in new ways with new services.

It's also important to remember that Nokia is operating from a position of strength:

- Last year we sold 468 million devices, a 7 percent increase year over year.
- We have unmatched scale.
- We have one of the best brands in the world.
- Our financial position is good.
- We have a flexible capital structure and we can continue to make investments in technologies and services to further differentiate us from our competition.

Innovation in the mobile communications industry is certainly not standing still. It is very clear we have to continue to invest in our future, but at a more appropriate pace. Given the current climate, we have to balance what is beneficial and sustainable for Nokia's long-term future, while adjusting the speed at which we operate.

I would like us to move faster, I would like us to do more. But the economic reality means we need to be more focused on those actions that will generate the greatest return.

In recent months, our management team has had to make tough and painful decisions to reduce costs. We must reach a lower level of operating cost, and that is requiring a fundamental change in the way we operate.

During 2008, we made a decision to sell our enterprise firewall business to Check Point Software Technologies. We discontinued our devices activities in Vancouver, Canada, and we decided to pull out of the Japanese market. We have introduced company-wide measures to reduce our manufacturing capacity and marketing investments.

Unfortunately, many of these actions involved reductions in staff, both here in Finland and at other sites around the world. We do not take these measures lightly, but we are convinced they are necessary to sustain the long-term health of Nokia and thereby prevent more drastic actions down the road.

One of Nokia's values is "very human." In dealing with these painful reductions, we have strived to make these changes in as humane a way as possible. We have intentionally not made a large number of reductions all at once or across the board. Rather, we have considered our options carefully and introduced other alternatives. These include temporary layoffs and voluntary redundancy packages, to lessen or remove the need for permanent personnel reductions when possible.

It is more important than ever that we continuously assess our cost structure and take actions that will maintain our financial strength, to sustain the investments that will drive our future revenues and profits. Continually adapting to our environment has been a very successful strategy for Nokia over the years, and we will continue this approach.

Nokia Siemens Networks also has had to adapt to difficult conditions in a very challenging environment. The company has delivered on its commitment to save 2 billion Euros in costs by the end of 2008.

As the demand for mobile broadband increases, Nokia Siemens Networks has developed its portfolio of products and service solutions to help operators run their networks more efficiently. It has signed significant contracts with operators around the globe over the past year. Services are a significant and growing part of the NSN offering that will drive differentiation and value.

The competitive advantages I mentioned earlier are beneficial for our partners as well, including suppliers, distributors, operators and developers. Broadening our collaborations and partnerships will form a positive structure and broader ecosystem for the future.

I fundamentally believe our strategy is right. History has shown that in recessions, strong companies usually emerge even stronger. Nokia is in an enviable position, at a time when some of our competitors are fighting for their very survival.

In 2008, we worked hard to re-focus our device portfolio. The different product categories were re-aligned with consumer segments, price points and form factors. This has resulted in improved efficiencies and less product overlap.

Our solutions strategy offers consumers a unique combination of services and attractive, high-quality devices. We expect our services will lead to higher consumer retention, while increasing the value of our devices.

In fact, our estimated consumer retention rate of about 55 percent is almost twice that of our global competitors. It has consistently increased 1 percentage point per quarter since the beginning of 2007. This is a substantial achievement and shows we have made significant progress with our solutions approach during the past year.

At Nokia World in December, we announced a new benchmark device, the Nokia N97 mobile computer. It received an enthusiastic reception from the media, customers, and analysts. The Nokia N97 will more visibly integrate our services when it goes on sale in June

The Nokia E71 has been another success, offering an ultra-slim, business-class device with consumer messaging and email. More than 10 million Nokia E71's were sold last year. This year, we also announced the Nokia E63, with many of the same features, but priced below 200 Euros. And we have also introduced the Nokia E75, which has just gone on sale in Finland.

One of this year's biggest successes has been the Nokia 5800 XpressMusic … our first mass-market, touchscreen phone. It offers unique value for those who want to experience their music on the move, particularly when combined with our innovative Comes With Music service.

In the first three months of this year, we have sold around 2.6 million Nokia 5800 Xpress Music devices. Consumer response has been well beyond expectations, and it has the potential to become our most successful device … ever.

We estimate that this smartphone alone accounts for around 20 per cent of all touchscreen devices worldwide.

In major cities around the world, the Nokia 5800 has been drawing customers outside our stores. Here's one example: In Shenzhen, China, last month, large crowds of shoppers queued for hours to be among the first get their hands on these devices when they went on sale.

I'm convinced our success in bundling services with our devices will increasingly become a key differentiator. It is why our scale matters, particularly during these tough times. It gives us an opportunity to collaborate in new ways with our operator customers and partners, as they look for ways to reshape their businesses.

We put a lot of building blocks in place during 2008 and now our services business is starting to come together. We have focused our services investments on five primary categories: maps, music, messaging, media and games. These are the areas where the biggest opportunities lie.

Even though they are in their early stages, our services have grown quickly. Nokia Maps and Comes With Music, for example, are unique in the marketplace and have been well-received. We recently launched the Nokia Messaging service, which gives consumers easy and affordable access to their e-mail and instant messaging accounts. We also launched Mail on Ovi, a free service aimed primarily at the billions of potential first-time e-mail users, which comprise about 75 percent of the global population.

We have begun to introduce Internet services in markets such as India and Africa, with content and structures in place that will allow hundreds of millions of people to realize the benefits of the Internet for the first time.

2008 also saw the closing of the NAVTEQ acquisition. Maps and navigation have become tremendously popular services on mobile devices. Navigation also is at the heart of our future context-based services, which we believe will be a significant differentiator.

NAVTEQ's advanced map capabilities are critically important, as we believe that the next phase of Internet services will be defined by local relevance and your “social location.” Nokia is well-positioned to take leadership here.

Services are normally associated with the higher-end converged devices where we have seen rapid developments. We clearly have some work to do to extend our leadership in smartphones, where new entrants into the market are attacking our share.

At the end of last year, we saw our converged device share decline to 32 percent despite the fact we shipped more than 60 million units. However, during the first quarter of this year, our share rose to 38 percent. We are confident that our smartphone portfolio is heading in the right direction, particularly with the pending addition of the Nokia N97.

We also see opportunities as consumers trade down to less expensive devices during this recession. Nokia is well-placed to capture a large share of this “trade down” activity, by offering high-value devices with surprising functionalities that also deliver irresistible solutions.

The Symbian Operating System is world’s most widely used software platform for advanced mobile phones. In fact, with the help of Symbian, we plan to broaden the definition of the smartphone, by expanding smartphone features into the mid-range, and into new categories.

We believe that mobile computing should <u>not</u> be limited only to expensive, high-end devices. Expanding Symbian into lower price points is the right thing to do. We see this as a tremendous opportunity to increase efficiency, to get more scale for Symbian, and gain market share.

Symbian is a great example of harnessing open innovation and new ways of working and partnering to improve an ecosystem. The creation of the Symbian Foundation, announced in June last year, will allow Nokia to bring better products to the market faster. You can expect to see and hear a lot more from Nokia and Symbian in the coming year.

I have said before that success in this new global environment will require some courage and a shift away from what we are used to. We cannot expect to do it all alone. We have to work together with certain competitors, new players and partners in new ways. We have to compete <u>and</u> co-operate.

Earlier this year, we announced our intention to develop smartphones for the North American market with Qualcomm. We have agreements with Microsoft and IBM for our corporate e-mail services, and we are working more closely with many other companies, including operators and partners. We expect more such partnerships to come.

As new business models are created, as software and hardware become horizontal in nature, sharing across the industry and across different types of devices will become more common.

In addition to collaboration, another area where our business can create value for customers, investors, and partners is in environmental sustainability. I am pleased to say that as the world leader in mobile communications, Nokia is setting the industry standard. Around the world, people increasingly value opportunities to live a more responsible lifestyle. In response to this, we are coming up with new and efficient ways to help consumers manage their environmental footprint, using more energy-saving devices and mobile services.

We have become a global leader in recycling, with the industry's largest voluntary recycling program. It is now operating in 85 countries, and we are working hard to increase awareness to encourage more of our customers to recycle their old phones.

Responsible ways of working have become business as usual at Nokia. We have set up state-of-the-art video conferencing facilities in 80 of our major offices around the world, which has led to a dramatic reduction in travel. Our China headquarters in Beijing has received global recognition as one of the most environmentally sensitive buildings in the world.

Nokia also has been highly ranked for its environmental sustainability by several organizations worldwide. These include the Dow Jones Sustainability Index, the Carbon Disclosure Project and more recently, the Greenpeace Green Electronics Guide.

And we are proud that the GSM Association recently recognized Nokia's commitment and actions with its environmental achievement award for Nokia this year.

Nokia also is working with the industry to reduce the environmental impact of mobile phone chargers.

(PAUSE)

Ladies and gentlemen, these clearly are difficult times for the world economy and for business in general. While Nokia remains in a position of relative strength, supported by our brand, scale and a solid balance sheet, our profitability is not where we want it to be, and there is certainly room to improve. We are working hard on this.
We are scaling our operations accordingly and making sensible but fundamental changes in the way we work. The results of our cost-savings program are not giving us one-off savings for the short term. These are long-term changes with long-term savings.

As I said earlier, this has been painful, but it also is vital if we are to maintain investment in our future growth and competitiveness. Simply put, if we were to continue to run our business unchanged, with less and less revenue coming in, we would be unable to invest in our future.

That would not only be short-sighted, but extremely dangerous.

If we face the challenges of today head-on with intelligence and determination, I believe we can position Nokia to take advantage of the tremendous opportunities that lie ahead.

In closing, I want to share with you a recent personal anecdote … just one example of what makes me optimistic about Nokia's future.

Only yesterday, I was speaking at an internal strategy sharing event for key management. Much of what I shared with that team is what you have heard today.

I was pleased to see that they were excited and enthusiastic.

Why? Because our solutions strategy is something that our competitors cannot match. It is an area in which Nokia is the challenger, not the incumbent. And as our own history shows, with challenges come great opportunities.

We will harness that excitement and embrace that challenger mentality to ensure Nokia is ready for that next wave of growth.

I thank you, our shareholders, for your continued trust and confidence in Nokia. I hope that you will continue to support our goal to strengthen Nokia for a bright, prosperous future.
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FORWARD-LOOKING STATEMENTS

It should be noted that certain statements herein which are not historical facts, including, without limitation, those regarding: A) the timing of product, services and solution deliveries; B) our ability to develop, implement and commercialize new products, services, solutions and technologies; C) our ability to develop and grow our consumer Internet services business; D) expectations regarding market developments and structural changes; E) expectations regarding our mobile device volumes, market share, prices and margins; F) expectations and targets for our results of operations; G) the outcome of *pending and threatened litigation; H) expectations regarding the successful completion of contemplated acquisitions on a timely basis and our ability to achieve the set targets upon the completion of such acquisitions; and I) statements preceded by "believe," "expect," "anticipate," "foresee," "target," "estimate," "designed," "plans," "will" or similar expressions are forward-looking statements. 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) the deteriorating global economic conditions and related financial crisis and their impact on us, our customers and end-users of our products, services and solutions, our suppliers and collaborative partners; 2) the development of the mobile and fixed communications industry, as well as 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; 3) the intensity of competition in the mobile and fixed communications industry and our ability to maintain or improve our market position or respond successfully to changes in the competitive landscape; 4) competitiveness of our product, services and solutions portfolio; 5) our ability to successfully manage costs; 6) exchange rate fluctuations, including, in particular, fluctuations between the euro, which is our reporting currency, and the US dollar, the Japanese yen, the Chinese yuan and the UK pound sterling, as well as certain other currencies; 7) the success, financial condition and performance of our suppliers, collaboration partners and customers; 8) our ability to source sufficient amounts of fully functional components, sub-assemblies, software and content without interruption and at acceptable prices; 9) the impact of changes in technology and our ability to develop or otherwise acquire and timely and successfully commercialize complex technologies as required by the market; 10) the occurrence of any actual or even alleged defects or other quality, safety or security issues in our products, services and solutions; 11) the impact of changes in government policies, trade policies, laws or regulations or political turmoil in countries where we do business; 12) our success in collaboration arrangements with others relating to development of technologies or new products, services and solutions; 13) our ability to manage efficiently our manufacturing and logistics, as well as to ensure the quality, safety, security and timely delivery of our products, services and solutions; 14) inventory management risks resulting from shifts in market demand; 15) our ability to protect the complex 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, services and solutions; 16) 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; 17) any disruption to information technology systems and networks that our operations rely on; 18) developments under large, multi-year contracts or in relation to major customers; 19) the management of our customer financing exposure; 20) our ability to retain, motivate, develop and recruit appropriately skilled employees; 21) whether, as a result of investigations into alleged violations of law by some former employees of Siemens AG ("Siemens"), government authorities or others take further actions against Siemens and/or its employees that may involve and affect the carrier-related 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 result in additional actions by government authorities; 22) any impairment of Nokia Siemens Networks customer relationships resulting from the ongoing government investigations involving the Siemens carrier-related operations transferred to Nokia Siemens Networks; 23) unfavorable outcome of litigations; 24) allegations of possible health risks from electromagnetic fields generated by base stations and mobile devices and lawsuits related to them, regardless of merit; as well as the risk factors specified on pages 11-28 of Nokia's annual report on Form 20-F for the year ended December 31, 2008 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*