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Olli-Pekka Kallasvuo
Nokia Annual General Meeting, 3 May 2007

(Translated from original text in Finnish – check against delivery)

Good afternoon, Nokia shareholders, ladies and gentlemen. Welcome to Nokia's 2007 Annual General Meeting.

I am honored to speak to you today for the first time as Nokia's president and CEO. I know that some of you have been loyal Nokia shareholders for even longer than my 27 years with the company. For that, I thank you, and I trust you have found it a satisfying, profitable investment.

2006 was a year of growth and many exciting developments and changes in our industry. And these changes, which I will talk more about later on, will continue, as will the challenges related to them. But every challenge also includes an opportunity, and it is our responsibility to seize them and deliver added value to you.

Our management and the Board of Directors have been working on strengthening our market position and growing earnings. Our efforts have been reflected in our share price, which has increased since early 2005. This slide illustrates that increase, compared with the share performance of two of our major competitors. After the challenges in 2004, the share price has, in fact, more than doubled in less than three years.

Before taking a look at our performance in 2006, I would like to discuss what I consider the most important issue for Nokia – the issue of change and renewal.

In 2006, we held to our strategy. But at the same time, we recognized that the industry is changing rapidly and that we need to constantly re-evaluate our business, and embrace the opportunities change brings us. The ongoing convergence of mobility with the Internet is spurring us to look at our business in new ways every day.

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The business environment is changing drastically. With convergence, our competitors are not only Motorola, Samsung, Sony-Ericsson or LG. We are also competing with leading companies in the different horizontal layers of our business as well as experts in various areas of multimedia, and well-known Internet players.

For example, we are now competing with Apple, which has created a strong position in music players, but is now expanding into the mobile phone business as well. Camera manufacturers also are competing with Nokia – after all, we were the biggest camera manufacturer last year.

Examples of the horizontal competitors include Qualcomm, in the chip-set area, or Microsoft in the software market.

The change in the competitive environment has been especially fast during the past year, and I'm expecting this change to continue – at an even <u>faster</u> pace. Already in the 1980s we thought here at Nokia that "one has to run in order to stay in one place." Now, I would say, one needs to move with the speed of lightning and question old dogmas in order to stay at the front of development. It is a clear challenge for us to learn the rules of this new playing field and embrace new business models. We need to constantly develop new ideas and renew ourselves, building on our core competencies, to create a new Nokia. Personally, I consider this a fascinating opportunity.

As we look to the future, we carry with us the momentum of a good performance in 2006 and in this year's first quarter.

2006 was a year of growth. Nokia's net sales last year increased by 20 percent to 41 billion euros, and operating profit increased 18 percent to 5.5 billion euros. Both of those measures were well ahead of the industry average. Significantly, in the second half and into this year's first quarter, we were able to grow our gross margin. Nokia's gross margin for all of 2006 was 32.5 percent, but increased to 33.1 percent in the first quarter of this year. I consider gross margin to be a very important measurement for business. On the one hand, it tells us how much added value our customers feel they are getting from our products. On the other hand, the increasing gross margin enables us to invest in the future; both in research and development and in our brand.

We continued to build upon our broad portfolio of mobile devices to strengthen our leadership. Globally, we announced about 50 new mobile devices during the year 2006. Nokia has the broadest portfolio of the industry – we cover all product segments and virtually all areas of the world.

Today, Nokia's global share of the growing mobile device market is estimated at 36 percent – twice that of our nearest competitor. By having a clear leading position in the market, we are able to leverage our scale benefits. As I have mentioned before, our competitiveness enables us to continue to invest in research and development as well as in brand building, which both are important in our industry.

Last year, we pursued a strategy that laid the groundwork for applying our core strengths to new ventures, and moving our businesses forward in new ways.

Essentially, our strategy is to create a winning product portfolio, embrace consumer Internet services, deliver enterprise solutions and build scale in networks.

I would like to begin by talking about our infrastructure business, Networks, which last year accounted for 18 percent of our net sales. As Jorma Ollila already said, in this business we made a major strategic decision last year to combine the network businesses of Nokia and Siemens to create a new company, Nokia Siemens Networks.

In June we signed a contract to form the new company and Nokia Siemens Networks, of which both Nokia and Siemens own 50 percent, started operations this past April. The company is one of Nokia’s subsidiaries and consolidated to Nokia, which means that its entire net sales will be included in Nokia’s net sales. Nokia has the majority of seats on the board of directors of the new company. In practice, this means that Nokia carries the primary responsibility that Nokia Siemens Networks meets the targets it has set and that will be set.

As you know, we postponed the start date of Nokia Siemens Networks by three months in light of the well-publicized compliance and ethical issues at Siemens. Although painful, I believe the delay was the right thing both for Nokia and for Nokia Siemens Networks. It allowed us to better understand the issues and to set up compliance and control processes that are designed to become a benchmark for the industry.

I also am confident that Nokia Siemens Networks was the right step forward for you, the shareholders of Nokia. I expect that we will soon begin to realize the significant benefits of increased scale, volume and operational efficiency from this new company. Those benefits are crucial to be truly successful over the long term in this highly competitive, fast-changing business. The business logic behind this merger is stronger than ever.

We estimate that by 2015, there will be 5 billion people around the world who are “online” – connected to mobile or fixed broadband networks. The formation of Nokia Siemens Networks will allow us to better compete to meet the needs of operators offering services to these 5 billion people. As Jorma earlier noted, our aim is that Nokia Siemens Networks will become a market leader in its area.

Our aim always has been to create solutions that make it easier for people to connect. It's worth noting that earlier in this decade Nokia was the first to bring networks and mobile phones together to create the end-to-end concept for emerging markets. This solution was aimed at bringing down total cost of ownership, not only by making affordable phones but also networks, which enable lower tariffs. This strategy has helped spur growth in the entry markets around the world, and many other manufacturers have adopted a similar strategy since then.

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This has accelerated the growth of the market. According to our estimates, about 978 million devices were sold globally last year, and the number of subscribers grew to nearly 2.7 billion. The growth has been amazing considering that 15 years ago, only about four out of every 1000 people worldwide used a mobile phone. Today it is conservatively estimated at more than one out of every three.

As I mentioned earlier, we had a significant product program last year with about 50 new devices in all segments. And this renewal is continuing. Just this morning in New Delhi, India, we launched seven new devices for new growth markets. These include the Nokia 2630 – nicknamed Barracuda internally – the thinnest Nokia phone ever. I hope that you had a chance to have a look at these as well as other new Nokia products on display here at the AGM before we started our meeting today.

Last year's sales growth in Mobile Phones was driven in part by these kinds of competitive, affordable entry-level products. In the emerging markets, we saw strong growth not only in sales of these entry level phones, but in growing demand in the replacement market for features such as cameras and music players.

We also expanded our music range, added three new models to our L'Amour fashion collection and strengthened Nokia's reputation as a maker of exclusive, stylish phones.

Nokia also continued last year to combine the capabilities of mobile computers and single-purpose entertainment products, such as music players, cameras and gaming consoles, into single, easy-to-use and powerful multipurpose mobile devices.

Last year, Nokia remained the world's largest manufacturer of converged devices, having sold nearly 40 million units – half the total market. We estimate the converged device market to continue growing fast. The Nokia N95 is Nokia's flagship device right now in this segment. It has received highly positive reviews from the markets.

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As the converged device market has grown, Nokia also has emerged as the world's largest manufacturer of digital cameras and music devices. We sold about 140 (m) million camera-equipped devices last year, and about 70 (m) million devices capable of playing music.

Speaking of multimedia, you might recall that in the 1990s, Nokia said we would never get back into the TV business. Well, times change, and here we are…

Last year, Nokia began shipping the world's first DVB-H mobile TV device. We are involved in several pilots in this technology in Asia, Europe and North America.

In addition to mobile TV, we are exploring other new directions for devices, which are challenging old product categories. Among those are our Internet Tablets, which do not utilize traditional cellular technology at all. They are optimized for always-on Internet use, with email and Internet browsing as key applications.

As I mentioned before, last year Nokia embraced consumer Internet services as a part of our business strategy. This year we will build on our device technologies and market presence to grow these services.

Maps and navigation will become a standard feature in all Nokia converged devices going forward. This year we will introduce a number of GPS devices to the market. We are offering maps for free on the Internet, and developing an offering around services such as search, localized information, personalized navigation and audio directions.

In addition to the multimedia computers and mobile phones we also want to profit from the business mobility solutions opportunities. The market for business mobility solutions still remains virtually untapped, and has potential for strong growth. Business mobility is expected to be a 30 billion euro business in Europe alone by 2009.

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Last year, our Enterprise Solutions group redefined business mobility when it introduced and began shipping the first of the Nokia Eseries family – the largest portfolio of business devices on the market. Nokia Eseries delivers an unmatched combination of advanced technologies and stylish design. Last year we sold more than 1.6 million E-series devices, and in the first quarter of this year we sold more than 1 million – a clear indication of growing demand for devices aimed for business users.

Our Enterprise Solutions business also has been strengthened by the acquisition last year of Intellisync. Intellisync allows to Nokia to provide expanded e-mail features and flexibility options for both Nokia devices and many other devices industry-wide.

To maintain Nokia's competitiveness in all segments, we have continued to emphasize our Research and Development efforts. We have a strong R&D presence in 11 countries, and we are increasing our collaboration with research universities and other players in the industry.

As you might remember, our aim has been to improve our R&D efficiency. Nokia last year reached its target to lower our mobile device R&D expense-to-net-sales ratio to 8 percent. In our Networks business, our R&D expenses represented 15.8 percent of net sales – down 2 percentage points from 2005, but short of our target of 14 percent. We are targeting an improvement this year in the ratio of overall Nokia gross margin to R&D expenses, compared with 2006, continuing to aim at improving our R&D efficiency.

We also made other strategic alignments. We renewed our strategy for the U.S. markets. As part of our revised U.S. business strategy, we are now focusing our R&D in San Diego on GSM-based products designed specifically for the US market, as we work with our partners to provide CDMA phones. With these initiatives and customer-specific strategies we are confident that we will gradually improve our position in the U.S. markets.

Our business is both marketing- and R&D-intensive. Building a strong brand is essential to us, and I will come back to this in a moment. But technological know-how also is vital to us. In this

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sense, our business is unique. Many other industries focus on either or, but a serious player in our industry has to focus on both.

Since the early 1990s, Nokia has invested more than 30 billion euros in R&D. As a result of that investment, we have generated a vast and impressive portfolio of intellectual property rights. In fact, it's the industry's strongest and broadest, with more than 11 000 patent families.

You have probably read on the papers about the ongoing IPR negotiations, and I would like to comment briefly on them now.

The technology in wireless devices has changed dramatically since the early 1990s, and so has the industry's IPR landscape. An increasing number of companies are contributing technology to open standards. Today's complex wireless devices incorporate multiple radio standards and a number of convergence technologies, which means that no company's technological contributions can be measured in isolation.

How companies exchange their standards-related intellectual property is critical to delivering next-generation technologies. Licensing intellectual capital on fair, reasonable and non-discriminatory terms creates open and more predictable market conditions that stimulate innovation, fosters competition and ensures the widespread adoption of technology.

The legal environment is slowly recognizing this fundamental change in the business environment, and the change in legal environment is becoming visible in the more rigorous application of IPR rules of standardization organizations, and in recent law cases in the United States and elsewhere. As the market leader, Nokia always has acted responsibly in IPR matters, and we encourage others to do the same.

Both our financial success and strong technology know-how are the results of people, tens of thousands of Nokia employees. One of Nokia's strengths always has been its talented and dedicated workforce. It's critical that we foster a culture that values and rewards achievement and innovation. Based on the discussions within our organization earlier in the year, we are developing our incentive systems to better meet our needs and to be in line with the added value received by the shareholders.

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Last year, our workforce increased by approximately 10 000 employees, and at year's end, Nokia had a total of more than 68 000 employees. Of that total, about 24 000 were based here in Finland, where we also increased our personnel by 400 people from the previous year.

At the beginning of my speech I talked about the necessity of renewal. The development and renewal of our employees' skills and competencies is critical for Nokia to be able to renew itself. To that end, Nokia employees last year spent a more than 280 000 days in training in all areas of the business. About one in five Nokia employees rotated to new jobs internally, which I view as an important way to transfer knowledge, develop new insights, and renew people for performance.

Clearly, our R&D, marketing and employee investments in 2006 bore fruit, and we can be quite pleased with the overall results of 2006.

Next, I will briefly walk through the board proposals to the AGM.

The board is proposing a dividend of 43 cents to be paid to the shareholders. Total dividends paid would then amount to approximately 1.7 billion euros, meaning an increase of 16.2 percent compared with the dividend paid for the previous year.

As in 2006, Nokia intends to buy back its own shares in 2007 through a repurchase plan. Therefore, the board proposes to the AGM to authorize the board to repurchase a maximum of 380 million Nokia shares. The proposed number of shares is slightly below 10 percent of all Nokia shares. The buy-backs are, in addition to payment of dividends, an effective way to distribute retained earnings to the shareholders. On the other hand, treasury shares give flexibility for financing of acquisitions and other arrangements.

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The board is also proposing to the AGM to authorize the board to issue a maximum of 800 million shares through issuance of shares or special rights like stock options entitling to shares. The purpose also of this proposal is to ensure flexible capital structure, which makes a more efficient use of funds possible in connection with acquisitions and other arrangements.

The purpose of the Nokia Equity Program 2007 is to reward achievement and retain critical talent. Nokia is competing for the best employees on a global basis and therefore needs to have competitive incentive plans in place. The total number of participants in our equity programs has decreased during the years, but our equity programs still cover employees on various levels of the organization. Following previous years' practice, the main equity-based incentive is performance shares. Stock options will be used at a lesser degree compared to previous years, and restricted shares will only be granted to a small number of high potential and critical employees. The program intends to align the potential value received by the participants directly with the performance of Nokia, thus aligning the participants' interests also with the shareholders' interests.

As part of the Equity Program 2007 the board proposes to the AGM that selected personnel of Nokia Group be granted a maximum of 20 million stock options, which entitle to subscribe a maximum of 20 million Nokia shares. The new stock option plan is an essential tool to Nokia with which we can globally ensure our competitiveness and employment and retention of the best personnel. The number of stock options to be granted under the new stock option plan is significantly lower than the number of stock options granted under the previous stock option plan 2005. Nokia Stock Option Plan 2005 covered a maximum of 25 million stock options to be granted during the two-year period 2005-2006, the average annual grant being a maximum of 12.5 million. Under the new plan, a maximum of 20 million stock options can be granted in a four-year period 2007 through 2010, the annual grant being 5 million. The exercise prices for the stock options are determined on the basis of market price of Nokia share during the pricing period.

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If only new shares are used for share subscriptions, the new stock option plan can result in the maximum dilution of 0.49 percent when comparing the number of shares issuable under the plan and the total number of Nokia shares.

The detailed terms and conditions of the proposed stock option plan can be found in the folders given to you.

In addition to these proposals, the board proposes to change the Article of Association on the basis of the new Companies Act in force from September 1, 2006. Also, in line with the new companies act, the board proposes a reduction of the share issues premium and a change to the recording practice of stock option subscription prices. In addition, the board's audit and nomination committees have made proposals in relation to the board and auditing of Nokia. These proposals can be found in the folders given to you. The chairman of the respective committee will present the details of these proposals during the meeting.

Ladies and Gentlemen, I would like to close with some final thoughts about Nokia's future.

The changing markets and convergence bring us new challenges, but on the other hand, we have several competitive advantages that will help us also going forward.

The Nokia brand is strong. According to Interbrand, we were the world's sixth most respected brand. I believe it is critical that we continue to build upon the already strong image and reputation of the Nokia brand. Our target is for Nokia to be recognized as the most respected brand in the world. Ambitious? Yes. But it is the only right target for us, and I believe that in the longer run, it can be accomplished.

My faith is supported by the fact that in Asia last year, Nokia was recognized as the No. 1 brand in Media magazine's annual "Asia's Top 1000 Brands" survey. If we can achieve No. 1 ranking

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in Asia, where brands are highly valued, I am convinced that we can achieve a similar position in other markets and in the end, globally.

One of our other strengths is our wide customer base. At the end of last year, we estimate there were more than 850 million people around the world using Nokia devices. That's the largest volume of any consumer durable in the hands of consumers, at any point in history.

The enormous global customer base that we have built over many years represents a deep pool of loyalty and connection to the Nokia brand and what it represents. If we can satisfy those customers today, we stand a far better chance of taking them to the next level of product and services in the future.

Last year, we sold 347 million mobile devices. This year, we anticipate that industry mobile device volume to exceed 1 billion units with up to 10 percent growth from the approximately 978 million units that we estimate were sold in 2006.

Nokia's vision – connecting people – has always been clear, even as it has evolved with the times and technology. In the first stage, our vision meant voice going wireless. After that, the target was making many of the important things in life mobile. Today, our aim is to enable people to be connected to all those people and things that are meaningful to them.

Many of the more than 850 million Nokia devices in use around the world are tools not just for making calls and sending text messages. More and more are being used to listen to music, send email, take photographs and video, get directions, and surf the Internet. Nokia's devices make life easier.

Over the past year, we've held a series of internal events where our employees gather to discuss Nokia's culture, values and share ideas about our industry and company's future. In

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one of these events, a team described its vision for our business and its products as, “Your communities in your pocket.” I think that explains where we’re headed quite well.

I believe that Nokia has a unique opportunity to make this vision a reality. It is true that it means new challenges, but also opportunities. In order to succeed, we must listen, understand, act – and at time, take risks.

I can assure you, dear shareholders, that we are committed to Nokia, and will continue to work hard toward the success of Nokia and our common success. I am personally very excited about the opportunity to be a part of this change and renewal of our industry.

Thank you.

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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 and solution deliveries; B) our ability to develop, implement and commercialize new products, solutions and technologies; C) expectations regarding market growth, developments and structural changes; D) expectations regarding our mobile device volume growth, market share, prices and margins; E) expectations and targets for our results of operations; F) the outcome of pending and threatened litigation; and G) 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) competitiveness of our product portfolio; 2) our ability to identify key market trends and to respond timely and successfully to the needs of our customers; 3) the extent of the growth of the mobile communications industry, as well as the growth and profitability of the new market segments within that industry which we target; 4) the availability of new products and services by network operators and other market participants; 5) our ability to successfully manage costs; 6) the intensity of competition in the mobile communications industry and our ability to maintain or improve our market position and respond successfully to changes in the competitive landscape; 7) the impact of changes in technology and our ability to develop or otherwise acquire complex technologies as required by the market, with full rights needed to use; 8) timely and successful commercialization of complex technologies as new advanced products and solutions; 9) 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 and solution offerings; 10) our ability to protect numerous Nokia patented, standardized, or proprietary technologies from third party infringement or actions to invalidate the intellectual property rights of these technologies; 11) our ability to manage efficiently our manufacturing and logistics, as well as to ensure the quality, safety, security and timely delivery of our products and solutions; 12) inventory management risks resulting from shifts in market demand; 13) our ability to source quality components and sub-

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assemblies without interruption and at acceptable prices; 14) Nokia's and Siemens' ability to successfully integrate the operations, personnel and supporting activities of their respective businesses as a result of the merger of Nokia's networks business and Siemens' carrier-related operations for fixed and mobile networks forming Nokia Siemens Networks; 15) whether, as a result of investigations into alleged violations of law by some current or former employees of Siemens, government authorities or others take 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 ongoing violations that may occur after the transfer, of such assets and employees that could result in additional actions by government authorities; 16) the expense, time, attention and resources of Nokia Siemens Networks and our management to detect, investigate and resolve any situations related to alleged violations of law involving the assets and employees of Siemens carrier-related operations transferred to Nokia Siemens Networks; 17) 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; 18) developments under large, multi-year contracts or in relation to major customers; 19) general economic conditions globally and, in particular, economic or political turmoil in emerging market countries where we do business; 20) our success in collaboration arrangements relating to development of technologies or new products and solutions; 21) the success, financial condition and performance of our collaboration partners, suppliers and customers; 22) any disruption to information technology systems and networks that our operations rely on; 23) exchange rate fluctuations, including, in particular, fluctuations between the euro, which is our reporting currency, and the US dollar, the Chinese yuan, the UK pound sterling and the Japanese yen, as well as certain other currencies; 24) the management of our customer financing exposure; 25) allegations of possible health risks from electromagnetic fields generated by base stations and mobile devices and lawsuits related to them, regardless of merit; 26) unfavorable outcome of litigations; 27) our ability to recruit, retain and develop appropriately skilled employees; and 28) the impact of changes in government policies, laws or regulations; as well as the risk factors specified on pages 12-24 of the company's annual report on Form 20-F for the year ended December 31, 2006 under "Item 3.D 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 update publicly or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.