

NOKIA

Alcatel-Lucent



Investor roadshow

November 2015



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Positioning for the future

- A transformational combination
- Recap of strategic rationale
- Customer reaction

Strong transaction-related execution

- Execution of objectives
- Timeline and key milestones

A foundation for long-term success

- Business groups and operational model
- Integration preparedness
- Leadership

Delivering value to our shareholders

- Alcatel-Lucent governance plan
- Acceleration of synergy target
- Capital structure optimization and shareholder distribution program

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Transformational combination driving significant shareholder value

Strategically compelling

- End-to-end portfolio scope and scale player with leading global positions across products and services
- Complementary offerings, customers and geographic footprint with limited overlap
- Innovation powerhouse with significant combined R&D resources

Financially attractive

- Pro forma combined net sales of approximately €24.7bn¹ in 2014 with additional cross-sell opportunities and expanded addressable market to c. €130bn
- Operating cost synergies of approximately €900m annually anticipated in 2018²
- Strong balance sheet with pro forma combined net cash of €8.1bn at June 30, 2015 (excluding adjustment related to expected conversion of Nokia's €750m convertible bonds)
- EPS accretive in 2017^{2,3}

Positioned to succeed

- Successful execution track-record on both sides
- Deep culture of innovation and common vision for the future
- Strong governance allows for efficient integration and acceleration of synergies

Creating an innovation leader in next generation technology and services for an IP connected world

Recap of strategic rationale

Changing industry paradigms demanding...

...an innovation leader in next generation technology and services for an IP connected world

1

Operator consolidation

- Telcos consolidating
- Increased network sharing
- Expanding to quad-play

2

Convergence in multiple dimensions

- Ubiquitous broadband
- Cloud / IP networking convergence
- Converging:
 - Networks (all IP)
 - Products (quad-play)
 - Experiences (multiple screens & applications)

3

Cloud

- Faster time to market
- Increased efficiency and scalability with automation
- Enablement for IoT and Industrial Internet

End-to-end portfolio and market leadership ...

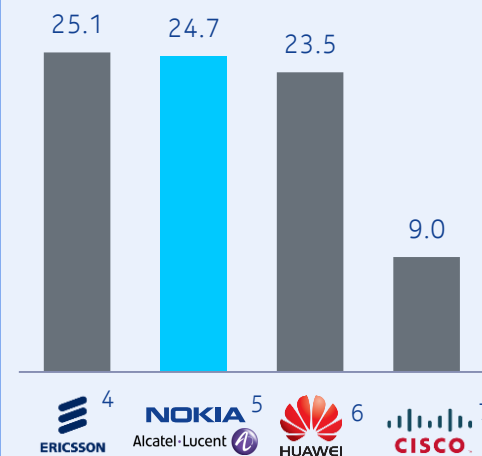
... with enhanced scale and innovation capabilities

Strong market positions

# 1	LTE	# 2	IP routing ¹
# 2	Services	# 1	Fixed broadband
# 1	IMS / VoLTE	# 1	Device management
# 1	Subscriber management	# 1	Customer Experience Management (CEM)

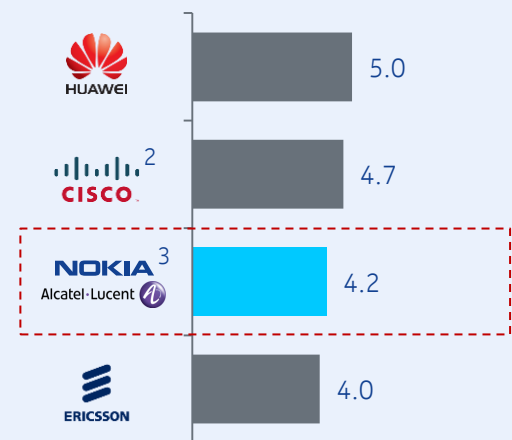
Leader in carrier-grade telecoms

Carrier revenues, FY14A €bn



Industry leading R&D platform

R&D spend, CY14A €bn



Source: Dell'Oro; Infonetics; Internal estimates; Company information

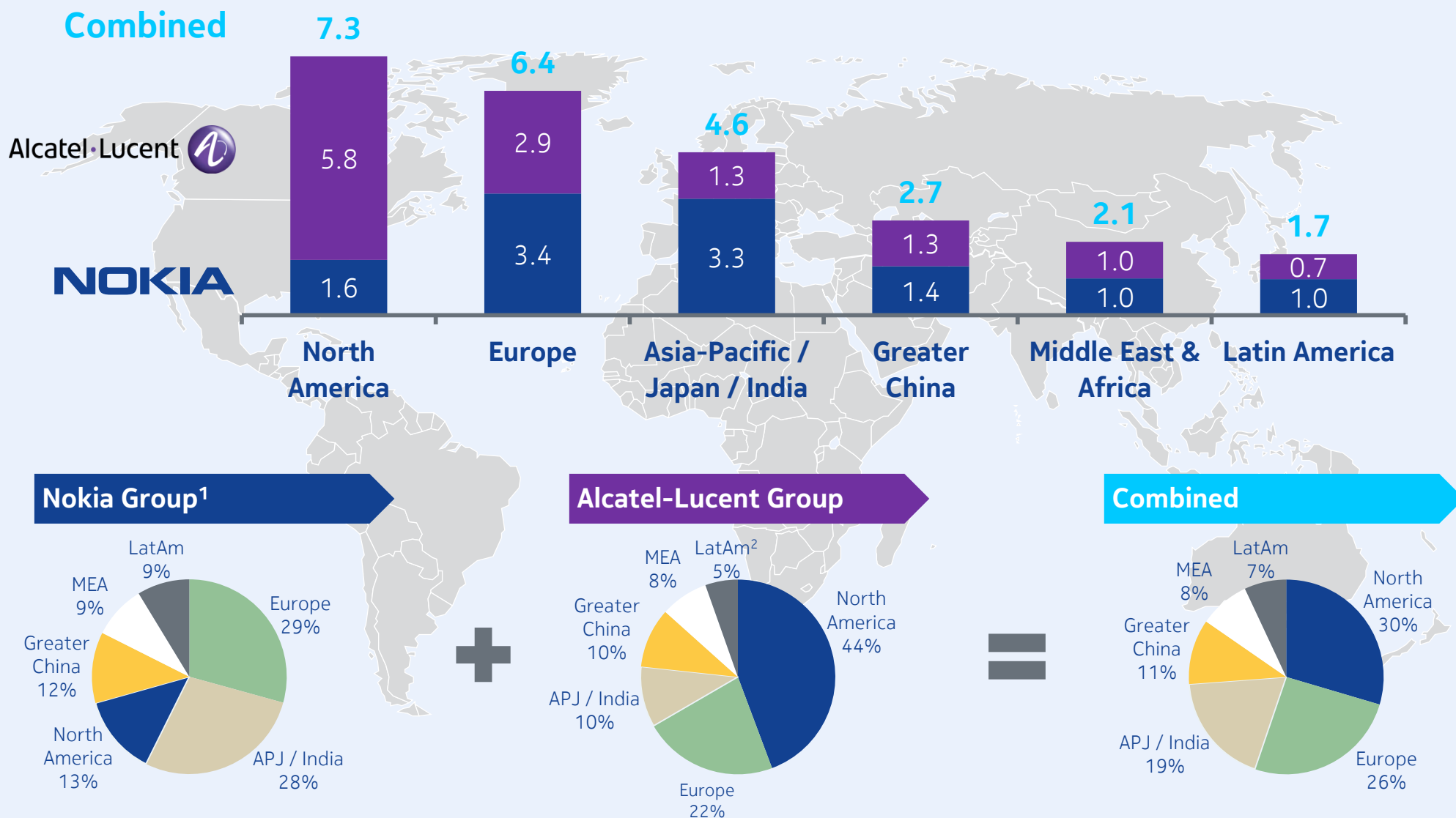
Average FX for calendar and fiscal years applied as appropriate: SEK/EUR 0.1099, CNY/EUR 0.1224

¹ IP edge and core service provider markets; ² Calendar year 2014A; USD/EUR FX 0.7539; ³ Excludes HERE; ⁴ Ericsson Group revenues 2014A;

⁵ Pro-forma revenues as per Form F-4 filing, excluding HERE; ⁶ Carrier business revenues; ⁷ Based on disclosed mid-point of 25-27% service provider revenues as per Cisco Q4'2014 earnings call transcript; USD/EUR FX 0.7351

Complementary geographic presence strengthening global footprint

2014A net sales¹, €bn



Strong customer support for the combination

Breadth of combined product portfolio

- *“The portfolios complement each other very well.”*
- *“The combination of Nokia and Alcatel-Lucent is a smart decision. Alcatel-Lucent is the leader in transmission and fiber technology...Our fiber operation is handled by Alcatel-Lucent and, following the combination with Nokia, we expect them to enhance their service quality by taking advantage of Nokia's capabilities.”*

Scale to deliver quickly and be locally relevant

- *“We are looking for partners that can move quickly with us as we are sourcing and architecting our network.”*
- *“The Alcatel-Lucent story will really strengthen Nokia's portfolio and gives them a unique differentiator in the local market.”*
- *“Alcatel-Lucent's product lines will strengthen Nokia's current portfolio... as well as their reach to the North American market.... the strategic fit with us will be higher if the deal goes through.”*

Innovation capabilities and financial strength

- *“(We need) suppliers that (are) innovative and strong, with financial depth. Nokia (will) bring innovation and financial strength and the combination (will) create a stronger player in the supply chain.”*

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On an accelerated timeline due to strong execution of key objectives

Regulatory approvals complete

- All required governmental approvals have been received
- Antitrust clearances obtained in 23 jurisdictions; other regulatory clearances obtained from 5 regulators

Portfolio alignment ongoing

- Agreed disposal of HERE to AUDI AG, BMW Group and Daimler AG for net proceeds of €2.5bn¹

New leadership announced

- Announced planned leadership and organizational structure for combined Nokia and Alcatel-Lucent
- Strong involvement and commitment of combined leadership allows for efficient integration and acceleration of synergies

Synergies target accelerated

- Annual operating cost synergies target of €900m² expected to be achieved one year earlier (in 2018) than initially announced
- Rigorous approach to determination of synergies, planning and integration

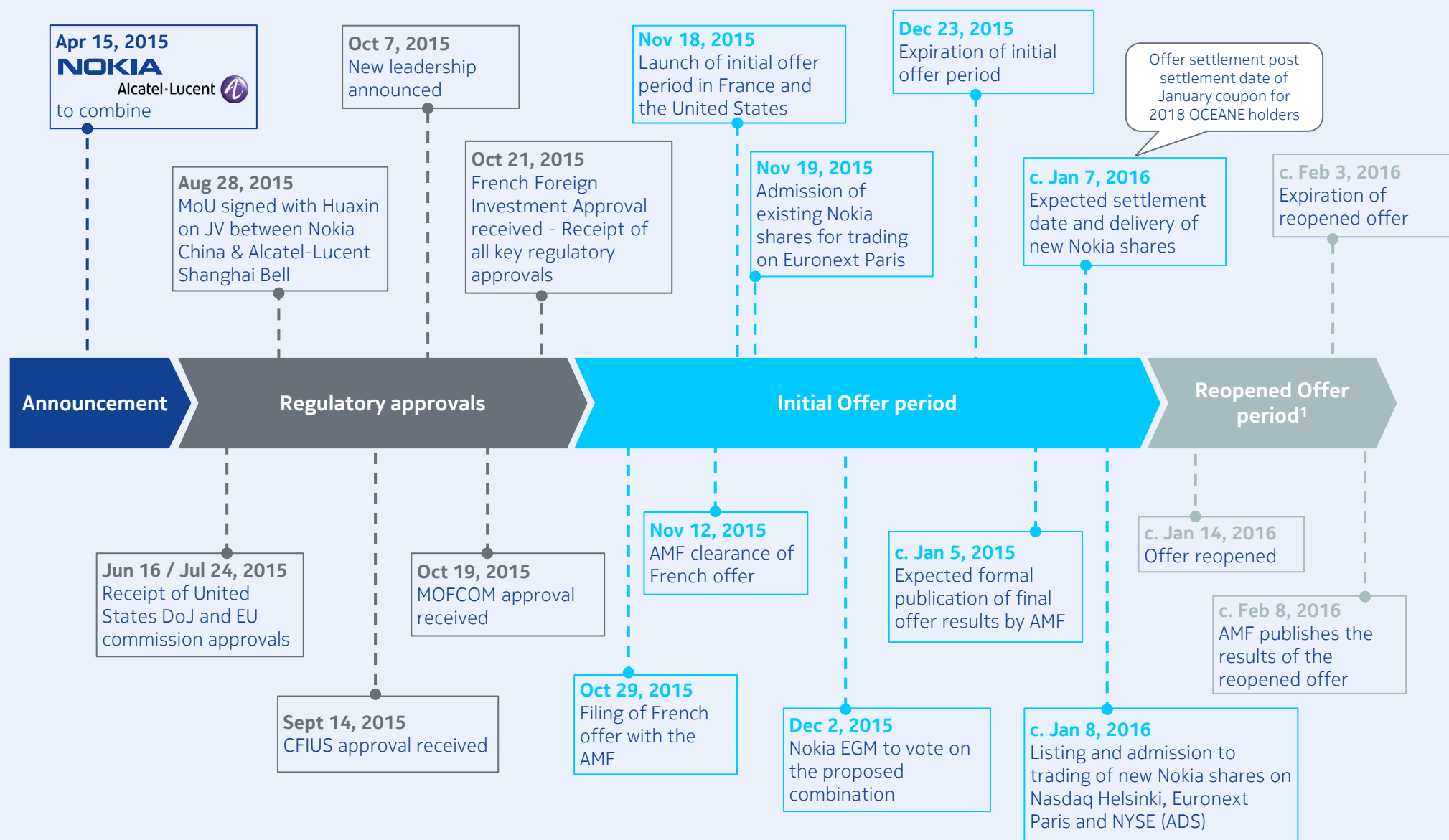
Strong and efficient capital structure

- Attractive c. €4bn shareholder distribution plan announced
- Significant deleveraging of c. €3bn, with interest bearing liabilities reduced by c. €2bn and debt like items by c. €1bn
- Long-term target to re-establish investment grade credit rating

On track for closing in Q1 2016

¹ The transaction values HERE at an enterprise value of €2.8bn with a normalized level of working capital. Upon closing, Nokia estimates that it will receive net proceeds of slightly above €2.5bn, as the purchaser would be compensated for certain defined liabilities of HERE currently expected to be slightly below €300m as part of the transaction; ² Relative to the combined non-IFRS projected results of Nokia and Alcatel-Lucent for full year 2015

Indicative transaction timeline and key events



Note: Timeline not to scale

11 ¹ Offer reopened if Nokia owns over 50% but under 95% of Alcatel-Lucent's share capital and voting rights after the initial offer period (subject to satisfaction or waiver of the minimum tender condition)

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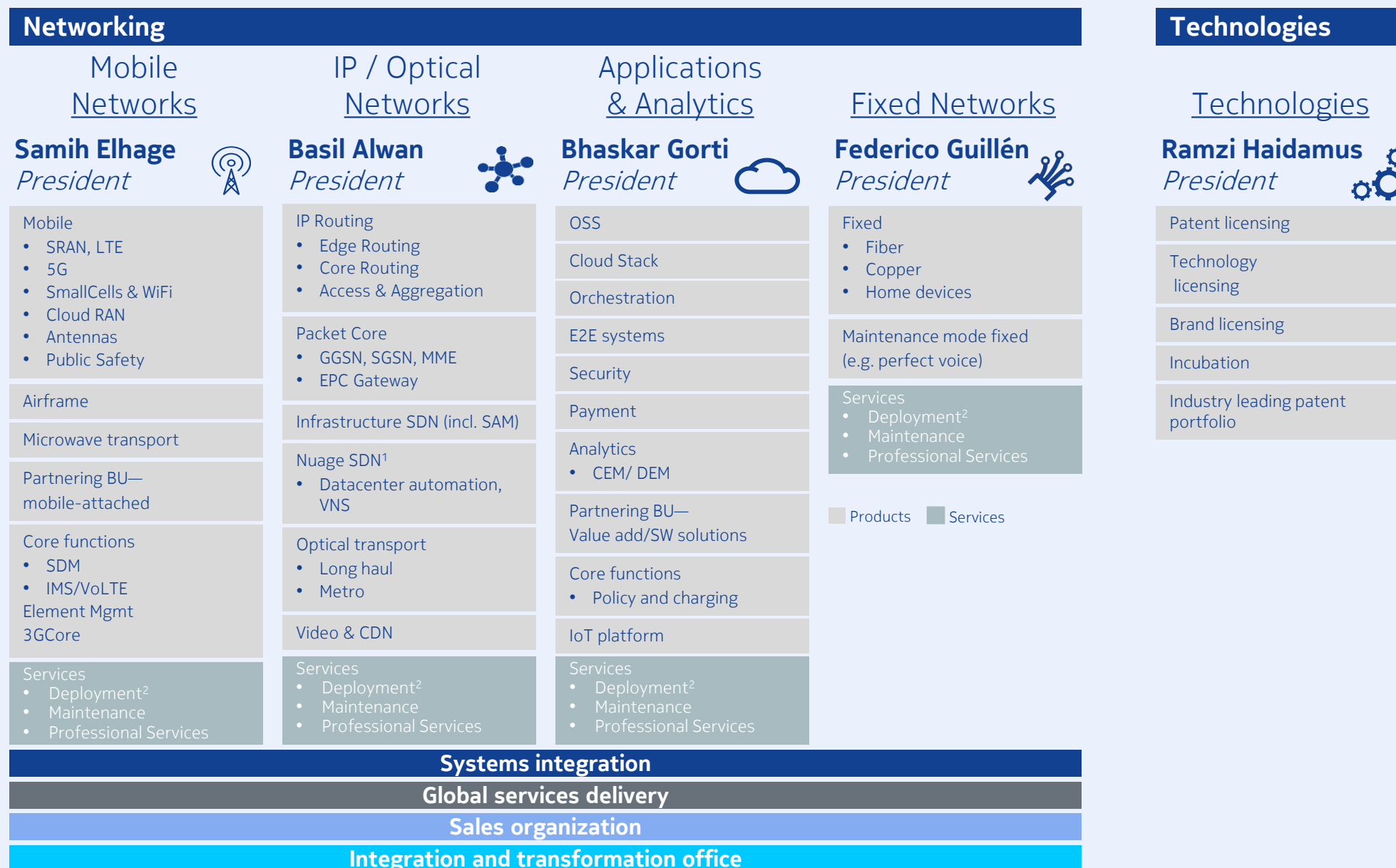
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- Business groups and operational model
- Integration preparedness
- Leadership

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Business groups organized to achieve clear market leadership, offer customers end-to-end expertise and maximize focus on innovation



13 ¹ Includes Enterprise Networking

² Product-attached deployment services relevant for the respective BG, incl. E&I, Network Build & Implementation, and SIOP

Operating model for each business group optimized for market success, clear accountability and transparent performance reporting

	Business groups	Operating model
Networks	Mobile Networks 	<ul style="list-style-type: none"> Targeting scale and efficiency with ongoing cost improvement Underpinned by best-in-class quality and technology
	IP / Optical Networks 	<ul style="list-style-type: none"> Invest in growth and scale To serve as an incubator for future technologies
	Applications & Analytics 	<ul style="list-style-type: none"> Focus on emerging technologies Platform to develop IoT capabilities, the cloud layer, virtualization and improved security
	Fixed Networks 	<ul style="list-style-type: none"> Focus on extreme efficiency Selective investments in growth opportunities
Technologies	Technologies 	<ul style="list-style-type: none"> Standalone entity for incubating and licensing new technologies Targeted growth areas typically outside networks infrastructure Continued own innovation, product development and go-to-market operations

NOKIA Alcatel·Lucent 

2014 Combined pro forma
net sales¹

€24.7bn

2014 Combined addressable
market

€130bn

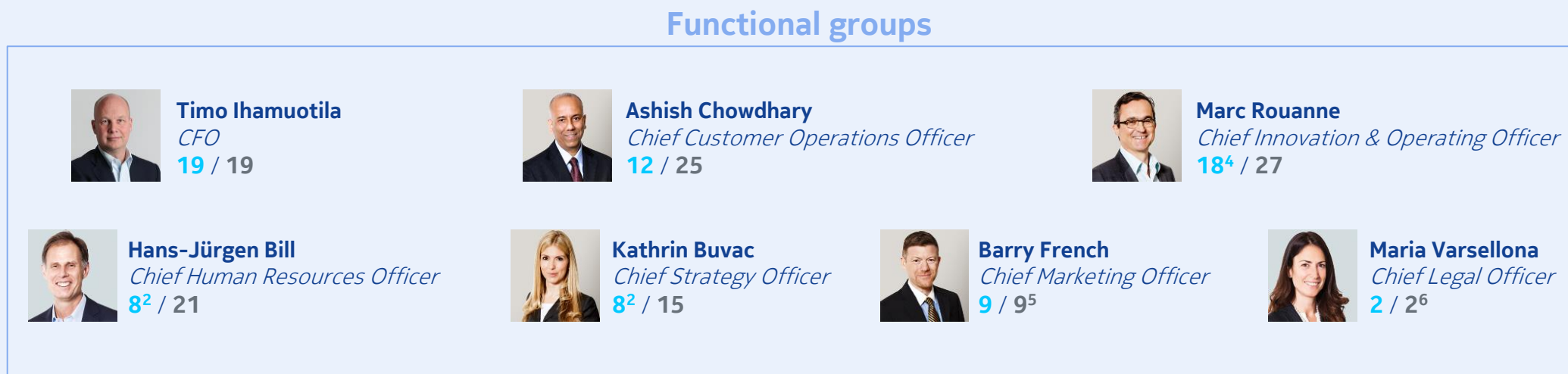
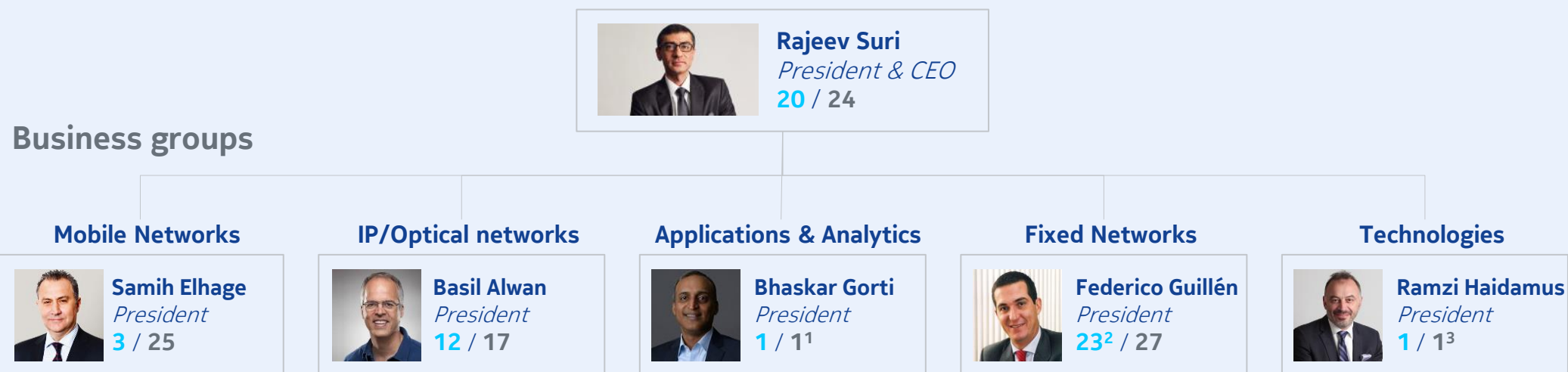
Market growth rate²

3.5%

Integration preparedness focused on addressing key risks and minimizing disruption

Focus areas	Objectives	Key targeted actions
Customer interface	<ul style="list-style-type: none">Ensuring customer focus and minimizing sales channel disruptionJoint go-to-market approach and coordinated touchpoints	<ul style="list-style-type: none">Single customer interface and full sales order visibility including combined ordersCross selling for selected customers enabled
Product portfolio	<ul style="list-style-type: none">Create joint portfoliosMinimize roadmap disruption	<ul style="list-style-type: none">Unify, align, and bundle portfolios where necessary to present detailed joint portfolios to customersProduct portfolio plan including roadmaps, sales material, pricing, Product Data Management ('PDM') data, and associated capacity plan
Existing installed base	<ul style="list-style-type: none">Minimize disruption for operators by enabling Nokia and Alcatel-Lucent radio access products to work together	<ul style="list-style-type: none">Drive CPRI interface readiness to minimize need for equipment swapsDetailed joint account approach for prioritized accounts with overlapping portfolios
Synergies realization	<ul style="list-style-type: none">Establish targets and clear accountabilityMaximize organizational readiness at closing	<ul style="list-style-type: none">Accountability for synergy targets allocated to responsible units

Exceptional leadership with deep industry expertise



Years at Nokia or Alcatel-Lucent / Years in Telco industry

16 ¹ More than 20 years of software experience; ² Time in acquired companies is excluded from time at Nokia / Alcatel-Lucent;
³ With 20 years of digital media experience; ⁴ Includes 7 years at Nokia and 11 years at Alcatel-Lucent;
⁵ With 25 years of marketing and communications experience; ⁶ With 21 years of legal experience

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Alcatel-Lucent governance plan and operational objectives

Assuming successful closing of the offer with Nokia owning at a minimum over 50% of share capital and voting rights in Alcatel-Lucent, Nokia would take the below actions as soon as possible following closing

Changes to Alcatel-Lucent Board of Directors

- Nokia intends to propose changes to the composition of Alcatel-Lucent's Board of Directors as soon as possible
- Composition to reflect new shareholder structure and in particular the ownership level of Nokia

Initiate integration and drive operational readiness

- Provide one face to each customer in terms of account leaders and customer teams
- Harmonization of operations and customer facing interactions
- Implementation of coordinated customer support processes
- Joint product portfolios and go-to market strategy

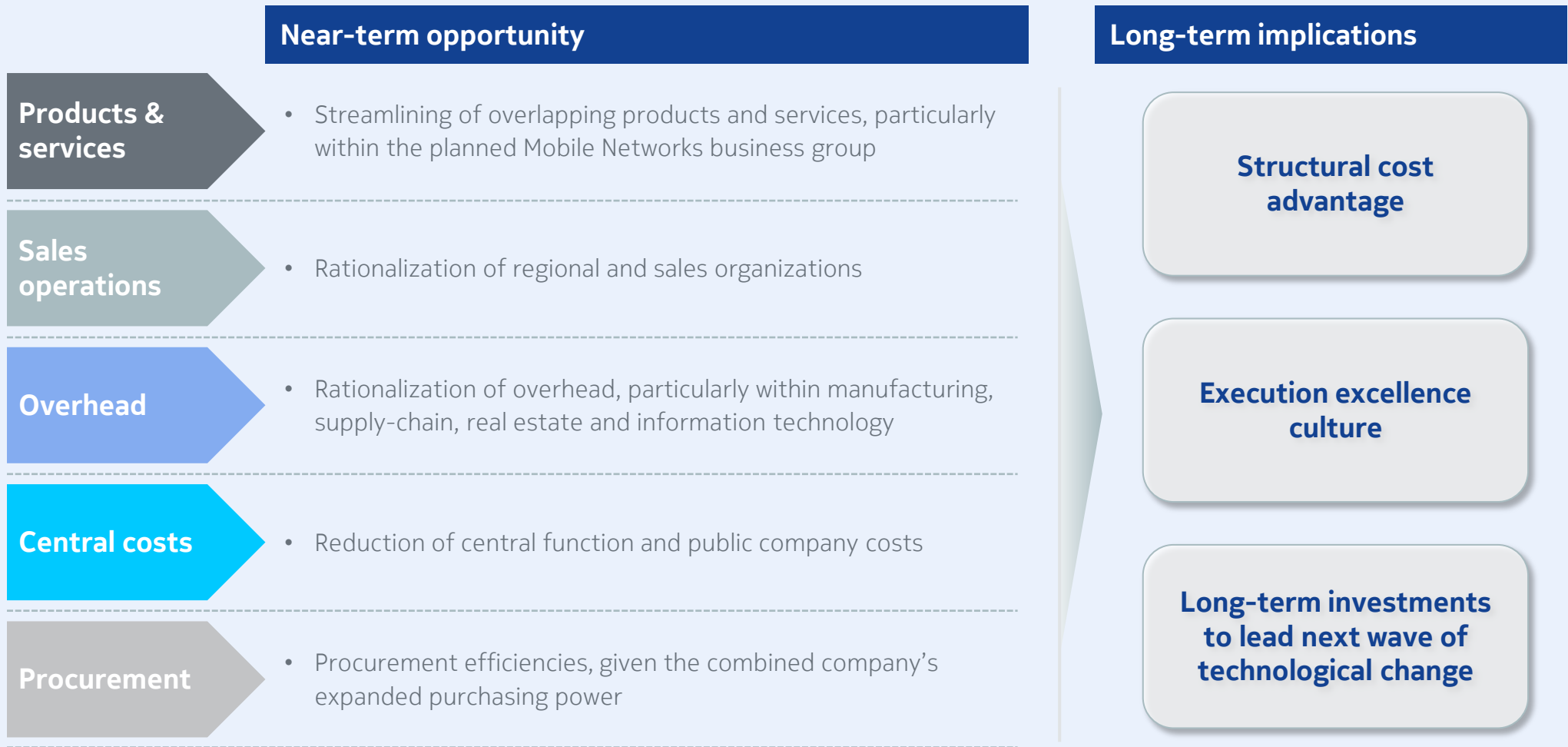
Clear operating model

- One integrated governance model
- Key Nokia principles implemented

Interim governance structured to achieve Nokia's strategic objectives with greater than 50% fully diluted share ownership of Alcatel-Lucent

Acceleration of realization of operating cost synergies

€900m synergy target to be achieved a year earlier in 2018

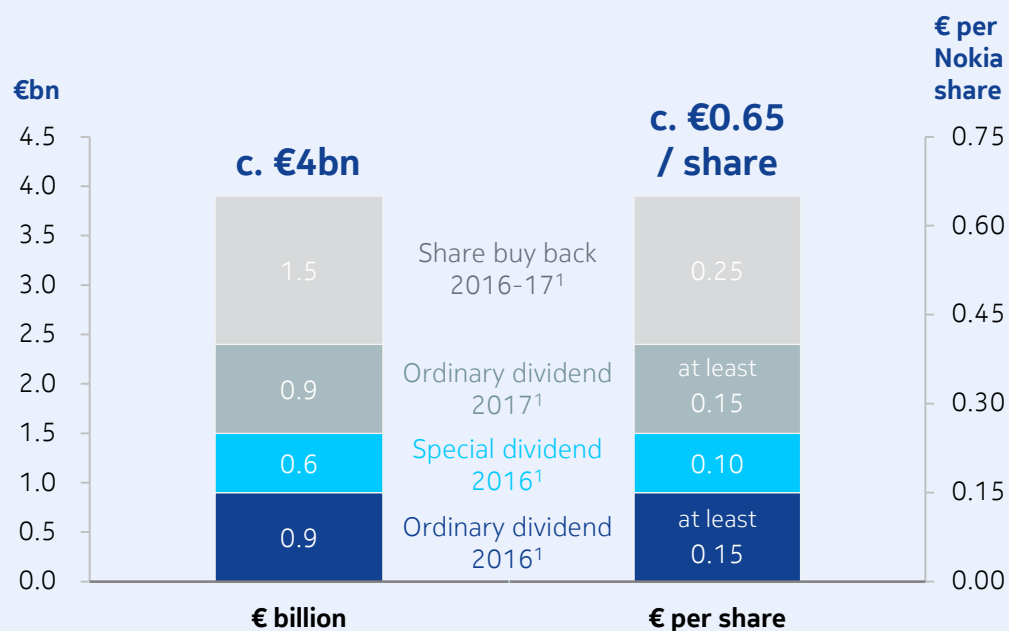


Annual operating cost savings of €900m to be achieved on a full year basis in 2018

Attractive shareholder distribution plan and capital structure optimisation

Shareholder distribution plan 2016/2017

- **Approximately €4bn of capital return planned**
 - Combination of special and ordinary dividends
 - Two year share repurchase program
- **Conditional on shareholder approval at 2016 AGM**
- **Subject to the closing of the Alcatel-Lucent and HERE transactions as well as the conversion of all Nokia and Alcatel-Lucent convertible bonds**



Deleveraging and capital structure

- **De-leveraging of approximately €3bn planned**
 - Reduction of interest bearing liabilities by approximately €2bn over two years
 - Reduction of debt-like items by approximately €1bn in 2016
- Capital structure enhancements designed to put the combined group on a **clear path towards an investment grade credit rating** which would further affirm Nokia's competitive strength
- Committed to effective deployment of capital **to drive long-term value creation**
 - Strong balance sheet and resources to enable investments in next generation solutions

A transformational combination driving value for all stakeholders



Unique opportunity to create a new European champion and a global leader in ultra-broadband, IP networking and cloud applications



A leading Finnish company and a leading French company join forces to lead creation of next generation network technology and services



Together, Nokia and Alcatel-Lucent would be the company that is positioned to meet the needs of a convergent, IP connected world



A strategically compelling combination aimed at creating significant value for all stakeholders including shareholders, customers and employees



Committed to completing the transaction in close collaboration with all relevant parties

Q&A