

Mr. Jorma Ollila, Chairman and CEO, Nokia Corporation
Nokia Annual General Meeting
“Leading, Transforming, Renewing”
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This text is a translation from the original Finnish speech.

Good afternoon ladies and gentlemen - honored shareholders – and thank you for being here with us today.

The mobile telecommunications industry is the most visible example of a business that has had a great impact on people’s way of communicating with each other. The meaning and value of mobile communications in people’s minds has constantly grown. At the same time, mobile solutions have made people’s quality of life and the means of communication better both in developing countries and developed countries.

The amount and value of companies producing mobile devices and services has also grown – from your shareholder’s perspective as well.

I would like to take this opportunity first to review the 2005 annual results and then take a look at our strategy, framing our strategic imperatives within some advances in our core business areas and the changes involved within these.

I’ll also look at how we in Nokia have been able to create shareholder value in the long and terms.

I will then explain the Board of Director’s proposals, which can be found in the AGM material.

In 1992, when GSM markets initially took off and I began my tenure as CEO of Nokia, less than 1% of people globally used a mobile phone. 14 years later (at the end of last year) one third of the world’s population - 2.2 billion - were communicating with mobile devices.

This development has been extremely fast; already four years after the digital GSM phones came to markets, their sales exceeded 50 million units.

GSM technology has overtaken 80% of the world’s wireless market in these 14 years. It has brought all the advantages of digitization and increased data capacity, and has created possibilities to substantially decrease overall costs. This in turn has helped to decrease prices and tariffs for customers. You might remember that the first handsets (as they were previously called) cost over 20,000 Finnish Marks. As of now, you can buy a new mobile device for less than 50 Euros.

Because of inexpensive digital technologies, the total markets of wireless communications have grown significantly, and the advantages of mobile technology have reached many new consumer groups.

As you know, Nokia has been in the forefront of this development of the wireless world. I remember well when, in 1992, we doubled our production and sold 1.6 million mobile phones. By the way, only 1% these were Nokia branded. Now there are 750 million people worldwide using Nokia mobile devices.

I always remember when we at Nokia envisioned that electronics and its related businesses could become the third major industry in Finland along with paper and metal. At that time, many people thought this goal was unrealistic, but it has become reality in a little over 20 years. Nokia has grown into the world's largest mobile device manufacturer and a significant infrastructure supplier. At the same time, Finland has developed a completely new area of expertise - in contract manufacturing, in supply and in the component industry with whom Nokia has established long term cooperation. Nokia and these other companies compete on a truly global market where the prices of products are determined by tough and open competition. This applies also to subcontracting. This means that in order for us and our partners to beat the competition we have to keep a close eye on prices, quality, reaction speed and our capability to renew ourselves.

Only by ensuring that the whole business value chain works in a profitable way will we be able to keep our competitive edge as a Finnish electronics sector. When growth moves to new regions, we need to move close to these markets. Nokia's partners are building their own competitive edge with the same strategy to enhance their own positions in their own sectors. Succeeding in the marketplace is the best way to ensure that we still have work and industrial operations in Finland.

2005 was an exciting year for the mobile telecommunications industry – we estimate that global mobile device sales grew to 795 million units – which means a 24% increase compared to 2004.

Looking at the figures of 2005, we have every reason to be satisfied with the performance Nokia achieved. Our net sales totaled EUR 34.2 billion, and grew 16% - our strongest sales growth since 2000. In addition to this, in the fourth quarter of 2005 we exceeded quarterly sales of more than EUR 10 billion for the first time ever.

Last year was outstanding also in terms of device sales. We were again the leading company measured by device sales volumes, market share and profitability. And Nokia's sales volumes were up 28%, reaching 265 million units – a new annual volume record for Nokia. By year end 2005, our global market share had risen to 34% primarily due to growth in China, Asia-Pacific and Europe. (Our average market share throughout the year was 33%).

It is worth mentioning that our device volumes in 2005 were almost double that of our nearest competitor. In addition to this, we are leader in every major product segment from smartphones and 3G/WCDMA products to mid-range and entry devices.

This is a major strategic difference compared to the other companies in this industry.

The total combined sales volumes of Mobile Phones, Multimedia and Enterprise Solutions business groups grew a record-breaking 28% and was 265 million units.

The performance of Mobile Phones business group was excellent. The business group's net sales increased 12%, and its improved product portfolio and strong position in emerging markets contributed significantly to Nokia's increase in net sales, sales volumes and profitability.

Multimedia business group net sales increased by 63%, which was a clear indication that our strategy to target new mobile communications market segments is working well.

Enterprise Solutions business group net sales increased 3% compared to 2004.

Networks business group net sales increased 2%. Sales growth was strongest in Latin America and Asia-Pacific, but down in China and North America. Sales in Europe remained approximately the same.

Nokia's operating profit for 2005 increased 7% to EUR 4.6 billion.

The good performance of Mobile Phones and Multimedia business groups have had a particularly positive impact on this operating profit.

Nokia's operating margin was 13.6% in 2005, making us one of the most profitable companies in the industry.

Profit per share during 2005 was 83 euro cents, growing 20% compared to last year.

In addition to the improved profit, share buybacks that were decided in the last AGM also had an impact on the value per share.

Regionally, Europe is still our biggest market area, accounting for 42% of net sales.

13% came from Middle East & Africa.

Asia-Pacific and China together accounted for 25% of sales, while the Americas – North America and Latin America – accounted for 20 %.

The biggest markets in net sales were China, the United States, UK, India and Germany.

In the distribution of net sales by country, it is worth mentioning that among the biggest markets you can find countries in both developed and emerging markets. In this picture you can easily see that we are a company truly working in global markets.

Nokia employed about 59 000 people at the end of 2005, an increase of 3300 since last year. In Finland, the number of employees increased by 400.

The value of diversity is important for a global company. This is not just true in the sense of the diversity of markets but also for what kind of team we want to have within Nokia. By the end of last year, over a third of our employees were based outside of Europe. These people provide us with much greater insight into local dynamics of markets around the world.

I would like to take a moment to express my thanks to all Nokia employees for the determination and competence they showed last year, which has helped us once again reach excellent results. I'm proud of the contributions of all Nokia people.

We have to be able to retain and hire highly talented people in order to be successful, and we are constantly developing incentive programs that are competitive and motivating. I will talk more about this later.

By the end of last year, there were 12 Group Executive Board members. Since last year's Annual General Meeting, there have been a number of management changes.

Mr. Olli-Pekka Kallasvuo was appointed President and COO as of October 1, 2005, and President and CEO and Chairman of the Nokia Group Executive Board as of June 1, 2006. I will continue as Non Executive Chairman of Board of Directors as of June 1, 2006, provided that the Annual General Meeting will elect me to the Board.

Mr. Pekka Ala-Pietilä and Mr. Yrjö Neuvo resigned from the Group Executive Board on October 1, 2005. Mr. Yrjö Neuvo retired at the end of 2005, and Mr. Pekka Ala-Pietilä resigned from the company on the 31st of January, 2006.

New Board members nominated in the beginning of October 2005 were Mr. Robert Andersson and Mr. Kai Öistamö.

Mr. Niklas Savander will become a member of the Group Executive Board on April 1, 2006. On the same day Mr. Pertti Korhonen will resign from the Group Executive Board, and on June 1 he will resign from Nokia.

I once again like to thank Yrjö, Pekka and Pertti for their valuable contributions to this company.

Top management renewals have aimed to maintain the company's energy, the capability to adjust to the fast development of the industry, and to secure continuity. I strongly believe in renewal at all levels of the company. I remain strongly committed to Nokia and am keen to continue contributing to Nokia's strategy and renewal, helping to build on its position as the undisputed leader in mobility.

From year to year this industry has faced ever more intense competition. At the same time, the diversity and complexity of our industry and markets is increasing. Innovations and new technologies are being adapted at an increasingly faster pace. We see many new opportunities opening up within this.

There is huge diversity between geographic areas and markets in terms of consumer preferences and behavior. Looking at individual countries, the size, growth and dynamics of emerging markets are increasingly driving demand.

In addition to continuous growth in voice communication, other industries like music and digital imaging are quickly becoming more integral to mobility. Convergence is leading to the creation of new mobile devices and services, and the use of them for e-mail, listening to music and radio, web browsing and playing games. A good example of this is camera phones, which over 500 million people are now using.

3G/WCDMA technology is now in mass market use, and attractive services and greater availability of devices have increased uptake. The pace of network roll-outs has also continued steadily - by year-end 2005 over 100 operators had launched commercial 3G networks.

Next I would like to go through the main strategic directions of our business and how we have advanced in these directions.

A fundamental aspect of our business strategy is to be a customer-focused products company. Our first aim is to expand mobile voice services to new markets and for new purposes. Secondly, we want to be in the forefront of bringing mobile multimedia to consumers. And third, we want to bring increased mobility to enterprises. Behind this all is the expansion of our networks business.

Utilizing mobile voice communication is naturally still the cornerstone of our strategy.

As I mentioned earlier, from the beginning of digital mobile communications, development has taken us incredibly quickly to this present era of mobile communications.

Last September we surpassed the milestone of 2 billion mobile subscribers, and now expect that by 2008 we will reach 3 billion.

This year we estimate that half of the mobile devices in the world will be sold in emerging markets. In many of these countries there are not many fixed networks, and in these countries like China and India the solutions in voice communications they have jumped directly to mobile communications. It is likely that for 500 million people the mobile phone will be their first and only phone.

The growth of mobile voice is continuing to increase strongly. 80% of the next billion subscribers are expected to come from the emerging markets.

Due to strong subscriber growth, we have now updated our global mobile device market volume estimate for this year, and I would here like to announce it. Nokia estimates that in the year 2006, the global mobile device market volume will increase globally 15% or more from our estimate of 795 million units in 2005.

Previously we estimated that the global mobile device market volume would grow 10% or more this year from last years estimate.

To satisfy growing demand, we are launching many products this year through which our portfolio will become more comprehensive.

For example, a couple hours ago in China we launched three new entry products.

The Nokia 1112 has a user interface that makes use of graphical icons and large font sizes to make user navigation simple for users.

The Nokia 2310 is a fashion and music phone that offers a short-cut key to a built-in FM radio that features sound visualization and graphics that move in synch with the music.

The Nokia 2310 also feature the Nokia Prepaid Tracker, our network-supported application that automatically updates users on their prepaid balance after each call or message.

The Nokia 2610 phone offers a strong range of features for business-minded consumers. It includes e-mail support as well as mobile Internet access. This is completely new for an entry product.

The Nokia 2610 supports MMS and Nokia XPress Audio Messaging for recording and editing messages on the go.

Shipping of these three products are estimated to start in the second quarter of this year, and will also be available in Finland.

Bringing multimedia to consumers is another important part of our strategy.

The features of multimedia products and smartphones make it possible for you to get rich experiences wirelessly while mobile, and therefore we expect these products to become even more popular.

One good example is camera phones - these now account for more than a third of mobile device sales globally. We expect to sell over 100 million Nokia camera phones this year, many of which will also include video capability. Sales of devices with music functionality are also increasing. Downloading, recording, listening to and sharing music wirelessly is becoming increasingly popular.

The first Nokia Nseries multimedia computers were launched in 2005, among these the Nokia N92, the world's first DVB-H mobile TV device. We anticipate commercial mobile broadcast TV services to begin taking off this year. We are successfully piloting DVB-H technology in over 10 countries, and there has been a lot of positive feedback. There are more pilots to come this year.

Consumers can enjoy mobile TV either through 3G video streaming services or through DVB-H broadcast technology. The user can choose personally customized services or real-time programs through these two complementing technologies.

The mobile internet experience is continuing to improve. Last year we launched the Nokia 770 internet tablet, the first of a new Internet focused Nokia product family.

Bringing mobility to enterprises is our third strategic focus area.

Bringing new devices and services to enterprises is challenging, but there is still space for innovation. Presently, less than 10% of enterprise email has been mobilized. We see the enterprise market as a take-off point for email as well as for other services and applications.

In February of this year, we finalized our acquisition of Intellisync. Nokia's new Intellisync range of software solutions provides comprehensive wireless communication capabilities for nearly any device on almost any platform. They also enable wireless carriers and enterprises to deliver advanced services including wireless push email and synchronization of calendars, data and applications.

The Nokia Eseries business-optimized devices are designed to address the issues of security, manageability, cost, and ease-of-use.

Expanding our networks business is our fourth strategic aim.

When building network solutions in emerging markets, where the density of mobile devices is still low, the winning operators will be those who are able to offer packages that are specifically designed around low cost of ownership. In emerging markets, operators expand

and modernize their networks so that they are compatible with new and future third generation services.

By the end of last year, Nokia had delivered 2G/GSM/EDGE solutions and infrastructure to over 130 operators in over 60 countries. In addition to this, we are suppliers to 44 of the 100 operators who have taken 3G/WCDMA infrastructure and services into commercial use.

Early in 2005, Nokia Networks established a new unit offering operators services ranging from practical support for routine operations, to consultative operational development and creative strategic assistance. Services in networks business is growing quickly; already over 30% of the Networks business group consists of services.

The ever-increasing amount of mobile users as well as constantly growing minutes of use requires greater investments into data speeds, and operators will seek to renew their networks as technology develops. There is also a growing trend by operators to outsource network operations.

In our business, we have over 100 competitors as product manufacturers, but in spite of this, the two biggest companies in this industry are selling more than half of the mobile devices. You might say that it's relatively easy to make one or two successful products, but it is difficult to create a good globally competitive product line. In addition to this, the importance of logistics and distribution channels grows along with the sales volumes. There are more than a half million outlets worldwide selling Nokia devices, but even so, increasing the efficiency of our logistics is one of our main focus areas.

During 2005, we improved our already competitive production/logistics processes. We have also been able to increase R&D efficiency according to our targets.

If we are able to make all our business processes work together efficiently, we can achieve remarkable advantages. According to our estimates, we have about a 20% cost advantage compared to our competitors. This is due to our continuous and determined development work, which has been going on for years.

The meaning of quality grows even more when volumes grow, the portion of the sales we get from emerging markets increase, and the products become more complex. The field failure rate of Nokia products is the lowest in the whole industry. The figure has decreased continuously although production rates have increased and the products have become much more complex. Good quality and reliability of products plays a central role in consumer loyalty.

We have been doing lots of work developing the brand during the last 14 years and we have succeeded in becoming among the six most popular brands worldwide.

Next there is a TV commercial from ten years back, from our first digital product family, the Nokia 2100 series.

Nokia creates value to its shareholders. I will next cover our earnings distribution and go through the total shareholder return generated by the company both in the short run and during the longer, 14-year time period.

Before I begin to discuss our distributions to shareholders, I would like to discuss a little about our distribution principles.

As you can see from the chart, our preferred method of shareholder distribution has been a steady dividend complemented by share repurchases. We believe that this is the optimal way to return value back to shareholders – while accommodating our very diverse global investor base.

During 2005, Nokia returned a record EUR 5.8 billion in dividends and buybacks to shareholders. During the year, Nokia paid 1.5 billion in cash dividends and repurchased 315 million shares worth 4.3 billion euros.

You can see from this graph how the dividend per share has developed from 1992 to 2006.

The dividend per share has grown mainly due to the fact that the earning per share –figure has grown. The company has also increased its dividend in proportion to earnings.

The proposed EUR 0.37 dividend for this year means that we will distribute approximately 45% of our earnings to our shareholders in the form of dividends.

The dividend yield of Nokia, 2.2%, is in line with average dividend yields of major global stock market indices.

Next I will briefly go through the proposals made by the Board of Directors.

The Board proposes a dividend of 37 euro cents per share for 2005 – a 12% increase for the dividend per share over the previous year. This would equal a total distribution of EUR 1.5 billion in dividends to our shareholders. As the total amount of shares has decreased, the total amount of dividends paid by the company remain the same.

Last year's Annual General Meeting authorized the Board of Directors to repurchase stocks, and the Board used this authorization very actively. As per previous years' practices, it is proposed that almost all of these shares be cancelled, thus reducing the share capital. Canceling shares reduces the total amount of shares, which in turn is the basis for future profit sharing.

Nokia will repurchase its shares with the share buyback program also this year. Therefore, it is proposed that the Board of Directors be authorized to buy back a maximum of 405 million Nokia shares. The proposed amount of shares corresponds to nearly 10% of all shares of the Company. The repurchase of stocks, together with the distribution of dividends, is an effective way to distribute funds to shareholders. These shares repurchased and held by the Company also enable us to carry out potential acquisitions and other arrangements in a flexible and effective manner.

The Board also proposes that the Board be authorized to raise the share capital and to dispose of Nokia shares held by the Company. The purpose of these proposals is to secure an effective and appropriate capital structure and to enable flexible financing in particular with acquisitions and other arrangements.

Nokia has had equity-based compensation programs since the stock option plan in 1994, and since 2004, the Board has annually approved an equity-based compensation program consisting mainly of performance shares. In addition, also stock options have been granted to a smaller number of employees, and a limited number of restricted shares granted to high potential and critical employees.

Payment of performance shares to the plan participants requires that the Group's performance, measured through the net sales growth and the EPS improvement, achieves a threshold level set at the time of establishment of the plan. Nokia's first performance share plan was established in 2004. In this plan the required threshold level is measured by an average annual net sales growth and average annual earnings per share growth. The performance period of the plan is four years, from 2004 to 2007 – and it has an interim period based on the performance in 2004 and 2005.

The threshold targets for growth set in 2004 were very high and ambitious, but our employees showed excellent commitment and effort, and we managed to exceed the threshold growth targets. Therefore, the company shall, pursuant to the promise to its employees and based on the terms of the performance share plan, deliver the performance shares to the plan participants. The total gross amount of these shares corresponds to 3.6 million shares. For the settlement, the Board of Directors intends to use the shares held by the Company, provided that the Annual General Meeting approves the proposal to authorize the Board to dispose of Nokia shares. The aim is to settle the shares based on the authorization as soon as practicable after the AGM during April.

It is worth mentioning that also restricted shares from 2003 will come due later this year. Their amount is 420 thousand shares maximum.

Nokia competes for these talented people globally and we therefore need incentive programs that are competitive. Stock-based incentive programs have changed over the years and have become more diverse, and we have been able to bring the payment of stock-based incentives

more in line with the Company's performance. Thus, the employee's advantages are aligned more closely with the shareholders' advantages.

Stock-based incentive programs are targeted to cover as many employees as possible. In the end of 2005, 34 thousand Nokia employees belonged to stock-based incentive programs.

In addition to the previously mentioned proposals, the Auditing Committee and the Corporate Governance and Nomination Committee are making proposals that can be found in the previously distributed AGM material. The Chairmen of the committees will explain these propositions more clearly during the course of this meeting.

Lets get back to the total shareholder return.

We have all observed ups and downs in stock markets during the last 14 years. As you can see from the table, the total shareholder return of Nokia has been more than 15,000% since 1992, and the annualized return more than 43%. This means that an investment of EUR 1,000 in Nokia shares made in the beginning of 1992 is now worth more than EUR 150,000. It is clear that this return by far exceeds returns generated by our close competitors or major stock market indices.

When we look at all companies that have been continuously publicly listed during this time period the average annual total shareholder return has been 6.3%. Nokia's 43.6% annual average total shareholder return in nominal terms was among the best 0.5% of this group of companies.

The market capitalization of Nokia was roughly EUR 500mio in the beginning of 1992. At the moment the market capitalization is approximately EUR 70bn i.e. there has been a 140-fold increase compared to 1992.

Total shareholder return i.e. the value appreciation of Nokia share plus dividends reinvested was more than 35% in 2005.

The graph shows that the total shareholder return has been nearly 50% from 1.1.2005 to this AGM date. Like I stated earlier – Nokia creates value to its shareholders.

I want to conclude by saying a few words about the value of innovation.

Nokia's success in the last decade has been built upon a couple of simple and basic premises – mobility and connecting people. The industry as a whole has seen amazing growth in subscribers, as well as an unparalleled increase in the sophistication of consumer demands and the devices and solutions offered to them. Throughout this period, Nokia has been an innovation leader while maintaining its focus on mobility and connecting people.

Now, as we see the mobile phone merge with new converged mobile devices and mobile multimedia computers, I believe that Nokia is well placed for some new innovative leaps. We have seen the first era of an industry that I have no doubt will continue to transform for many years to come. The next era might be best envisioned in a phrase that has been said in many different ways but has maintained the strength of its simple truth – the only limits we ultimately face are the limits of our imagination.

Ladies and gentlemen, on behalf of everyone at Nokia, I would like to thank you for your continued support.

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 and prices, 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,” “designed” or similar expressions are forward-looking statements. Because these statements 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 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; 2) the availability of new products and services by network operators and other market participants; 3) our ability to identify key market trends and to respond timely and successfully to the needs of our customers; 4) 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; 5) competitiveness of our product portfolio; 6) timely and successful commercialization of new advanced products and solutions; 7) price erosion and cost management; 8) the intensity of competition in the mobile communications industry and our ability to maintain or improve our market position and respond to changes in the competitive landscape; 9) 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; 10) inventory management risks resulting from shifts in market demand; 11) our ability to source quality components without interruption and at acceptable prices; 12) our success in collaboration arrangements relating to development of technologies or new products and solutions; 13) the success, financial condition and performance of our collaboration partners, suppliers and customers; 14) any disruption to information technology systems and networks that our operations rely on; 15) our ability to protect the complex technologies that 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; 16) general economic conditions globally and, in particular, economic or political turmoil in emerging market countries where we do business; 17) developments under large, multi-year contracts or in relation to major customers; 18) 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; 19) the management of our customer financing exposure; 20) our ability to recruit, retain and develop appropriately skilled employees; and 21) the impact of changes in government policies, laws or regulations; as well as 22) the risk factors specified on pages 12 – 22 of the company’s annual report on Form 20-F for the year ended December 31, 2005 under “Item 3.D Risk Factors.”