

Creating a Communications Industry Powerhouse

**Nokia Siemens Networks**

June 19, 2006

# Safe Harbor Statement

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## Forward Looking Statements

This presentation includes “forward-looking statements” and information which are not historical facts. These statements are based on the current expectations of the management of Nokia and Siemens and are naturally subject to uncertainty and changes in circumstances. The forward-looking statements contained herein include statements about the expected timing and scope of the merger of Nokia’s and Siemens’ communications service provider businesses, anticipated growth potential and earnings enhancements, estimated operating margin and profitability levels, sources, timing and amount of estimated cost synergies, estimated cash flow generation, leadership and market position, future product portfolio, geographic coverage and customer base, future investments in technologies and services and all other statements in this presentation other than historical facts. Forward-looking statements include, without limitation, statements typically containing words such as “believe”, “expect”, “anticipate”, “foresee”, “target”, “estimate”, “designed”, “plans”, “will” or words of similar meaning. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the satisfaction of the conditions to the merger and closing of the transaction, and Nokia’s and Siemens’ ability to successfully integrate the operations and employees of their respective communications service provider businesses, as well as additional factors relating to, for example, developments in the mobile communications industry, changes in technology and the ability to develop or otherwise acquire complex technologies as required by the market with full rights needed to use, timely and successful commercialization of new advanced products and solutions, intensity of competition and various other factors. More detailed information about certain of these factors is contained in Nokia’s and Siemens’ filings with the SEC, which are available on their respective website, [www.Nokia.com](http://www.Nokia.com) and [www.Siemens.com](http://www.Siemens.com), and on the SEC’s website, [www.sec.gov](http://www.sec.gov). 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. Neither Nokia nor Siemens 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. In addition to “forward-looking statements”, this presentation also includes certain terms like “joint venture”, “partnership” or words of a similar nature describing the new company, or the new companies, resulting from the merger, which words are used in this presentation in their generic sense and the common language meaning and do not imply, or intend to imply, any specific legal, tax, accounting or other regulatory or officially standardized definition or meaning.

# Creating a Communications Industry Powerhouse

**Olli-Pekka Kallasvuo / Klaus Kleinfeld**

June 19, 2006

# Key Highlights

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- **A long-term partnership of industry leaders** in the telecommunications infrastructure industry – JV structured to **create value**
- **A new leader** with the **scale to win** in the consolidating telecommunications industry
- **Uniquely positioned** within industry to win against Ericsson / Marconi and Alcatel / Lucent
- **Innovation leader** with superior R&D skills and resources to invest in the future growth segments
- Industry leading **customer insight** with **true end-to-end capabilities**
- Uniquely positioned to deliver **compelling customer benefits** with a **comprehensive portfolio of products and solutions** for the converging communications market

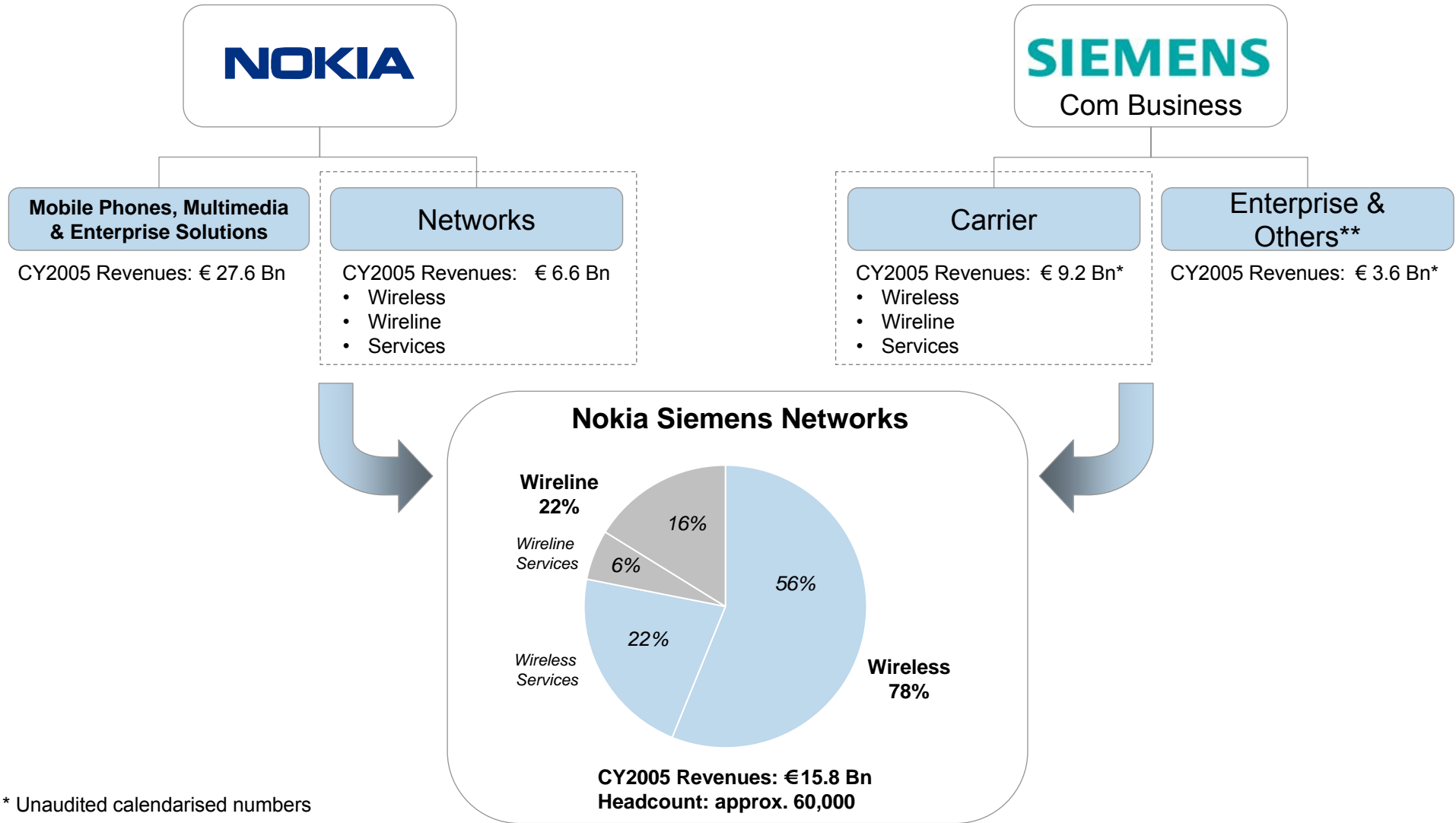
**SIGNIFICANT SHAREHOLDER VALUE CREATION**

## Significant Shareholder Value Creation

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- Both Nokia and Siemens expect the impact of the partnership on their respective EPS, on a pro forma basis excluding the restructuring charges, to be accretive by the end of 2007 assuming a closing by January 1, 2007
- Extensive annual cost synergies of approximately €1.5 Bn by 2010
- Nokia Siemens Networks' targets:
  - Double-digit operating margin in first year before restructuring charges
  - Industry-leading profitability in medium term
  - Faster growth than market
  - Strong cash flow generation

# Creating a Communications Industry Powerhouse



\* Unaudited calendarised numbers

\*\* Including consolidation eliminations

# Key Structural Terms

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- 50:50 Joint Venture
- Operational headquarters in Helsinki, with strong presence in Munich\*
- Management: selection based on “best person for the job”
- Consolidation by Nokia, equity accounting by Siemens

\* Incorporated in the Netherlands

# Overview of Management

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- CEO
- Simon Beresford-Wylie



- CFO
- Peter Schönhofer



A Winner in the  
Converging Communications Industry

**Simon Beresford-Wylie**

# Winning Combination

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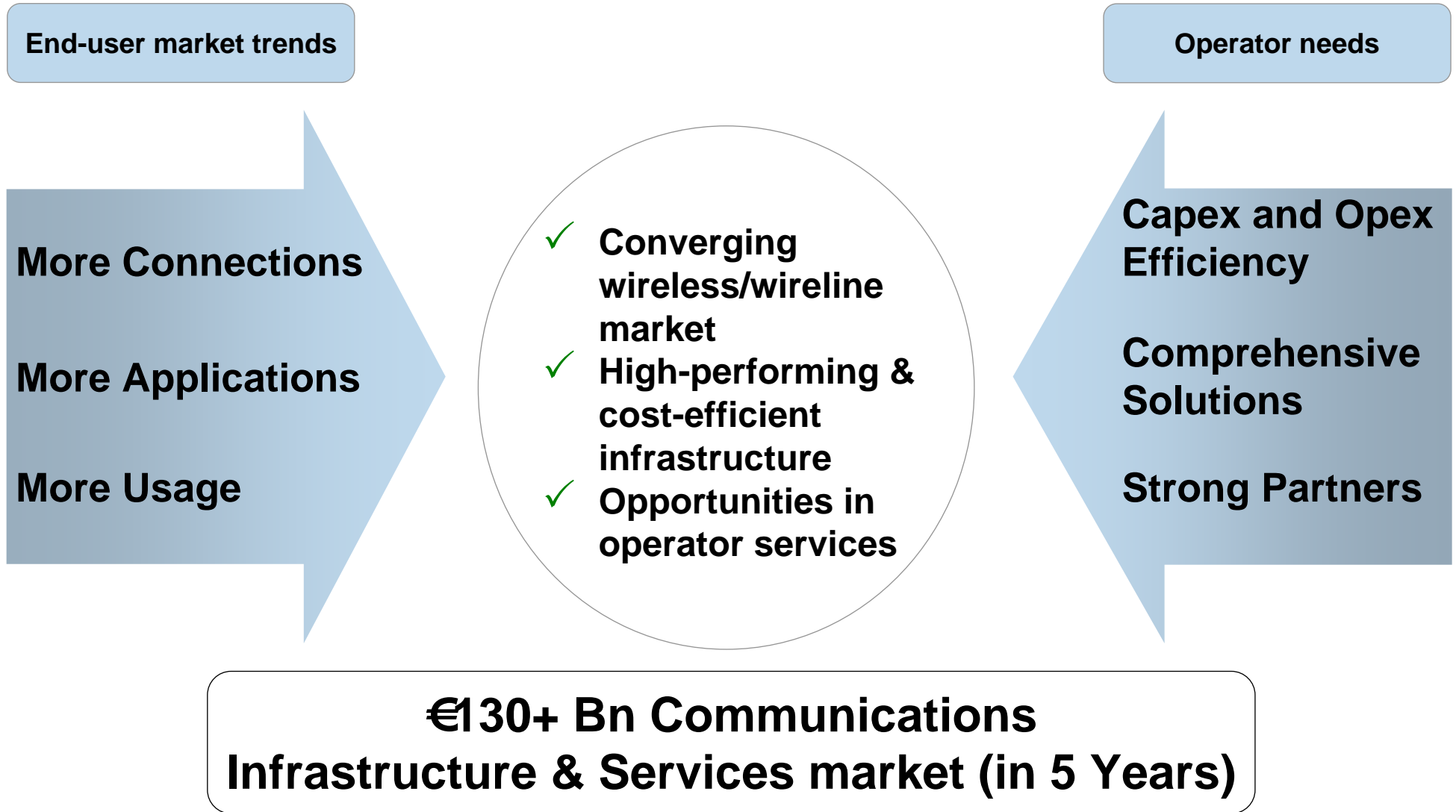
- Partnership of leaders
- Great heritage – aligned values – eye on the future
- Immediate strength – scale and scope
- Global presence – deep customer relationships
- Superior R&D – innovation leader – strong portfolio
- Compelling customer benefits – end-to-end solutions
- Extensive synergies – ability to create value
- Well positioned for growth

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# The Opportunity

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# Opportunity is Large



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## Scale & Reach

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# Strong Starting Position\*

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## Strong customer / installed base

>300 wireless customers and >300 wireline customers

## #2 in Wireless

>700 MM subs installed base

## #3 in Wireline

Including broadband access, VoIP, transport, wireline switching, carrier ethernet

## #2 in Telco Services

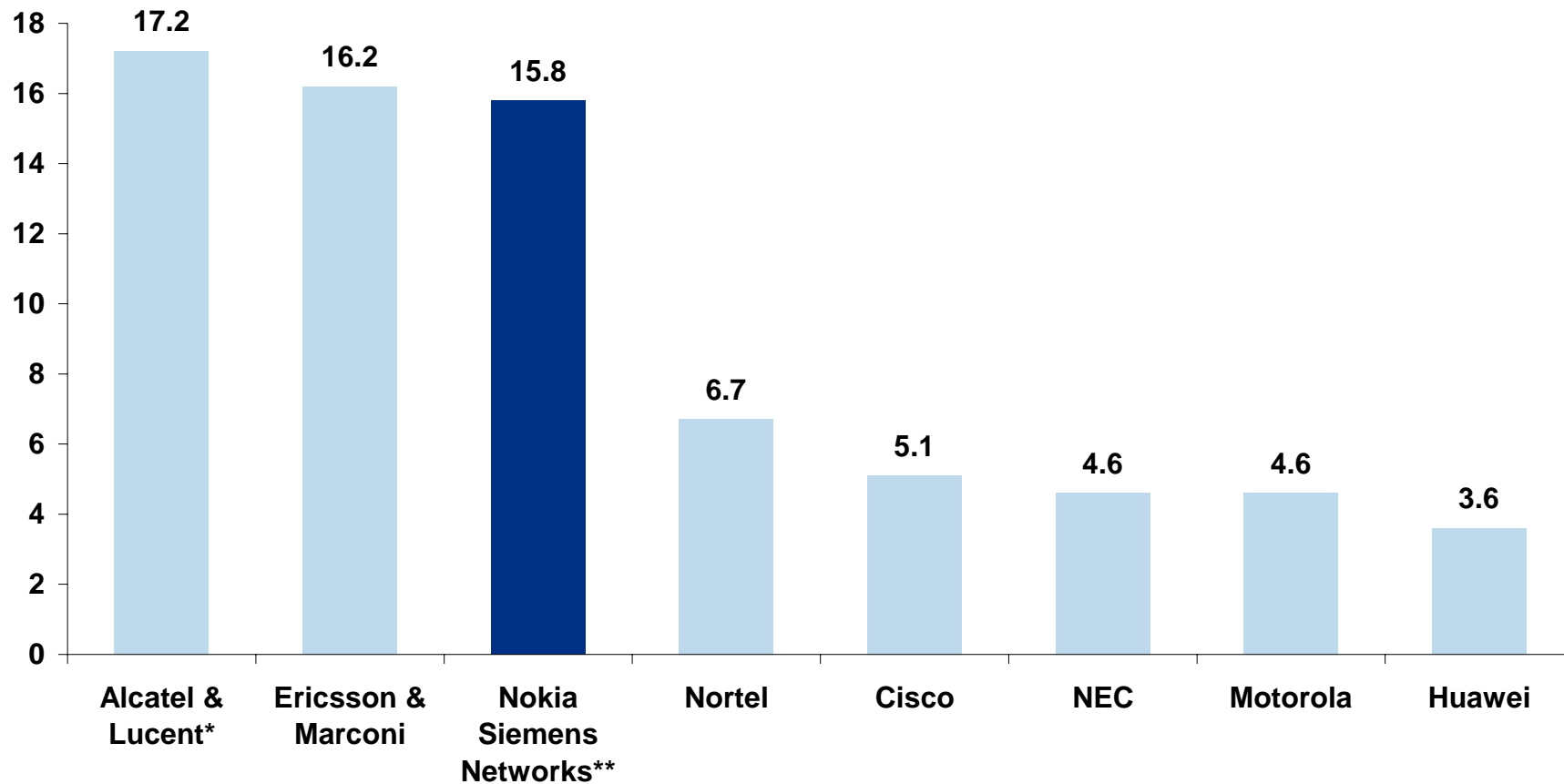
Including over 150 managed services contracts

**Powerful  
end-to-end  
Convergence  
Offering**

\* Based on current combined businesses

# A New Leader With Scale to Win

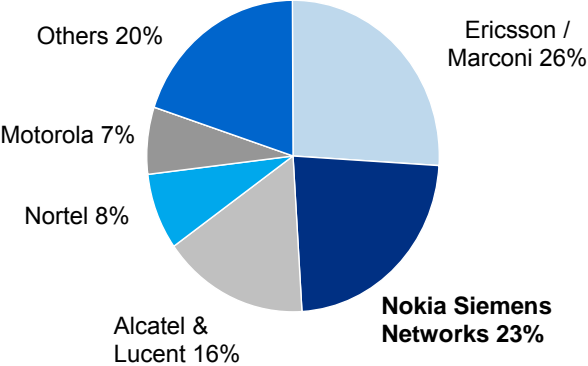
Carrier Business, 2005 Revenues (€Bn)



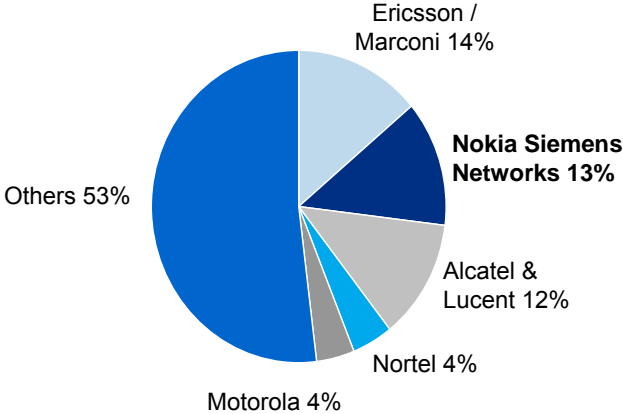
\* Excludes Thales and enterprise business \*\* Unaudited calendarised numbers

# Top 3 Positioning in Key Carrier Markets\*

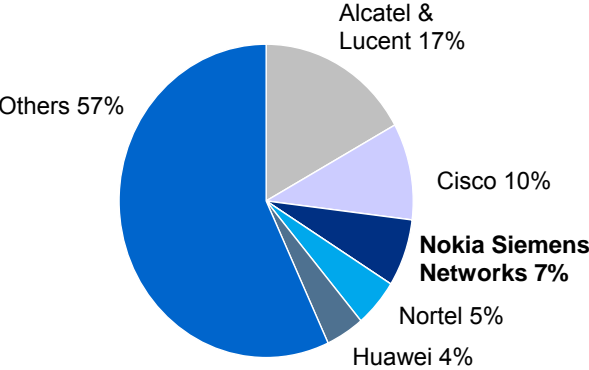
## Wireless Networks incl. Services



## Carrier Services\*\*



## Wireline Networks incl. Services



**Total market size (€Bn): 52**  
**CAGR (2005-2011) % : ~5**

**Total market size (€Bn): 30**  
**CAGR (2005-2011) % : ~9**

**Total market size (€Bn): 49**  
**CAGR (2005-2011) % : ~5**

\* Based on current combined businesses

\*\* Carrier Services show total Services included in Wireless and Wireline Networks

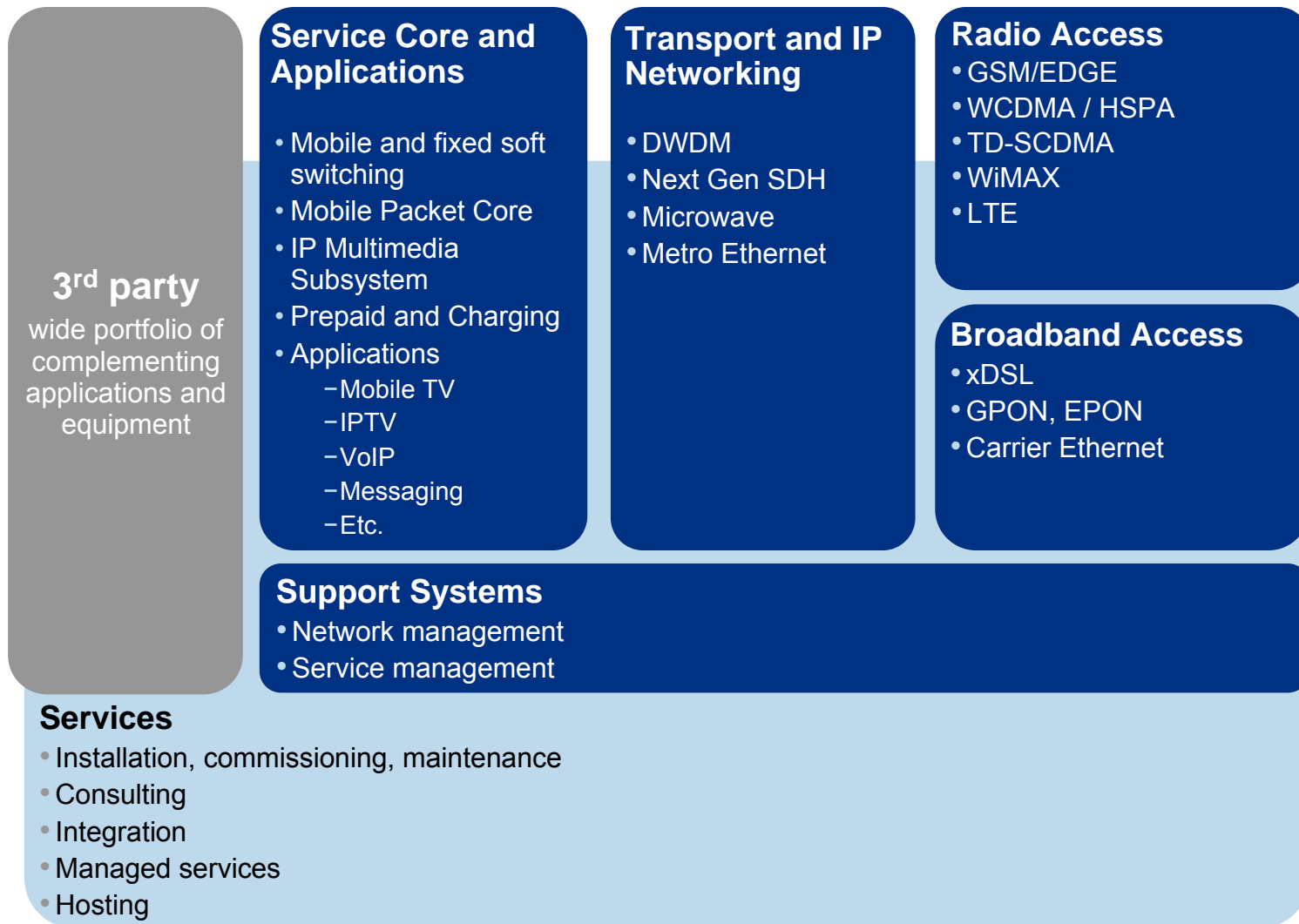
Source: Industry analyst research and company estimates



# Deep Customer Relationships



# Broad Portfolio . . . Innovation Strength



# Delivering Compelling Customer Benefits

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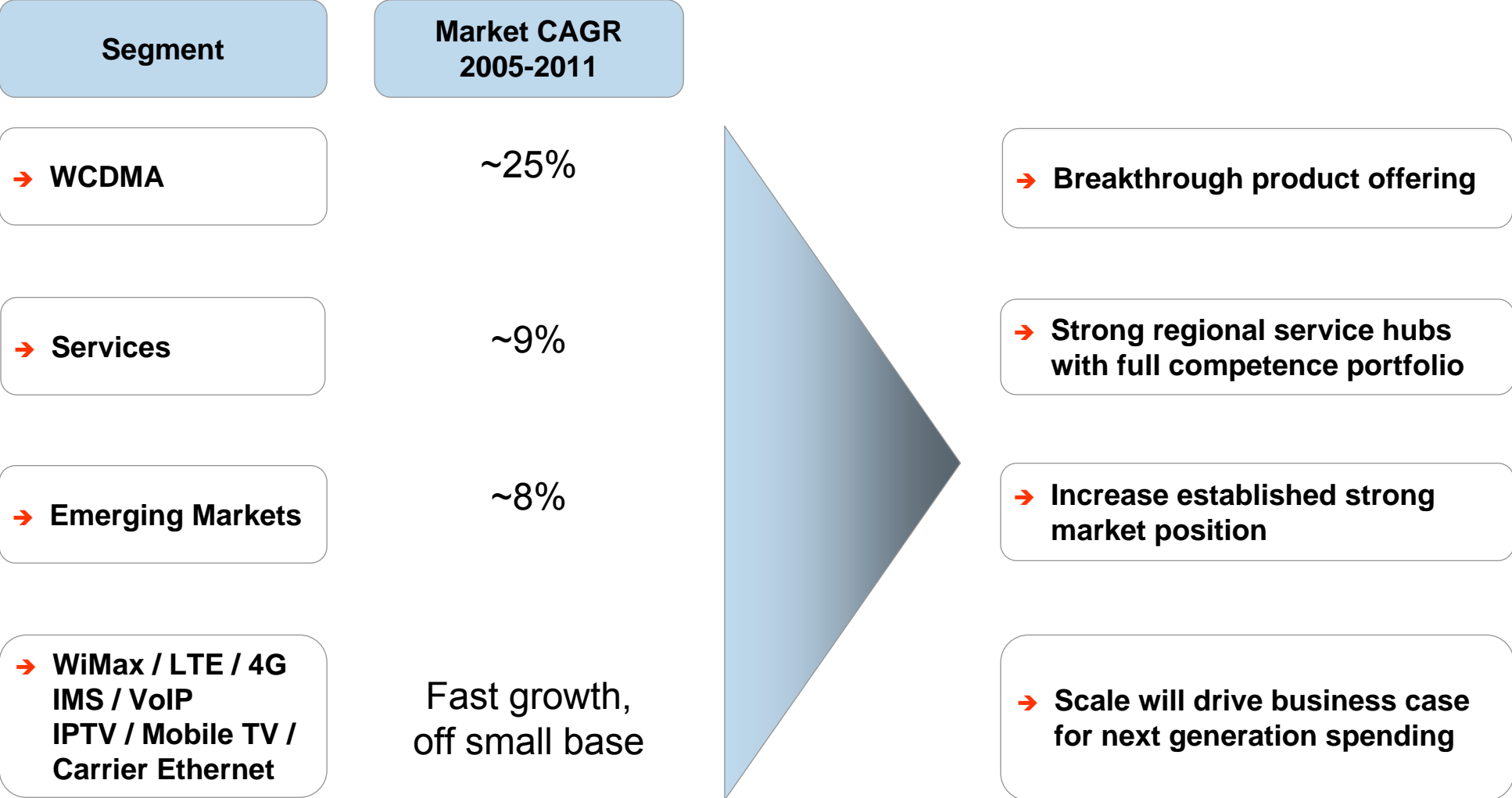
- Leader in mobile
- Leader in convergence and 'next generation' solutions
- Strength and depth in services offering
- Strength in end-to-end
- Strength in R&D and innovation
- Global presence - we're everywhere our customers want us to be

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## Positioned for Growth

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# Leading Market Positions in Growth Segments



Note: Market CAGRs based on average of several external sources and Nokia and Siemens internal estimates

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# Creating Value

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# Significant Value Creation Through Cost Synergies

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## Annual cost synergies of €1.5 Bn by 2010

90%+ to be achieved in first 3 years

### COGS Savings

- Procurement savings
- Improved Services utilization rates
- Streamlined processes

### R&D Savings

- Harmonization of product platforms
- Optimised R&D structure
- Rationalising next generation R&D

### S&M Savings

- Overlapping wireless customer & geographic coverage
- Sales force efficiencies

### G&A Savings

- Finance & Control
- IT support systems
- Headquarter functions

## Restructuring and Integration Costs

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- Total restructuring and integration costs of approximately €1.5 Bn
  - Includes non-headcount related charges, such as IT systems and retention
  - Headcount adjustments from synergies in the range of 10-15%
  - Over 75% of costs to be incurred within 2 years after closing
- Siemens Carrier restructuring well under way and will continue as planned



# Winning Combination

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- Partnership of leaders
- Great heritage – aligned values – eye on the future
- Immediate strength – scale and scope
- Global presence – deep customer relationships
- Superior R&D – innovation leader – strong portfolio
- Compelling customer benefits – end-to-end solutions
- Extensive synergies – ability to create value
- Well positioned for growth

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**NOKIA**

**SIEMENS**

- ✓ **Customer First**
- ✓ **Win Through People**
- ✓ **Shape the Future**
- ✓ **World Class Company**
- ✓ **Performance**

# Superior Value Enhancement For All Stakeholders

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- Both Nokia and Siemens expect the impact of the partnership on their respective EPS, on a pro forma basis excluding the restructuring charges, to be accretive by the end of 2007 assuming a closing by January 1, 2007
- Estimated cost synergies of €1.5 Bn annually by 2010 for Nokia Siemens Networks
- Nokia Siemens Networks targets:
  - Double-digit operating margin in first year before restructuring charges
  - Industry-leading profitability in medium term
  - Faster growth than market
  - Strong cash flow generation
- Strong capitalisation at inception, ensuring autonomy and viability; shareholder loans of €500 MM each
- Revenue upside potential through cross-selling opportunities

# Connecting People With a Global Network of Innovation

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**NOKIA**

**SIEMENS**

Connecting People With a Global Network of Innovation