Creating a Communications Industry Powerhouse

Nokia Siemens Networks

June 19, 2006
Forward Looking Statements

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Creating a Communications Industry Powerhouse

Olli-Pekka Kallasvuo / Klaus Kleinfeld

June 19, 2006
Key Highlights

● 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
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

Nokia

Mobile Phones, Multimedia & Enterprise Solutions
CY2005 Revenues: € 27.6 Bn

Networks
CY2005 Revenues: € 6.6 Bn
- Wireless
- Wireline
- Services

Siemens

Com Business

Chart shows:
- Nokia Siemens Networks
  - Wireless 78%
  - Wireline 22%
  - Other Services 6%

CY2005 Revenues: € 15.8 Bn
Headcount: approx. 60,000

* Unaudited calendarised numbers
** Including consolidation eliminations

Carrier
CY2005 Revenues: € 9.2 Bn*
- Wireless
- Wireline
- Services

Enterprise & Others**
CY2005 Revenues: € 3.6 Bn*

- Wireless
- Wireline
- Services

* Unaudited calendarised numbers
** Including consolidation eliminations
Key Structural Terms

- 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

- **CEO**
  - Simon Beresford-Wylie

- **CFO**
  - Peter Schönhofe
A Winner in the
Converging Communications Industry

Simon Beresford-Wylie
Winning Combination

- 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
The Opportunity
Opportunity is Large

End-user market trends

- More Connections
- More Applications
- More Usage

Operator needs

- Capex and Opex Efficiency
- Comprehensive Solutions
- Strong Partners

✓ Converging wireless/wireline market
✓ High-performing & cost-efficient infrastructure
✓ Opportunities in operator services

€130+ Bn Communications Infrastructure & Services market (in 5 Years)
Scale & Reach
Strong Starting Position*

**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

* Based on current combined businesses
A New Leader With Scale to Win

Carrier Business, 2005 Revenues (£ Bn)

<table>
<thead>
<tr>
<th>Carrier</th>
<th>2005 Revenues (£ Bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alcatel &amp; Lucent*</td>
<td>17.2</td>
</tr>
<tr>
<td>Ericsson &amp; Marconi</td>
<td>16.2</td>
</tr>
<tr>
<td>Nokia Siemens Networks**</td>
<td>15.8</td>
</tr>
<tr>
<td>Nortel</td>
<td>6.7</td>
</tr>
<tr>
<td>Cisco</td>
<td>5.1</td>
</tr>
<tr>
<td>NEC</td>
<td>4.6</td>
</tr>
<tr>
<td>Motorola</td>
<td>4.6</td>
</tr>
<tr>
<td>Huawei</td>
<td>3.6</td>
</tr>
</tbody>
</table>

* Excludes Thales and enterprise business ** Unaudited calendarised numbers
Top 3 Positioning in Key Carrier Markets*

Wireless Networks incl. Services
- Nokia Siemens Networks 23%
- Ericsson / Marconi 26%
- Alcatel & Lucent 16%
- Motorola 7%
- Nortel 8%
- Others 20%

Carrier Services**
- Nokia Siemens Networks 13%
- Ericsson / Marconi 14%
- Alcatel & Lucent 12%
- Motorola 4%
- Nortel 4%
- Others 53%

Wireline Networks incl. Services
- Nokia Siemens Networks 7%
- Alcatel & Lucent 17%
- Huawei 4%
- Cisco 10%
- Others 57%
- Nortel 5%

- 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

<table>
<thead>
<tr>
<th>3rd party</th>
<th>Service Core and Applications</th>
<th>Transport and IP Networking</th>
<th>Radio Access</th>
<th>Broadband Access</th>
</tr>
</thead>
</table>
| wide portfolio of complementing applications and equipment | • Mobile and fixed soft switching  
• Mobile Packet Core  
• IP Multimedia Subsystem  
• Prepaid and Charging  
• Applications  
  - Mobile TV  
  - IPTV  
  - VoIP  
  - Messaging  
  - Etc. | • DWDM  
• Next Gen SDH  
• Microwave  
• Metro Ethernet | • GSM/EDGE  
• WCDMA / HSPA  
• TD-SCDMA  
• WiMAX  
• LTE | • xDSL  
• GPON, EPON  
• Carrier Ethernet |

## Services
- Installation, commissioning, maintenance
- Consulting
- Integration
- Managed services
- Hosting

## Support Systems
- Network management
- Service management
Delivering Compelling Customer Benefits

- 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
Positioned for Growth
## Leading Market Positions in Growth Segments

<table>
<thead>
<tr>
<th>Segment</th>
<th>Market CAGR 2005-2011</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>WCDMA</td>
<td>~25%</td>
<td>Breakthrough product offering</td>
</tr>
<tr>
<td>Services</td>
<td>~9%</td>
<td>Strong regional service hubs with full competence portfolio</td>
</tr>
<tr>
<td>Emerging Markets</td>
<td>~8%</td>
<td>Increase established strong market position</td>
</tr>
<tr>
<td>WiMax / LTE / 4G</td>
<td></td>
<td>Scale will drive business case for next generation spending</td>
</tr>
<tr>
<td>IMS / VoIP</td>
<td></td>
<td>Fast growth, off small base</td>
</tr>
<tr>
<td>IPTV / Mobile TV / Carrier Ethernet</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Market CAGRs based on average of several external sources and Nokia and Siemens internal estimates
Creating Value
Significant Value Creation Through Cost Synergies

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

- 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

- 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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Shared Culture and Values

- Customer First
- Win Through People
- Shape the Future
- World Class Company
- Performance
Superior Value Enhancement For All Stakeholders

- 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

NOKIA

SIEMENS

Connecting People With a Global Network of Innovation