Creating a Communications Industry Powerhouse

Nokia Siemens Networks

Press Conference Frankfurt/Main

June 19, 2006
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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 the **most 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 target in medium term
  - Faster growth than market
  - Strong cash flow generation

* Earnings Per Share
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- **Wireless Services**: 22%
- **Wireline Services**: 6%
- **Wireline**: 56%
- **Wireless**: 78%

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

* Unaudited calendarised numbers
** Including consolidation eliminations
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)
A New Leader With Scale to Win

Carrier Business, 2005 Revenues (€ Bn)

- Alcatel & Lucent*
- Ericsson & Marconi
- Nokia Siemens Networks**
- Nortel
- Cisco
- NEC
- Motorola
- Huawei

* 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%
- Motorola 7%
- Nortel 8%
- Alcatel & Lucent 16%
- 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 13%
- Alcatel & Lucent 17%
- Others 57%
- Cisco 10%
- Huawei 4%
- 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

3rd party wide portfolio of complementing applications and equipment

Service Core and Applications
- Mobile and fixed soft switching
- Mobile Packet Core
- IP Multimedia Subsystem
- Prepaid and Charging
- Applications
  - Mobile TV
  - IPTV
  - VoIP
  - Messaging
  - Etc.

Transport and IP Networking
- DWDM
- Next Gen SDH
- Microwave
- Metro Ethernet

Support Systems
- Network management
- Service management

Radio Access
- GSM/EDGE
- WCDMA / HSPA
- TD-SCDMA
- WiMAX
- LTE

Broadband Access
- xDSL
- GPON, EPON
- Carrier Ethernet

Services
- Installation, commissioning, maintenance
- Consulting
- Integration
- Managed services
- Hosting
### Leading Market Positions in Growth Segments

<table>
<thead>
<tr>
<th>Segment</th>
<th>Market CAGR 2005-2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>WCDMA</td>
<td>~ 25%</td>
</tr>
<tr>
<td>Services</td>
<td>~ 9%</td>
</tr>
<tr>
<td>Emerging Markets</td>
<td>~ 8%</td>
</tr>
<tr>
<td>WiMax / LTE, IMS / VoIP, IPTV / Mobile TV / Carrier Ethernet</td>
<td>Fast growth off small base</td>
</tr>
</tbody>
</table>

Note: Market CAGRs based on average of several external sources and Nokia and Siemens internal estimates.
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
- Headquarters functions
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
Connecting People with a Global Network of Innovation

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