Nokia in North America

Tim Eckersley
Senior Vice President

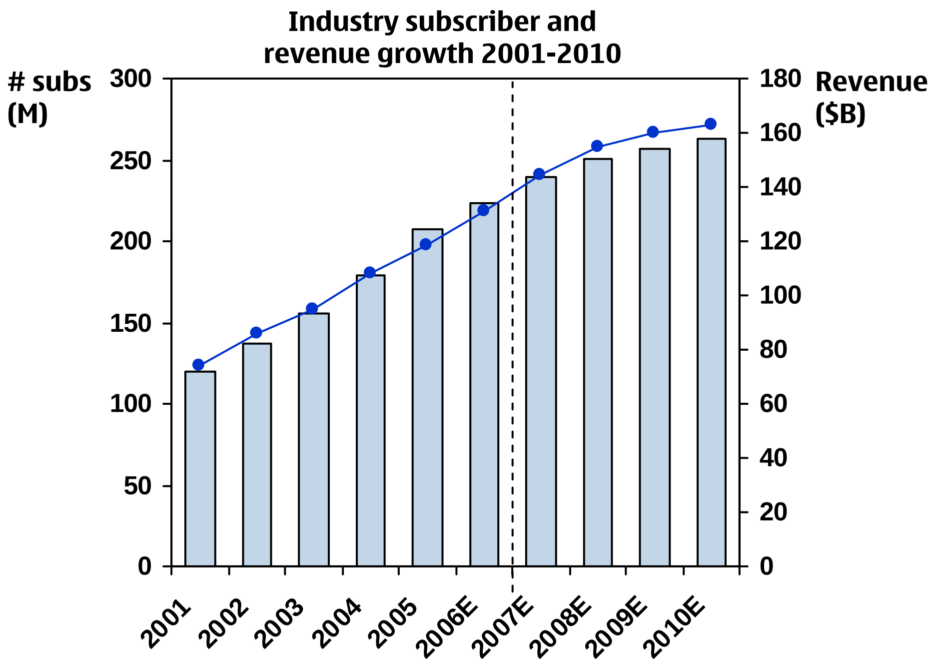
Customer and Market Operations

NOKIA

Wireless Industry Growth Expected To Slow

Slowdown Driven By Saturation And Declining ARPUs

Subscriber and revenue growth expected to slow to ~2-4% annual growth…

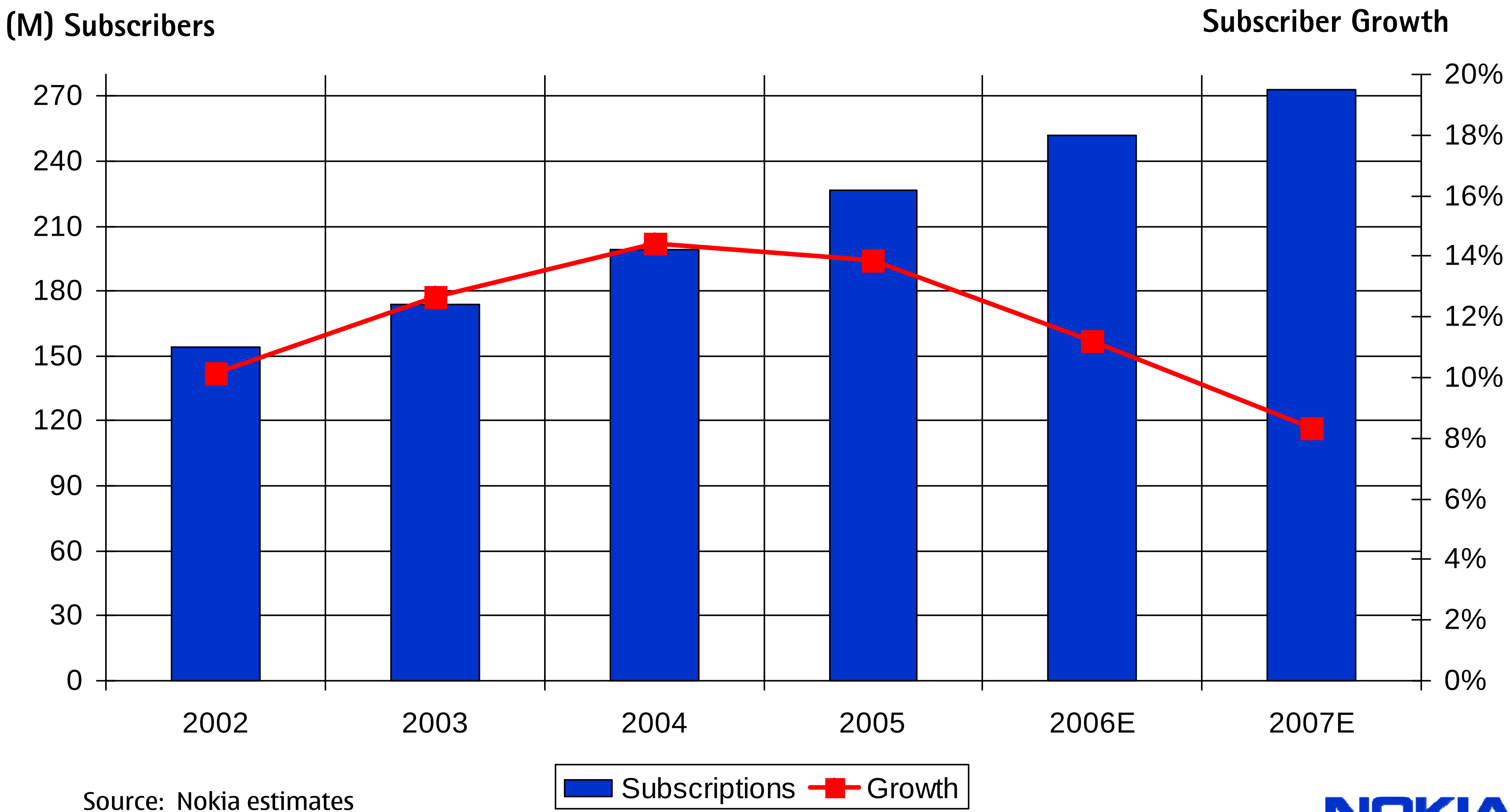


	CAGR '01-'05	CAGR '06-'10
Revenue	10.5%	2.4%
# Subs	14.7%	3.7%

- **Driven by high saturation in core segments and declining ARPUs**
- **Carriers consolidating to derive scale benefits**
  - **Top 4 carriers increased share from 71% to 83% from 2001-2006**
- **Industry recently performing well along key dimensions, with strong churn and data revenue growth**
- **Carriers and non-traditional competitors pushing industry slowly towards convergence**
- **National Retailers Have ~16% of wireless market…majority of their sales are prepaid products with 41% CAGR**

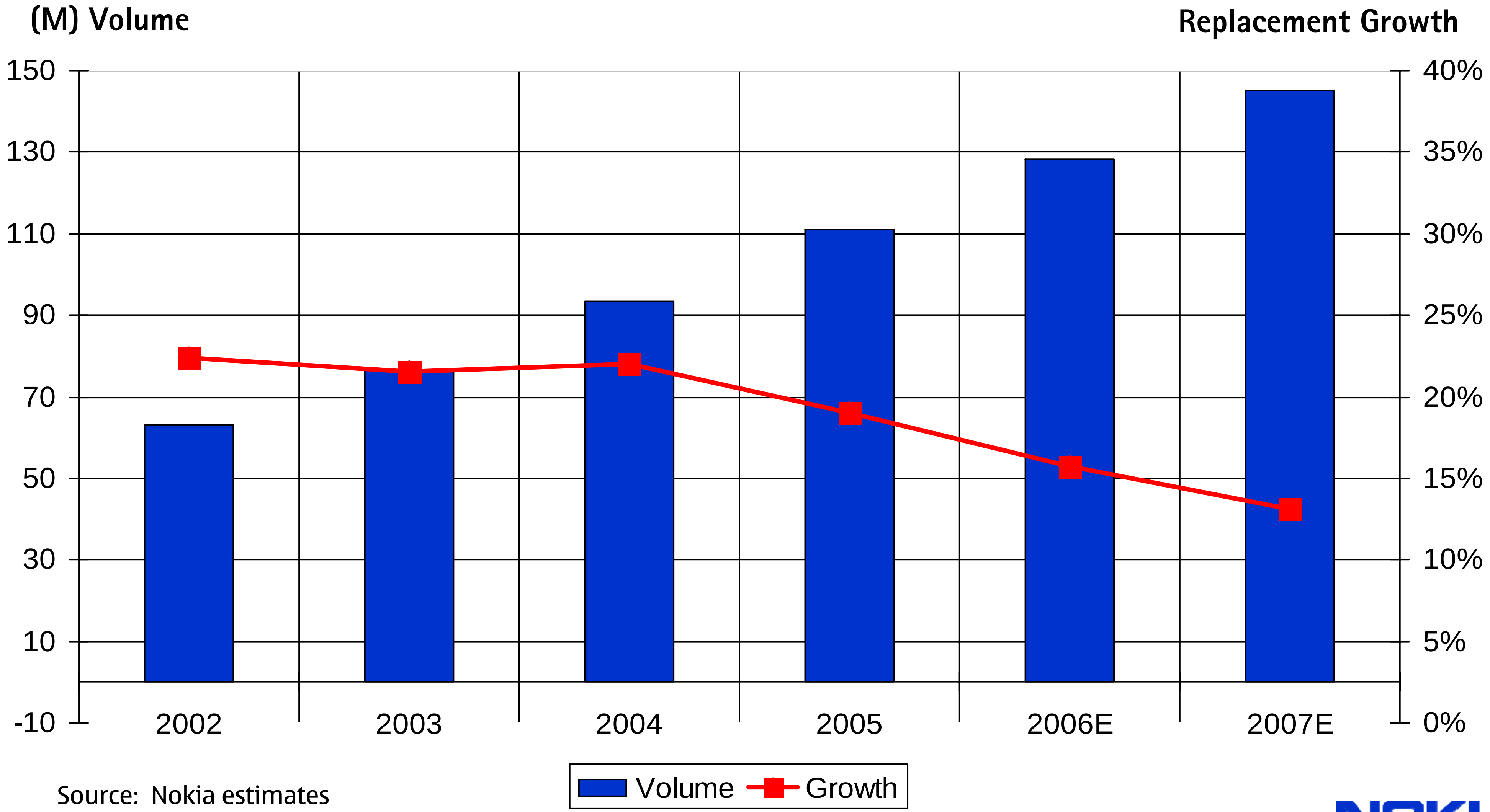
Source: IDC U.S. Wireless Consumer 2006-2010 Forecast; Strategy Analytics Wireless Operator Performance Benchmarking, March 2006; Bear Stearns U.S. Wireless Market, April 2006

USA Market Subscription Growth Forecast



Source: Nokia estimates

USA Market Replacement Volume Forecast

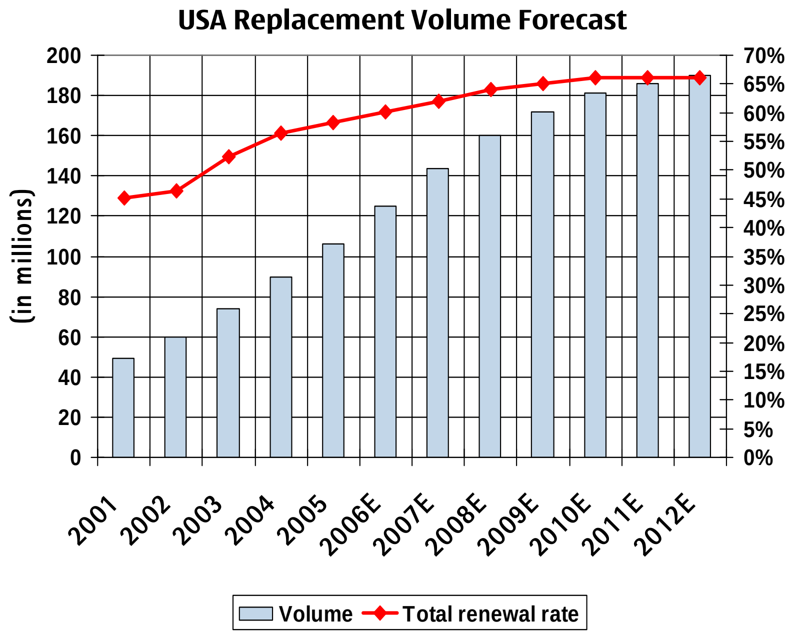


Source: Nokia estimates

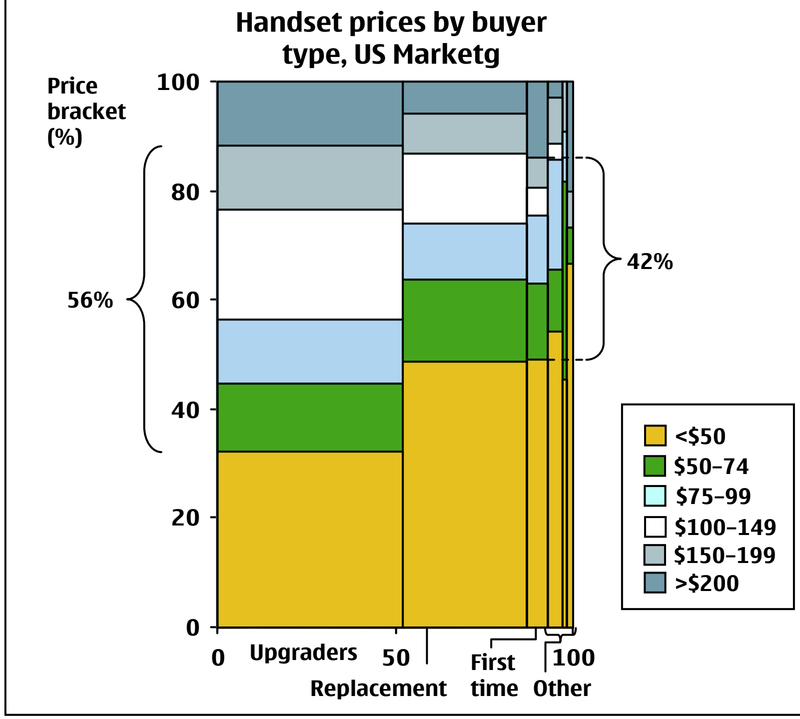
NOKIA

Replacement rates are strong and with higher ASP

Upgrade & replacement sales increasingly dominate volume sales...

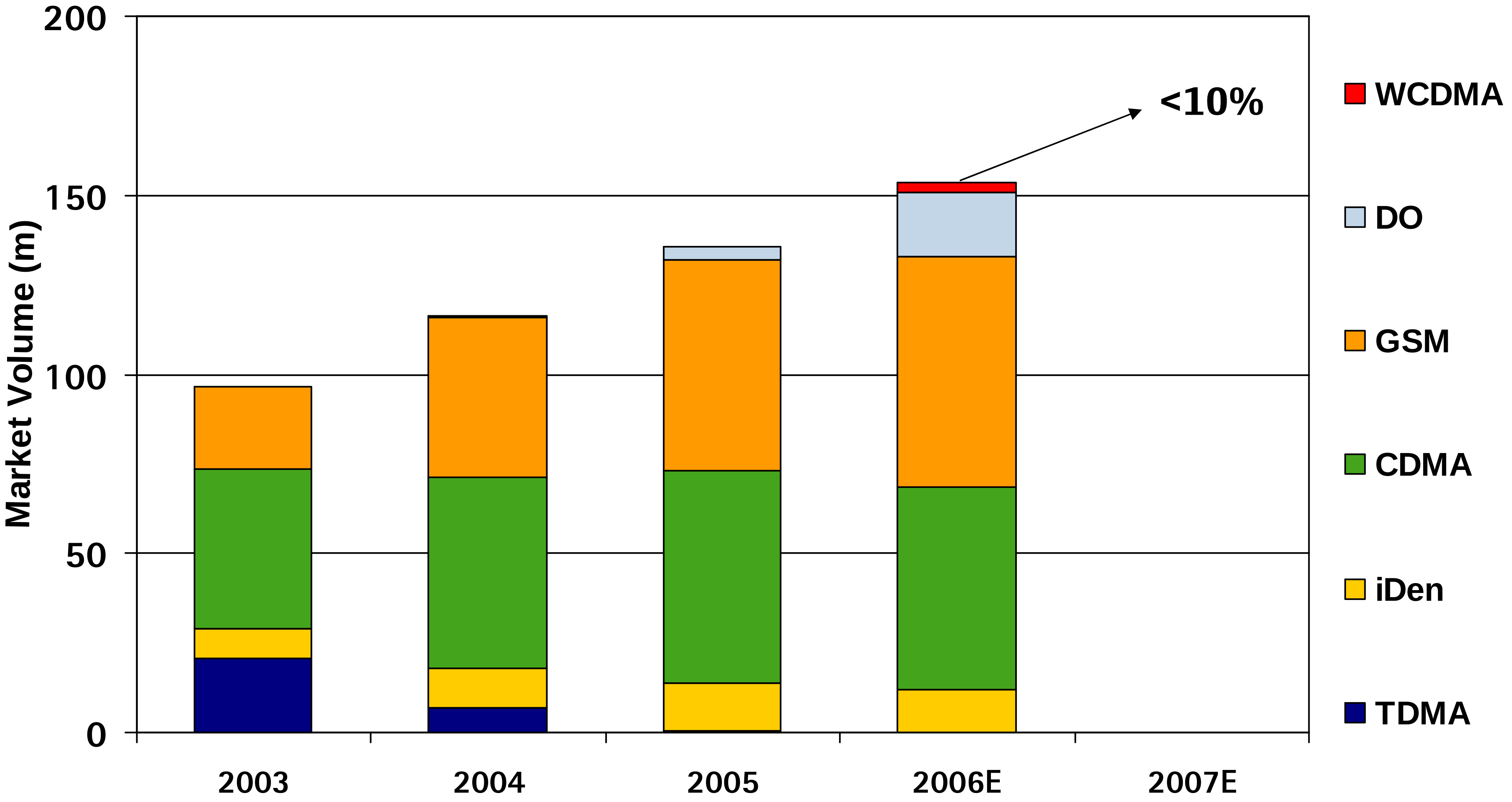


...and result in sales of higher value handsets with advanced features and style



Source: Nokia Market Analysis

Significant 3G Device Growth in US Market



Source: Nokia estimates

Convergence Drives Carrier Strategies

Convergence

Wireless — Internet — TV

Experiences

Multi-radio devices

Enabling infrastructure

Unified Core

Messaging

Voice

Video

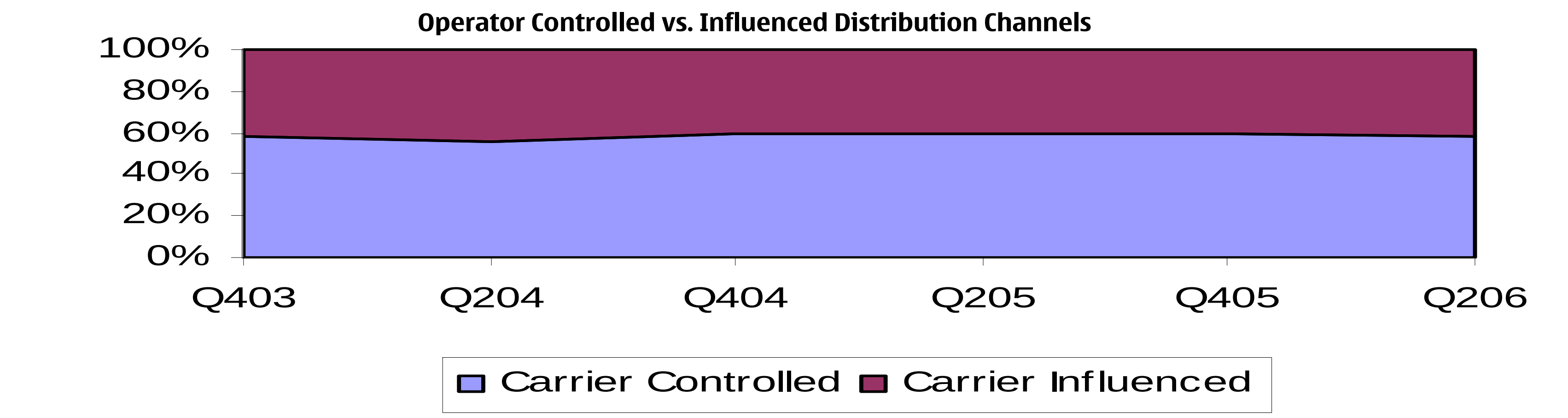
Internet

We are uniquely qualified to deliver "three screen" services

Educating consumers is a top priority

Distribution landscape

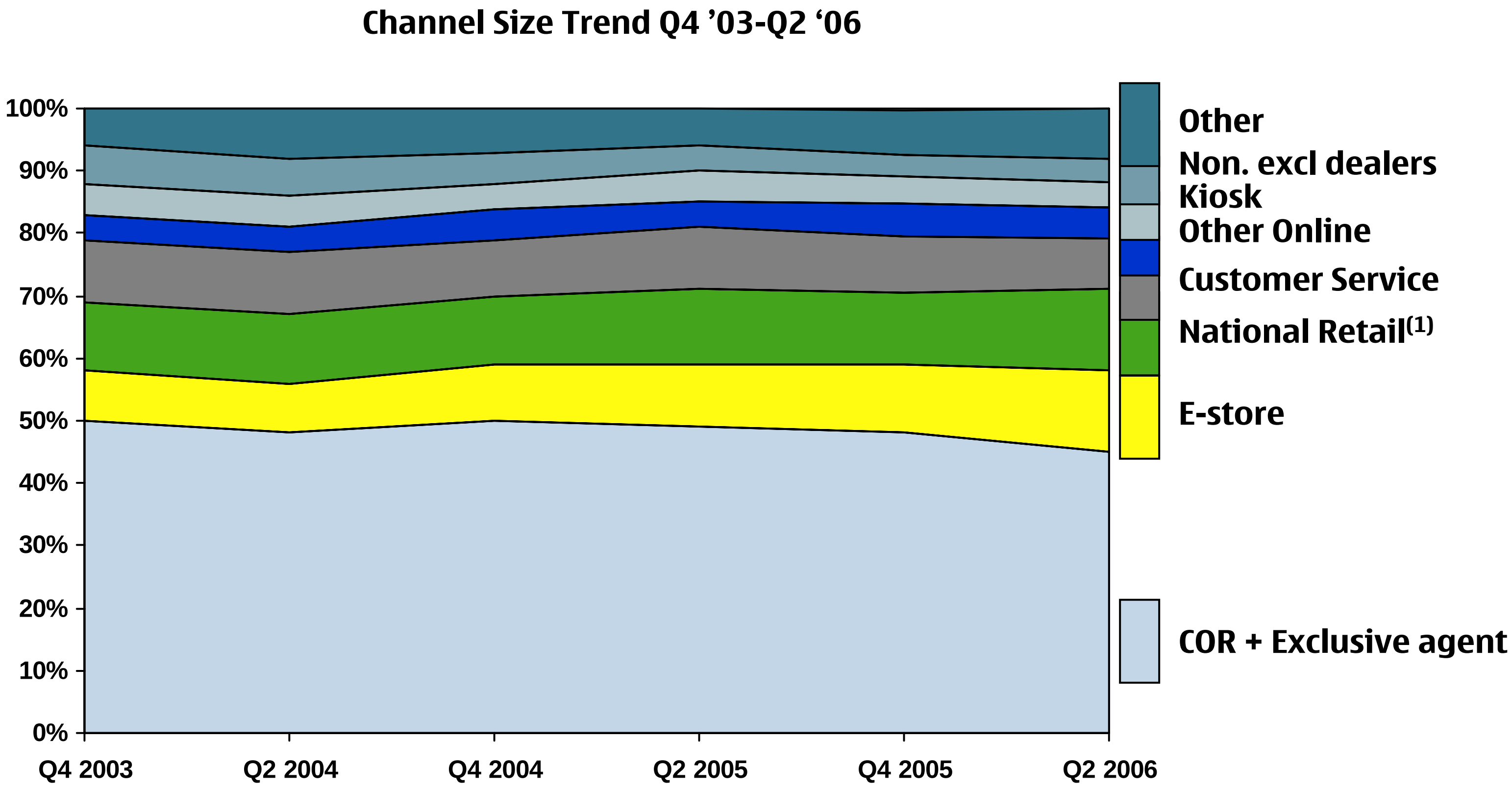
Operators have continued to dominate the distribution landscape...



Source: Telephia 2Q06 Device Report

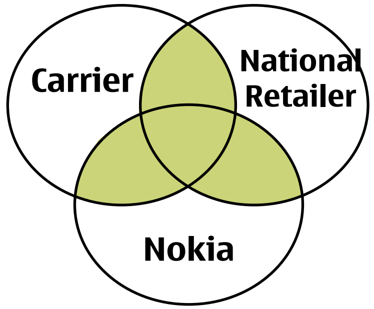
- MVNO entry has not led to significant disruptions in retail distribution
- National retail continues to have the most success in prepaid
- Independent retailers shrink in footprint as Operators partner with exclusive agents and national retail

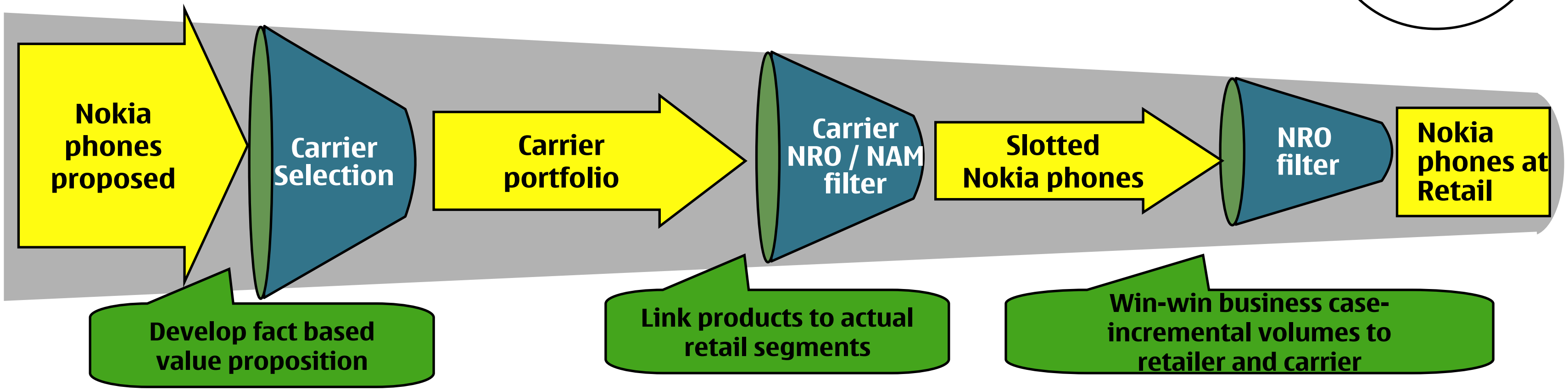
Carriers Rely On Multiple Channels To Reach Customers



Source: Telephia US Device report Q2 06

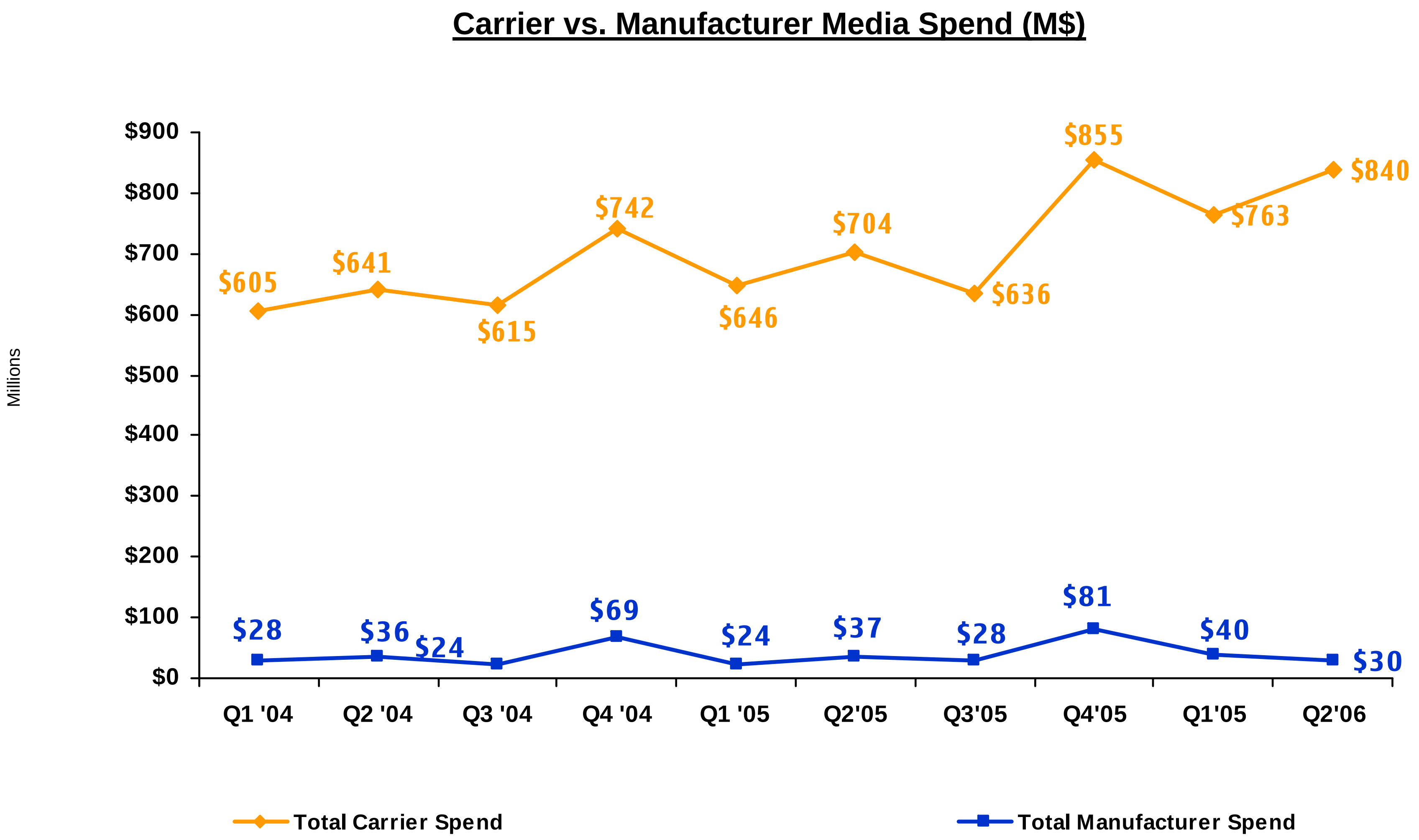
Working with Carriers to maximize National Retail





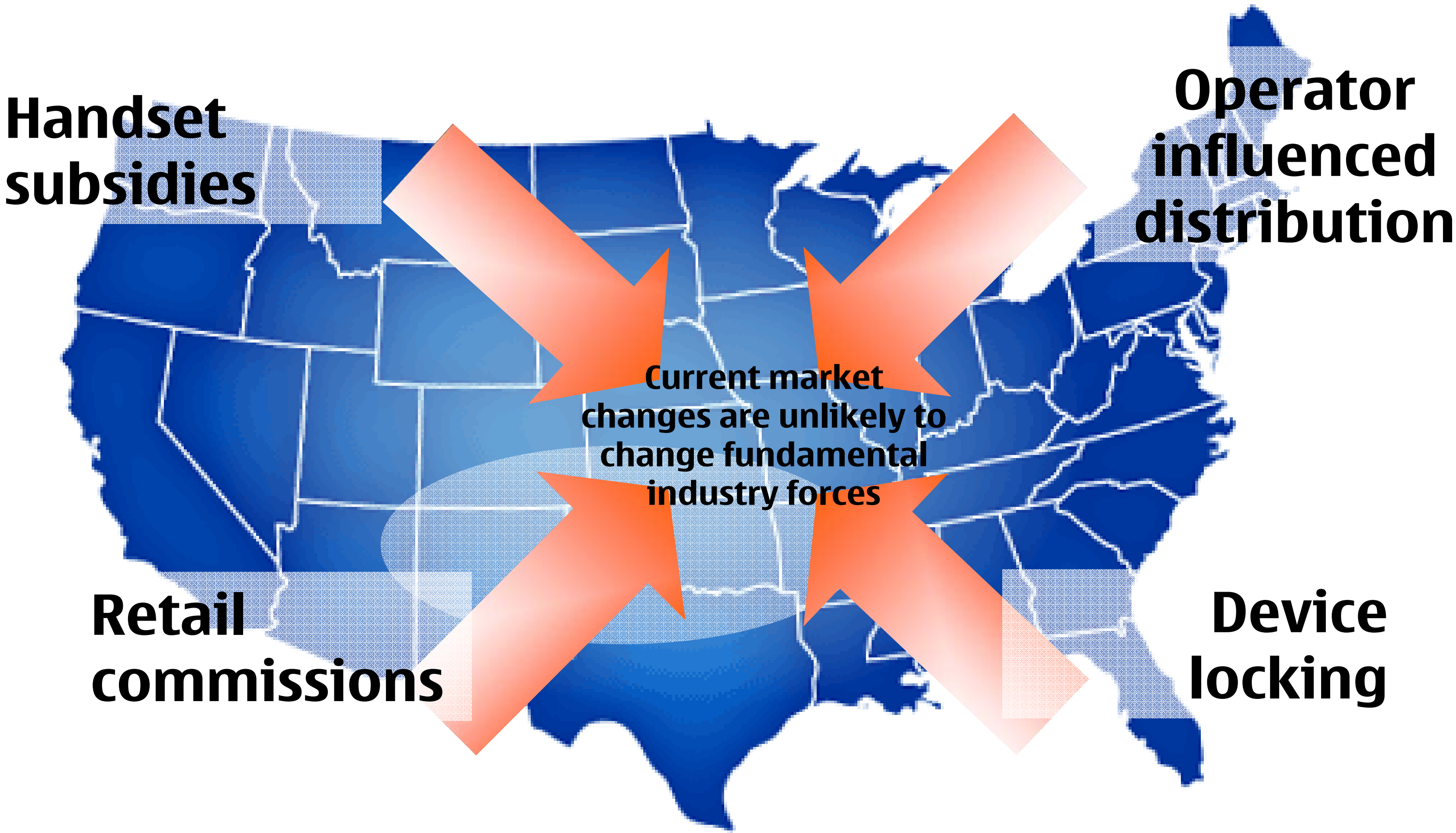
Leveraging Nokia's strengths and insights along all portions of the value chain to deliver incremental sales in Retail channels and create win-win situations

Leveraging Share of Voice is Critical in North America



Source: Telephia Q2'06 Ad Insights

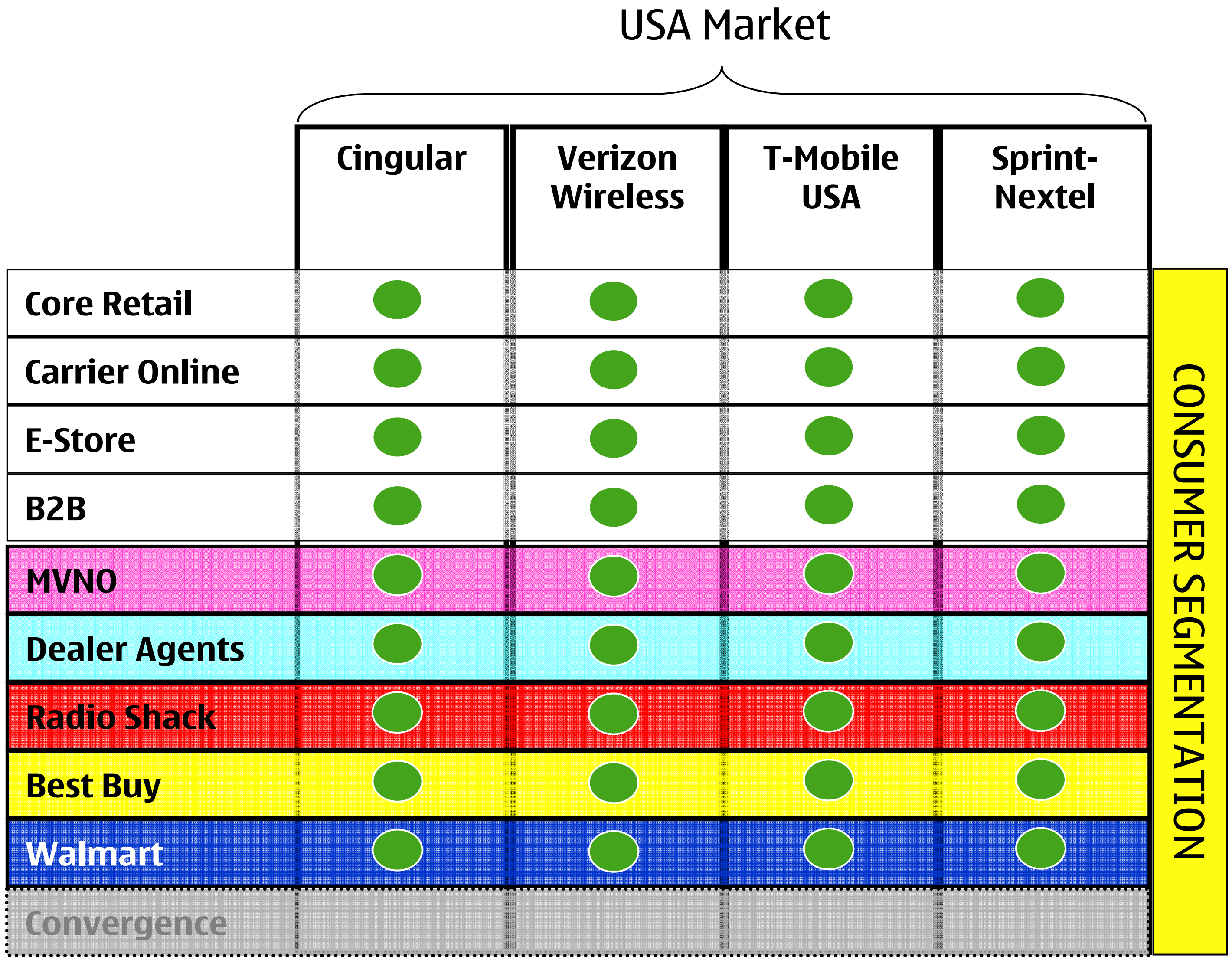
USA Business model remains largely the same



NOKIA

Total Channel Management Capability

- **Dynamic interaction between channels**
- **Increasing penetration and replacement market alters business drivers**
- **From product sell-in to total channel understanding**



Committed to Winning in North America

Investing in New Technologies

Joint Portfolio Creation

NOKIA

verizon

Shared Portfolio Vision

NA Dedicated R&D

NOKIA


NOKIA
Connecting People

