Information incorporated by reference
to the Listing Prospectus dated October 23, 2015

The annual report of Nokia's Board of Directors for the financial year ended December 31, 2013…………………………………………………………………………………………......5–19

The audited financial statements of Nokia, including the auditor's report, for the financial year ended December 31, 2013………………………………………………………………………..…22–100

NOKIA IN 2013

NOKIA IN 2013

YEAR 2013 HIGHLIGHTS 2

KEY DATA 4

REVIEW BY THE BOARD OF DIRECTORS 2012 5

ANNUAL ACCOUNTS 2013

Consolidated income statements, IFRS 22
Consolidated statements of comprehensive income, IFRS 23
Consolidated statements of financial position, IFRS 24
Consolidated statements of cash flows, IFRS 25
Consolidated statements of changes in shareholders' equity, IFRS 26
Notes to the consolidated financial statements 28
Income statements, parent company, FAS 82
Balance sheets, parent company, FAS 82
Statements of cash flows, parent company, FAS 83
Notes to the financial statements of the parent company 84
Nokia shares and shareholders 90
Nokia Group 2009–2013, IFRS 96
Calculation of key ratios 98
Signing of the Annual Accounts 2013 and proposal for distribution of profit 99
Auditors' report 100

ADDITIONAL INFORMATION

Critical accounting policies 102
Corporate governance statement
- Corporate governance 108
- Board of Directors 114
- Nokia Group Leadership Team 117

Compensation of the Board of Directors and the Nokia Group Leadership Team 119
Auditor fees and services 140
Investor information 141
Contact information 143

YEAR 2013 HIGHLIGHTS

A TRANSFORMATIVE YEAR FOR NOKIA

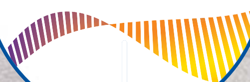
1/2013

25.2.
Nokia expands its Windows Phone 8 portfolio by launching the Nokia Lumia 720 and the Nokia Lumia 520 at Mobile World Congress.

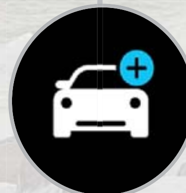
25.2.
HERE introduces LiveSight™, Nokia's set of augmented-reality technologies in the new HERE Maps.

9.5.
Nokia introduces the Nokia Asha 501 in New Delhi.

3.6.
Nokia's new manufacturing facility in Hanoi, Vietnam starts customer shipments.



1.7.
Nokia announces its plans to acquire Siemens' stake in Nokia Siemens Networks.



9.7.
HERE introduces HERE Drive + for all Windows Phone 8 smartphones.

11.7.
Nokia launches the Nokia Lumia 1020 in New York.

7.8.
Nokia completes the acquisition of Siemens' stake in Nokia Siemens Networks and renames the business Nokia Solutions and Networks, also known as NSN.

30.8.

HERE introduces the Connected Driving solution.

3.9.

Nokia announces the sale of substantially all of its Devices & Services business to Microsoft and changes in its leadership.

9.9.

HERE begins work with Mercedes-Benz to explore "smart maps" for self-driving cars and announces partnerships with Magneti Marelli and Continental.

22.10.

Nokia launches its first Windows tablet, the Nokia Lumia 2520 with integrated HERE Maps, and its first large screen Lumia smartphones: the Nokia Lumia 1520 and the Nokia Lumia 1320.

30.10.

NSN wins a deal with Sprint for the deployment of its TD-LTE network. Other major deals won by NSN in 2013 include e.g. China Mobile and China Telecommunications Corporation.

19.11.

Nokia's Extraordinary General Meeting confirms and approves the sale of substantially all of the Devices & Services business to Microsoft.

31.12.

The embedded navigation systems of more than 10 million new cars sold in 2013 are powered by maps from HERE, underlining the leadership of HERE in providing navigation and mapping solutions for the automotive industry.

12/2013

KEY DATA

Based on financial statements according to International Financial Reporting Standards, IFRS.

Nokia continuing operations, EURm	2013	2012	Change, %
Net sales	**12 709**	15 400	–17
Operating profit/loss	**519**	–821	
Profit/loss before tax	**243**	–1 179	
Profit/loss attributable to equity holders' of the parent	**186**	–771	
Research and development expenses	**2 619**	3 081	–15

Nokia Group, %	2013	2012
Return on capital employed	**neg.**	neg.
Net debt to equity (gearing)	**–35**	–47

EUR	2013	2012	Change, %
Nokia continuing operations			
Earnings per share, basic	**0.05**	–0.21	
Nokia Group			
Earnings per share, basic	**–0.17**	–0.84	–80
Dividend per share	**0.37** *	0.00	
Average number of shares (1 000 shares)	**3 712 079**	3 710 845	

* Board's proposal

Nokia continuing businesses, EURm	2013	2012	Change, %
Networks			
Net sales	**11 282**	13 779	–18
Operating profit/loss	**420**	–795	
HERE			
Net sales	**914**	1 103	–17
Operating loss	**–154**	–301	–49
Technologies			
Net sales	**529**	534	–1
Operating profit	**310**	325	–5

Personnel, December 31	2013	2012	Change, %
Networks	**48 628**	58 411	–17
HERE	**5 741**	6 186	–7
Technologies and Corporate Common Functions	**875**	950	–8
Nokia continuing operations	**55 244**	65 547	–16

10 major markets, net sales; EURm Continuing operations	2013	2012
USA	**1 542**	1 498
Japan	**1 388**	2 176
China	**896**	1 077
India	**656**	757
Germany	**609**	844
Finland	**594**	659
Brazil	**511**	805
Russia	**421**	476
Indonesia	**410**	418
Great Britain	**392**	540

Main currencies, rates at the end of 2013

1 EUR	USD	1.3751
	GBP	0.8444
	CNY	8.3498
	INR	85.1620
	RUB	45.2264
	JPY	141.80

REVIEW BY THE BOARD OF DIRECTORS 2013

Year 2013 constituted a remarkable time in the almost 150-year history of Nokia as two major transactions reshaped the company. In the first, Nokia purchased the remaining half of a leading telecommunications infrastructure business. In the second, Nokia divested its devices business which for over three decades had emerged to become a household name. This has been a transformative time for Nokia, its shareholders, people and other stakeholders. However, we believe that the changes we have pursued and executed were in the interests of Nokia and its shareholders, and today, we believe that the company is on a new path and has the capability to grow a new.

Sale of substantially all of Devices & Services business to Microsoft

The process leading to the announcement of the proposed sale of substantially all of Nokia's Devices & Services business to Microsoft on September 3, 2013, and eventually to the closing of the transaction on April 25, 2014, started in early 2013 when Microsoft approached Nokia indicating its interest in purchasing all or part of our Devices & Services business. After this contact, we carried out an extensive strategic review and considered a wide range of strategic alternatives and scenarios for the company. This review included, among other things, a thorough assessment of what would be possible within the framework of the partnership with Microsoft, outside of it, as well as the value of Nokia's businesses and assets in different scenarios.

During this process and throughout the negotiations, we consulted with our senior management as well as with outside legal and financial advisors. The negotiations with Microsoft progressed and eventually resulted in an offer from Microsoft to purchase substantially all of Nokia's Devices & Services business and to license our patents. After a thorough and careful assessment, we determined at a meeting held on September 2, 2013, that the proposed transaction was advisable, fair to, and in the best interests of Nokia and its shareholders. We decided to enter into the transaction and resolved to submit it to Nokia shareholders for confirmation and approval.

On September 3, 2013, Nokia announced that it had signed an agreement to enter into a transaction whereby Nokia would sell to Microsoft substantially all of its Devices & Services business, including the Mobile Phones and Smart Devices business units as well as an industry-leading design team, operations including Nokia Devices & Services production facilities, Devices & Services-related sales and marketing activities, and related support functions. Also, in conjunction with the closing of the transaction Nokia granted Microsoft a 10-years non-exclusive license to its patents and Microsoft granted Nokia reciprocal rights to use Microsoft patents in our HERE services, our mapping and location services business. The total purchase price was EUR 5.44 billion, of which EUR 3.79 billion related to the purchase of substantially all of the Devices & Services business, and EUR 1.65 billion related to the 10 year mutual patent license agreement and the option to extend this agreement in perpetuity (hereafter the transaction is referred to as the "Sale of the D&S Business"). In addition, Microsoft became a strategic licensee of the HERE platform, and separately pays Nokia for a four-year license.

On November 19, 2013, Nokia's shareholders confirmed and approved the transaction at the Extraordinary General Meeting in Helsinki. We were very pleased by the overwhelmingly strong support our shareholders gave for the transaction, as total of over 99% of the votes cast were in favour of the approval. Having received the approval of Nokia shareholders and regulatory authorities as well as fulfilling other customary closing conditions, the transaction closed on April 25, 2014.

Purchase of the remaining stake in NSN

During the summer we were able to move forward with negotiating the purchase of Siemens' share of Nokia Siemens Networks, our infrastructure joint venture. We saw potential in its leadership in next generation technologies, such as LTE, as well as in its profitability improvement, which was the result of the focused strategy and successful implementation of the company's restructuring programme. We saw an opportunity to purchase Siemens' share at what we believed to be an attractive price and create value for our shareholders. We announced the transaction on July 1, 2013 and the transaction was completed on August 7, 2013.

Interim governance

In connection with the announcement of the Microsoft transaction in September 2013, the Board deemed it fit to also re-evaluate the governance and management roles for Nokia. As Stephen Elop was agreed to transfer to Microsoft upon closing of the transaction, he stepped aside as President and CEO of Nokia Corporation, resigned from the Nokia Board of Directors, and became Executive Vice President, Devices & Services, as from September 3, 2013, in order to avoid the perception of any potential conflicts of interest.

On the same day, Risto Siilasmaa assumed the position of interim CEO and Timo Ihamuotila assumed the position of interim President, both in addition to their respective existing duties as Chairman of the Nokia Board and CFO, respectively.

On April 29, 2014, Nokia announced its new strategy and consequently, changes to its leadership. Nokia Board appointed, effective as from May 1, 2014, Rajeev Suri as the President and CEO of Nokia.

Board work

The Nokia Board of Directors and its committees met approximately 60 times over the year. Part of these meetings were regularly scheduled meetings, complemented by meetings through video and conference calls and other means. This extensive amount was appropriate given the careful and thorough evaluations we undertook in relation to the strategic plans in consideration and the two major transactions, in addition to carrying out the regular work of the Board.

Nokia going forward

Following the closing of the transaction, Nokia continues to own and maintain the Nokia brand. Under the terms of the transaction, Microsoft received a 10-year license arrangement with Nokia to use the Nokia brand on certain Mobile Phones products. Additionally, Nokia is restricted from licensing the Nokia brand for use in connection with mobile device sales for 30 months from the closing and from using the Nokia brand on Nokia's own mobile devices until December 31, 2015.

The significant developments during 2013 and early 2014 also meant that Nokia needed to re-evaluate its strategy and corporate identity going forward. A large component of the process was to assess which technologies would define and dominate the next ten years and how Nokia could position itself in that emerging environment. The evaluation comprised of evaluations of strategies for each of Nokia's three continuing businesses and possible synergies between them, as well as an evaluation of the optimal corporate and capital structure for Nokia after the closing of the transaction. Nokia announced the outcome of its evaluation and the new strategy on April 29, 2014.

Looking ahead, Nokia has three continuing businesses, each of which is a leader in enabling mobility in its respective market segment: network business Networks (previously Nokia Solutions and Networks, or NSN), HERE mapping and location services and Technologies (previously Advanced Technologies), which is focused on technology development and intellectual property licensing.

The history of Nokia goes far beyond mobile devices. In the course of its almost 150 years of existence, the company brand has been associated with cables, rubber boots, car tyres, and televisions, and more. Nokia has always lived among changes, encountered difficulties, made landmark decisions, and survived. The Nokia Board continuing its work in 2014 focused on building the next chapter of Nokia's success.

RESULTS OF OPERATIONS

We have three businesses: Networks, HERE, and Technologies, and four operating and reportable segments for financial reporting purposes: Mobile Broadband and Global Services within Networks, HERE, and Technologies. Below is a description of our four reportable segments.

- Mobile Broadband provides mobile operators with radio and core network software together with the hardware needed to deliver mobile voice and data services.
- Global Services provides mobile operators with a broad range of services, including network implementation, care, managed services, network planning and optimization, as well as systems integration.
- HERE focuses on the development of location intelligence, location-based services and local commerce.
- Technologies is built on Nokia's Chief Technology Office and intellectual property rights and licensing activities.

Networks also contains Networks Other, which includes net sales and related cost of sales and operating expenses of non-core businesses, as well as Optical Networks business until May 6, 2013, when its divestment was completed. It also includes restructuring and associated charges for Networks business. Additionally, as a result of the Sale of the D&S Business, we report certain separate information for Discontinued operations.

On August 7, 2013, Nokia completed the acquisition of Siemens' stake in Nokia Siemens Networks, which was a joint venture between Nokia and Siemens and renamed the company Nokia Solutions and Networks, also referred to as NSN. After the closing of the Sale of the D&S Business, NSN was renamed Networks. Networks was consolidated by Nokia prior to this transaction. Beginning in the third quarter of 2013, Nokia has reported financial information for the two operating and reportable segments within Networks; Mobile Broadband and Global Services. Beginning in the fourth quarter of 2013, the Devices & Services business has been reported as Discontinued operations. To reflect these changes, historical results information for past periods has been regrouped for historical comparative purposes. As is customary, certain judgments have been made when regrouping historical results information and allocating items in the regrouped results.

When presenting financial information as at December 31, 2013 and related comparative information for previous periods, we generally refer to the names of the businesses and reportable segments as they were named at December 31, 2013. However, the terms "Networks" and "Nokia Solutions and Networks, or "NSN" and the terms "Technologies" and "Advanced Technologies" may be used interchangeably in this annual report.

Nokia Continuing operations

The following table sets forth selective line items for the fiscal years 2013 and 2012.

EURm	2013	2012	YoY Change
Net sales	**12 709**	15 400	–17%
Cost of sales	**–7 364**	–9 841	–25%
Gross profit	**5 345**	5 559	–4%
Research and development expenses	**–2 619**	–3 081	–15%
Selling and marketing expenses	**–974**	–1 372	–29%
Administrative and general expenses	**–697**	–690	1%
Other operating income and expenses	**–536**	–1 237	–57%
Operating profit (loss)	**519**	–821	

NET SALES

Continuing operations net sales declined by 17% to EUR 12 709 million in 2013 compared with EUR 15 400 million in 2012. The decline in Nokia's continuing operations' net sales in 2013 was primarily due to lower NSN and HERE net sales. The decline in NSN net sales was partially due to divestments of businesses not consistent with its strategic focus, as well as the exiting of certain customer contracts and countries. Excluding these two factors, NSN net sales in 2013 declined by approximately 13% primarily due to reduced wireless infrastructure deployment activity, which affected both Global Services and Mobile Broadband. The decline in HERE net sales was primarily due to a decline in internal[1] HERE net sales due to lower recognition of deferred revenue related to our smartphone sales, partially offset by an increase in external HERE net sales due to higher sales to vehicle customers. Additionally, NSN and HERE net sales were negatively affected by foreign currency fluctuations.

The following table sets forth the distribution by geographical area of our net sales for the fiscal years 2013 and 2012.

Distribution of net sales by geographic area

EURm	2013	2012
Europe	**3 940**	4 892
Middle East & Africa	**1 169**	1 362
Greater China	**1 201**	1 341
Asia-Pacific	**3 428**	4 429
North America	**1 656**	1 628
Latin America	**1 315**	1 748
Total	**12 709**	15 400

The 10 markets in which we generated the greatest net sales in 2013 were, in descending order of magnitude, the United States, Japan, China, India, Germany, Finland, Brazil, Russia, Indonesia and Great Britain, together representing approximately 58% of total net sales in 2013. In comparison, the 10 markets in which we generated the greatest net sales in 2012 were Japan, the United States, China, Germany, Brazil, India, Finland, Great Britain, Russia and Indonesia, together representing approximately 60% of total net sales in 2012.

GROSS MARGIN

Gross margin for continuing operations in 2013 was 42.1%, compared to 36.1% in 2012. The increase in 2013 was primarily due to a higher NSN gross margin. NSN gross margin increased primarily due to improved efficiency in Global Services, an improved product mix with a greater share of higher margin products, and the divestment of less profitable businesses.

OPERATING EXPENSES

Our research and development expenses were EUR 2 619 million in 2013, compared to EUR 3 081 million in 2012. Research and development expenses represented 20.6% of our net sales in 2013, compared to 20.0% in 2012. Research and development expenses included purchase price accounting items of EUR 188 million in 2013, compared to EUR 375 in 2012. The decrease was primarily due to lower amortization of acquired intangible assets within HERE. In addition, it included EUR 15 million of transaction related costs, related to the Sale of the D&S Business.

In 2013, our selling and marketing expenses were EUR 974 million, compared to EUR 1 372 million in 2012. Selling and marketing expenses represented 7.7% of our net sales in 2013 compared to 8.9% in 2012. The decrease in selling and marketing expenses was due to lower purchase price accounting items and generally lower expenses in NSN and HERE. Selling and marketing expenses included purchase price accounting items of EUR 93 million in 2013 compared to EUR 313 million in 2012. The decrease was primarily due to items arising from the formation of NSN becoming fully amortized at the end of the first quarter of 2013.

Administrative and general expenses were EUR 697 million in 2013, compared to EUR 690 million in 2012. Administrative and general expenses were equal to 5.5% of our net sales in 2013 compared to 4.5% in 2012. The increase in administrative and general expenses as a percentage of net sales reflected a decline in net sales in 2013. Administrative and general expenses did not include purchase price accounting items in either 2013 or 2012.

Other income and expense was a lower net expense of EUR 536 million in 2013, compared to EUR 1 237 million in 2012.

1 HERE internal sales refers to sales that HERE had to our Discontinued operations (formerly Devices & Services business) that used certain HERE services in its mobile devices. After the closing of the Sale of the D&S Business HERE no longer generates such internal sales, however it will continue to recognize deferred revenue related to this business for up to 24 months after the closing of the Sale of the D&S Business. As part of the Sale of the D&S Business, Microsoft will become a strategic licensee of the HERE platform, and will separately pay HERE for a four-year license that will be recognized ratably as external net sales.

In 2013, other income and expenses included restructuring charges of EUR 602 million, as well as transaction related costs of EUR 18 million related to the Sale of the D&S Business. In 2012, other income and expenses included restructuring charges of EUR 1 265 million, including EUR 42 million related to country and contract exits, impairments of assets of EUR 2 million, a negative adjustment of EUR 4 million to purchase price allocations related to the final payment from Motorola as well as amortization of acquired intangible assets of EUR 23 million and a net gain on sale of real estate of EUR 79 million.

OPERATING PROFIT (LOSS)

Our 2013 operating profit was EUR 519 million, compared with an operating loss of EUR 821 million in 2012. The increased operating profit resulted primarily from lower restructuring charges and purchase price accounting items in general and an increase in the operating performance of our NSN business, which was partially offset by a decrease in the operating performance of HERE. Our operating profit in 2013 included purchase price accounting items, restructuring charges and other special items of net negative EUR 917 million compared to net negative EUR 1 963 million in 2012. Our 2013 operating margin was positive 4.1% compared to negative 5.3% in 2012. The improvement was primarily due to an increase in our gross margin and lower expenses in other income and expenses.

CORPORATE COMMON

Corporate common functions' operating loss totalled EUR 57 million in 2013, compared to EUR 50 million in 2012. In 2013 corporate common included restructuring charges and associated impairments of EUR 10 million, as well as transaction related costs of EUR 18 million related to the Sale of the D&S Business. In 2012 corporate common benefitted from a net gain from sale of real estate of EUR 79 million and included restructuring charges of EUR 6 million.

NET FINANCIAL INCOME AND EXPENSES

Financial income and expenses, net, was an expense of EUR 280 million in 2013 compared to an expense of EUR 357 million in 2012. The lower net expense in 2013 was primarily driven by lower foreign exchange losses.

Our net debt to equity ratio was negative 35% at December 31, 2013, compared with a net debt to equity ratio of negative 47% at December 31, 2012.

PROFIT (LOSS) BEFORE TAXES

Continuing operations profit before tax was EUR 243 million in 2013, compared to a loss of EUR 1 179 million in 2012. Taxes amounted to EUR 202 million in 2013 and EUR 304 million in 2012.

NON-CONTROLLING INTERESTS

Loss attributable to non-controlling interests from continuing operations totalled EUR 145 million in 2013, compared with a loss attributable to non-controlling interests of EUR 712 million in 2012. This change was primarily due to an improvement in NSN's results and our acquisition of Siemens' stake in NSN.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT AND EARNINGS PER SHARE

Nokia Group's total loss attributable to equity holders of the parent in 2013 amounted to EUR 615 million, compared with a loss of EUR 3 105 million in 2012. Continuing operations generated a profit attributable to equity holders of the parent in 2013, amounting to EUR 186 million, compared with a loss of EUR 771 million in 2012. Nokia Group's total earnings per share in 2013 increased to EUR –0.17 (basic) and EUR –0.17 (diluted), compared with EUR –0.84 (basic) and EUR –0.84 (diluted) in 2012. From continuing operations, earnings per share in 2013 increased to EUR 0.05 (basic) and EUR 0.05 (diluted), compared with EUR –0.21 (basic) and EUR –0.21 (diluted) in 2012.

CASH FLOW AND FINANCIAL POSITION

The following chart sets out Nokia's continuing operations cash flow for the fiscal years 2013 and 2012, as well as the year-on-year growth rates.

EURm	2013	2012	YoY Change
Net cash from operating activities	**72**	–354	
Total cash and other liquid assets	**8 971**	9 909	–9%
Net cash and other liquid assets [1]	**2 309**	4 360	–47%

1 Total cash and other liquid assets minus interest-bearing liabilities.

The items below are the primary drivers of the decrease in Nokia's continuing operations net cash and other liquid assets in 2013 of EUR 2.05 billion:

- Nokia's continuing operations net profit adjusted for non-cash items of positive EUR 1.3 billion;
- Nokia's continuing operations outflow related to the acquisition of Siemens' stake in Nokia Siemens Networks of EUR 1.7 billion;
- Nokia's continuing operations net working capital-related cash outflows of approximately EUR 70 million, which included approximately EUR 600 million of restructuring related cash outflows;
  - NSN net working capital-related outflows of approximately EUR 260 million, which included approximately EUR 600 million of restructuring-related cash outflows. Excluding

the restructuring-related cash outflows, NSN net working capital-related inflows of approximately EUR 340 million is primarily due to a decrease in receivables and inventories, partially offset by a decrease in interest free short term liabilities.

- HERE net working capital-related inflows of approximately EUR 120 million;
- Advanced Technologies net working capital-related inflows of approximately EUR 70 million.

- Nokia's continuing operations net financial income and expense-related cash inflow of approximately EUR 220 million,
- Nokia's continuing operations cash tax net outflows of approximately EUR 250 million;
- Nokia's continuing operations net proceeds related to unlisted funds of approximately EUR 80 million;
- Nokia's continuing operations capital expenditure of approximately EUR 210 million;
- Nokia's continuing operations net outflows of approximately EUR 60 million related to business divestments;
- Nokia's continuing operations inflow related to the proceeds from the sale of fixed assets of approximately EUR 80 million;
- Nokia's continuing operations proceeds related to the equity component of the Microsoft convertible bond of approximately EUR 150 million;
- Nokia's continuing operations negative foreign exchange impact from translation of opening net cash of approximately EUR 230 million; and
- Discontinued operations cash outflow of approximately EUR 1.2 billion.

RESULTS BY SEGMENTS

Nokia Solutions and Networks

The following table sets forth selective line items for the fiscal years 2013 and 2012.

EURm	2013	2012	YoY Change
Net sales	**11 282**	13 779	–18%
Cost of sales	**–7 148**	–9 610	–26%
Gross profit	**4 134**	4 169	–1%
Research and development expenses	**–1 822**	–2 046	–11%
Selling and marketing expenses	**–821**	–1 158	–29%
Administrative and general expenses	**–489**	–470	4%
Other operating income and expenses	**–582**	–1 290	–55%
Operating profit/loss	**420**	–795	

Segment information

	Mobile Broadband	Global Services	NSN Other	NSN
2013				
Net sales	5 347	5 753	182	11 282
Operating profit (loss)	420	693	–693	420
2012				
Net sales	6 043	6 929	807	13 779
Operating profit (loss)	490	334	–1 619	–795

NSN Other includes net sales and related cost of sales and operating expenses of non-core businesses, as well as Optical Networks business until May 6, 2013 when its divestment was completed. It also includes restructuring and associated charges for the NSN business.

NET SALES

NSN's net sales decreased 18% to EUR 11 282 million in 2013, compared to EUR 13 779 million in 2012. The year-on-year decline in NSN's net sales was primarily due to reduced wireless infrastructure deployment activity affecting both Mobile Broadband and Global Services, as well as the divestments of businesses not consistent with its strategic focus, foreign currency fluctuations, and the exiting of certain customer contracts and countries.

Mobile Broadband net sales declined 12% to EUR 5 347 million in 2013, compared to EUR 6 043 million in 2012, as declines in WCDMA, CDMA and GSM were partially offset by growth in both FD-LTE and TD-LTE, reflecting the industry shift to 4G technology. Core network sales declined as a result of the customer focus on radio technologies.

Global Services net sales declined 17% to EUR 5 753 million in 2013, compared to EUR 6 929 million in 2012 primarily due

to the exiting of certain customer contracts and countries as part of NSN's strategy to focus on more profitable business as well as a decline in network roll-outs in Japan and Europe.

The following table sets forth the distribution by geographical area of our net sales for the fiscal years 2013 and 2012.

NSN net sales by geographic area

EURm	2013	2012	YoY Change
Europe	**3 041**	3 896	–22%
Middle East & Africa	**1 111**	1 287	–14%
Greater China	**1 185**	1 278	–7%
Asia–Pacific	**3 354**	4 347	–23%
North America	**1 334**	1 294	3%
Latin America	**1 257**	1 677	–25%
Total	**11 282**	13 779	–18%

GROSS MARGIN

NSN's gross margin was 36.6% in 2013, compared to 30.3% in 2012, driven by improved efficiency in Global Services, an improved product mix with a greater share of higher margin products, and the divestment of less profitable businesses.

In Mobile Broadband, gross margin improved in 2013 driven by an increased software share in the product mix, offset by costs incurred in anticipation of a technology shift to TD-LTE.

In Global Services, gross margin improved significantly in 2013 due to the increase in efficiencies as part of our restructuring program and the exit of certain customer contracts and countries as part of NSN's strategy to focus on more profitable business.

OPERATING EXPENSES

NSN's research and development expenses decreased 11% year-on-year in 2013 to EUR 1 822 million from EUR 2 046 million in 2012, primarily due to business divestments and reduced investment in business activities not in line with NSN's focused strategy as well as increased research and development efficiency, partially offset by higher investments in business activities that are in line with NSN's focused strategy, most notably LTE.

NSN's sales and marketing expenses decreased 29% year-on-year in 2013 to EUR 821 million from EUR 1 158 million in 2012, primarily due to structural cost savings from NSN's restructuring program and a decrease in purchase price accounting related items arising from the formation of NSN, which were fully amortized at the end of the first quarter of 2013.

NSN's administrative and general expenses increased 4% year-on-year in 2013 to EUR 489 million from EUR 470 million in 2012, primarily due to consultancy fees related to finance and information technology related projects, partially offset by structural cost savings.

NSN's other income and expenses decreased in 2013 to an expense of EUR 582 million from an expense of EUR 1 290 million in 2012. In 2013 other income and expenses included restructuring charges of EUR 570 million, including EUR 52 million related to country and contract exits and EUR 157 million related to divestments to businesses, and in 2012 included restructuring charges and associated charges of EUR 1 226 million, including EUR 42 million related to country and contract exits, divestment of businesses EUR 50 million, impairments of assets of EUR 2 million, a negative adjustment of EUR 4 million to purchase price allocations related to the final payment from Motorola, as well as amortization of acquired intangible assets of EUR 23 million.

OPERATING PROFIT (LOSS)

NSN's operating profit in 2013 was EUR 420 million, compared with an operating loss of EUR 795 million in 2012. NSN's operating margin in 2013 was 3.7%, compared with a negative 5.8% in 2012. The increase in operating profit was primarily a result of an increase in the operating profit of Global Services and a reduction in costs associated with NSN's transformation, consisting mainly of restructuring charges. Further, the purchase price accounting related items arising from the formation of NSN, which were fully amortized at the end of the first quarter of 2013.

The operating profit of Mobile Broadband declined from EUR 490 million in 2012 to EUR 420 million in 2013, primarily as a result of lower net sales, which was partially offset by an improved gross margin and a reduction in operating expenses.

The operating profit of Global Services increased from EUR 334 million in 2012 to EUR 693 million in 2013, as the increase in gross margin more than compensated for the decline in net sales, and the operating profit in 2013 was further supported by a reduction in operating expenses.

STRATEGY AND RESTRUCTURING PROGRAM

In November 2011, NSN announced its strategy to focus on mobile broadband and services, and also launched an extensive global restructuring program, targeting the reduction of its annualized operating expenses and production overhead, excluding special items and purchase price accounting related items, by EUR 1 billion by the end of 2013, compared to the end of 2011. In January 2013, this target was raised to EUR 1.5 billion, and in July 2013 this target was further raised to "more than EUR 1.5 billion". While these savings were expected to come largely from organizational streamlining, the program also targeted areas such as real estate, information technology, product and service procurement costs, overall general and administrative expenses, and a significant reduction of suppliers in order to further lower costs and improve quality. In 2013, NSN achieved its target to reduce operating expenses and production overhead, excluding special items and purchase

price accounting items, by more than EUR 1.5 billion by the end of 2013, compared to the end of 2011.

During 2013, NSN recognized restructuring charges and other associated items of EUR 550 million related to this restructuring program, resulting in cumulative charges of approximately EUR 1 850 million. By the end of 2013, NSN had cumulative restructuring related cash outflows of approximately EUR 1 250 million relating to this restructuring program. NSN expects restructuring related cash outflows to be approximately EUR 450 million for the full year 2014 relating to this restructuring program.

HERE

The following table sets forth selective line items for the fiscal years 2013 and 2012.

EURm	2013	2012	YoY Change
Net sales	**914**	1 103	–17%
Cost of sales	**–208**	–228	–9%
Gross profit	**706**	875	–19%
Research and development expenses	**–648**	–883	–27%
Selling and marketing expenses	**–119**	–186	–36%
Administrative and general expenses	**–69**	–77	–10%
Other operating income and expenses	**–24**	–30	–20%
Operating profit (loss)	**–154**	–301	

NET SALES

HERE net sales decreased 17% to EUR 914 million in 2013, compared to EUR 1 103 million in 2012. HERE internal net sales decreased 59% to EUR 154 million in 2013, compared to EUR 374 million in 2012. HERE external net sales increased 4% to EUR 760 million in 2013, compared to EUR 729 million in 2012. The year-on-year decline in HERE internal net sales was due to lower recognition of deferred revenue related to our smartphone sales. The year-on-year increase in HERE external net sales in 2013 was primarily due to higher sales to vehicle customers, partially offset by lower sales to personal navigation devices customers. Additionally, HERE net sales were negatively affected by foreign currency fluctuations.

The following table sets forth the distribution by geographical area of our net sales for the fiscal years 2013 and 2012.

HERE net sales by geographic area

EURm	2013	2012	YoY Change
Europe	**384**	477	–19%
Middle East & Africa	**57**	74	–23%
Greater China	**17**	63	–73%
Asia-Pacific	**75**	82	–9%
North America	**322**	335	–4%
Latin America	**59**	72	–18%
Total	**914**	1 103	–17%

GROSS MARGIN

On a year-on-year basis, the decrease in HERE gross margin, 77.2% in 2013 compared to 79.3% in 2012, was primarily due to proportionally higher sales of update units to vehicle customers which generally carry a lower gross margin, partially offset by lower costs related to service delivery.

OPERATING EXPENSES

HERE research and development expenses decreased 27% to EUR 648 million in 2013 compared to EUR 883 million in 2012, primarily due to a decrease in purchase price accounting related items, EUR 168 million in 2013 compared to EUR 355 million in 2012, and cost reduction actions.

HERE sales and marketing expenses decreased 36% to EUR 119 million in 2013 compared to EUR 186 million in 2012, primarily driven by a decrease in purchase price accounting items, EUR 11 million in 2013 compared to EUR 68 million in 2012, cost reduction actions and lower marketing spending.

HERE administrative and general expenses decreased 10% to EUR 69 million in 2013 compared to EUR 77 million in 2012, primarily due cost reduction actions.

In 2013, HERE other income and expense had a slightly positive year-on-year impact on profitability, decreasing from EUR 30 million in 2012 to EUR 24 million in 2013. In 2013, we recognized restructuring charges of EUR 22 million in HERE, compared to EUR 31 million in 2012.

OPERATING PROFIT (LOSS)

HERE operating loss decreased to EUR 154 million in 2013, compared with a loss of EUR 301 million in 2012. HERE operating margin in 2013 was negative 16.8%, compared with negative 27.3% in 2012. The year-on-year improvement in operating margin in 2013 was driven primarily by the absence of significant purchase price accounting related items arising from the purchase of NAVTEQ, the vast majority of which had been fully amortized as of the end of the second quarter of 2013.

Advanced Technologies

The following table sets forth selective line items for the fiscal years 2013 and 2012.

EURm	2013	2012	YoY Change
Net sales	**529**	534	–1%
Cost of sales	**–14**	–7	100%
Gross profit	**515**	527	–2%
Research and development expenses	**–147**	–153	–4%
Selling and marketing expenses	**–34**	–24	42%
Administrative and general expenses	**–22**	–22	0%
Other operating income and expenses	**–2**	–3	–33%
Operating profit (loss)	**310**	325	–5%

NET SALES

Advanced Technologies net sales was stable on a year-on-year basis, EUR 529 million in 2013 compared to EUR 534 million in 2012, primarily due to a non-recurring license fee of EUR 50 million in the fourth quarter 2012, partially offset by net increases in royalty payments from our licensees.

GROSS MARGIN

On a year-on-year basis, the Advanced Technology gross margin decreased to 97.4% in 2013 compared to 98.7% in 2012.

OPERATING EXPENSES

Advanced Technologies research and development expenses decreased 4% to EUR 147 million in 2013 compared to EUR 153 million in 2012, primarily due to lower research and development costs, partially offset by transaction related costs of EUR 15 million related to the Sale of the D&S Business.

Advanced Technologies sales and marketing expenses increased 42% to EUR 34 million in 2013 compared to EUR 24 million in 2012, primarily due to IP licensing related litigation expenses. In 2013 sales and marketing expenses included transaction related costs of EUR 2 million related to the Sale of the D&S Business.

Advanced Technologies administrative and general expenses were flat year-on-year, amounting to EUR 22 million.

Advanced Technologies other income and expense was approximately flat year-on-year, and included restructuring charges of EUR 2 million in 2013, compared to EUR 3 million in 2012.

OPERATING PROFIT (LOSS)

Advanced Technologies operating profit decreased to EUR 310 million in 2013, compared to EUR 325 million in 2012. Advanced Technologies operating margin in 2013 was 58.6%, compared with 60.9% in 2012. The year-on-year decline in operating margin was driven primarily by the transaction related costs of EUR 17 million related to the Sale of D&S Business to Microsoft, partially offset by decreased restructuring charges.

Discontinued operations

The following table sets forth selective line items for the fiscal years 2013 and 2012.

EURm	2013	2012	YoY Change
Net sales	**10 735**	15 152	–29%
Cost of sales	**–8 526**	–12 320	–31%
Gross profit	**2 209**	2 832	–22%
Research and development expenses	**–1 130**	–1 658	–32%
Selling and marketing expenses	**–1 345**	–1 857	–28%
Administrative and general expenses	**–215**	–286	–25%
Other operating income and expenses	**–109**	–510	–79%
Operating profit (loss)	**–590**	–1 479	

NET SALES

Discontinued operations net sales decreased by 29% to EUR 10 735 million compared to EUR 15 152 million in 2012. The decline in discontinued operations net sales in 2013 was primarily due to lower Mobile Phones net sales and, to a lesser extent, lower Smart Devices net sales. The decline in Mobile Phones net sales was due to lower volumes and ASPs, affected by competitive industry dynamics, including intense smartphone competition at increasingly lower price points and intense competition at the low end of our product portfolio. The decline in Smart Devices net sales was primarily due to lower volumes, affected by competitive industry dynamics including the strong momentum of competing smartphone platforms, as well as our portfolio transition from Symbian products to Lumia products.

The following table sets forth the distribution by geographical area of our net sales for the fiscal years 2013 and 2012.

Discontinued operations net sales by geographic area

EURm	2013	2012	YoY Change
Europe	**3 266**	4 498	–27%
Middle East & Africa	**1 689**	2 712	–38%
Greater China	**816**	1 519	–46%
Asia–Pacific	**2 691**	3 655	–26%
North America	**623**	532	17%
Latin America	**1 650**	2 236	–26%
Total	**10 735**	15 152	–29%

GROSS MARGIN

Discontinued operations gross margin improved to 20.6% in 2013 compared to 18.7% in 2012. The increase in gross margin in 2013 was primarily due to a higher Smart Devices gross margin, partially offset by slightly lower Mobile Phones gross

margin. The increase in Smart Devices gross margin was primarily due to lower inventory related allowances, which negatively affected Smart Devices gross margin in 2012.

OPERATING EXPENSES

Discontinued operations operating expenses were approximately EUR 2 800 million in 2013, compared to approximately EUR 4 300 million in 2012. The 35% decrease in 2013 was due to lower Mobile Phones and Smart Devices operating expenses, primarily due to structural cost savings, as well as overall cost controls.

OPERATING PROFIT (LOSS)

Discontinued operations operating margin improved to negative 5.5% in 2013 compared to negative 9.8% in 2012. The improvement was primarily due to structural cost savings, as well as overall cost controls, and a higher gross margin.

MAIN EVENTS IN 2013

Nokia

- Nokia completed the acquisition of Siemens' stake in Nokia Siemens Networks on August 7, 2013, making it wholly owned subsidiary of Nokia. The acquisition was initially announced on July 1, 2013. In accordance with this transaction, the Siemens name was phased out from Nokia Siemens Networks' company name and branding. The new name and brand was announced to be Nokia Solutions and Networks, also referred to as NSN, which was also used for financial reporting purposes.
- On September 3, 2013, Nokia announced that it had signed an agreement to enter into a transaction whereby Nokia would sell substantially all of its Devices & Services business and license its patents to Microsoft.
- Nokia's Extraordinary General Meeting held on November 19, 2013 confirmed and approved the Sale of the D&S Business to Microsoft in line with the proposal and recommendation of the Nokia Board of Directors. The transaction was completed on April 25, 2014.
- Nokia also announced changes to its leadership as a result of the announcement of the transaction with Microsoft in September. To avoid the perception of any potential conflict of interest between the announcement and the consummation of the transaction, Stephen Elop stepped aside as President and CEO of Nokia Corporation, resigned from the Board of Directors, and became Executive Vice President, Devices & Services. Risto Siilasmaa assumed an interim CEO role while continuing to serve in his role as Chairman of the Nokia Board of Directors and Timo Ihamuotila assumed an interim President role while also continuing to serve as CFO. Mr. Ihamuotila also assumed the responsibility of chairing the Nokia Leadership Team during this interim period. The interim governance ended on May 1, 2014 after the announcement of the new strategy and management, including the new President and CEO, Rajeev Suri.
- As a result of the announcement of the Sale of D&S Business, Nokia Board conducted a strategy evaluation for Nokia Group, results of which were announced on April 29, 2014. Nokia plans to focus on three established businesses: Networks, a leader in network infrastructure and services; HERE, a leader in mapping and location services; and Technologies, which will build on several of Nokia's current CTO and intellectual property rights activities.

Networks operating highlights

- We won LTE contracts for China Mobile's and China Telecom's nationwide TD-LTE networks; with Chunghwa Telecom in Taiwan; Celcom in Malaysia; Sprint in the USA; US Cellular's second wave of LTE services; with TIM Brasil and Oi Brasil; Movistar and Claro in Chile; MTS in the Moscow and Central Russia regions; SFR in Paris; Tele2 in the Netherland; Vodafone in New Zealand, and Ooredoo in Qatar.
- We continued to stay at the forefront of mobile broadband, further enhancing the Radio Base Station Smart Scheduler and launching a powerful TD-LTE Base Station radio module; and introducing new (FlexiZone) microcell and picocell base stations.
- Networks and China Mobile enabled the world's first live TV broadcast via TD-LTE; NSN and the Singapore-based operator StarHub completed Southeast Asia's first 3GPP standard Voice over LTE call in a live network. Networks and Panasonic Mobile Communications were selected by NTT DOCOMO in Japan to develop for LTE-Advanced next-generation mobile broadband network architecture; Networks also helped all three major Korean operators–SK Telecom, LG U+ and Korea Telecom–to become the world's first to launch LTE-Advanced services commercially.
- Networks and SK Telecom of South Korea completed world's first proof-of-concept of Liquid Applications over LTE, and Networks successfully demonstrated its telco cloud capabilities in a joint proof-of-concept for Evolved Packet Core (EPC) virtualization with SK Telecom.
- The Lebanese telecommunications operator, touch, chose our operations support systems (OSS) portfolio and related integration services; Zain Kuwait deployed our Customer Experience Management (CEM) solution, and our CEM contract with Beijing Mobile was extended.

- We announced research co-operation with China Mobile Research Institute; made a multi-year commitment to 5G research activities together with the NYU WIRELESS research center; and announced participation as a founding member in the 5G public-private partnership between the European Union and 5G PPP Association.
- In June 2013, ABI Research ranked us number 1 in its macro base station vendor competitive assessment; and industry analyst firm Gartner positioned us in the 'Leaders' quadrant of the Magic Quadrant for LTE Network Infrastructure, for the second consecutive year.

HERE operating highlights

- HERE announced a complete Connected Driving offer, including HERE Auto, HERE Auto Cloud and HERE Auto Companion. It is the only end-to-end driving solution on the market today that will help car makers and in-vehicle technology suppliers connect the car to the cloud.
- HERE radically improved its traffic product, HERE Traffic, by building a new system and engine that processes data even faster and more accurately than before.
- Continental Corporation implemented 3D content from HERE in its new entertainment platform. Automotive manufacturers can expand their location-based applications to include rich 3D landmarks, satellite imagery with split screen and current traffic information. This also will advance the multi-modal transportation concept another step by providing drivers the ability to synch their route profiles across in-dash systems in their vehicles and their smartphone, tablet or PC.
- Garmin continued to put their trust in HERE across the globe by adopting Natural Guidance in North America and Europe, changing the way people provide directions to each other. This includes leveraging local knowledge and market research to incorporate local nuances for choosing and describing reference cues such as the color of a building or the name of a restaurant.
- HERE teamed up with Mercedes-Benz to jointly develop smart maps for connected cars and ultimately, self-driving cars leveraging cloud technology.
- The embedded navigation systems of more than 10 million new cars sold in 2013 are powered by maps from HERE. This milestone underlines the leadership of HERE in providing navigation and mapping solutions for the automotive industry.
- HERE continued to strengthen its popular and critically acclaimed suite of integrated location experiences on Windows Phone with a number of updates throughout the year and further strengthened the Windows Phone 8 ecosystem by making the suite available for all Windows Phone 8 devices.

Technologies operating highlights

- Nokia was one of the founding industrial partners and board members for the EU's Graphene Flagship, the EU's biggest research initiative ever, tasked with taking graphene, a nano-technology material with unique properties, from the realm of academic research into commercial use in the space of ten years. Our participation is led from the Nokia Research Center in Cambridge, UK.
- Nokia announced in November 2013 that Samsung had extended a patent license agreement between Nokia and Samsung for five years. The agreement would have expired at the end of 2013. According to the agreement, Samsung will pay additional compensation to us for the period commencing from January 1, 2014 onwards, and the amount of such compensation will be finally settled in a binding arbitration, which is expected to be concluded during 2015.

Discontinued operations' operating highlights

- Nokia's new manufacturing facility in Hanoi, Vietnam, became fully operational in the third quarter.
- Nokia launched its first Windows tablet, the Nokia Lumia 2520, and its first large screen Lumia smartphones, the Lumia 1520 and Lumia 1320.
- Nokia launched the Lumia 1020, which set a new benchmark for smartphone imaging, and the Lumia 925, which introduced metal for the first time to the Nokia Lumia range.
- Nokia started shipments of the Nokia 105, the most affordable phone in its portfolio, retailing at a recommended price of EUR 15.

PERSONNEL

The average number of employees of Nokia Group's continuing operations for 2013 was 59 333 (71 808 for 2012 and 80 856 for 2011), of which the average number of employees at HERE and NSN was 5 897 and 52 564 respectively. At December 31, 2013, Nokia Group's continuing operations employed a total of 55 244 people (65 547 people at December 31, 2012 and 81 914 people at December 31, 2011), of which the number of employees at HERE and NSN was 5 741 and 48 628 respectively. The total amount of wages and salaries in Nokia Group's continuing operations in 2013 was EUR 3 432 million (EUR 4 295 million in 2012 and EUR 3 875 million in 2011).

The average number of employees of Nokia Group's discontinued operations for 2013 was 31 055 (40 448 for 2012 and 53 314 for 2011). At December 31, 2013, Nokia Group's discontinued operations employed a total of 31 218 people (32 251 people at December 31, 2012 and 48 136 people at December 31, 2011). The total amount of wages and salaries in Nokia Group's discontinuing operations in 2013 was EUR 1 159 million (EUR 1 765 million in 2012 and EUR 2 409 million in 2011).

SUSTAINABILITY AT NOKIA

At Nokia, we integrate responsible environmental and social practices into everything we do. We strive to create value for people and the planet, as well as for Nokia as a company. The basic principles of our sustainability work are: Valuing people in everything we do; Being Green and Clean, Unleashing the potential of technology for good; Making change happen together.

We go to great lengths to implement sustainable and ethical working practices in our own operations, and we expect the same from our suppliers. We have long fostered diversity, equality and respect for human rights and dignity. We do not tolerate corruption of any kind, whether internal to Nokia or in our business relationships. In addition, we enhance the health, safety and wellbeing of our workforce.

Our environmental work focuses on minimizing the potential negative impact, and is based on global principles and standards that we integrate in our business activities. We improve our offices, factories, logistical operations and use of technologies in ways that save energy and reduce emissions. In addition, we continuously improve the environmental credentials of all our products.

The power of mobility plays a key role in making people's lives better, particularly in developing countries. Our technologies can help develop education and livelihoods. Additionally, mobile technology, if used in a smart way, can help people lower their environmental impact.

We believe collaboration with others can often be the most effective way to approach certain sustainability issues. That's why we work with various organizations driving sustainable development and participate in public policy development initiatives across the world.

Some of the 2013 sustainability highlights include:

- 83% of Nokia employees think that "Nokia is socially and environmentally responsible". This is an important achievement for us as our employees are a vital stakeholder group, and we have a high regard for their feedback on how we run our business.
- We continued strengthening our performance in matters of occupational health and safety (OHS).
- We used recycled plastics in the product cover for the first time in the Lumia 1520 Black variant.
- We were able to maintain the good level of renewable electricity share in our facilities, 38%, despite the challenges in its availability in some areas.
- Nokia was ranked second within the Communications Equipment industry in the Dow Jones Sustainability Indexes and ninth in Interbrand's Best Global Green Brands survey.
- Top ratings in both Performance and Disclosure ratings in The Carbon Disclosure Project (CDP) Nordic 260 Climate Change Report. Ranked second among technology sector leaders in the FTSE ESG rating.

More information about sustainability at Nokia can be found from our annual Sustainability Report, available on our website www.company.nokia.com/en/about-us/people-planet.

MANAGEMENT AND BOARD OF DIRECTORS

Board of Directors, Nokia Group Leadership Team and President and CEO

Pursuant to the Articles of Association, Nokia Corporation has a Board of Directors composed of a minimum of seven and a maximum of 12 members. The members of the Board are elected for a one-year term at each Annual General Meeting, i.e. from the close of the Annual General Meeting until the close of the next Annual General Meeting, which convenes each year by June 30.

The Annual General Meeting held on May 7, 2013 elected the following ten members to the Board of Directors: Bruce Brown, Elizabeth Doherty, Stephen Elop, Henning Kagermann, Jouko Karvinen, Helge Lund, Mårten Mickos, Elizabeth Nelson, Risto Siilasmaa and Kari Stadigh. Stephen Elop resigned from the Board of Directors effective as from September 3, 2013, after which the Board of Directors consists of nine members.

The Board has the responsibility for appointing and discharging the Chief Executive Officer (CEO), the Chief Financial Officer and the other members of the Nokia Group Leadership Team. Until September 3, 2013, Stephen Elop was the President and CEO, on which day Nokia announced changes to its leadership as a result of the announced transaction regarding the Sale of the D&S Business. As of September 3, 2013, Risto Siilasmaa assumed the role of interim CEO while continuing to serve in his role as Chairman of the Nokia Board of Directors and Timo Ihamuotila assumed the role of interim President while also continuing to serve as CFO. Effective as of May 1, 2014, Nokia Board appointed Rajeev Suri the President and CEO.

For information on shares and stock options held by the members of the Board of Directors, the President and CEO and the other members of the Nokia Group Leadership

Team, please see the section "Compensation of the Board of Directors and the Nokia Group Leadership Team" available in the Additional Information section of this 'Nokia in 2013' publication.

For more information regarding Corporate Governance, please see the Corporate Governance Statement in the Additional Information section of this 'Nokia in 2013' publication or on Nokia's website, www.company.nokia.com/en/about-us.

Changes in Nokia Leadership Team

During 2013, and subsequently, the following changes took place in the Nokia Leadership Team (as of May 1, 2014 renamed to Nokia Group Leadership Team):

- Stephen Elop stepped aside as President and CEO while continuing as a member of the Nokia Leadership Team as Executive Vice President, Devices & Services, effective as of September 3, 2013. He stepped down from the Nokia Leadership Team effective as of April 25, 2014 due to transferring to Microsoft in connection with the Sale of the D&S Business.
- Timo Ihamuotila served as interim President from September 3, 2013 through April 30, 2014 while also continuing to serve as Chief Financial Officer. During this interim time Mr. Ihamuotila also chaired the Nokia Leadership Team.
- Marko Ahtisaari, formerly Executive Vice President, Design, stepped down from the Nokia Leadership Team effective as of November 1, 2013 and continues in transitional role until May 31, 2014.
- Jo Harlow, formerly Executive Vice President, Smart Devices, stepped down from the Nokia Leadership Team effective as of April 25, 2014 due to transferring to Microsoft in connection with the Sale of the D&S Business.
- Juha Putkiranta, formerly Executive Vice President, Operations, stepped down from the Nokia Leadership Team effective as of April 25, 2014 due to transferring to Microsoft in connection with the Sale of the D&S Business.
- Timo Toikkanen, formerly Executive Vice President, Mobile Phones, stepped down from the Nokia Leadership Team effective as of April 25, 2014 due to transferring to Microsoft in connection with the Sale of the D&S Business.
- Chris Weber, formerly Executive Vice President, Sales and Marketing, stepped down from the Nokia Leadership Team effective as of April 25, 2014 due to transferring to Microsoft in connection with the Sale of the D&S Business.
- Louise Pentland, formerly Executive Vice President, Chief Legal Officer stepped down from the Nokia Leadership Team effective as of May 1, 2014 and continues to serve Nokia in an advisory role during a transition period.
- Juha Äkräs, formerly Executive Vice President, Human Resources stepped down from the Nokia Leadership Team effective as of May 1, 2014 and continues to serve Nokia in an advisory role during a transition period.
- Kai Öistämö, formerly Executive Vice President, Corporate Development stepped down from the Nokia Leadership Team effective as of May 1, 2014 and continues to serve Nokia in an advisory role during a transition period.
- Rajeev Suri was appointed the President and CEO of Nokia Corporation and Chairman of Nokia Group Leadership Team as from May 1, 2014.
- Samih Elhagen was appointed Executive Vice President and Chief Financial and Operating Officer of Networks and member of Nokia Group Leadership Team as from May 1, 2014.

ARTICLES OF ASSOCIATION

Nokia's Articles of Association is available on our website www.company.nokia.com. Amendment of the Articles of Association requires a resolution of the general meeting, supported by two-thirds of the votes cast and two-thirds of the shares represented at the meeting.

Nokia's Articles of Association include provisions for redemption obligation. Amendment of the provisions of Article 13 of the Articles of Association, "Obligation to purchase shares", requires a resolution supported by three-quarters of the votes cast and three-quarters of the shares represented at the meeting.

SHARES, SHARE CAPITAL AND SHAREHOLDERS

Nokia has one class of shares. Each Nokia share entitles the holder to one vote at general meetings of Nokia.

In 2013, Nokia did not cancel or repurchase any shares.

In 2013, Nokia transferred a total of 1 403 501 Nokia shares held by it as settlement under Nokia equity plans to the plan participants, personnel of Nokia Group, including certain Nokia Leadership Team members. The shares were transferred free of charge and the amount of shares transferred represented approximately 0.04% of the total number of shares and the total voting rights. The transfers did not have a significant effect on the relative holdings of the other shareholders of the company nor on their voting power.

On December 31, 2013, Nokia and its subsidiary companies owned 32 567 617 Nokia shares. The shares represented approximately 0.9% of the total number of the shares of the company and the total voting rights. The total number of shares at December 31, 2013, was 3 744 994 342. On December 31, 2013, Nokia's share capital was EUR 245 896 461.96.

Information on the authorizations held by the Board in 2013 to issue shares and special rights entitling to shares, transfer shares and repurchase own shares, as well as information on related party transactions, the shareholders, stock options, shareholders' equity per share, dividend yield, price per earnings ratio, share prices, market capitalization, share turnover and average number of shares are available in the Annual Accounts and Additional Information sections.

NOKIA OUTLOOK

Continuing Operations

- Nokia expects Networks operating margin for the full year 2014 to be towards the higher end of Networks' targeted long term operating margin range of 5% to 10%. In addition, Nokia now expects Networks' net sales to grow on a year-on-year basis in the second half of 2014. This outlook is based on Nokia's expectations regarding a number of factors, including:
  - competitive industry dynamics;
  - product and regional mix;
  - the timing of major new network deployments; and
  - expected continued improvement under Networks' transformation programs.
- In 2014, Nokia expects HERE to invest to capture longer term transformational growth opportunities. This is expected to negatively affect HERE's 2014 operating margin, excluding special items and purchase price accounting related items.
- Nokia expects Technologies annualized net sales run rate to expand to approximately EUR 600 million during 2014, now that Microsoft has become a more significant intellectual property licensee in conjunction with the Sale of the D&S Business.
- Until a pattern of tax profitability is re-established in Finland, Nokia continues to expect to record approximately EUR 250 million of annualized tax expense for the continuing operations. This corresponds to the anticipated cash tax obligations for Networks, HERE and Technologies. After a pattern of tax profitability is re-established in Finland, Nokia expects to record tax expenses at a long term effective tax rate of approximately 25%, however Nokia's cash tax obligations are expected to remain at approximately EUR 250 million annually until Nokia's currently unrecognized Finnish deferred tax assets have been fully utilized.
- Nokia expects full year 2014 capital expenditures for continuing operations to be approximately EUR 200 million, primarily attributable to Networks.

RISK FACTORS

Set forth below is a description of risk factors that could affect Nokia. There may be, however, additional risks unknown to Nokia and other risks currently believed to be immaterial that could turn out to be material. These risks, either individually or together, could adversely affect our business, sales, profitability, results of operations, financial condition, liquidity, market share, brand, reputation and share price from time to time. Unless otherwise indicated or the context otherwise provides, references in these risk factors to "Nokia", "we", "us" and "our" mean Nokia's consolidated operating segments.

- Nokia has announced a new strategy which is subject to various risks and uncertainties, including that Nokia may not be able to sustain or improve the operational and financial performance of its continuing businesses or that Nokia may not be able to correctly identify business opportunities or successfully pursue new business opportunities.
- Networks' strategy focuses on mobile broadband and accordingly its sales and profitability depend on its success in the mobile broadband infrastructure and related services market. Networks may fail to execute its strategy or to effectively and profitably adapt its business and operations in a timely manner to the increasingly diverse solution needs of its customers in that market or technological developments.
- Networks faces intense competition and may fail to effectively and profitably invest in new competitive high-quality products, services, upgrades and technologies and to bring them to market in a timely manner.
- Our intellectual property (IP) portfolio includes various patented standardized or proprietary technologies on which our products and services depend and we also use our IP portfolio for revenue generation. Third parties may use without a license and unlawfully infringe our IP or commence actions seeking to establish the invalidity of the intellectual property rights of these technologies, or we may not be able to sufficiently invent new relevant technologies, products and services to develop and maintain our IP portfolio, maintain the existing sources of intellectual property related revenue or establish new sources.

- Our HERE business includes various risks and uncertainties, including that we may be unable to maintain current sources of net sales in the vehicle segment from which our HERE business has historically derived most of its net sales from, establish a successful location-based platform, extend our location-based services across devices and operating systems or create new sources of revenue.
- Our sales, profitability and cash flow are dependent on the development of the mobile and communications industry in numerous diverse markets, as well as on general economic conditions globally and regionally.
- Networks is dependent on a limited number of customers and large multi-year contracts and accordingly a loss of a single customer or issues related to a single contract can have a significant impact on Networks.
- We may be unable to retain, motivate, develop and recruit appropriately skilled employees.
- We have operations in a number of countries and, as a result, face complex tax issues and could be obligated to pay additional taxes in various jurisdictions. Further our actual or anticipated performance, among other factors, could reduce our ability to utilize our deferred tax assets.
- We may fail to manage our manufacturing, service creation and delivery, as well as our logistics efficiently, and without interruption, or the limited number of suppliers we depend on may fail to deliver sufficient quantities of fully functional products and components or deliver timely services meeting our customers' needs.
- The Sale of the D&S Business may expose us to contingent liabilities and the agreements we have entered into with Microsoft may have terms that prove to be unfavorable to us.
- Our operations rely on the efficient and uninterrupted operation of complex and centralized information technology systems and networks and we store certain personal and consumer data as part of our business operations. If a system or network inefficiency, cybersecurity breach, malfunction or disruption occurs, this could have a material adverse effect on our business and results of operations.
- Our efforts aimed at managing and improving financial performance, cost savings and competitiveness may not lead to targeted results or improvements.
- Networks may be adversely affected by negative developments with respect to the customer financing or extended payment terms it provides to customers.
- If any of the companies we partner and collaborate with were to fail to perform as planned or if we fail to achieve the collaboration or partnering arrangements needed to succeed, we may not be able to bring our products or services to market successfully or in a timely way.
- Our products and services include increasingly complex technologies, some of which have been developed by us or licensed to us by certain third parties. As a result, evaluating the rights related to the technologies we use or intend to use is more and more challenging, and we expect to continue to face claims that we could have allegedly infringed third parties' intellectual property rights. The use of these technologies may also result in increased licensing costs for us, restrictions on our ability to use certain technologies in our products and/or costly and time-consuming litigation.
- We are a company with global operations and with sales derived from various countries, exposing us to risks related to regulatory, political or other developments in various counties or regions.
- Our net sales, costs and results of operations, as well as the US dollar value of our dividends and market price of our ADSs, are affected by exchange rate fluctuations, particularly between the euro, which is our reporting currency, and the US dollar, the Japanese yen and the Chinese yuan, as well as certain other currencies.
- We may not be able to achieve targeted benefits from or successfully implement planned transactions, such as acquisitions, divestments, mergers or joint ventures, for instance due to issues in selecting successfully the targets or failures to execute transactions or due to unexpected liabilities associated with such transactions.
- An unfavorable outcome of litigation, contract related disputes or allegations of health hazards associated with our business could have a material adverse effect on our business, results of operations, financial condition and reputation.

DIVIDEND AND PLANNED EUR 5 BILLION CAPITAL STRUCTURE OPTIMIZATION PROGRAM

As announced on April 29, 2014, as a result of the closing of the Sale of the D&S Business, Nokia's financial position and earnings profile have both improved significantly. Furthermore, Nokia's Board of Directors has conducted a thorough analysis of Nokia's potential capital structure requirements. Based on this analysis, the Nokia Board is confident that Nokia has the financial strength and flexibility to sustain the long-term investments necessary to ensure industry leadership in the future.

In addition, to improve the efficiency of Nokia's capital structure, the Nokia Board announced plans for a EUR 5 billion capital structure optimization program which focuses on recommencing ordinary dividends, distributing deemed excess capital to shareholders, and reducing interest bearing debt.

This comprehensive program consists of the following components:

- Recommencement of ordinary dividend payments, with at least EUR 800 million of ordinary dividends in total planned for 2013 and 2014, as follows:
  - An ordinary dividend for 2013 of EUR 0.11 per share (approximately EUR 400 million), subject to shareholder approval in 2014; and
  - A planned ordinary dividend for 2014 of at least EUR 0.11 per share (at least approximately EUR 400 million), subject to shareholder approval in 2015;
- An special dividend of EUR 0.26 per share, subject to shareholder approval in 2014 (approximately EUR 1 billion);
- A EUR 1.25 billion share repurchase program, subject to the authorization to the Board by the shareholders in 2014; and
- Debt reduction of approximately EUR 2 billion by the end of the second quarter 2016.

As part of the overall capital structure optimization program, Nokia Board of Directors proposes to the Annual General Meeting, scheduled to take place on June 17, 2014 (Annual General Meeting 2014), the recommencement of ordinary dividend payments to shareholders. The Nokia Board proposes to the Annual General Meeting 2014 that a dividend of EUR 0.11 per share be paid with respect to the year 2013, which equals approximately half of Nokia's earnings from continuing operations in 2013, excluding special items and purchase price accounting related items. This ordinary dividend for 2013 is expected to be paid on or about July 3, 2014.

Furthermore, the Nokia Board plans to propose an ordinary dividend of at least EUR 0.11 per share with respect to the year 2014 to the Annual General Meeting convening in spring 2015.

The Nokia Board of Directors proposes to the Annual General Meeting 2014 a special dividend of EUR 0.26 per share (approximately EUR 1 billion). The special dividend is expected to be paid on or about July 3, 2014.

The Nokia Board also proposes a share repurchase authorization to facilitate the EUR 1.25 billion of planned share repurchases over two years. The Nokia Board proposes that the Annual General Meeting 2014 authorize the Board to resolve to repurchase a maximum of 370 million Nokia shares, which corresponds to less than 10% of Nokia shares outstanding. The term of the repurchase authorization is for the maximum of 18 months under Finnish regulations, and is expected to be re-proposed by the Nokia Board at the Annual General Meeting 2015. The shares are expected to be cancelled. The shares may be repurchased in the open market, in privately negotiated transactions, through the use of derivative instruments, or through a tender offer made to all shareholders on equal terms. The share repurchase authorization would be effective until December 17, 2015 and terminate the current authorization granted by the Annual General Meeting on May 7, 2013. The Nokia Board plans to commence the repurchases following the publication of the Company's interim report for the second quarter of 2014.

In addition, Nokia plans to reduce interest bearing debt by approximately EUR 2 billion by the end of the second quarter 2016. Once complete, the debt reduction is expected to result in annual run rate savings of at least EUR 100 million related to recurring interest costs. Furthermore, lowering our gross debt level is aligned with our target to return to being an investment grade company. Nokia intends to reduce interest bearing debt by utilizing applicable maturity dates, call dates, or other terms allowing early redemption or retirement of debt or by making offers to repurchase debt in the open market.

Board of Directors, Nokia Corporation
April 30, 2014

ANNUAL ACCOUNTS 2013

Consolidated income statements, IFRS ... **22**
Consolidated statements of comprehensive income, IFRS ... **23**
Consolidated statements of financial position, IFRS ... **24**
Consolidated statements of cash flows, IFRS ... **25**
Consolidated statements of changes in shareholders' equity, IFRS ... **26**
Notes to the consolidated financial statements ... **28**
Income statements, parent company, FAS ... **82**
Balance sheets, parent company, FAS ... **82**
Statements of cash flows, parent company, FAS ... **83**
Notes to the financial statements of the parent company ... **84**
Nokia shares and shareholders ... **90**
Nokia Group 2009–2013, IFRS ... **96**
Calculation of key ratios ... **98**
Signing of the Annual Accounts 2013
and proposal for distribution of profit ... **99**
Auditors' report ... **100**

CONSOLIDATED INCOME STATEMENTS, IFRS

Financial year ended December 31	Notes	2013 EURm	2012 * EURm	2011 * EURm
Continuing operations				
Net sales		**12 709**	15 400	15 968
Cost of sales		**−7 364**	−9 841	−10 408
Gross profit		**5 345**	5 559	5 560
Research and development expenses		**−2 619**	−3 081	−3 334
Selling and marketing expenses		**−974**	−1 372	−1 608
Administrative and general expenses		**−697**	−690	−735
Impairment of goodwill	9	**—**	—	−1 090
Other income	8	**272**	276	151
Other expenses	8, 9	**−808**	−1 513	−332
Operating profit (+)/loss (−)	2−11, 25	**519**	−821	−1 388
Share of results of associated companies	16, 32	**4**	−1	−23
Financial income and expenses	9, 12	**−280**	−357	−131
Profit (+)/loss (−) before tax		**243**	−1 179	−1 542
Income tax	13	**−202**	−304	−73
Profit (+)/loss (−) from continuing operations		**41**	−1 483	−1 615
Profit (+)/loss (−) from continuing operations attributable to equity holders of the parent		**186**	−771	−1 272
Loss from continuing operations attributable to non-controlling interests		**−145**	−712	−343
		41	−1 483	−1 615
Loss (−)/profit (+) from discontinued operations	3	**−780**	−2 303	128
Loss (−)/profit (+) from discontinued operations attributable to equity holders of the parent		**−801**	−2 334	109
Profit from discontinued operations attributable to non-controlling interests		**21**	31	19
		−780	−2 303	128
Loss for the year		**−739**	−3 786	−1 487
Loss attributable to equity holders of the parent		**−615**	−3 105	−1 163
Loss attributable to non-controlling interests		**−124**	−681	−324
		−739	−3 786	−1 487

Earnings per share from continuing and discontinued operations (for profit (+)/loss (−) attributable to the equity holders of the parent)	29	2013 EUR	2012 EUR	2011 EUR
Basic earnings per share				
From continuing operations		**0.05**	−0.21	−0.34
From discontinued operations		**−0.22**	−0.63	0.03
From the profit of the year		**−0.17**	−0.84	−0.31
Diluted earnings per share				
From continuing operations		**0.05**	−0.21	−0.34
From discontinued operations		**−0.22**	−0.63	0.03
From the profit of the year		**−0.17**	−0.84	−0.31
Average number of shares (000’s shares)	29			
Basic				
From continuing operations		**3 712 079**	3 710 845	3 709 947
From discontinued operations		**3 712 079**	3 710 845	3 709 947
From the profit of the year		**3 712 079**	3 710 845	3 709 947
Diluted				
From continuing operations		**3 733 364**	3 710 845	3 709 947
From discontinued operations		**3 712 079**	3 710 845	3 717 034
From the profit of the year		**3 712 079**	3 710 845	3 709 947

* Full years 2012 and 2011 reflect the retrospective application of Revised IAS 19, Employee Benefits.

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME, IFRS

Financial year ended December 31	Notes	2013 EURm	2012 * EURm	2011 * EURm
Loss		**−739**	−3 786	−1 487
Other comprehensive income (+)/expence (−)				
Items that will not be reclassified to profit or loss				
Remeasurements on defined benefit pensions	6	**83**	−228	−36
Items that may be reclassified subsequently to profit or loss				
Translation differences	23	**−496**	41	9
Net investment hedges	23	**114**	−58	−37
Cash flow hedges	22	**3**	−41	116
Available-for-sale investments	22	**49**	35	70
Other increase (+)/decrease (−), net		**5**	10	−17
Income tax related to components of other comprehensive expense (−)/income (+)	22, 23	**−2**	34	−4
Other comprehensive expense (−)/income (+), net of tax		**−244**	−207	101
Total comprehensive expense		**−983**	−3 993	−1 386
Total comprehensive expense attributable to				
equity holders of the parent		**−863**	−3 281	−1 089
non-controlling interests		**−120**	−712	−297
		−983	−3 993	−1 386
Total comprehensive income(+)/expense (−) attributable to equity holders of the parent arises from:				
Continuing operations		**34**	−831	−1 200
Discontinued operations		**−897**	−2 450	111
		−863	−3 281	−1 089

* Full years 2012 and 2011 reflect the retrospective application of Revised IAS 19, Employee Benefits.

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION, IFRS

December 31	Notes	2013 EURm	2012 * EURm
ASSETS			
Non-current assets			
Goodwill	14	**3 295**	4 876
Other intangible assets	14	**296**	647
Property, plant and equipment	15	**566**	1 431
Investments in associated companies	16	**65**	58
Available-for-sale investments	17	**741**	689
Deferred tax assets	26	**890**	1 279
Long-term loans receivable	17, 35	**96**	125
Other non-current assets		**99**	218
		6 048	9 323
Current assets			
Inventories	19, 21	**804**	1 538
Accounts receivable, net of allowances for doubtful accounts (2013: EUR 124 million, 2012: EUR 248 million)	17, 21, 35	**2 901**	5 551
Prepaid expenses and accrued income	20	**660**	2 682
Current income tax assets		**146**	495
Current portion of long-term loans receivable	17, 35	**29**	35
Other financial assets	17, 18, 35	**285**	451
Investments at fair value through profit and loss, liquid assets	17, 35	**382**	415
Available-for-sale investments, liquid assets	17, 35	**956**	542
Available-for-sale investments, cash equivalents	17, 35	**3 957**	5 448
Bank and cash	35	**3 676**	3 504
		13 796	20 661
Assets held for sale	15, 17	**89**	—
Assets of disposal groups classified as held for sale	3	**5 258**	—
Total assets		**25 191**	29 984
SHAREHOLDERS' EQUITY AND LIABILITIES			
Capital and reserves attributable to equity holders of the parent			
Share capital	24	**246**	246
Share issue premium		**615**	446
Treasury shares, at cost		**−603**	−629
Translation differences	23	**434**	746
Fair value and other reserves	22	**80**	−5
Reserve for invested non-restricted equity		**3 115**	3 136
Retained earnings		**2 581**	3 997
		6 468	7 937
Non-controlling interests		**192**	1 302
Total equity		**6 660**	9 239
Non-current liabilities			
Long-term interest-bearing liabilities	17, 35	**3 286**	5 087
Deferred tax liabilities	26	**195**	701
Other long-term liabilities		**630**	997
Provisions	28	**242**	304
		4 353	7 089
Current liabilities			
Current portion of long-term loans	17, 35	**3 192**	201
Short-term borrowings	17, 35	**184**	261
Other financial liabilities	17, 18, 35	**35**	90
Current income tax liabilities	13	**484**	499
Accounts payable	17, 35	**1 842**	4 394
Accrued expenses and other liabilities	27	**3 033**	6 223
Provisions	28	**680**	1 988
		9 450	13 656
Liabilities of disposal groups classified as held for sale	3	**4 728**	—
Total shareholders' equity and liabilities		**25 191**	29 984

* December 31, 2012 reflects the retrospective application of Revised IAS 19, Employee Benefits.

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS, IFRS

Financial year ended December 31	Notes	2013 EURm	2012 * EURm	2011 * EURm
Cash flow from operating activities				
Loss attributable to equity holders of the parent		**−615**	−3 105	−1 163
Adjustments, total	33	**1 789**	3 841	3 488
Change in net working capital	33	**−945**	119	−641
Cash generated from operations		**229**	855	1 684
Interest received		**92**	130	190
Interest paid		**−208**	−277	−283
Other financial income and expenses, net		**345**	−584	264
Income taxes paid, net		**−386**	−478	−718
Net cash from/used in operating activities		**72**	−354	1 137
Cash flow from investing activities				
Acquisition of businesses, net of acquired cash		**—**	13	−817
Purchase of current available-for-sale investments, liquid assets		**−1 021**	−1 668	−3 676
Purchase of investments at fair value through profit and loss, liquid assets		**—**	−40	−607
Purchase of non-current available-for-sale investments		**−53**	−55	−111
Purchase of shares in associated companies		**−8**	−1	−2
Payment of other long-term receivables		**−1**	—	−14
Proceeds from (+)/payment of (–) short-term loans receivable		**4**	24	−31
Capital expenditures		**−407**	−461	−597
Proceeds from disposal of businesses, net of disposed cash		**−63**	−15	−2
Proceeds from disposal of shares in associated companies		**—**	5	4
Proceeds from maturities and sale of current available-for-sale investments, liquid assets		**586**	2 355	6 090
Proceeds from maturities and sale of investments at fair value through profit and loss, liquid assets		**—**	86	1 156
Proceeds from sale of non-current available-for-sale investments		**129**	37	57
Proceeds from sale of fixed assets		**138**	279	48
Dividends received		**5**	3	1
Net cash used in/from investing activities		**−691**	562	1 499
Cash flow from financing activities				
Other contributions from shareholders		**—**	—	546
Purchase of a subsidiary's equity instruments		**−1 707**	—	—
Proceeds from long-term borrowings		**2 291**	752	1
Repayment of long-term borrowings		**−862**	−266	−51
Repayment of short-term borrowings		**−128**	−196	−59
Dividends paid		**−71**	−755	−1 536
Net cash used in financing activities		**−477**	−465	−1 099
Foreign exchange adjustment		**−223**	−27	107
Net decrease (–)/increase (+) in cash and cash equivalents		**−1 319**	−284	1 644
Cash and cash equivalents at beginning of period		**8 952**	9 236	7 592
Cash and cash equivalents at end of period		**7 633**	8 952	9 236
Cash and cash equivalents comprise of:				
Bank and cash		**3 676**	3 504	1 957
Current available-for-sale investments, cash equivalents	17, 35	**3 957**	5 448	7 279
		7 633	8 952	9 236

The figures in the consolidated statement of cash flows combine cash flows relating to both continuing and discontinued operations. Note 3 includes information about discontinued operations cash flows.

The figures in the consolidated statement cash flows cannot be directly traced from the balance sheet without additional information as a result of acquisitions and disposals of subsidiaries and net foreign exchange differences arising on consolidation.

* Full years 2012 and 2011 reflect the retrospective application of Revised IAS 19, Employee Benefits.

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY, IFRS

	Number of shares (1 000's)	Share capital	Share issue premium	Treasury shares	Translation differences	Fair value and other reserves	Reserve for invested non-restrict. equity	Retained earnings	Equity holders of the parent	Non-controlling interests	Total
Balance at December 31, 2010	**3 709 130**	**246**	**312**	**−663**	**825**	**9**	**3 161**	**10 500**	**14 390**	**1 858**	**16 248**
Remeasurement on defined benefit pensions, net of tax						−7			−7	−17	−24
Translation differences					−26				−26	35	9
Net investment hedges, net of tax					−28				−28		−28
Cash flow hedges, net of tax						84			84	10	94
Available-for-sale investments, net of tax						67			67		67
Other decrease, net								−16	−16	−1	−17
Profit								−1 163	−1 163	−324	−1 487
Total comprehensive income		**—**	**—**	**—**	**−54**	**144**	**—**	**−1 179**	**−1 089**	**−297**	**−1 386**
Share-based compensation			18						18		18
Excess tax benefit on share-based compensation			−3						−3	−1	−4
Settlement of performance and restricted shares	1 059		−11	19			−13		−5		−5
Contributions from shareholders			46						46	500	546
Dividend								−1 484	−1 484	−39	−1 523
Acquisitions and other change in non-controlling interests									—	15	15
Total of other equity movements		**—**	**50**	**19**	**—**	**—**	**−13**	**−1 484**	**−1 428**	**475**	**−953**
Balance at December 31, 2011	**3 710 189**	**246**	**362**	**−644**	**771**	**153**	**3 148**	**7 837**	**11 873**	**2 036**	**13 909**
Remeasurement on defined benefit pensions, net of tax						−127			−127	−79	−206
Translation differences					42				42	−2	40
Net investment hedges, net of tax					−67				−67		−67
Cash flow hedges, net of tax						−67			−67	47	−20
Available-for-sale investments, net of tax						36			36		36
Other increase, net								7	7	3	10
Loss								−3 105	−3 105	−681	−3 786
Total comprehensive income		**—**	**—**	**—**	**−25**	**−158**	**—**	**−3 098**	**−3 281**	**−712**	**−3 993**
Share-based compensation			1						1		1
Excess tax benefit on share-based compensation			3						3		3
Settlement of performance and restricted shares	796		−5	15			−12		−2		−2
Dividend								−742	−742	−22	−764
Convertible bond–equity component			85						85		85
Total of other equity movements		**—**	**84**	**15**	**—**	**—**	**−12**	**−742**	**−655**	**−22**	**−677**
Balance at December 31, 2012	**3 710 985**	**246**	**446**	**−629**	**746**	**−5**	**3 136**	**3 997**	**7 937**	**1 302**	**9 239**

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY, IFRS (continued)

	Number of shares (1 000's)	Share capital	Share issue premium	Treasury shares	Translation differences	Fair value and other reserves	Reserve for invested non-restrict. equity	Retained earnings	Equity holders of the parent	Non-controlling interests	Total
Balance at December 31, 2012	**3 710 985**	**246**	**446**	**−629**	**746**	**−5**	**3 136**	**3 997**	**7 937**	**1 302**	**9 239**
Remeasurement on defined benefit pensions, net of tax						55			55	25	80
Translation differences					−468				−468	−28	−496
Net investment hedges, net of tax					114				114		114
Cash flow hedges, net of tax						−3			−3	7	4
Available-for-sale investments, net of tax						49			49	—	49
Other increase, net								5	5	—	5
Loss								−615	−615	−124	−739
Total comprehensive income		**—**	**—**	**—**	**−354**	**101**	**—**	**−610**	**−863**	**−120**	**−983**
Share-based compensation			25						25		25
Settlement of performance and restricted shares	1 404		−7	26			−21		−2		−2
Dividend								—	—	−37	−37
Acquisition of non-controlling interest			−3		42	−16		−806	−783	−924	−1 707
Other change in non-controlling interest									—	−29	−29
Convertible bond–equity component			154						154		154
Convertible bond–conversion to equity	38						—		—		—
Total of other equity movements		**—**	**169**	**26**	**42**	**−16**	**−21**	**−806**	**−606**	**−990**	**−1 596**
Balance at December 31, 2013	**3 712 427**	**246**	**615**	**−603**	**434**	**80**	**3 115**	**2 581**	**6 468**	**192**	**6 660**

Dividends declared per share were EUR 0.37 for 2013 (EUR 0.00 for 2012 and EUR 0.20 for 2011), subject to shareholders' approval.

See Notes to Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING PRINCIPLES

Basis of presentation

The consolidated financial statements of Nokia Corporation ("Nokia" or "the Group"), a Finnish public limited liability company with domicile in Helsinki, in the Republic of Finland, are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and in conformity with IFRS as adopted by the European Union ("IFRS"). The consolidated financial statements are presented in millions of euros ("EURm"), except as noted, and are prepared under the historical cost convention, except as disclosed in the accounting policies below. The notes to the consolidated financial statements also conform to Finnish accounting legislation. Nokia's Board of Directors authorized the financial statements for 2013 for issuance and filing on April 30, 2014.

In the prior year, the Group's operational structure featured three businesses: Devices & Services, HERE and Nokia Siemens Networks, also referred to as NSN. For financial reporting purposes, the Group previously reported four operating segments: Smart Devices and Mobile Phones within the Devices & Services business, HERE and Nokia Siemens Networks.

On August 7, 2013 Nokia completed the acquisition of Siemens' stake in Nokia Siemens Networks, which was previously a consolidated subsidiary and business owned by Nokia and Siemens. Upon acquisition, the name of the business was changed to Nokia Solutions and Networks, also referred to as NSN. As a result of the acquisition, NSN is now a wholly owned subsidiary of Nokia and Nokia reports two operating segments within the NSN business: Mobile Broadband and Global Services.

On September 3, 2013 Nokia announced that it had signed an agreement to enter into a transaction whereby Nokia sold substantially all of its Devices & Services business to Microsoft ("sale of the D&S business"). Upon receiving shareholder confirmation and approval of the transaction at Nokia's Extraordinary General Meeting in November 2013, substantially all of the Devices & Services business was determined to constitute discontinued operations. The financial results for the discontinued operations are now reported separately in accordance with IFRS 5 along with the luxury phone business Vertu which was disposed of in the last quarter of 2012. The Sale of D&S Business was completed on April 25, 2014.

In connection with the transactions noted above, the Group considered how operating results are reported and reviewed by management and the Group's Chief Operating Decision Maker, and identified four operating and reportable segments: Mobile Broadband and Global Services within NSN, HERE and Advanced Technologies.

The HERE brand was introduced for our location and mapping service in 2012, and as of January 1, 2013 our former Location & Commerce business and reportable segment was renamed HERE.

As announced by Nokia on April 29, 2014, Nokia has made certain changes to the names of its businesses and reportable segments. However, when presenting financial information as at December 31, 2013 and related comparative information for previous periods, we generally refer to the names of the businesses and reportable segments as they were named at December 31, 2013. However, the terms "Networks" and "Nokia Solutions and Networks, or "NSN", as well as "Technologies" and "Advanced Technologies" can be used interchangeably in this annual report.

The consolidated statements of financial position and certain notes to the financial statements include changes in presentation format. To allow meaningful comparison between years, comparative information has been aligned with current presentation format.

ADOPTION OF PRONOUNCEMENTS UNDER IFRS

In the current year, the Group has adopted all of the new and revised standards, amendments and interpretations to existing standards issued by the IASB that are relevant to its operations and effective for accounting periods commencing on or after January 1, 2013.

IFRS 10 Consolidated Financial Statements establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

IFRS 11 Joint Arrangements establishes that the legal form of an arrangement should not be the primary factor in the determination of the appropriate accounting for the arrangement. A party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement.

IFRS 12 Disclosure of Interests in Other Entities requires disclosure of information that enables users of financial statements to evaluate nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13 Fair Value Measurement replaces fair value measurement guidance contained within individual IFRSs with a single, unified definition of fair value in a single new IFRS standard. The new standard provides a framework for measuring fair value, related disclosure requirements about fair value measurements and further authoritative guidance on the application of fair value measurement in inactive markets.

The adoption of each of the above mentioned standards did not have a material impact to the consolidated financial statements. Additional disclosures required by the new standards have been provided in the notes.

Revised IAS 19 Employee Benefits discontinues use of the 'corridor' approach and remeasurement impacts are recognized in other comprehensive income. Net interest as a product of discount rate and adjusted net pension liability at the start of the annual reporting period is recognized in the consolidated income statements while the return on plan assets, excluding amounts included in net interest is reflected in remeasurements within other comprehensive income.

Previously unrecognized actuarial gains and losses are also recognized in other comprehensive income. Other long-term employee benefits are required to be measured in the same way even though changes in the recognized amounts are fully reflected in profit or loss. Treatment for termination benefits, specifically the point in time when an entity would recognize a liability for termination benefits, is also revised.

As a result of adopting the revised IAS 19, the net pension liabilities and other comprehensive income were impacted mainly by the retrospectively applied elimination of the 'corridor' approach for 2012 and 2011. In total, for 2012, net pension liabilities increased by EUR 232 million (EUR 9 million for 2011) and other comprehensive income decreased by EUR 206 million (EUR 24 million in 2011), net of tax.

In addition, a number of other amendments that form part of the IASB's annual improvement project were adopted by the Group. The adoption of these amendments did not have a material impact to the consolidated financial statements.

Principles of consolidation

The consolidated financial statements include the accounts of Nokia's parent company ("Parent Company"), and each of those companies over which the Group exercises control. The Group controls an entity when the Group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group's share of profits and losses of associates is included in the consolidated income statement in accordance with the equity method of accounting. An associate is an entity over which the Group exercises significant influence. Significant influence is generally presumed to exist when the Group owns, directly or indirectly through subsidiaries, over 20% of the voting rights of the company.

All inter-company transactions are eliminated as part of the consolidation process. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. In the consolidated statement of financial position, non-controlling interests are presented within equity, separately from the equity of the owners of the parent.

The entities or businesses acquired during the financial periods presented have been consolidated from the date on which control of the net assets and operations was transferred to the Group. Similarly, the results of a Group entity or business divested during an accounting period is included in the Group accounts only to the date of disposal.

Business combinations

The acquisition method of accounting is used to account for acquisitions of separate entities or businesses by the Group. The consideration transferred in a business combination is measured as the aggregate of the fair values of the assets transferred, liabilities incurred towards the former owners of the acquired business and equity instruments issued. Acquisition-related costs are recognized as expense in profit and loss in the periods when the costs are incurred and the related services are received. Identifiable assets acquired and liabilities assumed by the Group are measured separately at their fair value as of the acquisition date. Non-controlling interests in the acquired business are measured separately based on their proportionate share of the identifiable net assets of the acquired business. The excess of the cost of the acquisition over the interest in the fair value of the identifiable net assets acquired and attributable to the owners of the parent, is recorded as goodwill.

Assessment of the recoverability of long-lived assets, intangible assets and goodwill

For the purposes of impairment testing, goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition in which the goodwill arose.

The Group assesses the carrying amount of goodwill annually or more frequently if events or changes in circumstances indicate that such carrying amount may not be recoverable. The Group assesses the carrying amount of identifiable intangible assets and long-lived assets if events or changes in circumstances indicate that such carrying amount may not be recoverable. Factors that could trigger an impairment review include significant underperformance relative to historical or projected future results, significant changes in the manner of the use of the acquired assets or the strategy for the overall business and significant negative industry or economic trends.

The Group conducts its impairment testing by determining the recoverable amount for the asset or cash-generating unit. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal or its value in use. If there is no reason to believe that the cash-generating unit's value in use materially exceeds its fair value less costs of disposal, the Group may use fair value less costs of disposal as its recoverable amount.

A cash-generating unit, as determined for the purposes of the Group's goodwill impairment testing, is the smallest group of assets (including goodwill) generating cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In testing a cash-generating unit for impairment, the Group identifies all corporate assets that relate to the cash-generating unit under review and those assets are allocated, on a reasonable and consistent basis, to the relevant units. The aggregate total carrying amount of the unit, including the portion of the carrying amount of the corporate assets allocated to the unit, is compared with its recoverable amount. An impairment loss is recognized if the recoverable amount is less than the carrying amount. Impairment losses are recognized immediately in the income statement.

Disposals of separate entities or businesses

When a disposal transaction causes the Group to relinquish control over a separate entity or business, the Group records a gain or loss on disposal at the disposal date. The gain or loss on disposal is calculated as the difference between the fair value

of the consideration received and the carrying amounts of derecognized net assets attributable to the equity holders of the parent and non-controlling interests of the disposed entity or business, adjusted by amounts previously recognized in other comprehensive income in relation to that entity or business.

Discontinued operations and assets held for disposal

Discontinued operations are reported when a component of an entity comprising operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity is classified as held for disposal or has been disposed of, if the component either (1) represents a major line of business or geographical area of operations or (2) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations. In the consolidated income statement, results from discontinued operations is reported separately from income and expenses from continuing operations and prior periods are presented on a comparative basis. Cash flows for discontinued operations are presented separately in Note 3. In order to present the financial effects of the continuing operations and discontinued operation revenues and expenses arising from intra-group transactions are eliminated except for those revenues and expenses that are considered to continue after the disposal of the discontinued operations.

Non-current assets or disposal groups are classified as assets held for sale when the carrying amount is to be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or disposal groups and the sale must be highly probable. Non-current assets classified as held for sale and disposal groups are measured at the lower of their carrying amount or fair value less costs to sell.

Foreign currency translation

FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements of all Group companies are measured using functional currency, which is the currency of the primary economic environment in which each of the companies operate. The consolidated financial statements are presented in euro, which is the functional and presentation currency of the Parent Company.

TRANSACTIONS IN FOREIGN CURRENCIES

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the dates of the individual transactions. For practical reasons, a rate that approximates the actual rate at the date of the transaction is often used. At the end of the accounting period, the unsettled balances on foreign currency monetary assets and liabilities are valued at the rates of exchange prevailing at the end of the accounting period. Foreign exchange gains and losses arising from statement of financial position items are reported in financial income and expenses. Unrealized foreign exchange gains and losses related to non-current available-for-sale investments are recognized in other comprehensive income.

FOREIGN GROUP COMPANIES

In the consolidated accounts, all income and expenses of foreign Group companies, where the functional currency is other than euro, are translated into euro at the average monthly foreign exchange rates. All assets and liabilities of foreign Group companies are translated into euro at the year-end foreign exchange rates. Differences resulting from the translation of income and expenses at the average rate and assets and liabilities at the closing rate are recognized in other comprehensive income as translation differences within consolidated shareholder's equity. On the disposal of all or part of a foreign Group company by sale, liquidation, repayment of share capital or abandonment, the cumulative amount or proportionate share of the translation differences is recognized as income or as expense when the gain or loss on disposal is recognized.

Revenue recognition

Revenues within the Group are generally recognized when the significant risks and rewards of ownership have transferred to the buyer, continuing managerial involvement usually associated with ownership and effective control have ceased, the amount of revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and the costs incurred or to be incurred in respect of the transaction can be measured reliably. When management determines that such criteria have been met, revenue is recognized.

NSN enters into transactions which involve multiple components consisting of any combination of hardware, services and software. Within these arrangements, separate components are identified and accounted for based on the nature and fair value of those components and considering the economic substance of the entire arrangement. Revenue is allocated to each separately identifiable component based on the relative fair value of each component. The fair value of each component is determined by taking into consideration factors such as the price of the component when sold separately and the component cost plus a reasonable margin when price references are not available. This determination of the fair value and allocation thereof to each separately identifiable component of a transaction requires the use of estimates and judgment which may have a significant impact on the timing and amount of revenue recognized for the period. Service revenue, which typically includes managed services and maintenance services, is generally recognized on a straight-line basis over the specified period unless there is evidence that some other method better represents the rendering of services.

Also at NSN, certain revenue is recognized from contracts involving solutions achieved through modification of complex

telecommunications equipment on a percentage of completion basis when the outcome of the contract can be estimated reliably. Recognized revenues and profit estimates are subject to revisions during the project in the event that the assumptions regarding the overall project outcome are revised. Current sales and profit estimates for projects may materially change due to the early stage of a long-term project, new technology, changes in the project scope, changes in costs, changes in timing, changes in customers' plans, realization of penalties, and other corresponding factors.

Within the HERE business, a substantial majority of revenue is derived from the licensing of the HERE database. Revenue which consists of license fees from usage (including license fees in excess of the nonrefundable minimum fees), are recognized in the period in which the license fees are estimable. Nonrefundable minimum annual licensing fees are generally received upfront and represent a minimum guarantee of fees to be received from the licensee during the period of the arrangement. The total up-front fee paid by the customer is generally amortized ratably over the term of the arrangement. When it is determined that the actual amount of licensing fees earned exceeds the cumulative revenue recognized under the amortization method, we recognize the additional licensing revenue. Furthermore, within the HERE business, some licensing arrangements contain multiple elements, that could include data, software, services and updates. Revenue is allocated to each element based on its relative fair value and is recognized as the element is delivered and the obligation is fulfilled.

Advanced Technologies' patent license agreements are multi-year arrangements usually covering both a licensee's past and future sales until a certain agreed date, when the license expires. When a patent license agreement is signed, it includes an agreement or settlement on past royalties that the licensor is entitled to. Such income for past periods is recognized immediately. The license payments relating to the future royalties are recognized over the remaining contract period, typically 5 to 10 years. Licensees often pay a fixed license fee in one or more installments and running royalties based on their sales of licensed products. Licensees generally report and pay their running royalties on a quarterly basis after the end of each quarter and Nokia revenue recognition takes place accordingly at the time the royalty reports are received.

Within Devices & Services business reported as discontinued operations, a sale of devices can include multiple components consisting of a combination of hardware, services and software. The commercial effect of each separately identifiable element of the transaction is evaluated in order to determine the appropriate accounting treatment for each component of the transaction. The total amount received is allocated to individual components based on their estimated fair value. Fair value of each component is determined by taking into consideration factors such as the price when the component is sold separately, the price when a similar component is sold separately by a third party and cost plus a reasonable margin when pricing references are not available. The estimated fair values are allocated first to software and services, and the residual amount allocated to hardware. Application of the recognition criteria described above generally results in recognition of hardware related revenue at the time of delivery with software and services related revenue recognized on a straight-line basis over their respective terms.

Also within the Devices & Services business, estimated reductions to revenue are recorded for special pricing agreements and other volume based discounts at the time of sale. Sales adjustments for volume based discount programs are estimated largely based on historical activity under similar programs.

Shipping and handling costs

The costs of shipping and distributing products are included in cost of sales.

Research and development

Research and development costs are expensed as they are incurred as they do not meet the criteria for capitalization.

Other intangible assets

Acquired patents, trademarks, licenses, software licenses for internal use, customer relationships and developed technology are capitalized and amortized using the straight-line method over their useful lives, generally 3 to 7 years. Where an indication of impairment exists, the carrying amount of the related intangible asset is assessed for recoverability. Any resulting impairment losses are recognized immediately in the income statement.

Employee benefits

PENSIONS

The Group companies have various pension schemes in accordance with the local conditions and practices in the countries in which they operate. The schemes are generally funded through payments to insurance companies or contributions to trustee-administered funds as determined by periodic actuarial calculations.

In a defined contribution plan, the Group has no legal or constructive obligation to make any additional contributions even if the party receiving the contributions is unable to pay the pension obligations in question. The Group's contributions to defined contribution plans, multi-employer and insured plans are recognized in the consolidated income statements in the period which the contributions relate to.

If a pension plan is funded through an insurance contract where the Group does not retain any legal or constructive obligations, the plan is treated as a defined contribution plan. All arrangements that do not fulfill these conditions are considered defined benefit plans.

For defined benefit plans, pension costs are assessed using the projected unit credit method: Pension cost is recognized in

the consolidated income statements so as to spread the current service cost over the service lives of employees. Pension obligation is measured as the present value of the estimated future cash outflows using interest rates on high quality corporate bonds with appropriate maturities. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs and settlement gains and losses are recognized immediately in income as part of service cost, when the plan amendment or settlement occurs. Curtailment gains and losses are accounted for as past service costs.

The liability (or asset) recognized in the consolidated statements of financial position is the pension obligation at the closing date less the fair value of plan assets including effects of asset ceilings (if any).

Remeasurement, comprising actuarial gains and losses, the effect of changes to the asset ceiling and the return on plan assets (excluding interest), are recognized immediately in the consolidated statements of financial position with the corresponding change to retained earnings recognized through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit and loss in subsequent periods.

Actuarial valuations for the Group's defined benefit pension plans are performed annually. In addition, actuarial valuations are performed when a curtailment or settlement of a defined benefit plan occurs.

TERMINATION BENEFITS

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is recorded on a straight-line basis over the expected useful lives of the assets as follows:

Buildings and constructions	20 – 33 years
Light buildings and constructions	3 – 20 years
Production machinery, measuring and test equipment	1 – 5 years
Other machinery and equipment	3 – 10 years

Land and water areas are not depreciated. Assets held for sale are not depreciated as they are carried at the lower of carrying value or fair value less cost to sell.

Maintenance, repairs and renewals are generally charged to expense during the financial period in which they are incurred. However, major renovations are capitalized and included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset. Leasehold improvements are depreciated over the shorter of the lease term or useful life.

Gains and losses on the disposal of fixed assets are included in operating profit/loss.

Leases

The Group has entered into various operating lease contracts. The related payments are treated as rentals and recognized in the consolidated income statements on a straight-line basis over the lease terms unless another systematic approach is more representative of the pattern of the user's benefit.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using standard cost, which approximates actual cost on a FIFO (First-in First-out) basis. Net realizable value is the amount that can be realized from the sale of the inventory in the normal course of business after allowing for the costs of realization.

In addition to the cost of materials and direct labor, an appropriate proportion of production overhead is included in the inventory values.

An allowance is recorded for excess inventory and obsolescence based on the lower of cost or net realizable value.

Fair value measurement

Many financial instruments are measured at fair value at each reporting date after initial recognition. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest by using quoted market rates, discounted cash flow analyses and other appropriate valuation models. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1–Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2–Valuation techniques for which significant inputs other than quoted prices are directly or indirectly observable
- Level 3–Valuation techniques for which significant inputs are unobservable

The Group categorizes assets and liabilities that are measured at fair value to the appropriate level of fair value hierarchy at the end of each reporting period.

Financial assets

The Group has classified its financial assets to the following categories: available-for-sale investments, loans and receivables, financial assets at fair value through profit or loss and bank and cash.

AVAILABLE-FOR-SALE INVESTMENTS

The Group invests a portion of cash needed to cover projected cash needs of its on-going operations in highly liquid, interest-bearing investments and certain equity instruments. The following investments are classified as available-for-sale based on the purpose for acquiring the investments as well as ongoing intentions: (1) Highly liquid fixed income and money-market investments that are readily convertible to known amounts of cash with maturities at acquisition of 3 months or less, which are classified in the consolidated statements of financial position as current available-for-sale investments, cash equivalents. Due to the high credit quality and short-term nature of these investments, there is an insignificant risk of changes in value. (2) Similar types of investments as in category (1), but with maturities at acquisition of longer than 3 months, are classified in the consolidated statements of financial position as current available-for-sale investments, liquid assets. (3) Investments in technology related publicly quoted equity shares, or unlisted private equity shares and unlisted funds, are classified in the consolidated statements of financial position as non-current available-for-sale investments.

Investments in publicly quoted equity shares are measured at fair value using exchange quoted bid prices. Other available-for-sale investments carried at fair value include holdings in unlisted shares where the fair value is estimated by using various factors, including, but not limited to: (1) the current market value of similar instruments, (2) prices established from a recent arm's length financing transaction of the target companies, (3) analysis of market prospects and operating performance of the target companies taking into consideration the public market of comparable companies in similar industry sectors. The Group uses judgment to select an appropriate valuation methodology as well as underlying assumptions based on existing market practice and conditions. Changes in these assumptions may cause the Group to recognize impairments or losses in future periods.

The remaining available-for-sale investments, which are technology related investments in private equity shares and unlisted funds for which the fair value cannot be measured reliably due to non-existence of public markets or reliable valuation methods against which to value these assets, are carried at cost less impairment.

All purchases and sales of investments are recorded on the trade date, which is the date that the Group commits to purchase or sell the asset.

The changes in fair value of available-for-sale investments are recognized in fair value and other reserves as part of shareholders' equity, with the exception of interest calculated using the effective interest method as well as foreign exchange gains and losses on monetary assets, which are recognized directly in profit and loss. Dividends on available-for-sale equity instruments are recognized in profit and loss when the Group's right to receive payment is established. When the investment is disposed of, the related accumulated changes in fair value are released from shareholders' equity and recognized in profit and loss. The weighted average method is used when determining the cost basis of publicly listed equities being disposed of by the Group. The FIFO (First-in First-out) method is used to determine the cost basis of fixed income securities being disposed of by the Group.

An impairment is recorded when the carrying amount of an available-for-sale investment is greater than the estimated fair value and there is objective evidence that the asset is impaired including, but not limited to, counterparty default and other factors causing a reduction in value that can be considered other than temporary. The cumulative net loss relating to that investment is removed from equity and recognized in profit and loss. If, in a subsequent period, the fair value of the investment in a non-equity instrument increases and the increase can be objectively related to an event occurring after the loss was recognized, the loss is reversed, with the amount of the reversal included in profit and loss.

INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS, LIQUID ASSETS

Certain highly liquid financial assets are designated as Investments at fair value through profit and loss, liquid assets, at inception. For these investments one of the following criteria must be met: (1) the designation eliminates or significantly reduces an inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on a different basis; or (2) the assets are part of a group of financial assets, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

These investments are initially recognized and subsequently remeasured at fair value. Fair value adjustments and realized gains and losses are recognized in profit and loss.

LOANS RECEIVABLE

Loans receivable include loans to customers and suppliers. Loans receivable are initially measured at fair value and subse-

quently at amortized cost less impairment using the effective interest method. Loans are subject to regular and thorough review as to their collectability and available collateral. In the event that a loan is deemed not fully recoverable, a provision is made to reflect the shortfall between the carrying amount and the present value of the expected cash flows. Loan interest is recognized in interest income. The long-term portion of loans receivable is included on the consolidated statement of financial position under long-term loans receivable and the current portion under current portion of long-term loans receivable.

BANK AND CASH

Bank and cash consist of cash at bank and in hand.

ACCOUNTS RECEIVABLE

Accounts receivable are carried at the original amount due from customers less allowances for doubtful accounts, which is considered to be fair value. Allowances for doubtful accounts are based on a monthly review of all outstanding amounts where significant doubt about collectability exists. Monthly review includes an analysis of historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in our customer payment terms. Allowance for doubtful accounts is included in other operating expenses.

Financial liabilities

COMPOUND FINANCIAL INSTRUMENTS

Compound financial instruments have both a financial liability and an equity component from the issuers' perspective. The components are defined based on the terms of the financial instrument and presented and measured separately according to their substance. At initial recognition of a compound financial instrument, the financial liability component is recognized at fair value and residual amount is allocated to the equity component. This allocation is not revised subsequently. The Group has issued convertible bonds, which are compound financial instruments, and their financial liability component is accounted for as a loan payable.

LOANS PAYABLE

Loans payable are recognized initially at fair value, net of transaction costs incurred. In subsequent periods loans payable are measured at amortized cost using the effective interest method. Transaction costs and loan interest are recognized in financial income and expenses over the life of the instrument. The long-term portion of loans payable is included on the consolidated statement of financial position under long-term interest-bearing liabilities and the current portion under current portion of long-term loans.

ACCOUNTS PAYABLE

Accounts payable are carried at the original invoiced amount, which is considered to be fair value due to the short-term nature of the Group's accounts payable.

Derivative financial instruments

All derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss varies according to whether the derivatives are designated under and qualify for hedge accounting or not.

Generally, the cash flows of a hedge are classified as cash flows from operating activities in the consolidated statements of cash flows as the underlying hedged items relate to the Group's operating activities. When a derivative contract is accounted for as a hedge of an identifiable position relating to financing or investing activities, the cash flows of the contract are classified in the same manner as the cash flows of the position being hedged.

DERIVATIVES NOT DESIGNATED IN HEDGE ACCOUNTING RELATIONSHIPS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS

Forward foreign exchange contracts are valued at the market forward exchange rates. Changes in fair value are measured by comparing these rates with the original contract forward rate. Currency options are valued at each balance sheet date by using the Garman & Kohlhagen option valuation model. Changes in the fair value on these instruments are recognized in profit and loss.

Fair values of forward rate agreements, interest rate options, futures contracts and exchange traded options are calculated based on quoted market rates at each balance sheet date. Discounted cash flow analyses are used to value interest rate and cross-currency interest rate swaps. Changes in the fair value of these contracts are recognized in profit and loss.

For derivatives not designated under hedge accounting but hedging identifiable exposures such as anticipated foreign currency denominated sales and purchases, the gains and losses are recognized in other operating income or expenses. The gains and losses on all other derivatives are recognized in financial income and expenses.

Embedded derivatives are identified and monitored by the Group. Embedded derivatives are measured at fair value at each balance sheet date with changes in the fair value recognized in profit and loss.

Hedge accounting

The Group applies hedge accounting on certain forward foreign exchange contracts, certain options or option strategies and certain interest rate derivatives. Qualifying options and option strategies have zero net premium or a net premium paid. For option structures the critical terms of the bought and sold options are the same and the nominal amount of the sold option component is no greater than that of the bought option.

CASH FLOW HEDGES: HEDGING OF FORECAST FOREIGN CURRENCY DENOMINATED SALES AND PURCHASES

The Group applies hedge accounting for "Qualifying hedges". Qualifying hedges are those properly documented cash flow

hedges of the foreign exchange rate risk of future forecast foreign currency denominated sales and purchases that meet the following requirements: the cash flow being hedged must be "highly probable" and must present an exposure to variations in cash flows that could ultimately affect profit or loss, and the hedge must be highly effective both prospectively and retrospectively.

For qualifying foreign exchange forwards, the change in fair value that reflects the change in spot exchange rates is deferred in fair value and other reserves to the extent that the hedge is effective. For qualifying foreign exchange options, or option strategies, the change in intrinsic value is deferred in fair value and other reserves to the extent that the hedge is effective. In all cases, the ineffective portion is recognized immediately in profit and loss. Hedging costs, expressed either as the change in fair value that reflects the change in forward exchange rates less the change in spot exchange rates for forward foreign exchange contracts, or change in the time value for options, or options strategies, are recognized in other operating income or expenses.

Accumulated changes in fair value from qualifying hedges are released from fair value and other reserves to profit and loss as adjustments to sales and cost of sales when the hedged cash flow affects profit and loss. Forecast foreign currency sales and purchases affect profit and loss at various dates up to approximately 1 year from the balance sheet date.

If the hedged cash flow is no longer expected to occur, all deferred gains or losses are released immediately to profit and loss. If the hedged cash flow ceases to be highly probable, but is still expected to occur, accumulated gains and losses remain in equity until the hedged cash flow affects profit and loss.

CASH FLOW HEDGES: HEDGING OF FOREIGN CURRENCY RISK OF HIGHLY PROBABLE BUSINESS ACQUISITIONS AND OTHER TRANSACTIONS

From time to time the Group hedges the cash flow variability due to foreign currency risk inherent in highly probable business acquisitions and other future transactions that result in the recognition of non-financial assets. When those non-financial assets are recognized in the consolidated statements of financial position, the gains and losses previously deferred are transferred from fair value and other reserves and included in the initial acquisition cost of the asset. The deferred amounts are ultimately recognized in profit and loss as a result of goodwill assessments in case of business acquisitions and through depreciation in case of other assets. In order to apply for hedge accounting, the forecast transactions must be highly probable and the hedges must be highly effective prospectively and retrospectively.

CASH FLOW HEDGES: HEDGING OF CASH FLOW VARIABILITY ON VARIABLE RATE LIABILITIES

The Group applies cash flow hedge accounting for hedging cash flow variability on certain variable rate liabilities. The effective portion of the gain or loss relating to interest rate swaps hedging variable rate borrowings is deferred in fair value and other reserves. The gain or loss related to the ineffective portion is recognized immediately in profit and loss. For hedging instruments closed before the maturity date of the related liability, hedge accounting will immediately discontinue from that date onwards, with all the cumulative gains and losses on the hedging instruments recycled gradually to profit and loss when the hedged variable interest cash flows affect profit and loss.

FAIR VALUE HEDGES

The Group applies fair value hedge accounting with the objective to reduce the exposure to fluctuations in the fair value of interest-bearing liabilities due to changes in interest rates and foreign exchange rates. Changes in the fair value of derivatives designated and qualifying as fair value hedges, together with any changes in the fair value of the hedged liabilities attributable to the hedged risk, are recorded in profit and loss in financial income and expenses.

If a hedge no longer meets the criteria for hedge accounting, hedge accounting ceases and any fair value adjustments made to the carrying amount of the hedged item while the hedge was effective are amortized to profit and loss in financial income and expenses based on the effective interest method.

HEDGES OF NET INVESTMENTS IN FOREIGN OPERATIONS

The Group also applies hedge accounting for its foreign currency hedging on net investments. Qualifying hedges are those properly documented hedges of the foreign exchange rate risk of foreign currency denominated net investments that are effective both prospectively and retrospectively.

For qualifying foreign exchange forwards, the change in fair value that reflects the change in spot exchange rates is deferred in translation differences within consolidated shareholder's equity. The change in fair value that reflects the change in forward exchange rates less the change in spot exchange rates is recognized in financial income and expenses. For qualifying foreign exchange options, the change in intrinsic value is deferred in translation differences within consolidated shareholder's equity. Changes in the time value are at all times recognized directly in profit and loss as financial income and expenses. If a foreign currency denominated loan is used as a hedge, all foreign exchange gains and losses arising from the transaction are recognized in translation differences within consolidated shareholder's equity. In all cases, the ineffective portion is recognized immediately in profit and loss.

Accumulated changes in fair value from qualifying hedges are released from translation differences on the disposal of all or part of a foreign Group company by sale, liquidation, repayment of share capital or abandonment. The cumulative amount or proportionate share of the changes in the fair value from qualifying hedges deferred in translation differences is recognized as income or as expense when the gain or loss on disposal is recognized.

Income taxes

The income tax expense comprises current tax and deferred tax. Current taxes are based on the results of the Group companies and are calculated according to local tax rules. Taxes are recognized in the consolidated income statements, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case, the tax is recognized in other comprehensive income or equity, respectively.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It adjusts the amounts recorded where appropriate on the basis of amounts expected to be paid to the tax authorities. The amount of current income tax liabilities is adjusted when, despite management's belief that tax return positions are supportable, it is more likely than not that certain tax positions will be challenged and may not be fully sustained upon review by tax authorities. The amounts recorded are based upon the estimated future settlement amount at each reporting date. Current income tax assets and liabilities are presented separately in the consolidated statements of financial position and amounts recorded in respect of uncertain tax positions are presented as part of current income tax liabilities.

Deferred tax assets and liabilities are determined, for all temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements using the liability method. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the tax losses, unused tax credits or deductible temporary differences can be utilized. Each reporting period deferred tax assets are assessed for realizability and when circumstances indicate it is no longer probable that deferred tax assets will be utilized, they are adjusted as necessary. Deferred tax liabilities are recognized for temporary differences that arise between the amounts initially recognized and the tax base of identifiable net assets acquired in business combinations. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

The enacted or substantively enacted tax rates as of each balance sheet date that are expected to apply in the period when the asset is realized or the liability is settled are used in the measurement of deferred tax assets and liabilities.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. When the Group expects a provision to be reimbursed, the reimbursement is recognized as an asset only when the reimbursement is virtually certain. The Group assesses the adequacy of its pre-existing provisions and adjusts the amounts as necessary based on actual experience and changes in facts and circumstances at each balance sheet date.

RESTRUCTURING PROVISIONS

The Group provides for the estimated cost to restructure when a detailed formal plan of restructuring has been completed, the restructuring plan has been announced by the Group and a reliable estimate of the amount can be made.

PROJECT LOSS PROVISIONS

The Group provides for onerous contracts based on the lower of the expected cost of fulfilling the contract and the expected cost of terminating the contract.

WARRANTY PROVISIONS

The Group provides for the estimated liability to repair or replace products under warranty at the time revenue is recognized. The provision is an estimate calculated based on historical experience of the level of volumes, product mix and repair and replacement cost.

MATERIAL LIABILITY

The Group recognizes the estimated liability for non-cancellable purchase commitments for inventory in excess of forecasted requirements at each balance sheet date.

INTELLECTUAL PROPERTY RIGHTS (IPR) PROVISIONS

The Group provides for the estimated future settlements related to asserted and unasserted past alleged IPR infringements based on the probable and estimable outcome of potential infringement.

OTHER PROVISIONS

The Group provides for other contractual and other obligations based on the expected cost of executing any such contractual and other commitments.

Share-based compensation

The Group offers three types of global equity settled share-based compensation schemes for employees: stock options, performance shares and restricted shares.

Employee services received, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments as of the date of grant, excluding the impact of any non-market vesting conditions. Non-market vesting conditions attached to the performance shares are

included in assumptions about the number of shares that the employee will ultimately receive. On a regular basis, the Group reviews the assumptions made and where necessary, revises its estimates of the number of performance shares that are expected to be settled. Share-based compensation is recognized as an expense in the income statement over the relevant service periods.

The Group has also issued certain stock options which are accounted for as cash-settled. Related employee services received, and the liability incurred, are measured at the fair value of the liability. The fair value of stock options is estimated based on the reporting date market value less the exercise price of the stock options. The fair value of the liability is remeasured at each reporting date and at the date of settlement and related change in fair value is recognized in the consolidated income statements over the relevant service periods.

Treasury shares

The Group recognizes acquired treasury shares as a reduction of equity at their acquisition cost. When cancelled, the acquisition cost of treasury shares is recognized in retained earnings.

Dividends

Dividends proposed by the Board of Directors are recorded in the consolidated financial statements when they have been approved by the shareholders at the Annual General Meeting.

Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of shares outstanding during the year excluding shares purchased by the Group and held as treasury shares. Diluted earnings per share is calculated by adjusting the net profit attributable to equity holders of the parent to eliminate the interest expense of the convertible bonds and by adjusting the weighted average number of the shares outstanding with the dilutive effect of stock options, performance shares and restricted shares outstanding during the year as well as the assumed conversion of the convertible bonds.

Use of estimates and critical accounting judgments

The preparation of financial statements in conformity with IFRS requires the application of judgment by management in selecting appropriate assumptions for calculating financial estimates, which inherently contain some degree of uncertainty. Management bases its estimates on historical experience, expected outcomes and various other assumptions that are believed to be reasonable under the circumstances. The related results form a basis for making judgments about the reported carrying values of assets and liabilities and the reported amounts of revenues and expenses that may not be readily apparent from other sources. The Group will revise material estimates if changes occur in the circumstances on which an estimate was based or as a result of new information or more experience. Actual results may differ from these estimates under different assumptions or conditions.

Set forth below are areas requiring significant judgment and estimation that may have an impact on reported results and the financial position.

REVENUE RECOGNITION

The majority of the Group's sales are recognized as revenue when the significant risks and rewards of ownership have transferred to the buyer, continuing managerial involvement usually associated with ownership and effective control have ceased, the amount of revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Sales could materially change if management's assessment of such criteria changes. The Group enters into transactions involving multiple components consisting of any combination of hardware, services and software. The consideration received from these transactions is allocated to each separately identifiable component. The NSN allocation method is based on relative fair value, while the allocation of revenue for multiple component arrangements within the Devices & Services business reported as discontinued operations is based on the residual value method. The consideration allocated to each component is recognized as revenue when the revenue recognition criteria for that component have been met. Determination of the fair value for each component requires the use of estimates and judgment taking into consideration factors which may have a significant impact on the timing and amount of revenue recognition. Examples of such factors include price when the component is sold separately by the Group or the price when a similar component is sold separately by the Group or a third party.

Revenue from contracts involving solutions achieved through modification of complex telecommunications equipment is recognized on the percentage of completion basis when the outcome of the contract can be estimated reliably. Recognized revenues and profits are subject to revisions during the project in the event that the assumptions regarding the overall project outcome are revised. Current sales and profit estimates for projects may materially change due to the early stage of a long-term project, new technology, changes in the project scope, changes in costs, changes in timing, changes in customers' plans, realization of penalties, and other corresponding factors, which may have a significant impact on the timing and amount of revenue recognition.

CUSTOMER FINANCING

The Group has provided a limited number of customer financing arrangements and agreed extended payment terms with selected customers. Should the actual financial position of the customers or general economic conditions differ from assumptions, the ultimate collectability of such financings and trade credits may be required to be re-assessed, which could result in a write-down of these balances and thus negatively

impact future profits. From time to time the Group endeavors to mitigate this risk through transfer of its rights to the cash collected from these arrangements to third party financial institutions on a non-recourse basis in exchange for an upfront cash payment.

ALLOWANCES FOR DOUBTFUL ACCOUNTS

The Group maintains allowances for doubtful accounts for estimated losses resulting from subsequent inability of customers to make required payments. If the financial conditions of customers were to deteriorate, reducing their ability to make payments, additional allowances may be required.

INVENTORY-RELATED ALLOWANCES AND PROVISIONS

The Group periodically reviews inventory for excess amounts, obsolescence and declines in net realizable value below cost and records an allowance against the inventory balance for any such declines. These reviews require management to estimate future demand for products. Possible changes in these estimates could result in revisions to the valuation of inventory in future periods. The Group recognizes the estimated liability for non-cancellable purchase commitments for inventory in excess of forecasted requirements at each balance sheet date.

RESTRUCTURING PROVISIONS

The Group provides for the estimated future cost related to restructuring programs. The provision made for restructuring is based on management's best estimate. Changes in estimates of timing or amounts of costs to be incurred may become necessary as the restructuring program is implemented.

PROJECT LOSS PROVISIONS

The Group provides for onerous contracts based on the lower of the expected cost of fulfilling the contract and the expected cost of termination the contract. Due to the long-term nature of customer projects, changes in estimates of costs to be incurred, and therefore project loss estimates, may become necessary as the projects are executed.

WARRANTY PROVISIONS

The Group provides for the estimated cost of product warranties at the time revenue is recognized. The Group's warranty provision is established based upon best estimates of the amounts necessary to settle future and existing claims on products sold as of each balance sheet date. As new products incorporating complex technologies are continuously introduced, and as local laws, regulations and practices may change, changes in these estimates could result in additional allowances or changes to recorded allowances being required in future periods.

PROVISION FOR INTELLECTUAL PROPERTY RIGHTS (IPR) INFRINGEMENTS

The Group provides for the estimated past costs related to alleged asserted IPR infringements. The provision is an estimate calculated based on a probable outcome of potential future settlement. IPR infringement claims can last for varying periods of time, resulting in irregular movements in the IPR infringement provision. The ultimate outcome or actual cost of settling an individual infringement may materially vary from estimates.

LEGAL CONTINGENCIES

Legal proceedings covering a wide range of matters are pending or threatened in various jurisdictions against the Group. Provisions are recorded for pending litigation when it is determined that an unfavorable outcome is probable and the amount of loss can be reasonably estimated. Due to the inherent uncertain nature of litigation, the ultimate outcome or actual cost of settlement may materially vary from estimates.

BUSINESS COMBINATIONS

The Group applies the acquisition method of accounting to account for acquisitions of businesses. The consideration transferred in a business combination is measured as the aggregate of the fair values of the assets transferred, liabilities incurred towards the former owners of the acquired business and equity instruments issued. Identifiable assets acquired and liabilities assumed by the Group are measured separately at their fair value as of the acquisition date. Non-controlling interests in the acquired business are measured separately based on their proportionate share of the identifiable net assets of the acquired business. The excess of the cost of the acquisition over Nokia's interest in the fair value of the identifiable net assets acquired is recorded as goodwill.

The allocation of fair values to the identifiable assets acquired and liabilities assumed is based on various valuation assumptions requiring management judgment. Actual results may differ from the forecasted amounts and the difference could be material. See also Note 10.

ASSESSMENT OF THE RECOVERABILITY OF LONG-LIVED ASSETS, INTANGIBLE ASSETS AND GOODWILL

The recoverable amounts for long-lived assets, intangible assets and goodwill have been determined based on the expected future cash flows attributable to the asset or cash-generating unit discounted to present value. The key assumptions applied in the determination of recoverable amount include discount rate, length of an explicit forecast period, estimated growth rates, profit margins and level of operational and capital investment. Amounts estimated could differ materially from what will actually occur in the future. See also Note 9.

INCOME TAXES

Management judgment is required in determining current tax expense, uncertain tax positions, deferred tax assets and liabilities and the extent to which deferred tax assets can be recognized. Each reporting period deferred tax assets are assessed for realizability and when circumstances indicate it is no longer probable that deferred tax assets will be utilized, they are adjusted as necessary. In the event any deferred tax assets are to be re-recognized, they would be subject to

detailed analysis to assess any potential impact on the final amount to be recognized.

At December 31, 2013, Nokia's continuing operations in Finland had approximately EUR 2.3 billion (calculated at the Finnish corporate tax rate of 20%) of net deferred tax assets that have not been recognized in the financial statements. A significant portion of Nokia's Finnish deferred tax assets are indefinite in nature and available against future Finnish taxable income. The Group will continue closely monitoring the realizability of these deferred tax assets, including assessing future financial performance of continuing activities in Finland. Should the recent improvements in the continuing financial results be sustained, all or part of the unrecognized deferred tax assets may be recognized in the future.

In the Netherlands and in certain other jurisdictions, the utilization of deferred tax assets is dependent on future taxable profit in excess of the profits arising from reversal of existing taxable temporary differences. The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient taxable profits will be available in the future from which the reversal of temporary differences and tax losses can be deducted. Recognition therefore involves judgment with regard to future financial performance of a particular legal entity or tax group in which the deferred tax asset has been recognized.

Liabilities for uncertain tax positions are recorded based on estimates and assumptions when, despite management's belief that tax return positions are supportable, it is more likely than not that certain positions will be challenged and may not be fully sustained upon review by tax authorities. Furthermore, the Group has ongoing tax investigations in multiple jurisdictions, including India. If the final outcome of these matters differs from the amounts initially recorded, differences may impact the income tax expense in the period in which such determination is made.

PENSIONS AND OTHER LONG-TERM EMPLOYEE BENEFITS

The determination of pension benefit obligation and expense for defined benefit pension plans and other long-term employee benefits is dependent on the Group's selection of certain assumptions which are used by actuaries in calculating such amounts. Those assumptions include, among others, the discount rate and annual rate of increase in future compensation levels. A portion of plan assets is invested in equity securities, which are subject to equity market volatility. Changes in assumptions and actuarial conditions may materially affect the pension benefit obligation and future expense. See also Note 6.

New accounting pronouncements under IFRS

The Group will adopt the following new and revised standards, amendments and interpretations to existing standards issued by the IASB that are expected to be relevant to its operations and financial position:

IFRS 9 Financial Instruments reflects the first phase of the IASB's work on the replacement of IAS 39 Financial Instruments: Recognition and Measurement and will change the classification and measurement of the Group's financial assets and introduced a new hedge accounting model. The Group is planning to adopt the standard on the revised effective date of not earlier than January 1, 2018. The Group will assess IFRS 9's full impact when all phases have been completed and the final standard is issued.

The amendments described below will be adopted on January 1, 2014 and they are not expected to have a material impact on the financial condition and the results of operations of the Group.

Amendment to IAS 32 Offsetting Financial Assets and Financial Liabilities clarifies the meaning of "currently has a legally enforceable right to set-off".

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) adds guidance to IAS 36 Impairment of Assets on disclosure of recoverable amounts and discount rates.

Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) makes it clear that IAS 39 Financial Instruments: Recognition and Measurement does not require discontinuing hedge accounting if a hedging derivative is novated, provided certain criteria are met.

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) clarifies IAS 19 Employee Benefits requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

IFRIC 21 Levies, an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets clarifies that the obligating event giving rise to a liability to pay a levy to a government agency is the activity that triggers the payment.

2. SEGMENT INFORMATION

Nokia has three continuing businesses: NSN, HERE and Advanced Technologies, and four operating and reportable segments for financial reporting purposes: Mobile Broadband and Global Services within the NSN, HERE and Advanced Technologies. Also, Devices & Services business, which is presented as discontinued operations, forms an operating and reportable segment.

Nokia adopted its current operational and reporting structure during 2013 in response to the following events:

- On August 7, 2013 Nokia announced that it had completed the acquisition of Siemens' stake in Nokia Siemens Networks also referred to as NSN. Until then, NSN was reported as a single reportable segment. Following the completion of the transaction Nokia Solutions and Networks also referred to as NSN (formerly Nokia Siemens Networks) became a wholly owned subsidiary of Nokia and the chief operating decision maker started to evaluate the business more from a product perspective. As a result, NSN business has two operating and reportable segments, Mobile Broadband and Global Services.

- On September 2, 2013 Nokia signed an agreement to enter into a transaction whereby Nokia sold substantially all of its Devices & Services business to Microsoft ("sale of the D&S business"). After receiving shareholder confirmation and approval at Nokia's Extraordinary General Meeting on November 19, 2013 for the transaction, Nokia began presenting substantially all of its former Devices & Services business as discontinued operations, and Advanced Technologies as an operating and reportable segment. Previously Advanced Technologies was part of the Devices & Services business. The Sale of D&S Business was completed on April 25, 2014.
- Substantially all of the former Devices & Services business is presented as discontinued operations and at the same time forms an operating and reportable segment. Discontinued business is described in more detail in note 3.

Prior period results have been regrouped and recasted for comparability purposes according to the new operational and reporting structure.

Nokia's reportable segments represent the strategic business units that offer different products and services. The chief operating decision maker receives monthly financial information for these business units. Key financial performance measures of the reportable segments include primarily net sales and contribution/operating profit. Segment contribution for Mobile Broadband and Global Services consists of net sales, cost of sales and operating expenses, and excludes restructuring and associated charges, purchase price accounting related charges and certain other items not directly related to the segments. Operating profit is presented for HERE and Advanced Technologies. The chief operating decision maker evaluates the performance of its segments and allocates resources to them based on operating profit/contribution.

Mobile Broadband provides mobile operators with radio and core network software together with the hardware needed to deliver mobile voice and data services.

Global Services provides mobile operators with a broad range of services from network planning and optimization to network implementation, system integration and care services, as well as managed services for network and service operations.

NSN Other includes net sales and related cost of sales and operating expenses of non-core businesses as well as Optical Networks business until May 6, 2013 when its divestment was completed. It also includes restructuring and associated charges as well as purchase price accounting related charges and certain other items for NSN business.

HERE focuses on the development of location-based services and local commerce. The HERE brand was introduced for our location and mapping service in 2012, and as of January 1, 2013 our former Location & Commerce business and reportable segment was renamed HERE.

The Advanced Technologies business builds on Nokia's Chief Technology Office (CTO) and Intellectual Property Rights activities. Advanced Technologies focuses on technology development and licensing and is planning to continue to build Nokia's patent portfolio and expand its technology licensing program. Advanced Technologies includes net sales from both intellectual property right activities and technology licensing.

Corporate Common Functions consists of company-wide functions.

Devices & Services business focuses on developing and selling smartphones powered by the Windows Phone system, feature phones and affordable smart phones.

The accounting policies of the segments are the same as those described in Note 1. Nokia accounts for inter-segment revenues and transfers as if the revenues were to third parties, that is, at current market prices.

No single customer represents 10% or more of Group revenues.

2013, EURm	Mobile Broad-band [1]	Global Services [1]	NSN Other	NSN	HERE [1]	Advanced Techno-logies [1]	Corporate Common Functions	Elimina-tions	Group
Net sales to external customers [2]	5 346	5 752	182	11 280	914	515	—		12 709
Net sales to other segments	1	1	—	2	—	14	—	−16	—
Depreciation and amortization	217	94	2	313	241	3	3		560
Impairment	1	1	6	8	—	—	12		20
Operating profit (+)/loss (–)	420	693	−693	420	−154	310	−57		519
Share of results of associated companies	—	—	8	8	1	—	−5		4
2012, EURm									
Net sales to external customers [2]	6 042	6 928	807	13 777	1 103	520	—		15 400
Net sales to other segments	1	1	—	2	—	14	—	−16	—
Depreciation and amortization	351	198	38	587	496	3	2		1 088
Impairment	8	—	29	37	—	—	33		70
Operating loss (–)/profit (+)	490	334	−1 619	−795	−301	325	−50		−821
Share of results of associated companies	—	—	8	8	1	—	−10		−1
2011, EURm									
Net sales to external customers [2]	6 335	6 737	969	14 041	1 091	836	—		15 968
Net sales to other segments	—	—	—	—	—	14	—	−14	—
Depreciation and amortization	403	190	118	711	491	3	113		1 318
Impairment	—	—	19	19	1 091	—	134		1 244
Operating loss (–)/profit (+) [3]	216	230	−743	−297	−1 526	609	−174		−1 388
Share of results of associated companies	—	—	−17	−17	1	—	−7		−23

1 Represents an operating and reportable segment.

2 Net sales to external customers include the HERE sales to discontinued operations (EUR 154 million in 2013, EUR 374 million in 2012 and EUR 393 million in 2011).

3 HERE operating loss in 2011 includes a goodwill impairment loss of EUR 1 090 million.

Net sales to external customers by geographic area by location of customer, EURm	2013	2012	2011
Finland [4]	**594**	659	955
United States	**1 542**	1 498	1 199
Japan	**1 388**	2 176	1 533
China	**896**	1 077	1 384
India	**656**	757	929
Germany	**609**	844	946
Brazil	**511**	805	845
Russia	**421**	476	542
Indonesia	**410**	418	475
Other	**5 682**	6 690	7 160
Total	**12 709**	15 400	15 968

4 All Advanced Technologies net sales is allocated to Finland.

Segment non-current assets by geographic area [5], EURm	2013	2012
Finland	**529**	1 662
USA	**3 371**	4 166
China	**94**	387
India	**58**	151
Other	**194**	588
Total	**4 246**	6 954

5 Comprises goodwill and other intangible assets and property, plant and equipment as well as assets-held-for sale.

3. DISCONTINUED OPERATIONS

Nokia announced on September 3, 2013 that it had signed an agreement to sell substantially all of its Devices & Services business and license its patents to Microsoft. The transaction was approved by Nokia shareholders in an Extraordinary Shareholders' meeting in November 2013 and, after which the results of Devices & Services business were reclassified as discontinued Operations. The transaction was completed on April 25, 2014.

Devices & Services is comprised of two previously reportable segments, Smart Devices and Mobile Phones as well as Devices & Services Other. Smart Devices focuses on Nokia's most advanced products, including smartphones powered by the Windows Phone system and has profit-and-loss responsibility and end-to-end accountability for the full consumer experience, including product development, product management and product marketing. Mobile Phones focuses on the area of mass market entry and feature phones as well as affordable smart phones and has profit-and-loss responsibility and end-to-end accountability for the full consumer experience, including development, management and marketing of feature phone products, services and applications. Devices & Services Other includes net sales related to spare parts, related cost of sales and operating expenses and operating results of Vertu through October 12, 2012, the date of divestment of the business. Devices & Services Other also includes major restructuring projects/programs related to the Devices & Services business as well as other unallocated items.

Results of discontinued operations, EURm	2013	2012	2011
Net sales	**10 735**	15 152	23 091
Cost of sales	**–8 526**	–12 320	–17 292
Gross profit	**2 209**	2 832	5 799
Research and development expenses	**–1 130**	–1658	–2 211
Selling and marketing expenses	**–1 345**	–1 857	–2 179
Administrative and general expenses	**–215**	–286	–370
Other income and expenses	**–109**	–510	–723
Operating loss (–)/profit (+)	**–590**	–1 479	316
Financial income (+)/expense (–)	**10**	18	28
Income tax	**–200**	–842	–216
Loss (–)/profit (+) for the year	**–780**	–2 303	128
Depriciation and amortization	**168**	238	244

Cash flows (used in) discontinued operation, EURm	2013	2012	2011
Net cash used in operating activities	**–1 062**	–2 252	–95
Net cash used in investing activities	**–130**	–68	–206
Net cash used in financing activities	**–21**	—	—
Net cash flow for the year	**–1 213**	–2 320	–301

Effect of disposal on the financial position of the Group, EURm	2013
Goodwill and other intangible assets	**1 426**
Property plant and equipment	**559**
Deferred tax assets and non-current assets	**381**
Inventories	**347**
Trade and other receivables	**691**
Prepaid and other current assets	**1 854**
Assets of disposal groups classified as held for sale	**5 258**
Deferred tax liabilities and other liabilities	**114**
Trade and other payables	**1 381**
Deferred income and accrued expense	**2 220**
Provisions	**1 013**
Liabilities of disposal groups classified as held for sale	**4 728**

4. PERCENTAGE OF COMPLETION

Contract sales recognized under percentage of completion accounting were EUR 1 012 million in 2013 (EUR 3 431 million in 2012 and EUR 4 769 million in 2011). Service revenue for managed services and network maintenance contracts were EUR 2 318 in 2013 (EUR 2 655 million in 2012 and EUR 2 994 million in 2011).

Advances received related to construction contracts, included in accrued expenses and other liabilities, are EUR 14 million at December 31, 2013 (EUR 58 million in 2012). Included in accounts receivable are contract revenues recorded prior to billings of EUR 162 million at December 31, 2013 (EUR 700 million in 2012) and billings in excess of costs incurred are EUR 99 million at December 31, 2013 (EUR 216 million in 2012).

The aggregate amount of costs incurred and recognized profits (net of recognized losses) under construction contracts in progress since inception is EUR 13 049 million at December 31, 2013 (EUR 18 107 million in 2012).

Retentions related to construction contracts, included in accounts receivable, are EUR 23 million at December 31, 2013 (EUR 100 million at December 31, 2012).

5. PERSONNEL EXPENSES

Continuing operations, EURm	2013	2012	2011
Wages and salaries	**3 432**	4 295	3 875
Share-based compensation expense	**42**	11	6
Pension expenses, net	**206**	232	220
Other social expenses	**403**	507	517
Personnel expenses total	**4 083**	5 045	4 618

Personnel expenses include termination benefits.

Pension expenses, comprised of multi-employer, insured and defined contribution plans were EUR 160 million in 2013 (EUR 193 million in 2012 and EUR 175 million in 2011). Expenses related to defined benefit plans comprise the remainder.

Average personnel	2013	2012	2011
NSN	**52 564**	64 052	71 825
HERE	**5 897**	6 441	7 187
Advanced Technologies and Corporate Common Functions	**872**	1 315	1 844
Nokia Group, continuing operations	**59 333**	71 808	80 856

6. PENSIONS

The Group operates a number of post-employment plans in various countries including both defined contribution and defined benefit schemes. These plans expose the Group to actuarial risks such as, investment risk, interest rate risk, life expectancy risk and salary risk. The characteristics and associated risks of the defined benefit plans vary depending on legal, fiscal, and economic requirements in each country. These characteristics and risks are further described below relating to the plans included in the continuing operations of the Group.

Any of the following 2013 disclosures are attributable to the continuing operations only. Disclosures relating to 2012 and 2011 comparative annual periods represent the results for the entire consolidated Group. Accordingly, the current year results are not directly comparable to the prior periods.

Change in accounting policy

At January 1, 2013, the Group adopted the Revised IAS 19 Employee Benefits. Actuarial gains and losses under the revised standard are required to be recognized immediately and in full in other comprehensive income and such balances are excluded permanently from the consolidated income statement. Previously, all actuarial gains and losses were deferred in accordance with the corridor method.

Calculation of the pension expense has been simplified under the revised standard and the related impacts to the Group's loss presented in the historical comparative consolidated income statements are not material. The main changes relate to the fully recognized actuarial gains and losses which impact the relevant net pension assets and liabilities and other comprehensive income.

The revised IAS 19 requires retrospective application for all financial statements presented. The adjustments resulting from the implementation of the revised standard for the years ended December 31, 2011 and December 31, 2012 are presented in the following tables.

January 1, 2011 shareholders' equity EURm	Nokia Group reported	Adjustments	Nokia Group adjusted
Total equity	16 231	17	16 248
Equity attributable to equity holders of parent	14 384	6	14 390
Equity attributable to non-controlling interests	1 847	11	1 858

For the year ended and as of December 31, 2011 EURm	Nokia Group reported	Adjustments	Nokia Group adjusted
Impact to consolidated statement of financial position:			
Defined benefit pension assets	106	15	121
Deferred tax assets	1 848	5	1 853
Defined benefit pension obligations	176	24	200
Deferred tax liabilities	800	3	803
Total equity	13 916	−7	13 909
Equity attributable to equity holders of parent	11 873	—	11 873
Equity attributable to non-controlling interests	2 043	−7	2 036
Impact to consolidated income statement and other comprehensive income:			
Loss	−1 488	1	−1 487
Other comprehensive income			
Remeasurements on defined benefit pensions	—	−36	−36
Income taxes related to components of other comprehensive Income	−16	12	−4

For the year ended and as of December 31, 2012 EURm	Nokia Group reported	Adjustments	Nokia Group adjusted
Impact to consolidated statement of financial position:			
Defined benefit pension assets	142	10	152
Deferred tax assets	1 254	25	1 279
Defined benefit pension obligations	178	242	420
Deferred tax liabilities	700	1	701
Total equity	9 447	−208	9 239
Equity attributable to equity holders of parent	8 061	−124	7 937
Equity attributable to non-controlling interests	1 386	−84	1 302
Impact to consolidated income statement and other comprehensive income:			
Loss	−3 789	3	−3 786
Other comprehensive income			
Remeasurements on defined benefit pensions	—	−228	−228
Income taxes related to components of other comprehensive Income	12	22	34

The Group's most significant defined benefit pension plans are in Germany, UK, India and Switzerland. Together they account for 91% (92% in 2012) of the Group's total defined benefit obligation and 92% (93% in 2012) of the Group's total plan assets.

Germany

The majority of active employees in Germany participate in the cash balance plan BAP (Beitragsorientierter Alterversorgungs Plan), formerly known as Beitragsorientierte Siemens Alterversorgung ("BSAV"). Individual benefits are generally dependent on eligible compensation levels, ranking within the Group and years of service. This plan is a partly funded defined benefit pension plan, the benefits of which are subject to a minimum return guaranteed by the Group. The funding vehicle for the BAP plan is the NSN Pension Trust e.V. The trust is legally separate from the Group and manages the plan assets in accordance with the respective trust agreements with the Group. The risks specific to the German defined benefit plans are related to changes in mortality of covered members and investment return of the plan assets. Curtailments were recognized in service costs for German pension plans during 2013 as a result of reduction in workforce in 2013 and the planned reduction in 2014.

United Kingdom

The Group has a UK defined benefit plan divided into two sections: the money purchase section and the final salary section, both being closed to future contributions and accruals as of April 30, 2012. Individual benefits are generally dependent on eligible compensation levels and years of service for the defined benefit section of the plan and on individual investment choices for the defined contribution section of the plan. The funding vehicle for the pension plan is the NSN Pension Plan that is run on a trust basis.

India

Government mandated gratuity and provident plans provide benefits based on years of service and projected salary levels at the date of separation for the Gratuity Plan and through an interest rate guarantee on existing investments in a government prescribed Provident Fund Trust. Gratuity Fund plan assets are invested and managed through an insurance policy. Provident Fund Assets are managed by NSN PF Trustees through a pattern prescribed by the Government in various fixed income securities.

Switzerland

The Group's Swiss pension plans are governed by the Swiss Federal Law on Occupational Retirements, Survivors' and Disability Pension plans (BVG), which stipulates that pension plans are to be managed by an independent, legally autonomous unit. In Switzerland, individual benefits are provided through the collective foundation Profond. The plan's benefits are based on age, years of service, salary and an individual old age account. The funding vehicle for the pension scheme is the Profond Vorsorgeeinrichtung. During fiscal year 2013, the collective foundation Profond has decided to decrease their conversion rates (pension received as a percentage of retirement savings) in five years gradually from 7.2% to 6.8%, which will reduce the expected benefits at retirement for all employees. This event qualifies as a plan amendment and the past service gain of EUR 1 million arising from this amendment was recognized immediately in the service cost of the year.

The following table presents the defined benefit obligations, the fair value of plan assets, the effects of the asset ceiling and the net defined benefit balance at December 31, 2013 for continuing operations and at December 31, 2012 for the Group, as restated.

	Defined benefit obligation		Fair value of plan assets		Effects of asset ceiling		Net defined benefit balance	
EURm	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Germany	**−1 062**	−1 305	**904**	996	**—**	—	**−158**	−309
UK	**−98**	−405	**108**	527	**—**	—	**10**	122
India	**−85**	−115	**82**	110	**−1**	—	**−4**	−5
Switzerland	**−78**	−91	**63**	57	**—**	—	**−15**	−34
Other	**−130**	−157	**104**	118	**−6**	−3	**−32**	−42
Nokia Group Total	**−1 453**	−2 073	**1 261**	1 808	**−7**	−3	**−199**	−268

The movements in the present value of the defined benefit obligation, fair value of plan assets and the impact of minimum funding/asset ceiling are as follows for continuing operations in 2013 and for the entire Group in 2012, as restated:

EURm	Present value of obligation	Fair value of plan assets	Total	Impact of minimum funding/asset ceiling	Net defined benefit balance
Balance at January 1, 2012	–1 737	1 657	–80	–2	–82
Current service cost	–58	—	–58	—	–58
Interest expense (–)/income (+)	–89	84	–5	—	–5
Past service cost and gains and losses on curtailments	23	—	23	—	23
Settlements	13	–10	3	—	3
	–111	74	–37	—	–37
Remeasurements:					
Return on plan assets, excluding amounts included in interest expense (–)/income (+)	—	62	62	—	62
Gain from change in demographic assumptions	—	—	—	—	—
(Loss) from change in financial assumptions	–264	—	–264	—	–264
Experience (losses)	–25	—	–25	—	–25
Change in asset ceiling, excluding amounts included in interest expense (–)/income (+)	—	—	—	–1	–1
	–289	62	–227	–1	–228
Exchange differences	–7	10	3	—	3
Contributions:					
Employers	—	50	50	—	50
Plan participants	–14	14	—	—	—
Payments from plans:					
Benefit payments	68	–50	18	—	18
Acquired in a business combination	14	–12	2	—	2
Other movements	3	3	4	—	4
	64	15	79	—	79
Balance at December, 2012	**–2 073**	**1 808**	**–265**	**–3**	**–268**
Balance at January 1, 2013	–2 073	1 808	–265	–3	–268
Transfer to discontinued operations	445	–516	–71	—	–71
Current service cost	–44	—	–44	—	–44
Interest expense (–)/income (+)	–54	43	–11	—	–11
Past service cost and gains and losses on curtailments	5	—	5	—	5
Settlements	12	–8	4	—	4
	–81	35	–46	—	–46
Remeasurements:					
Return on plan assets, excluding amounts included in interest expense (–)/income (+)	—	15	15	—	15
Gain from change in demographic assumptions	4	—	4	—	4
Gain from change in financial assumptions	93	—	93	—	93
Experience gains	6	—	6	—	6
Change in asset ceiling, excluding amounts included in interest expense (–)/income (+)	—	—	—	–4	–4
	103	15	118	–4	114
Exchange differences	30	–27	3	—	3
Contributions:					
Employers	—	33	33	—	33
Plan participants	–13	13	—	—	—
Payments from plans:					
Benefit payments	53	–28	25	—	25
Acquired in a business combination	83	–72	11	—	11
Other movements	—	—	—	—	—
	153	–81	72	—	72
Balance at December, 2013	**–1 453**	**1 261**	**–192**	**–7**	**–199**

Present value of obligations include EUR 425 million (EUR 571 million in 2012) of wholly funded obligations, EUR 979 million of partly funded obligations (EUR 1 442 million in 2012) and EUR 49 million (EUR 60 million in 2012) of unfunded obligations (the amounts include continuing operations in 2013 and the entire Group in 2012, as restated).

The net accrued pension cost for continuing operations above is made up of an accrual of EUR 237 million included in other long-term liabilities (EUR 420 million in 2012, for the entire Group, as restated) and a prepayment of EUR 38 million included in other long-term assets (EUR 152 million in 2012, for the entire Group, as restated).

The amounts recognized in the consolidated income statement are as follows (including continuing operations in 2013 and the entire Group in 2012 and 2011, as restated):

EURm	2013	2012	2011
Current service cost	**44**	58	59
Past service cost and gains and losses on curtailments	**−5**	−23	−8
Net interest cost	**11**	5	3
Settlements	**−4**	−3	−6
Total, included in personnel expenses	**46**	37	48

The movements in pension remeasurements recognized in other comprehensive income are as follows (the amounts presented include continuing operations in 2013 and the entire Group in 2012 and 2011, as restated):

EURm	2013	2012	2011
Remeasurements			
Return on plan assets (excl. interest income), gain (+)/loss (–)	**15**	62	−18
Changes in demographic assumptions, gain	**4**	—	—
Changes in financial assumptions, gain (+)/loss (–)	**93**	−264	−43
Experience adjustments, gain (+)/loss (–)	**6**	−25	19
Current year change in asset ceiling	**−4**	−1	6
Total remeasurement included in comprehensive income	**114**	−228	−36

Actuarial assumptions

The principal actuarial weighted average assumptions used for determining the defined benefit obligation were as follows:

%	2013	2012
Discount rate for determining present values	**4.0**	3.7
Annual rate of increase in future compensation levels	**2.4**	2.4
Pension growth rate	**1.7**	1.9
Inflation rate	**2.0**	1.8

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each country. The following discount rates and mortality tables have been used for Nokia's significant countries:

	Discount rate		Mortality table
	2013	2012	**2013**
Germany	**3.6%**	3.2%	Richttafeln 2005 G
UK	**4.5%**	4.1%	S1NA Light *
India	**9.0%**	8.3%	LIC (2006-08) Ultimate
Switzerland	**2.2%**	1.6%	BVG 2010 G
Total weighted average for all countries	**4.0%**	3.7%	

* Tables unadjusted for males and rated down by 2 years for females.

The sensitivity of the defined benefit obligation to changes in the principal assumptions is presented below.

	Impact on defined benefit obligation		
	Change in assumption	**Increase in assumption EURm**	**Decrease in assumption EURm**
Discount rate for determining present values	1.0%	173	-225
Annual rate of increase in future compensation levels	1.0%	−24	21
Pension growth rate	1.0%	−127	123
Inflation rate	1.0%	−136	126
Life expectancy	1 year	−27	26

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant and may not be representative of the actual impact of changes. If more than one assumption is changed simultaneously, the combined impact of changes would not necessarily be the same as the sum of the individual changes. If the assumptions change to a different level compared to that presented above, the effect on the defined benefit obligation may not be linear. The methods and types of assumptions used in preparing the sensitivity analyses are the same as in the previous period.

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method has been applied as when calculating the post-employment benefit obligation recognized in the consolidated statement of financial position; specifically, the present value of the defined benefit obligation is calculated with the projected unit credit method. Increases and decreases in the discount rate, rate of increase in future compensation levels, pension growth rate and inflation, which are used in determining the defined benefit obligation, do not have a symmetrical effect on the defined benefit obligation primarily due to the compound interest effect created when determining the net present value of the future benefit.

Investment strategies

The objective of investment activities is to maximize the excess of plan assets over the projected benefit obligations and to achieve asset performance at least in line with the interest costs in order to minimize required future employer contributions. To achieve these goals, the Group uses an asset-liability matching framework, which forms the basis for its strategic asset allocation of the respective plans. The Group also takes into consideration other factors in addition to the discount rate, such as inflation and longevity. The results of the asset-liability matching framework are implemented on a plan level.

The Group's pension governance does not allow direct investments and requires all investments to be placed either in funds or by professional asset managers. Derivative instruments are permitted and are used to change risk characteristics as part of the German plan assets. The performance and risk profile of investments is constantly monitored on a stand-alone basis as well as in the broader portfolio context. One major risk is a decline in the plan`s funded status as a result of the adverse development of plan assets and/or defined benefit obligations. The application of the Asset-Liability-Model study focuses on minimizing such risks.

There has been no change in the process used by the Group to manage its risk from prior periods.

Disaggregation of plan assets

Pension assets are comprised as follows:

	2013				2012			
	Quoted EURm	Unquoted EURm	Total EURm	%	Quoted EURm	Unquoted EURm	Total EURm	%
Asset category								
Equity securities	300	—	300	24%	397	—	397	22%
Debt securities	564	121	685	54%	973	116	1 089	60%
Insurance contracts	—	70	70	6%	—	137	137	8%
Real estate	—	57	57	5%	—	62	62	3%
Short-term investments	92	—	92	7%	49	—	49	3%
Others	—	57	57	4%	—	74	74	4%
Total	**956**	**305**	**1 261**	**100%**	**1 419**	**389**	**1 808**	**100%**

All short term investments, equity and nearly all fixed income securities have quoted market prices in active markets. Equity securities represent investments in equity funds and direct investments, which have quoted market prices in an active market. Debt securities represent investments in government and corporate bonds, as well as investments in bond funds, which have quoted market prices in an active market. Debt securities may also comprise investments in funds and direct investments. Real estate investments are investments into real estate funds which invest in a diverse range of real estate properties. Insurance contracts are customary pension insurance contracts structured under domestic law in the respective countries. Short-term investments are liquid assets or cash which are being held for a short period of time, with the primary purpose of controlling the tactical asset allocation. The other category includes commodities as well as alternative investments, including derivative financial instruments.

The pension plan assets include a self investment through a loan provided to Nokia by the Group's German pension fund of EUR 69 million (EUR 69 million in 2012). See Note 32.

Future cash flows

Employer contributions expected to be paid to the post-employment defined benefit plans relating to continued operations in 2014 are EUR 23 million and the weighted average duration of the defined benefit obligations was 13.9 years at December 31, 2013.

Expected maturity analysis of undiscounted payments from the defined benefit plans of the continued operations:

Pension benefits, EURm	
Within 1 year	34
Between 1 and 5 years	150
Between 5 and 10 years	264
Between 10 and 20 years	826
Over 20 years	1 840
Total	**3 114**

7. EXPENSES BY NATURE

EURm	2013	2012	2011
Continuing operations			
Cost of material	**2 835**	3 820	4 201
Personnel expenses	**3 857**	4 108	4 510
Subcontracting costs	**2 427**	3 070	2 742
Real estate costs	**351**	446	408
Depreciation and amortization	**560**	1 088	1 318
Warranty costs	**52**	21	59
Other costs and expenses	**1 572**	2 431	2 847
Total of cost of sales, research and development, selling and marketing and administrative and general expenses	**11 654**	14 984	16 085

8. OTHER INCOME AND EXPENSES

Continuing operations

EURm	2013	2012	2011
Other income			
Distributions from unlisted venture funds	**97**	22	26
FX gain on hedging forecasted sales and purchases	**36**	26	2
Rental income	**25**	20	30
Profit on sale of other fixed assets	**26**	28	18
Gain on sale of real estate	**6**	79	9
Interest income from customer receivables and overdue payments	**27**	10	11
Pension curtailments	**—**	12	—
Other miscellaneous income	**55**	79	55
Other income, total	**272**	276	151

EURm	2013	2012	2011
Other expenses			
Restructuring and associated charges	**–395**	–1 174	–169
Country and contract exits	**–52**	–42	—
Divestment of businesses	**–157**	–50	–19
Loss on sale of property, plant and equipment	**–20**	–40	–9
Impairment of shares in associated companies	**—**	–8	–41
Other impairments	**–13**	–29	–66
Sale of receivables transactions	**–53**	–44	–33
Valuation allowances for doubtful accounts	**–30**	–34	33
FX loss on hedging forecasted sales and purchases	**–24**	–18	8
VAT and other indirect tax write-offs and provisions	**–37**	–25	–35
Transaction costs related to the Sale of D&S Business	**–18**	—	—
Other miscellaneous expenses	**–9**	–49	–1
Other expenses, total	**–808**	–1 513	–332

In 2013, other expenses from continuing operations included restructuring and related charges of EUR 395 million, which consists primarily of employee termination benefits. Restructuring and related charges included EUR 361 million related to NSN, recorded within NSN, other, EUR 22 million related to HERE, EUR 2 million related to Advanced Technologies and EUR 10 million related to Corporate Common Functions, respectively.

In 2012, other expenses included restructuring and related charges of EUR 1 174 million, which consists primairily of employee termination benefits. Restructuring and related charges included EUR 1 134 million related to NSN, EUR 31 million to HERE, EUR 3 million to Advanced Technologies and EUR 6 million related to Corporate Common Functions, respectively.

In 2011, other expenses included restructuring charges of EUR 169 million. Restructuring charges inlcuded EUR 126 million related to NSN, recorded within NSN Other, EUR 25 million related to HERE, EUR 13 million to Advanced Technologies and EUR 5 million to Corporate Common Functions, respectively.

9. IMPAIRMENT

EURm	2013	2012	2011
Goodwill	**—**	—	1 090
Other intangible assets	**—**	8	2
Property, plant and equipment	**12**	23	10
Inventories	**—**	—	7
Investments in associated companies	**—**	8	41
Available-for-sale investments	**8**	31	94
Continued operations, net	**20**	70	1 244
Discontinued operations, net	**—**	39	94

Goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") or groups of cash-generating units for the purpose of impairment testing. The allocation is made to those CGUs that are expected to benefit from the synergies of the business combination in which the goodwill arose. As a result of the Sale of the D&S business to Microsoft, as well as Nokia's acquisition of the Siemens' stake in NSN, the Group reviewed the structure of its CGUs.

In consequence of the Purchase Agreement with Microsoft, the Smart Devices and Mobile Phones CGUs have been combined to a single Devices & Services CGU and aligned with the scope of the business being sold. The goodwill previously allocated to the two separate CGUs was allocated to the combined CGU for impairment testing purposes in 2013. No goodwill was allocated to the new Advanced Technologies CGU.

In previous years, the Group had defined the NSN operating segment as a single CGU. As a consequence of Nokia's acquisition of the Siemens minority stake in NSN and the resulting change in reportable segments, the Group has identified two NSN related groups of CGUs to which goodwill has been allocated: Radio Access Networks within the Mobile Broadband operating segment and Global Services.

IAS 36 requires goodwill to be assessed annually for impairment unless triggering events are identified prior to the annual testing date that indicate a potential impairment, in which case an interim assessment is required. The annual impairment testing for the Devices & Services and HERE CGUs is performed as of October 1. The annual impairment testing for the Nokia Solutions and Networks related groups of CGUs has been performed as of September 30. An additional impairment analysis specific to NSN CGUs was performed subsequently at November 30, 2013 to align the annual testing date with NSN's annual financial planning cycle. Management determined that the signing of the agreement with Microsoft for the Sale of the D&S business constituted a triggering event requiring an interim impairment test for the Devices & Services and HERE CGUs. Accordingly, an interim review was performed in September 2013. No impairment charges were recorded for any of the CGUs as a result of either the interim or annual tests.

The Group allocated goodwill to the CGUs at each of the respective years' impairment testing date, as presented in the table below:

EURm	2013	2012	2011
Smart Devices [1]	**—**	899	862
Mobile Phones [1]	**—**	530	502
Devices & Services (discontinued operations) [1]	**1 417**	—	—
HERE	**3 219**	3 270	3 274
Radio Access Networks in Mobile Broadband [2]	**88**	—	—
Global Services [2]	**91**	—	—
NSN [2]	**—**	183	173
Total	**4 815**	4 882	4 811

1 Smart Devices and Mobile Phones CGUs have been combined to a single Devices & Services CGU in 2013.

2 NSN has two groups of CGUs to which goodwill has been allocated in 2013.

The recoverable values of the Smart Devices and Mobile Phones CGUs, were previously valued on a value in use basis. Value in use was based on reasonable and supportable assumptions that represented management's best estimate of the economic circumstances that will prevail over the remaining life of an asset ("steady state"). During 2013, the Devices & Services CGU recoverable value was estimated based on the fair value less cost of disposal based on the agreed purchase price defined for the Sale of the D&S business, excluding any consideration attributable to patents or patent applications.

The recoverable amounts for the HERE CGU, Radio Access Networks and Global Services group of CGUs are based on fair value less cost of disposal and were EUR 3 803 million, EUR 3 096 million and EUR 3 910 million, respectively, at the date of the 2013 annual impairment testing. The valuation methodologies have remained consistent from previous years. Fair value less cost of disposal was estimated using a discounted cash flow calculation. The cash flow projections employed in the discounted cash flow calculation have been determined by management based on the information available to reflect the amount that an entity could obtain from separate disposal of each of the CGUs, in an orderly transaction between market participants at the measurement date after deducting the estimated costs of disposal. The estimates of fair value less cost of disposal are categorized in the level 3 of the fair value hierarchy.

Discounted cash flows for the NSN groups of CGUs and HERE CGU were modeled over ten annual periods. The growth rates used in transitioning to terminal year reflect estimated long-term stable growth which do not exceed long-term average growth rates for the industry and economies in which the CGUs operate. All cash flow projections are consistent with external sources of information, wherever possible.

The key assumptions applied in the 2013 impairment testing analysis for each CGU are presented in the table below. No information has been included for the Devices & Services CGU as the recoverable amount was not determined using a discounted cash flow analysis and the CGU is attributable to discontinued operations:

	Cash-generating unit							
	HERE		Radio Access Networks group of CGUs in Mobile Broadband [1]		Global Services group of CGUs [1]		NSN	
%	2013	2012	2013	2012	2013	2012	2013	2012
Terminal growth rate	**1.7**	1.7	**1.5**	—	**0.5**	—	**—**	0.7
Post-tax discount rate	**10.6**	9.9	**10.8**	—	**10.1**	—	**—**	10.3

1 NSN CGU is divided into two groups of CGUs in 2013: Radio Access Networks group of CGUs within the Mobile Broadband operating segment and the Global Services group of CGUs.

Fair value less cost of disposal for the HERE CGU and Radio Access Networks and Global Services group of CGUs are determined using post-tax valuation assumptions including projected cash flows and the discount rate.

The discount rates applied in the impairment testing for the above noted CGUs or groups of CGUs reflect current assessments of the time value of money and relevant market risk premiums. Risk premiums included in the determination of the discount rate reflect risks and uncertainties for which the future cash flow estimates have not been adjusted.

In the fourth quarter of 2011 the Group recorded an impairment loss of EUR 1 090 million to reduce the carrying amount of the HERE CGU to its recoverable amount at that time. The impairment loss was allocated in its entirety to the carrying amount of goodwill. The Group's goodwill impairment testing did not result in impairment charges for the years ended December 31, 2013 or 2012.

The recoverable amount of the HERE CGU exceeds its carrying amount by a small margin at the testing date. The related valuation is deemed most sensitive to the changes in both discount and long-term growth rates. A discount rate increase in excess of 0.5 percentage point or long-term growth decline in excess of 1.1 percentage point would result in impairment loss in the HERE CGU. Management's estimates of the overall automotive volumes and market share, customer adoption of the new location-based platform and related service offerings, projected value of the services sold to Microsoft and assumptions regarding pricing as well as continued focus on cost efficiency are the main drivers for the HERE net cash flow projections. The Group's cash flow forecasts reflect the current strategic views that license fee based models will remain important in both near and long term. Management expects that license fee based models which are augmented with software and services and monetized via license fees, transactions

fees and advertising, will grow in the future as more customers demand complete, end-to-end location solutions and as cloud computing and cloud-based services garner greater market acceptance. Actual short and long-term performance could vary from management's forecasts and impact future estimates of recoverable value. Since the recoverable amount exceeds the carrying amount only by a small margin, any material adverse changes such as market deterioration or changes in the competitive landscape could impact management's estimates of the main drivers and result in impairment loss.

Other than as disclosed for the HERE CGU above, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of any cash generating unit to exceed its recoverable amount.

Other intangible assets

There were no impairment charges recognized during 2013.

During 2012, a charge of EUR 8 million was recorded on intangible assets attributable to the decision to transition certain operations into maintenance mode within NSN. These charges were recorded in other operating expenses.

Property, plant and equipment

During 2013 Nokia Solutions and Networks recorded an impairment charge of EUR 6 million (EUR 23 million in 2012) on property, plant and equipment as a result of the remeasurement of the Optical Networks disposal group at fair value less cost of disposal. Furthermore, the Group recognized impairment losses of EUR 6 million related to certain properties attributable to Corporate Common Functions.

Investments in associated companies

No material impairment charges were recognized during 2013.

After application of the equity method, including recognition of the Group's share of results of associated companies, the Group determined that recognition of impairment losses of EUR 8 million in 2012 (EUR 41 million in 2011) was necessary to adjust the Group's investment in associated companies to its recoverable amount. The charges were recorded in other operating expense and are included in Corporate Common Functions.

Available-for-sale investments

The Group's investment in certain equity and interest-bearing securities held as available-for-sale suffered a significant or prolonged decline in fair value resulting in an impairment charge of EUR 8 million (EUR 31 million in 2012, EUR 94 million in 2011). These impairment losses are included within financial income and expenses and other operating expenses in the consolidated income statement. See also Note 12.

10. ACQUISITIONS

Acquisitions completed in 2013

ACQUISITION OF SIEMENS' NON-CONTROLLING INTEREST IN NSN

On August 7, 2013 Nokia completed its acquisition of Siemens' 50% interest in their joint venture, Nokia Siemens Networks (renamed Nokia Solutions and Networks) for a consideration of EUR 1 700 million. Cash of EUR 1 200 million was paid at the closing of the transaction. The remaining EUR 500 million was financed through a secured loan from Siemens, which was repaid in September 2013. Transaction related costs amounted to EUR 7 million.

Upon closing, the parent entity of NSN business, Nokia Siemens Networks B.V., became wholly owned subsidiary of Nokia. Nokia continues to control and consolidate NSN's results and financial position and the acquisition of Siemens' non-controlling interest is accounted for as an equity transaction. The transaction reduced the Group's equity by EUR 783 million, representing the difference between the carrying amount of Siemens' non-controlling interest on the date of the acquisition of EUR 924 million and the total consideration paid of EUR 1 707 million. The impact to individual shareholder's equity line items is presented in "Acquisition of non-controlling interest" line item in the consolidated statement of changes in shareholder's equity and in the accompanying notes.

The transaction resulted in changes in the reporting structure of the NSN business, for further information refer to Note 2.

Acquisitions completed in 2012

During 2012, the Group completed minor acquisitions that did not have a material impact on the consolidated financial statements. The purchase consideration paid and the total of goodwill arising from these acquisitions amounted to EUR 56 million and EUR 45 million, respectively. The goodwill arising from these acquisitions is attributable to assembled workforce and post-acquisition synergies.

- Scalado AB, based in Lund, Sweden, provides and develops imaging software and experiences. The Group acquired imaging specialists, all technologies and intellectual property from Scalado AB on July 20, 2012.
- earthmine Inc., based in California, USA, develops systems to collect and process 3D imagery. The Group acquired a 100% ownership interest in earthmine on November 19, 2012.

11. DEPRECIATION AND AMORTIZATION

EURm	2013	2012	2011
Depreciation and amortization by function			
Cost of sales	**88**	119	151
Research and development [1]	**293**	525	586
Selling and marketing [2]	**95**	334	435
Administrative and general	**84**	110	146
Total	**560**	1 088	1 318

1 In 2013, depreciation and amortization allocated to research and development included amortization of acquired intangible assets of EUR 188 million (EUR 375 million in 2012 and EUR 404 million in 2011).

2 In 2013, depreciation and amortization allocated to selling and marketing included amortization of acquired intangible assets of EUR 93 million (EUR 313 million in 2012 and EUR 421 million in 2011).

12. FINANCIAL INCOME AND EXPENSES

EURm	2013	2012	2011
Continuing operations			
Dividend income on available-for-sale financial investments	**1**	3	1
Interest income on available-for-sale financial investments [1]	**95**	119	169
Interest income on loans receivables carried at amortized cost	**7**	3	1
Interest income on investments at fair value through profit and loss	**6**	8	18
Net interest expense on derivatives not under hedge accounting	**−4**	−4	−12
Interest expense on financial liabilities carried at amortized cost [1]	**−319**	−263	−255
Net realised gains (+)/losses (–) on disposal of fixed income available-for-sale financial investments	**2**	−1	−4
Net fair value gains (+)/losses (–) on investments at fair value through profit and loss	**−29**	27	102
Net gains (+)/losses (–) on other derivatives designated at fair value through profit and loss	**32**	−11	−121
Net fair value gains (+)/losses (–) on hedged items under fair value hedge accounting	**69**	−15	−82
Net fair value gains (+)/losses (–) on hedging instruments under fair value hedge accounting	**−63**	23	72
Net foreign exchange gains (+)/losses (–) [2]			
From foreign exchange derivatives designated at fair value through profit and loss	**−28**	−42	100
From balance sheet items revaluation	**−74**	−223	−90
Other financial income [3]	**48**	51	48
Other financial expenses [4]	**−23**	−32	−78
Total	**−280**	−357	−131

1 During 2013, interest income decreased mainly as a result of lower cash levels than in 2012 and lower interest rates in certain currencies where the Group has investments. Interest expense increased due to higher levels of borrowing as well as expenses related to funding the purchase of NSN non-controlling interest from Siemens. During 2012, interest income decreased mainly as a result of lower cash levels than in 2011 and lower interest rates in certain currencies where the Group has investments.

2 During 2013 foreign exchange gains (or losses) were positively impacted by lower hedging costs than in 2012 as well as lower volatility of certain emerging market currencies. During 2012 foreign exchange gains (or losses) were negatively impacted by higher hedging costs than in 2011 as well as significant weakening of certain emerging market currencies.

3 Other financial income includes distributions of EUR 44 million in 2013 (EUR 49 million in 2012 and EUR 45 million in 2011) from a private fund held as non-current available-for-sale investments.

4 Other financial expenses include an impairment loss of EUR 0 million in 2013 (EUR 7 million in 2012 and EUR 38 million in 2011) in the Group's investment in the above mentioned private fund due to changes in estimated future cash flows resulting from distributions received as well as other factors. The Group did not recognize any impairment losses related to Asset Backed Securities in 2013 or 2012 in other financial expenses, whereas impairments for these securities amounted to EUR 15 million in 2011. Additional information can be found in Note 9 and Note 17.

13. INCOME TAXES

EURm	2013	2012	2011
Continuing operations			
Income tax			
Current	**−354**	−329	−340
Deferred	**152**	25	267
Total	**−202**	−304	−73
Finnish entities	**−87**	−147	−102
Other countries	**−115**	−157	29
Total	**−202**	−304	−73

The differences between the income tax expense computed at statutory rate of 24.5% in 2013 and 2012 in Finland (26% in 2011) and income taxes recognized in the consolidated income statement is reconciled as follows:

EURm	2013	2012	2011
Income tax expense (+)/benefit (–) at statutory rate	**60**	−289	−401
Permanent differences	**−22**	67	−98
Non tax deductible impairment of goodwill (Note 9)	**—**	—	283
Income taxes for prior years	**−22**	−78	−16
Income taxes on foreign subsidiaries' profits in excess of (lower than) income taxes at statutory rates	**5**	15	−22
Realizability of deferred tax assets [1]	**138**	609	279
Net increase (+)/decrease (–) in uncertain tax positions	**14**	−14	3
Change in income tax rates	**7**	4	11
Income taxes on undistributed earnings	**−21**	−24	9
Other	**43**	14	25
Income tax expense	**202**	304	73

1 This item primarily relates to NSN's Finnish tax losses, unused tax credits and temporary differences for which no deferred tax was recognized. In 2012 this item also relates to NSN's German tax losses and temporary differences for which no deferred tax was recognized.

Current income tax liabilities at December 31, 2013 include EUR 394 million (EUR 327 million in 2012) related to uncertain tax positions. The timing of outflows related to these matters is inherently uncertain.

Certain of the Group companies' income tax returns for prior periods are under examination by tax authorities. Our business and investments especially in emerging market countries may be subject to uncertainties, including unfavorable or unpredictable taxation treatment. Management judgment and a degree of estimation are required in determining tax expense. Even though the Group does not believe that any significant additional taxes in excess of those already provided for will arise as a result of the examinations, final resolutions of open items may substantially differ from the amounts initially recorded.

14. INTANGIBLE ASSETS

EURm	2013	2012
Capitalized development costs		
Acquisition cost January 1	**1 028**	1 035
Transfer to assets held for sale	**–284**	—
Retirements during the period	**–6**	–7
Disposals during the period	**—**	—
Accumulated acquisition cost December 31	**738**	1 028
Accumulated amortization January 1	**–1 028**	–1 029
Transfer to assets held for sale	**284**	—
Retirements during the period	**6**	7
Amortization for the period	**—**	–6
Accumulated amortization December 31	**–738**	–1 028
Net book value January 1	**—**	6
Net book value December 31	**—**	—
Goodwill		
Acquisition cost January 1	**6 874**	6 836
Transfer to assets held for sale	**–1 428**	—
Translation differences	**–153**	–16
Acquisitions	**—**	54
Accumulated acquisition cost December 31	**5 293**	6 874
Accumulated impairments January 1	**–1 998**	–1 998
Impairments during the period	**—**	—
Accumulated impairments December 31	**–1 998**	–1 998
Net book value January 1	**4 876**	4 838
Net book value December 31	**3 295**	4 876
Other intangible assets		
Acquisition cost January 1	**5 753**	5 877
Transfer to assets held for sale	**–282**	—
Translation differences	**–127**	–20
Additions during the period	**24**	46
Acquisitions	**—**	11
Retirements during the period	**–92**	–52
Impairments during the period	**—**	–65
Disposals during the period	**–62**	–44
Accumulated acquisition cost December 31	**5 214**	5 753
Accumulated amortization January 1	**–5 106**	–4 471
Transfer to assets held for sale	**245**	—
Translation differences	**107**	19
Retirements during the period	**89**	48
Impairments during the period	**—**	49
Disposals during the period	**57**	33
Amortization for the period	**–310**	–784
Accumulated amortization December 31	**–4 918**	–5 106
Net book value January 1	**647**	1 406
Net book value December 31	**296**	647

15. PROPERTY, PLANT AND EQUIPMENT

EURm	2013	2012
Land and water areas		
Acquisition cost January 1	**33**	62
Transfer to assets held for sale	**–6**	—
Translation differences	**–1**	—
Additions during the period	**4**	—
Impairments during the period	**–1**	–4
Disposals during the period	**–17**	–25
Accumulated acquisition cost December 31	**12**	33
Net book value January 1	**33**	62
Net book value December 31	**12**	33
Buildings and constructions		
Acquisition cost January 1	**1 129**	1 380
Transfer to assets held for sale	**–422**	—
Translation differences	**–44**	–1
Additions during the period	**—**	80
Impairments during the period	**—**	–36
Disposals during the period	**–327**	–294
Accumulated acquisition cost December 31	**336**	1 129
Accumulated depreciation January 1	**–469**	–519
Transfer to assets held for sale	**150**	—
Translation differences	**19**	-3
Impairments during the period	**—**	15
Disposals during the period	**191**	134
Depreciation for the period	**–48**	–96
Accumulated depreciation December 31	**–157**	–469
Net book value January 1	**660**	861
Net book value December 31	**179**	660
Machinery and equipment		
Acquisition cost January 1	**3 694**	4 078
Transfer to assets held for sale	**–1 528**	—
Translation differences	**–122**	–1
Additions during the period	**138**	329
Acquisitions	**—**	–8
Impairments during the period	**–6**	–131
Disposals during the period	**–428**	–573
Accumulated acquisition cost December 31	**1 748**	3 694
Accumulated depreciation January 1	**–3 043**	–3 257
Transfer to assets held for sale	**1 335**	—
Translation differences	**107**	–1
Impairments during the period	**—**	102
Disposals during the period	**397**	550
Depreciation for the period	**–200**	–437
Accumulated depreciation December 31	**–1 404**	–3 043
Net book value January 1	**651**	821
Net book value December 31	**344**	651

EURm	2013	2012
Other tangible assets		
Acquisition cost January 1	**44**	57
Transfer to assets held for sale	**−4**	—
Translation differences	**−2**	1
Additions during the period	**—**	6
Disposals during the period	**−10**	−20
Accumulated acquisition cost December 31	**28**	44
Accumulated depreciation January 1	**−30**	−34
Transfer to assets held for sale	**4**	—
Translation differences	**1**	−1
Disposals during the period	**6**	8
Depreciation for the period	**−2**	−3
Accumulated depreciation December 31	**−21**	−30
Net book value January 1	**14**	23
Net book value December 31	**7**	14
Advance payments and fixed assets under construction		
Net carrying amount January 1	**73**	75
Translation differences	**−5**	−4
Additions	**11**	58
Acquisitions	**—**	—
Impairment	**—**	—
Disposals	**−3**	−5
Transfers/reclassifications:		
Other intangible assets	**—**	−8
Land and water areas	**33**	—
Buildings and constructions	**31**	−23
Machinery and equipment	**11**	−18
Other tangible assets	**—**	−2
Assets held for sale	**−127**	—
Net carrying amount December 31	**24**	73
Total property, plant and equipment	**566**	1 431
Assets held for sale		
Net carrying amount January 1	**—**	—
Additions during the period	**94**	—
Impairments during the period	**−5**	—
Net carrying amount December 31	**89**	—

16. INVESTMENTS IN ASSOCIATED COMPANIES

EURm	2013	2012
Net carrying amount January 1	**58**	67
Translation differences	**−1**	3
Additions	**9**	1
Deductions	**—**	−4
Impairments (Note 9)	**—**	−8
Share of results	**4**	−1
Dividend	**−5**	—
Net carrying amount December 31	**65**	58

Shareholdings in associated companies are comprised of investments in unlisted companies in all periods presented.

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

Continuing operations	Carrying amounts: Current available-for-sale financial assets	Non-current available-for-sale financial assets	Financial instruments at fair value through profit or loss	Loans and receivables measured at amortized cost	Financial liabilities measured at amortized cost	Total carrying amounts	Fair value [1]
At December 31, 2013, EURm							
Available-for-sale investments, publicly quoted equity shares	—	11	—	—	—	11	11
Available-for-sale investments, carried at fair value	—	503	—	—	—	503	503
Available-for-sale investments, carried at cost less impairment	—	227	—	—	—	227	227
Long-term loans receivable	—	—	—	96	—	96	85
Accounts receivable	—	—	—	2 901	—	2 901	2 901
Current portion of long-term loans receivable	—	—	—	29	—	29	29
Other current financial assets, derivatives	—	—	191	—	—	191	191
Other current financial assets, other	—	—	—	94	—	94	94
Investments at fair value through profit and loss, liquid assets	—	—	382	—	—	382	382
Available-for-sale investments, liquid assets carried at fair value	956	—	—	—	—	956	956
Available-for-sale investments, cash equivalents carried at fair value	3 957	—	—	—	—	3 957	3 957
Total financial assets	**4 913**	**741**	**573**	**3 120**	**—**	**9 347**	**9 336**
Long-term interest-bearing liabilities [2]	—	—	—	—	3 286	3 286	4 521
Current portion of long-term loans payable [2]	—	—	—	—	3 192	3 192	3 385
Short-term borrowing	—	—	—	—	184	184	184
Other financial liabilities	—	—	35	—	—	35	35
Accounts payable	—	—	—	—	1 842	1 842	1 842
Total financial liabilities	**—**	**—**	**35**	**—**	**8 504**	**8 539**	**9 967**
At December 31, 2012, EURm							
Available-for-sale investments, publicly quoted equity shares	—	11	—	—	—	11	11
Available-for-sale investments, carried at fair value	—	447	—	—	—	447	447
Available-for-sale investments, carried at cost less impairment	—	231	—	—	—	231	231
Long-term loans receivable	—	—	—	125	—	125	113
Accounts receivable	—	—	—	5 551	—	5 551	5 551
Current portion of long-term loans receivable	—	—	—	35	—	35	35
Other current financial assets, derivatives	—	—	448	—	—	448	448
Other current financial assets, other	—	—	—	3	—	3	3
Investments at fair value through profit and loss, liquid assets	—	—	415	—	—	415	415
Available-for-sale investments, liquid assets carried at fair value	542	—	—	—	—	542	542
Available for-sale investments, cash equivalents carried at fair value	5 448	—	—	—	—	5 448	5 448
Total financial assets	**5 990**	**689**	**863**	**5 714**	**—**	**13 256**	**13 244**
Long-term interest-bearing liabilities [2]	—	—	—	—	5 087	5 087	5 298
Current portion of long-term loans payable [2]	—	—	—	—	201	201	201
Short-term borrowing	—	—	—	—	261	261	261
Other financial liabilities	—	—	90	—	—	90	90
Accounts payable	—	—	—	—	4 394	4 394	4 394
Total financial liabilities	**—**	**—**	**90**	**—**	**9 943**	**10 033**	**10 244**

1 For information about the valuation of items measured at fair value see Note 1. The fair value is set to carrying amount for available-for-sale investments carried at cost less impairment for which no reliable fair value has been possible to estimate as there is no active market for these investments in private funds. Impairment testing of these assets is based on a discounted cash flow analysis of expected cash distributions. The fair value of loan receivables and payables is estimated based on the current market values of similar instruments. The fair value is estimated to be equal to the carrying amount for short-term financial assets and financial liabilities due to limited credit risk and short time to maturity.

2 The fair value of EUR Convertible Bonds (total of EUR 1 500 million maturing 2018–2020) is based on bonds being redeemed at par plus accrued interest at the close of Sale of the D&S business to Microsoft (level 3). The fair values of other long-term interest bearing liabilities are based on discounted cash flow analysis (level 2) or quoted prices (level 1).

At the end of each reporting period Nokia categorizes its financial assets and liabilities to the appropriate level of fair value hierarchy. The following table presents the valuation methods used to determine fair values of financial instruments that are measured at fair value on a recurring basis:

	Instruments with quoted prices in active markets (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
At December 31, 2013, EURm				
Available-for-sale investments, publicly quoted equity shares	11	—	—	11
Available-for-sale investments, carried at fair value	56	18	429	503
Other current financial assets, derivatives [1]	—	191	—	191
Investments at fair value through profit and loss, liquid assets	382	—	—	382
Available-for-sale investments, liquid assets carried at fair value	945	11	—	956
Available-for-sale investments, cash equivalents carried at fair value	3 957	—	—	3 957
Total assets	5 351	220	429	6 000
Derivative liabilities [1]	—	35	—	35
Total liabilities	—	35	—	35
At December 31, 2012, EURm				
Available-for-sale investments, publicly quoted equity shares	11	—	—	11
Available-for-sale investments, carried at fair value	57	20	370	447
Other current financial assets, derivatives [1]	—	448	—	448
Investments at fair value through profit and loss, liquid assets	415	—	—	415
Available-for-sale investments, liquid assets carried at fair value	532	10	—	542
Available-for-sale investments, cash equivalents carried at fair value	5 448	—	—	5 448
Total assets	6 463	478	370	7 311
Derivative liabilities [1]	—	90	—	90
Total liabilities	—	90	—	90

1 Note 18 includes the split of hedge accounted and non-hedge accounted derivatives.

Level 1 category includes financial assets and liabilities that are measured in whole or in significant part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. This category includes listed bonds and other securities, listed shares and exchange traded derivatives.

Level 2 category includes financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. These include assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes and assets that are valued using the Group's own valuation models whereby the material assumptions are market observable. The majority of the Nokia Continuing operations' over-the-counter derivatives and certain other instruments not traded in active markets fall within this category.

Level 3 category includes financial assets and liabilities measured using valuation techniques based on non market observable inputs. This means that fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. However, the fair value measurement objective remains the same, that is, to estimate an exit price from the perspective of the Nokia Continuing operations. The main asset classes in this category are unlisted equity investments as well as unlisted funds.

Level 3 investments mainly include a large number of unlisted equities and unlisted funds where fair value is determined based on relevant information such as operating performance, recent transactions and available market data on peer companies. No individual input has a significant impact on the total

fair value. The following table shows a reconciliation of the opening and closing balances of Level 3 financial assets:

EURm	Other available-for-sale investments carried at fair value
Balance at December 31, 2011	**346**
Total losses in consolidated income statement	−8
Total gains recorded in other comprehensive income	34
Purchases	41
Sales	−35
Other transfers	−8
Balance at December 31, 2012	**370**
Total gains in consolidated income statement	81
Total gains recorded in other comprehensive income	52
Purchases	47
Sales	−123
Other transfers	2
Balance at December 31, 2013	**429**

The gains and losses from financial assets categorized in level 3 are included in other operating income and expenses as the investment and disposal objectives for these investments are business driven. A net loss of EUR 4 million (net loss of EUR 23 million in 2012) related to level 3 financial instruments held at December 31, 2013, was included in the profit and loss during 2013.

In the fourth quarter 2013 management has concluded that certain real estate properties meet the criteria of assets held for sale. These long lived assets have been identified for disposal as part of the on-going restructuring activities. Nokia expects to realize the sale of these properties within the following twelve months. At December 31, 2013 the fair value of these assets is EUR 89 million. The valuation of these assets is based on third-party evaluations by real estate brokers taking into account Nokia's divestment strategy for these assets as well as relevant market dynamics. This evaluation includes non-market observable inputs and hence these assets are considered to be level 3 category assets that are measured at fair value on a non-recurring basis.

18. DERIVATIVE FINANCIAL INSTRUMENTS

Continuing operations

	Assets		Liabilities	
2013, EURm	**Fair value [1]**	**Notional [2]**	**Fair value [1]**	**Notional [2]**
Hedges of net investment in foreign subsidiaries:				
Forward foreign exchange contracts	—	2 035	−3	1 086
Currency options bought	1	152	—	—
Currency options sold	—	—	—	53
Cash flow hedges:				
Forward foreign exchange contracts	—	308	—	453
Fair value hedges				
Interest rate swaps	76	750	−3	73
Cash flow and fair value hedges: [3]				
Cross currency interest rate swaps	8	378	—	—
Derivatives not designated in hedge accounting relationships carried at fair value through profit and loss:				
Forward foreign exchange contracts	94	3 687	−7	1 691
Currency options bought	5	332	—	—
Currency options sold	—	—	—	18
Interest rate swaps	7	109	−22	249
	191	7 751	−35	3 623

2012, EURm	Assets		Liabilities	
	Fair value [1]	Notional [2]	Fair value [1]	Notional [2]
Hedges of net investment in foreign subsidiaries:				
Forward foreign exchange contracts	24	2 164	−11	1 182
Cash flow hedges:				
Forward foreign exchange contracts	7	2 968	−6	3 158
Fair value hedges				
Interest rate swaps	174	1 626	—	—
Cash flow and fair value hedges: [3]				
Cross currency interest rate swaps	42	378	—	—
Derivatives not designated in hedge accounting relationships carried at fair value through profit and loss:				
Forward foreign exchange contracts	185	7 111	−18	3 337
Currency options bought	16	1 107	—	—
Currency options sold	—	—	−6	289
Interest rate swaps	—	150	−48	513
Other derivatives	—	—	−1	9
	448	15 504	−90	8 488

1 In the consolidated statement of financial position the fair value of derivative financial instruments is included in Other financial assets and in Other financial liabilities.

2 Includes the gross amount of all notional values for contracts that have not yet been settled or cancelled. The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by that of other contracts.

3 These cross-currency interest rate swaps have been designated partly as fair value hedges and partly as cash flow hedges.

19. INVENTORIES

EURm	2013	2012
Raw materials, supplies and other	**147**	409
Work in progress	**136**	352
Finished goods	**521**	777
Total	**804**	1 538

The total amount of inventories included within Assets of disposal groups classified as held for sale at December 31, 2013, net of write-downs to the net realizable value, is EUR 347 million.

During 2012 the Group recognized an expense of EUR 55 million (EUR 0 million in 2011) to write-down the inventories to net realizable value. The write-down relates to discontinued operations inventories.

20. PREPAID EXPENSES AND ACCRUED INCOME

EURm	2013	2012
Social security, VAT and other indirect taxes	**286**	875
Deposits	**43**	71
Interest income	**33**	45
Deferred cost of sales	**14**	145
Rents	**15**	34
Other prepaid expenses and accrued income	**269**	1 512
Total	**660**	2 682

Prepaid expenses and accrued income also include various other prepaid expenses and accrued income, but no amounts which are individually significant.

Total amount of prepaid expenses and accrued income included within Assets of disposal groups classified as held for sale at December 31, 2013, is EUR 1 716 million, of which EUR 829 million relates to the Qualcomm advance payment.

Prepaid expenses and accrued income regarding current tax are included in Current income tax assets in the consolidated statement of financial position in 2013, and have also been reclassified for comparability purposes in 2012.

21. VALUATION AND QUALIFYING ACCOUNTS

EURm Allowances on assets to which they apply:	Balance at beginning of year	Transfer to discontinued operations	Charged to costs and expenses	Deductions [1]	Balance at end of year
2013					
Allowance for doubtful accounts	248	−120	40	−44	124
Excess and obsolete inventory	471	−192	39	−140	178
2012					
Allowance for doubtful accounts	284	—	53	−89	248
Excess and obsolete inventory	457	—	403	−389	471
2011					
Allowance for doubtful accounts	363	—	131	−210	284
Excess and obsolete inventory	301	—	345	−189	457

1 Deductions include utilization and releases of the allowances.

22. FAIR VALUE AND OTHER RESERVES

EURm	Pension remeasurements Gross	Tax	Net	Hedging reserve Gross	Tax	Net	Available-for-sale investments Gross	Tax	Net	Fair value and other reserves total Gross	Tax	Net
Balance at December 31, 2010	**10**	**–4**	**6**	**–30**	**3**	**–27**	**26**	**4**	**30**	**6**	**3**	**9**
Pension remeasurements:												
Remeasurements of defined benefit plans	–36	12	–24	—	—	—	—	—	—	–36	12	–24
Cash flow hedges:												
Net fair value gains (+)/losses (–)	—	—	—	106	–25	81	—	—	—	106	–25	81
Transfer of gains (–)/losses (+) to profit and loss account as adjustment to net sales	—	—	—	–166	42	–124	—	—	—	–166	42	–124
Transfer of gains (–)/losses (+) to profit and loss account as adjustment to cost of sales	—	—	—	162	–36	126	—	—	—	162	–36	126
Transfer of gains (–)/losses (+) as a basis adjustment to assets and liabilities [1]	—	—	—	14	–3	11	—	—	—	14	–3	11
Available-for-sale investments:												
Net fair value gains (+)/losses (–)	—	—	—	—	—	—	67	—	67	67	—	67
Transfer to profit and loss account on impairment	—	—	—	—	—	—	22	–2	20	22	–2	20
Transfer of net fair value gains (–)/losses (+) to profit and loss account on disposal	—	—	—	—	—	—	–19	–1	–20	–19	–1	–20
Movements attributable to non-controlling interests	24	–7	17	–8	–2	–10	—	—	—	16	–9	7
Balance at December 31, 2011	**–2**	**1**	**–1**	**78**	**–21**	**57**	**96**	**1**	**97**	**172**	**–19**	**153**
Pension remeasurements:												
Remeasurements of defined benefit plans	–228	22	–206	—	—	—	—	—	—	–228	22	–206
Cash flow hedges:												
Net fair value gains (+)/losses (–)	—	—	—	–25	21	–4	—	—	—	–25	21	–4
Transfer of gains (–)/losses (+) to profit and loss account as adjustment to net sales	—	—	—	390	—	390	—	—	—	390	—	390
Transfer of gains (–)/losses (+) to profit and loss account as adjustment to cost of sales	—	—	—	–406	—	–406	—	—	—	–406	—	–406
Transfer of gains (–)/losses (+) as a basis adjustment to assets and liabilities [1]	—	—	—	—	—	—	—	—	—	—	—	—
Available-for-sale investments:												
Net fair value gains (+)/losses (–)	—	—	—	—	—	—	32	1	33	32	1	33
Transfer to profit and loss account on impairment	—	—	—	—	—	—	24	—	24	24	—	24
Transfer of net fair value gains (–)/losses (+) to profit and loss account on disposal	—	—	—	—	—	—	–21	—	–21	–21	—	–21
Movements attributable to non-controlling interests	83	–4	79	–47	—	–47	—	—	—	36	–4	32
Balance at December 31, 2012	**–147**	**19**	**–128**	**–10**	**—**	**–10**	**131**	**2**	**133**	**–26**	**21**	**–5**
Pension remeasurements:												
Transfer to discontinued operations [2]	31	–11	20	—	—	—	—	—	—	31	–11	20
Remeasurements of defined benefit plans	114	–6	108	—	—	—	—	—	—	114	–6	108
Cash flow hedges:												
Transfer to discontinued operations [2]	—	—	—	48	—	48	—	—	—	48	—	48
Net fair value gains (+)/losses (–)	—	—	—	124	—	124	—	—	—	124	—	124
Transfer of gains (–)/losses (+) to profit and loss account as adjustment to net sales	—	—	—	–130	—	–130	—	—	—	–130	—	–130
Transfer of gains (–)/losses (+) to profit and loss account as adjustment to cost of sales	—	—	—	–23	—	–23	—	—	—	–23	—	–23
Transfer of gains (–)/losses (+) as a basis adjustment to assets and liabilities [1]	—	—	—	—	—	—	—	—	—	—	—	—
Available-for-sale investments:												
Net fair value gains (+)/losses (–)	—	—	—	—	—	—	139	—	139	139	—	139
Transfer to profit and loss account on impairment	—	—	—	—	—	—	5	—	5	5	—	5
Transfer of net fair value gains (–)/losses (+) to profit and loss account on disposal	—	—	—	—	—	—	–95	—	–95	–95	—	–95
Acquisition of non-controlling interest	–63	3	–60	44	—	44	–1	—	–1	–20	3	–17
Movements attributable to non-controlling interests	–28	3	–25	–6	—	–6	—	—	—	–34	3	–31
Balance at December 31, 2013 [2]	**–93**	**8**	**–85**	**47**	**—**	**47**	**179**	**2**	**181**	**133**	**10**	**143**

1 The adjustments relate to acquisitions completed in 2011.

2 Movements in 2013 after transfer to discontinued operations represents movements of continuing operations and the balance at December 31, 2013 represents the balance of continuing operations.

23. TRANSLATION DIFFERENCES

EURm	Translation differences			Net investment hedging			Translation differences total		
	Gross	Tax	Net	Gross	Tax	Net	Gross	Tax	Net
Balance at December 31, 2010	**944**	**4**	**948**	**−174**	**51**	**−123**	**770**	**55**	**825**
Translation differences:									
Currency translation differences	17	—	17	—	—	—	17	—	17
Transfer to profit and loss (financial income and expense)	−8	—	−8	—	—	—	−8	—	−8
Net investment hedging:									
Net investment hedging gains (+)/losses (–)	—	—	—	−37	9	−28	−37	9	−28
Transfer to profit and loss (financial income and expense)	—	—	—	—	—	—	—	—	—
Movements attributable to non-controlling interests	−35	—	−35	—	—	—	−35	—	−35
Balance at December 31, 2011	**918**	**4**	**922**	**−211**	**60**	**−151**	**707**	**64**	**771**
Translation differences:									
Currency translation differences	42	−1	41	—	—	—	42	−1	41
Transfer to profit and loss (financial income and expense)	−1	—	−1	—	—	—	−1	—	−1
Net investment hedging:									
Net investment hedging gains (+)/losses (–)	—	—	—	−58	−9	−67	−58	−9	−67
Transfer to profit and loss (financial income and expense)	—	—	—	—	—	—	—	—	—
Movements attributable to non-controlling interests	2	—	2	—	—	—	2	—	2
Balance at December 31, 2012	**961**	**3**	**964**	**−269**	**51**	**−218**	**692**	**54**	**746**
Translation differences:									
Currency translation differences	−496	—	−496	—	—	—	−496	—	−496
Transfer to profit and loss (financial income and expense)	—	—	—	—	—	—	—	—	—
Net investment hedging:									
Net investment hedging gains (+)/losses (–)	—	—	—	114	—	114	114	—	114
Transfer to profit and loss (financial income and expense)	—	—	—	—	—	—	—	—	—
Acquisition of non-controlling interest	42	—	42	—	—	—	42	—	42
Movements attributable to non-controlling interests	28	—	28	—	—	—	28	—	28
Balance at December 31, 2013	**535**	**3**	**538**	**−155**	**51**	**−104**	**380**	**54**	**434**

24. THE SHARES OF THE PARENT COMPANY

Nokia shares and shareholders

SHARES AND SHARE CAPITAL

Nokia has one class of shares. Each Nokia share entitles the holder to one vote at General Meetings of Nokia.

On December 31, 2013, the share capital of Nokia Corporation was EUR 245 896 461.96 and the total number of shares issued was 3 744 994 342.

On December 31, 2013, the total number of shares included 32 567 617 shares owned by Group companies representing approximately 0.9% of the share capital and the total voting rights.

Under the Articles of Association of Nokia, Nokia Corporation does not have minimum or maximum share capital or a par value of a share.

Authorizations

AUTHORIZATION TO INCREASE THE SHARE CAPITAL

At the Annual General Meeting held on May 6, 2010, Nokia shareholders authorized the Board of Directors to issue a maximum of 740 million shares through one or more issues of shares or special rights entitling to shares, including stock options. The Board of Directors may issue either new shares or shares held by the Parent Company. The authorization includes the right for the Board to resolve on all the terms and conditions of such issuances of shares and special rights, including to whom the shares and the special rights may be issued. The authorization may be used to develop the Parent Company's capital structure, diversify the shareholder base, finance or carry out acquisitions or other arrangements, settle the Parent Company's equity-based incentive plans, or for other purposes resolved by the Board. This authorization would have been effective until June 30, 2013 as per the resolution of the Annual General Meeting on May 6, 2010, but it was

terminated by the resolution of the Annual General Meeting on May 7, 2013.

On October 26, 2012 Nokia issued a EUR 750 million convertible bond on the basis of the authorization granted by the Annual General Meeting held on May 6, 2010. The bonds have maturity of 5 years and a 5.00% per annum coupon payable semi-annually with an initial conversion price of EUR 2.6116. The maximum number of shares which may be issued by Nokia upon conversion of all the bonds (based on the initial conversion price) is approximately 287.2 million shares. The right to convert the bonds into shares commenced on December 6, 2012, and ends on October 18, 2017. On March 15, 2013 EUR 0.1 million of the bond was converted into shares resulting in issuance of 38 290 shares.

At the Annual General Meeting held on May 7, 2013, Nokia shareholders authorized the Board of Directors to issue a maximum of 740 million shares through one or more issues of shares or special rights entitling to shares, including stock options. The Board of Directors may issue either new shares or shares held by the Parent Company. The authorization includes the right for the Board to resolve on all the terms and conditions of such issuances of shares and special rights, including to whom the shares and the special rights may be issued. The authorization may be used to develop the Parent Company's capital structure, diversify the shareholder base, finance or carry out acquisitions or other arrangements, settle the Parent Company's equity-based incentive plans, or for other purposes resolved by the Board. The authorization is effective until June 30, 2016.

On September 23, 2013 Nokia issued three EUR 500 million tranches of convertible bonds on the basis of the authorization granted by the Annual General Meeting held on May 7, 2013. First EUR 500 million bonds had maturity of 5 years and a 1.125% per annum coupon payable semi-annually with an initial conversion price of EUR 3.9338. The second EUR 500 million bonds had maturity of 6 years and a 2.5% per annum coupon payable semi-annually with an initial conversion price of EUR 4.0851. The third EUR 500 million bonds had maturity of 7 years and a 3.625% per annum coupon payable semi-annually with an initial conversion price of EUR 4.2364.

The maximum number of shares which might have been issued by Nokia upon conversion of all the bonds (based on the initial conversion price of each tranche) was approximately 367.5 million. [At the closing of the Sale of the D&S business, the bonds were redeemed and the principal amount and accrued interest netted against the Sale of the D&S business proceeds.]

At the end of 2013, the Board of Directors had no other authorizations to issue shares, convertible bonds, warrants or stock options.

OTHER AUTHORIZATIONS

At the Annual General Meeting held on May 3, 2012, Nokia shareholders authorized the Board of Directors to repurchase a maximum of 360 million Nokia shares by using funds in the unrestricted equity. Nokia did not repurchase any shares on the basis of this authorization. This authorization would have been effective until June 30, 2013 as per the resolution of the Annual General Meeting on May 3, 2012, but it was terminated by the resolution of the Annual General Meeting on May 7, 2013.

At the Annual General Meeting held on May 7, 2013, Nokia shareholders authorized the Board of Directors to repurchase a maximum of 370 million Nokia shares by using funds in the unrestricted equity. The amount of shares corresponds to less than 10% of all the shares of the Parent Company. The shares may be repurchased under the buyback authorization in order to develop the capital structure of the Parent Company. In addition, shares may be repurchased in order to finance or carry out acquisitions or other arrangements, to settle the Parent Company's equity-based incentive plans, to be transferred for other purposes, or to be cancelled. The authorization is effective until June 30, 2014.

AUTHORIZATIONS PROPOSED TO THE ANNUAL GENERAL MEETING 2014

On April 29, 2014, Nokia announced that the Board of Directors will propose that the Annual General Meeting convening on June 17, 2014 authorize the Board to resolve to repurchase a maximum of 370 million Nokia shares. The proposed maximum number of shares that may be repurchased corresponds to less than 10% of all the shares of the Company. The shares may be repurchased in order to develop the capital structure of the Company and are expected to be cancelled. In addition, shares may be repurchased in order to finance or carry out acquisitions or other arrangements, to settle the Company's equity-based incentive plans, or to be transferred for other purposes. The shares may be repurchased either through a tender offer made to all shareholders on equal terms, or in such marketplaces the rules of which allow companies to trade with their own shares. The authorization would be effective until December 17, 2015 and terminate the current authorization for repurchasing of the Company's shares resolved at the Annual General Meeting on May 7, 2013.

Nokia also announced on April 29, 2014 that the Board of Directors will propose to the Annual General Meeting to be held on June 17, 2014 that the Annual General Meeting authorize the Board to resolve to issue a maximum of 740 million shares through issuance of shares or special rights entitling to shares in one or more issues. The Board may issue either new shares or shares held by the Company. The Board proposes that the authorization may be used to develop the Company's capital structure, diversify the shareholder base, finance or carry out acquisitions or other arrangements, settle the Company's equity-based incentive plans, or for other purposes resolved by the Board. The proposed authorization includes the right for the Board to resolve on all the terms and conditions of the issuance of shares and special rights entitling to shares, including issuance in deviation from the shareholders' pre-emptive rights. The authorization would be effective until December 17, 2015 and terminate the current authorization granted by the Annual General Meeting on May 7, 2013.

25. SHARE-BASED PAYMENT

The Group has several equity-based incentive programs for employees. The plans include performance share plans, stock option plans and restricted share plans. Both executives and employees participate in these programs. In years presented Nokia global equity-based incentive programs have been offered to employees of Devices & Services business, HERE,

Advanced Technologies and Corporate Common Functions, but not to employees of NSN due to the previous ownership structure of NSN business.

The equity-based incentive grants are generally conditional upon continued employment as well as fulfillment of such performance, service and other conditions, as determined in the relevant plan rules.

The share-based compensation expense for all equity-based incentive awards for Nokia continuing operations amounted to EUR 42 million in 2013 (EUR 11 million in 2012 and EUR 6 million in 2011).

Stock options

During 2013 Nokia administered two global stock option plans, the Stock Option Plans 2007 and 2011, each of which, including its terms and conditions, has been approved by the shareholders at the Annual General Meeting in the year when the plan was launched.

Each stock option entitles the holder to subscribe for one new Nokia share. The stock options are non-transferable and may be exercised for shares only. Shares subscribed under global stock option plans will be eligible for dividend for the financial year in which the subscription takes place. Other shareholder rights commence on the date on which the subscribed shares are entered in the Trade Register. The stock option grants are generally forfeited if the employment relationship terminates with Nokia. Unvested stock options for employees who have transferred to Microsoft following the sale of Devices & Services business have been forfeited.

Total stock options outstanding as at December 31, 2013 [1]

	Number of shares	Weighted exercise share price EUR	Weighted average share price EUR	Weighted grant date fair value [2]
Shares under option at January 1, 2011	**21 945 296**	**14.04**		
Granted	11 801 907	5.50		0.92
Exercised	6 208	5.07	7.69	
Forfeited	2 441 876	9.05		
Expired	7 909 089	17.53		
Shares under option at December 31, 2011	**23 390 030**	**9.07**		
Granted	10 258 400	2.32		0.76
Exercised	627	0.97	2.08	
Forfeited	4 246 222	6.60		
Expired	3 555 213	15.26		
Shares under option at December 31, 2012	**25 846 368**	**5.95**		
Granted	8 334 200	2.77		1.23
Exercised	—	—	—	
Forfeited	3 705 512	4.06		
Expired	2 474 864	14.78		
Shares under option at December 31, 2013	**28 000 192**	**4.47**		
Options exercisable at December 31, 2010 (shares)	11 376 937	17.07		
Options exercisable at December 31, 2011 (shares)	6 904 331	14.01		
Options exercisable at December 31, 2012 (shares)	5 616 112	11.96		
Options exercisable at December 31, 2013 (shares)	**4 339 341**	**9.66**		

1 Includes also stock options granted under other than global equity plans, however excluding the NSN share-based incentive program.

2 Fair value of stock options is calculated using the Black-Scholes model.

Performance shares

During 2013 Nokia administered four global performance share plans, the Performance Share Plans of 2010, 2011, 2012 and 2013 each of which, including its terms and conditions, has been approved by the Board of Directors.

The performance shares represent a commitment by Nokia Corporation to deliver Nokia shares to employees at a future point in time, subject to Nokia's fulfillment of pre-defined performance criteria. No performance shares will vest unless the Group's performance reaches at least one of the threshold levels measured by two independent, pre-defined performance criteria related to net sales and earnings per share ("EPS").

The 2010 and 2011 plans have a three-year performance period. The shares vest after the respective performance period. The 2012 and 2013 plans have a two-year performance period and a subsequent one-year restriction period, after which the shares vest. Until the Nokia shares are delivered, the participants will not have any shareholder rights, such as voting or dividend rights associated with the performance shares. The performance share grants are generally forfeited if the employment relationship terminates with Nokia prior to vesting. Unvested performance shares for employees who have transferred to Microsoft following the sale of Devices & Services business have been forfeited.

The following table summarizes our global performance share plans.

Plan	Performance shares outstanding at threshold [1]	Number of participants (approx.)	Performance period	Settlement
2010	—	3 000	2010–2012	2013
2011	—	2 200	2011–2013	2014
2012	4 476 263	2 800	2012–2013 [2]	2015
2013	6 513 941	3 500	2013–2014 [3]	2016

1 Shares under Performance Share Plan 2011 vested on December 31, 2013 and are therefore not included in the outstanding numbers. Shares under Performance Share Plan 2012 are outstanding, however there will be no settlement under the Performance Share Plan 2012 as neither of the performance criteria of the plan was met.

2 Performance Share Plan 2012 has a two-year performance period with an additional one-year restriction period.

3 Performance Share Plan 2013 has a two-year performance period with an additional one-year restriction period.

Performance shares outstanding as at December 31, 2013 [1]

	Number of performance shares at threshold	Weighted average grant date fair value EUR [2]
Performance shares at January 1, 2011	**5 720 123**	
Granted	5 410 211	3.66
Forfeited	1 538 377	
Vested [3]	2 009 423	
Performance shares at December 31, 2011	**7 582 534**	
Granted	5 785 875	1.33
Forfeited	2 718 208	
Vested [4]	2 076 116	
Performance shares at December 31, 2012	**8 574 085**	
Granted	6 696 241	2.96
Forfeited	1 512 710	
Vested [5]	2 767 412	
Performance shares at December 31, 2013	**10 990 204**	

1 Includes also performance shares granted under other than global equity plans. For further information see "Other equity plans for employees" below.

2 The fair value of performance shares is estimated based on the grant date market price of the Nokia share less the present value of dividends expected to be paid during the vesting period.

3 Includes performance shares under Performance Share Plan 2009 that vested on December 31, 2011. There was no settlement under this plan as neither of the threshold performance criteria was met.

4 Includes performance shares under Performance Share Plan 2010 that vested on December 31, 2012. Includes shares receivable through the one-time special CEO incentive program that vested on December 31, 2012, there was no settlement under the one-time special CEO incentive program as the performance criteria were not met.

5 Includes performance shares under Performance Share Plan 2011 that vested on December 31, 2013.

There was no settlement under the Performance Share Plan 2011 and there will be no settlement under the Performance Share Plan 2012 as neither of the threshold performance criteria linked to EPS and Average Annual Net Sales Revenue of these plans were met.

Restricted shares

During 2013, Nokia administered four global restricted share plans, the Restricted Share Plan 2010, 2011, 2012 and 2013, each of which, including its terms and conditions, has been approved by the Board of Directors.

Restricted Shares are used on a selective basis to ensure retention and recruitment of individuals with functional mastery and other employees deemed critical to Nokia's future success.

All of the Group's restricted share plans have a restriction period of three years after grant. Until the Nokia shares are delivered, the participants will not have any shareholder rights, such as voting or dividend rights, associated with the restricted shares. The restricted share grants are generally forfeited if the employment relationship terminates with Nokia prior to vesting. Unvested restricted shares for employees who have transferred to Microsoft following the sale of Devices & Services business have been forfeited.

Restricted shares outstanding as at December 31, 2013 [1]

	Number of restricted shares	Weighted average grant date fair value EUR [2]
Restricted shares at January 1, 2011	**12 359 896**	
Granted	8 024 880	3.15
Forfeited	2 063 518	
Vested	1 735 167	
Restricted shares at December 31, 2011 [3]	**16 586 091**	
Granted	12 999 131	1.76
Forfeited	4 580 182	
Vested	1 324 508	
Restricted shares at December 31, 2012 [4]	**23 680 532**	
Granted	12 347 931	3.05
Forfeited	3 490 913	
Vested	2 180 700	
Restricted shares at December 31, 2013 [5]	**30 356 850**	

1 Includes also restricted shares granted under other than global equity plans.

2 The fair value of restricted shares is estimated based on the grant date market price of the Nokia share less the present value of dividends, if any, expected to be paid during the vesting period.

3 Includes 901 900 restricted shares granted in Q4 2008 under Restricted Share Plan 2008 that vested on January 1, 2012.

4 Includes 1 960 700 restricted shares granted in Q4 2009 under Restricted Share Plan 2009 that vested on January 1, 2013.

5 Includes 2 409 700 restricted shares granted in Q4 2010 under Restricted Share Plan 2010 that vested on January 1, 2014.

Other equity plans for employees

During 2011–2012, Nokia had a one-time special CEO incentive program designed to align Mr. Elop's compensation to increased shareholder value and to link a meaningful portion of CEO's compensation directly to the performance of Nokia's share price over the period of 2011–2012. Mr. Elop had the opportunity to earn 125 000–750 000 Nokia shares at the end of 2012 based on two independent criteria: Total Shareholder Return relative to a peer group of companies over the two-year period and Nokia's absolute share price at the end of 2012. As the minimum performance for neither of the two performance criterion was reached, no share delivery took place.

NSN established a share-based incentive program in 2012 under which options for Nokia Solutions and Networks B.V. shares are granted to selected NSN's senior management and key employees. The options generally become exercisable on the fourth anniversary of the grant date or, if earlier, on the occurrence of certain corporate transactions, such as an initial public offering. The exercise price of the options is based on a per share value on grant as determined for the purposes of the incentive program. The options will be cash-settled at exercise unless an IPO has taken place, at which point they would be converted into equity-settled options. The options are accounted for as a cash-settled share-based payment liability based on the circumstances at December 31, 2013. The fair value of the liability is determined based on the estimated fair value of shares less the exercise price of the options on the

reporting date. The total carrying amount for liabilities arising from share-based payment transactions is EUR 41 million at December 31, 2013 (EUR 11 million in 2012) and is included in accrued expenses and other liabilities in the consolidated statement of financial position.

In 2013, Nokia introduced a voluntary Employee Share Purchase Plan, which was offered in 2013 to Nokia employees working for Devices & Services business, HERE, Advanced Technologies and Corporate Common Functions. Under the plan employees make monthly contributions from their salary to purchase Nokia shares on a monthly basis during a 12-month savings period. Nokia offers one matching share for every two purchased shares the employee still holds after the last monthly purchase has been made in June 2014. Employees who have transferred to Microsoft following the Sale of Devices & Services business will receive a cash settlement under the plan.

26. DEFERRED TAXES

EURm	2013	2012
Deferred tax assets:		
Intercompany profit in inventory	**48**	58
Tax losses carried forward and unused tax credits	**446**	564
Warranty provision	**6**	47
Other provisions	**120**	261
Depreciation differences	**660**	893
Other temporary differences	**102**	145
Reclassification due to netting of deferred taxes	**−492**	−689
Total deferred tax assets	**890**	**1 279**
Deferred tax liabilities:		
Depreciation differences and untaxed reserves	**−609**	−893
Undistributed earnings	**−68**	−313
Other temporary differences	**−10**	−184
Reclassification due to netting of deferred taxes	**492**	689
Total deferred tax liabilities	**−195**	**−701**
Net deferred tax asset	**695**	**578**
Tax charged to equity	**6**	3

At December 31, 2013 the Group had tax losses carry forward of EUR 6 295 million (EUR 6 528 million in 2012) of which EUR 5 117 million will expire within 10 years (EUR 4 554 million in 2012).

At December 31, 2013 the Group had tax losses carry forward, temporary differences and tax credits of EUR 10 693 million (EUR 10 446 million in 2012) for which no deferred tax asset was recognized due to uncertainty of utilization of these items. EUR 4 882 million of those will expire within 10 years (EUR 4 392 million in 2012).

The recognition of the remaining deferred tax assets is supported by offsetting deferred tax liabilities, earnings history and profit projections in the relevant jurisdictions.

At December 31, 2013 the Group had undistributed earnings of EUR 614 million (EUR 347 million in 2012) on which no deferred tax liability has been formed as these will not reverse in the foreseeable future.

27. ACCRUED EXPENSES AND OTHER LIABILITIES

EURm	2013	2012
Advance payments and deferred revenue	**1 163**	1 747
Wages and salaries	**710**	1 031
Social security, VAT and other indirect taxes	**312**	555
NSN customer project related	**234**	378
Other	**614**	2 512
Total	**3 033**	6 223

Other accruals include accrued discounts, royalties, research and development expenses, marketing expenses and interest expenses as well as various amounts which are individually insignificant.

Accrued expenses and other liabilities of disposal groups classified as held for sale at December 31, 2013 were EUR 2 113 million.

Accrued current tax liabilities are presented separately in the consolidated statement of financial position in 2013 and have also been reclassified for comparability purposes in 2012.

28. PROVISIONS

EURm	Restructuring	Project losses	Warranty	Material liability	IPR infringements	Other	Total
At January 1, 2012	**483**	**205**	**688**	**125**	**431**	**396**	**2 328**
Exchange differences	—	—	3	4	—	–7	—
Additional provisions	1 566	247	340	300	38	51	2 542
Changes in estimates	–124	–65	–28	–85	–63	–61	–426
Charged to profit and loss account	1 442	182	312	215	–25	–10	2 116
Utilized during year	–1 178	–238	–596	–102	–18	–20	–2 152
At December 31, 2012	**747**	**149**	**407**	**242**	**388**	**359**	**2 292**
Transfer to liabilities of disposal groups held for sale [1]	–165	—	–333	–207	–371	–214	–1 290
Exchange differences	–2	—	–2	—	—	–10	–14
Additional provisions	283	170	65	6	—	107	631
Changes in estimates	–38	–57	–12	–6	–1	–13	–127
Charged to profit and loss account	245	113	53	—	–1	94	504
Utilized during year	–382	–110	–31	–16	–1	–30	–570
At December 31, 2013	**443**	**152**	**94**	**19**	**15**	**199**	**922**

1 Provision balances before movements during the year.

EURm	2013	2012
Analysis of total provisions at December 31:		
Non-current	**242**	304
Current	**680**	1 988

The restructuring provision in 2013 is mainly related to restructuring activities in NSN. In 2013, the remaining balance of NSN's restructuring provision is EUR 437 million (EUR 568 million in 2012). The majority of outflows related to the restructuring is expected to occur over the next two years.

Restructuring and other associated expenses incurred in NSN in 2013, including mainly personnel related expenses as well as expenses arising from the country and contract exits based on NSN's strategy that focuses on key markets and product segments and costs incurred in connection with the divestments of businesses, totaled EUR 570 million (EUR 1 226 million in 2012).

In 2013, the remaining balance of HERE's restructuring provision is EUR 4 million. In addition to the plans announced in 2011 and 2012, HERE announced during 2013 further plans to reduce its workforce in the map data collection and processing areas of its business.

Provisions for losses on projects in progress are related to NSN's onerous contracts. Utilization of provisions for project losses is generally expected to occur in the next 12 months.

Outflows for the warranty provision are generally expected to occur within the next 18 months.

Material liability provision relates to non-cancellable purchase commitments with suppliers. The outflows are expected to occur over the next 12 months.

The IPR provision is based on estimated potential future settlements for asserted past IPR infringements. Final resolution of IPR claims generally occurs over several periods.

Other provisions include provisions for various contractual obligations and litigations. Outflows for other provisions are generally expected to occur over the next two years. Provisions for project losses and other provisions include amounts recorded for claims and related to the exit from various customer contracts in line with the NSN's strategic focus or due to challenging political or business environments. Such provisions are estimated based on the information currently available and are subject to change as negotiations with customers, trade sanctions environment, or other related circumstances evolve.

Uncertain income tax positions regarding current tax are included in Current income tax liabilities in the consolidated statement of financial position in 2013 and have also been reclassified for comparability purposes in 2012.

Provisions included in Liabilities of disposal groups classified as held for sale at December 31, 2013 were EUR 1 013 million.

Legal matters

A number of Nokia companies are, and will likely continue to be, subject to various legal proceedings and investigations that arise from time to time, including proceedings regarding intellectual property, product liability, sales and marketing practices, commercial disputes, employment, and wrongful discharge, antitrust, securities, health and safety, environmental, tax, international trade and privacy matters. As a result, the Group may become subject to substantial liabilities that may not be covered by insurance and could affect our business and reputation. While Nokia does not believe that any of these legal proceedings will a have a material adverse effect on its financial position, litigation is inherently unpredictable and large judgments sometimes occur. As a consequence, Nokia may in the future incur judgments or enter into settlements of claims that could have a material adverse effect on its results of operations and cash flow.

Taxation related litigation and proceedings

TAX PROCEEDINGS IN INDIA

During early 2013 Nokia became subject to a tax investigation in India, focusing on Indian withholding tax consequences of payments made within Nokia for the supply of operating software from its parent company in Finland. Subsequently, Indian authorities have extended the investigation to other related tax consequences, such as allegations claiming that Nokia Corporation would have a permanent establishment in India for taxation purposes, transfer pricing aspects and potential non-deductibility of certain software payments for Indian corporate tax purposes. While raising these claims and arguing based on potential future claims against Nokia India Private Limited and the parent company Nokia Corporation, Indian authorities have also placed liens on Nokia India Private Limited's and Nokia Corporation's assets in India. These liens have prevented Nokia from transferring the Chennai factory and selected other Indian assets to Microsoft in connection with the closing of the Sale of the D&S Business. In addition, Indian authorities have ordered a special audit on Nokia India Private Limited, while seeking to finalize the ongoing tax investigations.

To date, Nokia has been served with final assessment orders on the underlying withholding tax case in 2013, and the company has appealed on this case to the Income Tax Tribunal in Delhi. Other related assessment proceeding mentioned above are pending. While taking necessary actions to defends its rights vigorously under Indian and International laws, Nokia is extending its full cooperation with the income tax authorities and special auditors to finalize the pending assessment proceedings in due course.

Intellectual property rights litigation

HTC

In 2012, Nokia commenced patent infringement proceedings against HTC in relation to 21 non-essential patents in Germany in the District Courts of Mannheim, Munich and Düsseldorf, in relation to nine non-essential patents in the ITC in Washington DC, and 18 non-essential patents in the United States District Court for the District of Delaware.

In response, HTC filed nullity actions with the Federal Patent Court in Munich, commenced revocation proceedings against 18 of Nokia's non-essential patents in the UK High Court, and filed an action for patent infringement in respect of one non-essential patent against Nokia GmbH in the District Court of Mannheim and against Nokia Oyj in the District Court of Munich in 2012. S3 Graphics Co. Ltd, a subsidiary of HTC, also filed actions for patent infringement in respect of one non-essential patent against Nokia GmbH in the District Court of Mannheim and Nokia Oyj in the District Court of Dusseldorf. HTC commenced, then later withdrew, an arbitration in the UK claiming that some of the patents asserted by Nokia against HTC were licensed under an essential patent licence.

Subsequently, Nokia filed further infringement actions in respect of HTC's UK revocation actions, brought further infringement proceedings against HTC in relation to nine non-essential patents in the District Courts of Mannheim, Munich and Dusseldorf, three non-essential patents in the Court of Paris, France, two non-essential patents in the Regional Court of the Hague, the Netherlands, two non-essential patents in the Court of Rome, Italy and four non-essential patents in the Tokyo District Court, Japan. Nokia also commenced patent infringement proceedings against HTC in respect of seven non-essential patents in the ITC in Washington DC, and ten non-essential patents in the United States District Court for the Southern District of California.

Nokia was awarded injunctions against HTC in respect of a power control patent and patent enabling modern mobile devices to work in older networks by the District Court of Mannheim, a USB functionality patent and a patent enabling the transfer of network resource information between mobile devices by the District Court of Munich. The UK High Court found that Nokia's patent relating to a modulator structure was valid and infringed by HTC in October 2013. In its initial determination in September 2013, the ITC found that HTC had violated two patents which cover improvements to radio receivers and transmitters. The Tokyo District Court gave a judgment in default against HTC in respect of a calendar display patent. The first two of S3 and HTC's actions were dismissed by the District Court of Mannheim.

On February 7, 2014, the parties settled all pending patent litigation between them, and entered into a patent and technology collaboration agreement. HTC will make payments to Nokia and the collaboration will involve HTC's LTE patent portfolio. The full terms of the agreement are confidential.

SAMSUNG

During August and September 2013, Nokia and Samsung agreed to extend their existing patent license agreement for five years from December 31, 2013. According to the agreement, Samsung will pay additional compensation to Nokia for the period commencing from January 1, 2014 onwards, and the amount of this compensation will be finally settled in a binding arbitration. The parties have commenced arbitration and expect to have a final resolution in 2015.

ERISA & SECURITIES LITIGATION

On April 19, 2010 and April 21, 2010, two individuals filed separate putative class action lawsuits against Nokia Inc. and the directors and officers of Nokia Inc., and certain other employees and representatives of the company, claiming to represent all persons who were participants in or beneficiaries of the Nokia Retirement Savings and Investment Plan (the "Plan") who participated in the Plan between January 1, 2008 and the present and whose accounts included investments in Nokia stock. The plaintiffs allege that the defendants failed to comply with their statutory and fiduciary duties when they failed to remove Nokia stock as a plan investment option. The cases were consolidated into Majad v. Nokia and an amended consolidated complaint was filed on September 15, 2010. The amended complaint alleges that the named individuals knew of the matters alleged in the securities case referenced above, that the matters significantly increased the risk of Nokia stock ownership, and as a result of that knowledge, the named defendants should have removed Nokia stock as a Plan investment option. The plaintiff's claims were dismissed in their entirety on September 5, 2011. On September 13, 2012 the Court denied Plain-

tiffs' motion for leave to amend their complaint a second time and entered judgment in favor of Nokia. On October 23, 2012, the plaintiffs filed an appeal of the District Court's order granting judgment in favor of Nokia. On June 21, 2013, the Second Circuit upheld the earlier decision of the US District Court for the Southern District of New York from September 13, 2012 to dismiss all claims made in the ERISA claim filed against defendants including Nokia Inc. and the Nokia Inc. Retirement Plan by Javad Majad and Ryan Sharif. The Plaintiff had until September 23, 2013 to appeal the Second Circuit decision by filing a cert petition to the US Supreme Court. The Plaintiff did not appeal and the case is closed.

On September 19, 2012, a class action based on the US Employee Retirement Income Security Act ("ERISA") entitled Romero v. Nokia was filed in the United States District Court for the Southern District of New York. The complaint named Nokia Corporation, certain Nokia Corporation Board members, Fidelity Management Trust Co., The Nokia Retirement Savings & Investment Plan Committee and Linda Fonteneaux as well as certain individuals from the Nokia Retirement Savings & Investment Plan Committee whose identity is not known to the plaintiffs as defendants. The complaint claimed to represent all persons who were participants in or beneficiaries of the Nokia Retirement Savings and Investment Plan (the "Plan") who participated in the Plan between January 19, 2012 and the present and whose accounts invested in the Nokia Stock Fund ("the Fund"). The complaint alleged that the named individuals breached their fiduciary duties by, among other things, permitting the plan to offer the Fund as an investment option, permitting the plan to invest in the Fund and permitting the Fund to invest in and remain invested in American Depository Receipts of Nokia Corporation when the defendants allegedly knew the Fund and Nokia's shares were extremely risky investments. Plaintiff was provided plan documents and informed that it had incorrectly identified the proper defendants in its complaint. On December 10, 2012 Plaintiff filed a motion to dismiss the complaint against all defendants, without prejudice and indicated it would refile in California where the Nokia Retirement Savings and Investment Plan is currently administered.

Romero filed a new complaint on December 10, 2012 in the United States District Court for the Northern District of California, naming as defendants Nokia Inc., the Nokia Retirement Savings and Investment Plan Committee, and several individuals alleged to be plan fiduciaries, claiming to represent all persons who were participants in or beneficiaries of the Nokia Retirement Savings and Investment Plan (the "Plan") who participated in the Plan between January 19, 2012 and the present and whose accounts invested in the Nokia Stock Fund ("the Fund"). The complaint alleges that named individuals breached their fiduciary duties by, among other things, permitting the plan to offer the Fund as an investment option, permitting the plan to invest in the Fund and permitting the Fund to invest in and remain invested in American Depository Receipts of Nokia Corporation when the defendants allegedly knew the Fund and Nokia's shares were extremely risky investments. On May 15, 2013, Nokia and the Named Defendants filed a motion to dismiss all claims against the defendants and are awaiting the Court's decision. On October 15, 2013 the court granted Nokia and the Named Defendants motion to dismiss all claims with prejudice. Plaintiff did not appeal and this matter is closed.

Antitrust litigation

LCD AND CRT CARTEL CLAIMS

In November 2009, Nokia Corporation filed two lawsuits, one in the United Kingdom's High Court of Justice and the other in the United States District Court for the Northern District of California, joined by Nokia Inc., against certain manufacturers of liquid crystal displays ("LCDs"). Both suits concerned the same underlying allegations: namely, that the defendants violated the relevant antitrust or competition laws by entering into a worldwide conspiracy to raise and/or stabilize the prices of LCDs, among other anticompetitive conduct, from approximately January 1996 to December 2006 (the "Cartel Period"). Defendants Sharp Corporation, LG Display Co. Ltd., Chunghwa Picture Tubes, Ltd., Hitachi Displays Ltd. and Epson Imaging Devices Corporation, as well as non-defendant Chi Mei Optoelectronics, and Hannstar Display Corporation, have pleaded guilty in the United States to participating in a conspiracy to fix certain LCD prices and have agreed to pay fines totaling approximately USD 900 million. Further, the United States Department of Justice has indicted AU Optronics Corporation and its American subsidiary, AU Optronics Corporation America, for participation in the conspiracy to fix the prices of TFT-LCD panels sold worldwide from September 14, 2001 to December 1, 2006.

Also in November 2009, Nokia Corporation filed a lawsuit in the United Kingdom's High Court of Justice against certain manufacturers of cathode rays tubes ("CRTs"). In this lawsuit, Nokia alleges that the defendants violated the relevant antitrust or competition laws by entering into a worldwide conspiracy to raise and/or stabilize the prices of CRTs, among other anticompetitive conduct, from no later than March 1995 to around November 2007.

All of the defendants have now settled Nokia's claims against them on confidential terms.

We are also party to other routine litigation, as well as indemnity claims involving customers or suppliers, which are incidental to the normal conduct of our business. Based upon the information currently available, our management does not believe that liabilities related to those proceedings are likely to be material to our financial condition or results of operations.

29. EARNINGS PER SHARE

	2013	2012	2011
Numerator/EURm			
Basic:			
Profit attributable to equity holders of the parent			
Continuing operations	**186**	−771	−1 272
Discontinued operations	**−801**	−2 334	109
Total Group	**−615**	−3 105	−1 163
Diluted:			
Elimination of interest expense, net of tax, on convertible bonds, where dilutive	**—**	—	—
Profit used to determine diluted earnings per share			
Continuing operations	**186**	−771	−1 272
Discontinued operations	**−801**	−2 334	109
Total Group	**−615**	−3 105	−1 163
Denominator/1 000 shares			
Basic:			
Weighted average number of shares in issue	**3 712 079**	3 710 845	3 709 947
Effect of dilutive securities:			
Stock options	**1 978**	—	473
Performance shares	**—**	—	—
Restricted shares and other	**19 307**	—	6 614
	21 285		7 087
Assumed conversion of convertible bonds	**—**	—	—
	21 285	—	7 087
Diluted:			
Adjusted weighted average number of shares and assumed conversions			
Continuing operations	**3 733 364**	3 710 845	3 709 947
Discontinued operations	**3 712 079**	3 710 845	3 717 034
Total Group	**3 712 079**	3 710 845	3 709 947

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of shares outstanding during the year excluding shares purchased by the Group and held as treasury shares. Diluted earnings per share is calculated by adjusting the profit attributable to equity holders of the parent to eliminate the interest expense of the dilutive convertible bond and by adjusting the weighted average number of shares outstanding with the dilutive effect of stock options, restricted shares and performance shares outstanding during the period as well as the assumed conversion of convertible bonds.

In 2013, stock options equivalent to 16 million shares (22 million in 2012 and 16 million in 2011) were excluded from the calculation of diluted earnings per share because they were determined to be anti-dilutive.

In addition, 4 million of performance shares (2 million in 2012 and 2 million in 2011) were excluded from the calculation of dilutive shares because contingency conditions have not been met.

As at December 31, 2013, there were 19 million (4 million in 2012 and 7 million in 2011) of restricted shares outstanding that could potentially have a dilutive impact in the future but were excluded from the calculation as they were determined anti-dilutive.

Convertible bonds issued to Microsoft in September, 2013 were excluded from the calculation of diluted shares in 2013 because they were determined to be antidilutive. These potential shares, if fully converted, would result in an issuance of 368 million shares. As a result of the closing of the sale of Device & Services business the bonds have been redeemed.

The 2012 convertible bond includes a voluntary conversion option. Based on the initial conversion price, voluntary conversion of the entire bond would result in the issue of 287 million shares. These potential shares were excluded from the calculation of diluted shares in 2013 and 2012 because they were determined to be antidilutive at December 31, 2013 and 2012, respectively.

30. COMMITMENTS AND CONTINGENCIES

EURm	2013 [1]	2012 [2]
Collateral for own commitments		
Assets pledged	**38**	38
Contingent liabilities on behalf of Group companies		
Other guarantees	**778**	937
Contingent liabilities on behalf of associated companies		
Financial guarantees on behalf of associated companies	**16**	11
Contingent liabilities on behalf of other companies		
Financial guarantees on behalf of third parties [3]	**12**	12
Other guarantees	**103**	68
Financing commitments		
Customer finance commitments [3]	**25**	34
Venture fund commitments	**215**	282

1 Continuing operations
2 Nokia Group
3 See also Note 35 Risk Management.

The amounts above represent the maximum principal amount of commitments and contingencies.

Other guarantees on behalf of Group Companies include commercial guarantees of EUR 463 million in 2013 (EUR 598 million in 2012) provided to certain NSN customers in the form of bank guarantees or corporate guarantees issued by NSN's Group entity. These instruments entitle the customer to claim payment as compensation for non-performance by NSN of its obligations under network infrastructure supply agreements. Depending on the nature of the guarantee, compensation is payable on demand or subject to verification of non-perfor-

mance. Volume of other guarantees has decreased mainly due to expired guarantees.

Contingent liabilities on behalf of other companies were EUR 103 million in 2013 (EUR 68 million in 2012). The increase in volume is mainly due to the transfer of guarantees in connection with the disposal of certain businesses where contractual risks and revenues have been transferred, but some of the commercial guarantees have not yet been re-assigned legally.

Financing commitments of EUR 25 million in 2013 (EUR 34 million in 2012) are available under loan facilities negotiated mainly with NSN's customers. Availability of the amounts is dependent upon the borrower's continuing compliance with stated financial and operational covenants and compliance with other administrative terms of the facility. The loan facilities are primarily available to fund capital expenditure relating to purchases of network infrastructure equipment and services.

Venture fund commitments of EUR 215 million in 2013 (EUR 282 million in 2012) are financing commitments to a number of funds making technology related investments. As a limited partner in these funds Nokia is committed to capital contributions and also entitled to cash distributions according to respective partnership agreements and underlying fund activities.

As of December 31, 2013, Nokia continuing operations had purchase commitments of EUR 772 million (Nokia Group EUR 2 042 million in 2012) relating to inventory purchase obligations, service agreements and outsourcing arrangements, primarily for purchases in 2014.

The Group is party to routine litigation incidental to the normal conduct of business, including, but not limited to, several claims, suits and actions both initiated by third parties and initiated by Nokia relating to infringements of patents, violations of licensing arrangements and other intellectual property related matters, as well as actions with respect to products, contracts and securities. Based on the information currently available, in the opinion of management the outcome of and liabilities in excess of what has been provided for related to these or other proceedings, in the aggregate, are not likely to be material to the financial condition or result of operations. See also Note 28.

31. LEASING CONTRACTS

The Group leases office, manufacturing and warehouse space under various non-cancellable operating leases. Certain contracts contain renewal options for various periods of time.

The future costs for non-cancellable leasing contracts are as follows:

Continuing operations Leasing payments, EURm	Operating leases
2014	139
2015	98
2016	66
2017	51
2018	45
Thereafter	151
Total	**550**

Rental expense amounted to EUR 256 million in 2013 (EUR 361 million in 2012 and EUR 313 million in 2011).

32. RELATED PARTY TRANSACTIONS

At December 31, 2013, the Group had borrowings amounting to EUR 69 million (EUR 69 million in 2012) from Nokia Unterstützungsgesellschaft mbH, the Group's German pension fund, which is a separate legal entity. The loan bears interest at 6% annum and its duration is pending until further notice by the loan counterparties who have the right to terminate the loan with a 90 day notice. The loan is included in long-term interest-bearing liabilities in the consolidated statement of financial position.

There were no loans granted to the members of the Nokia Leadership Team and the Board of Directors at December 31, 2013, 2012 or 2011.

EURm	2013	2012	2011
Transactions with associated companies			
Share of results of associated companies	**4**	–1	–23
Dividend income	**5**	—	—
Share of shareholders' equity of associated companies	**53**	46	47
Sales to associated companies	**6**	12	37
Purchases from associated companies	**178**	150	91
Receivables from associated companies	**—**	1	—
Liabilities to associated companies	**12**	32	14

At December 31, 2013, the Group has guaranteed a loan of EUR 16 million (EUR 11 million in 2012) for an associated company of the Group.

Management compensation

Nokia announced on September 3, 2013 that it had entered into a transaction agreement whereby Nokia will sell substantially all of its Devices & Services business to Microsoft. As a result of the proposed transaction, Nokia announced changes to its leadership. These changes were designed to provide an appropriate corporate governance structure during the interim period following the announcement of this transaction. Stephen Elop stepped down from his positions as President and CEO and Nokia's Chairman of the Board Risto Siilasmaa and Chief Financial Officer of Nokia Timo Ihamuotila assumed additional responsibilities as Interim CEO and Interim President, respectively, from September 3, 2013.

The following table sets forth the salary and cash incentive information awarded and paid or payable by the Group to the Chief Executive Officer and President of Nokia Corporation for fiscal years 2011–2013, share-based compensation expense relating to equity-based awards, expensed by the Group as well as the pension expenses, expensed by the Group. The table includes compensation for the time in-role or the compensation for the role related responsibilities, only.

Total remuneration of the Nokia Leadership Team awarded for the fiscal years 2011–2013 was EUR 9 160 848 in 2013 (EUR 7 304 269 in 2012 and EUR 8 396 423 in 2011), which consisted of base salaries and cash incentive payments. Total share-based compensation expense relating to equity-based awards expensed by the Group was EUR 7 913 633 in 2013 (EUR 3 213 047 in 2012 and EUR 4 513 671 in 2011). The members of the Nokia Leadership Team participate in the local retirement programs applicable to employees in the country where they reside.

Board of Directors

The following table depicts the annual remuneration structure paid to the members of our Board of Directors, as resolved by the Annual General Meetings in the respective years.

EUR	Year	Base salary/ fee [1]	Cash incentive payments [1]	Share-based compensation expense	Pension expenses
Risto Siilasmaa Interim CEO as of September 3, 2013 [2]	**2013**	**500 000**	**—**	**—**	**—**
Timo Ihamuotila Interim President as of September 3, 2013 [3]	**2013**	**150 000**	**—**	**12 107**	**42 500**
Stephen Elop, President and CEO until September 3, 2013	**2013**	**753 911**	**769 217**	**2 903 226**	**263 730**
	2012	1 079 500	—	1 597 496	247 303
	2011	1 020 000	473 070	2 086 351	280 732

1 Base salaries are prorated for the time in role, incentive payments represent full year incentive payment earned under Nokia short term incentive programs. For interim roles the base salaries or fees for the role related responsibilities, only.

2 As compensation for his additional responsibilities as interim CEO, Risto Siilasmaa received EUR 500 000, 40% was delivered to him in shares bought on the open market. The remaining 60% was paid in cash, most of which was used to cover the estimated associated taxes.

3 In recognition of additional responsibilities, Timo Ihamuotila will receive EUR 250 000, out of which EUR 150 000 was paid in 2013. In addition, Timo Ihamuotila received an equity grant with an approximate aggregate grant date value of EUR 250 000 in the form of Nokia stock options and Nokia restricted shares. These grants are subject to Nokia's Equity plans standard terms and conditions and vesting schedules.

Board of Directors	2013 Gross annual fee [1] EUR	2013 Shares received	2012 Gross annual fee [1] EUR	2012 Shares received	2011 Gross annual fee [1] EUR	2011 Shares received
Risto Siilasmaa Chairman as from May 3, 2012 [2]	**440 000**	**77 217**	440 000	70 575	155 000	10 428
Jorma Ollila Chairman until May 3, 2012 [3]	**—**	**—**	—	—	440 000	29 604
Dame Marjorie Scardino Vice Chairman until May 7, 2013 [4]	**—**	**—**	150 000	24 062	150 000	10 092
Jouko Karvinen Vice Chairman from May 7, 2013 [5]	**175 000**	**14 374**	155 000	24 860	140 000	9 419
Bruce Brown	**130 000**	**10 678**	130 000	20 850	—	—
Elisabeth Doherty [6]	**140 000**	**11 499**	—	—	—	—
Stephen Elop [7]	**—**	**—**	—	—	—	—
Bengt Holmström	**—**	**—**	—	—	130 000	8 746
Henning Kagermann [8]	**155 000**	**12 731**	155 000	24 860	155 000	10 428
Per Karlsson	**—**	**—**	—	—	130 000	8 746
Helge Lund	**130 000**	**10 678**	130 000	20 850	130 000	8 746
Isabel Marey-Semper [9]	**—**	**—**	140 000	22 454	140 000	9 419
Mårten Mickos	**130 000**	**10 678**	130 000	20 850	—	—
Elizabeth Nelson [10]	**140 000**	**11 499**	140 000	22 454	—	—
Kari Stadigh	**130 000**	**10 678**	130 000	20 850	130 000	8 746

1 Approximately 40% of each Board member's gross annual fee is paid in Nokia shares and the remaining approximately 60% of the gross annual fee is paid in cash. Further, it is Nokia policy that the directors retain all company stock received as director compensation until the end of their board membership, subject to the need to finance any costs relating to the acquisition of the shares, including taxes.

2 The 2013 and 2012 fees paid to Risto Siilasmaa amounted to an annual total of EUR 440 000 for services as Chairman of the Board. The 2011 fee paid to Risto Siilasmaa amounted to an annual total of EUR 155 000, consisting of a fee of EUR 130 000 for services as a member of the Board and EUR 25 000 for services as Chairman of the Audit Committee. Siilasmaa was also paid a fee acting as interim CEO as of September 3, 2013. Fee for his duties as interim CEO is presented under Management compensation.

3 The 2011 fee paid to Jorma Ollila amounted to an annual total of EUR 440 000 indicated for his services as Chairman of the Board.

4 The 2012 and 2011 fees paid to Dame Marjorie Scardino amounted to an annual total of EUR 150 000 each year indicated for services as Vice Chairman of the Board.

5 The 2013 fee paid to Jouko Karvinen amounted to an annual total of EUR 175 000, consisting of a fee of EUR 150 000 for services as a Vice Chairman of the Board and EUR 25 000 for service as Chairman of the Audit Committee. The 2012 fee paid to Jouko Karvinen amounted to an annual total of EUR 155 000, consisting of a fee of EUR 130 000 for services as a member of the Board and EUR 25 000 for service as Chairman of the Audit Committee. The 2011 fee paid to Jouko Karvinen amounted to an annual total of EUR 140 000, consisting of a fee of 130 000 for services as a member of the Board and EUR 10 000 for services as a member of the Audit Committee.

6 The 2013 fee paid to Elizabeth Doherty amounted to total of EUR 140 000 consisting of a fee of EUR 130 000 for services as a member of the Board and EUR 10 000 for services as a member of the Audit Committee.

7 Stephen Elop did not receive remuneration for his services as a member of the Board. This table does not include remuneration paid to Mr. Elop for services as the President and CEO. Stephen Elop stepped down from the board of directors as of September 3, 2013.

8 The 2013, 2012 and 2011 fees paid to Henning Kagermann amounted to an annual total of EUR 155 000 each year indicated, consisting of a fee of EUR 130 000 for services as a member of the Board and EUR 25 000 for services as Chairman of the Personnel Committee.

9 The 2012 and 2011 fees paid to Isabel Marey-Semper amounted to an annual total of EUR 140 000 each year indicated, consisting of a fee of EUR 130 000 for services as a member of the Board and EUR 10 000 for services as a member of the Audit Committee.

10 The 2013 and 2012 fees paid to Elizabeth Nelson amounted to an annual total of EUR 140 000, consisting of a fee of EUR 130 000 for services as a member of the Board and EUR 10 000 for services as a member of the Audit Committee.

Termination benefits of the President and CEO

Mr. Elop's employment contract was amended effective as of September 3, 2014, as a result of entering into a transaction with Microsoft for the Sale of D&S Business. Under the terms of the amendment, Mr. Elop resigned from his position as President and CEO as of September 3, 2013 and assumed the role of Executive Vice President, Devices & Services. He also resigned from his position as a member of Board of Directors as of the same date. After the closing of the Sale of D&S Business, he transferred to Microsoft as agreed with Microsoft. In accordance with his service contract he received a severance payment of EUR 24.2 million in total. This amount included: base salary and management incentive EUR 4.1 million and value of equity awards EUR 20.1 million. The amount of the equity awards was based on the Nokia closing share price of EUR 5.28 per share at NASDAQ OMX Helsinki on April 24, 2014. Pursuant to the terms of the purchase agreement with Microsoft entered into in connection with the Sale of D&S Business, 70% of the total severance payment was borne by Microsoft and the remaining 30% of the severance amount (EUR 7.3 million) was borne by Nokia.

33. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOW

EURm	2013	2012	2011
Adjustments for: [1]			
Depreciation and amortization	**728**	1 326	1 562
Loss (+)/profit (–) on sale of property, plant and equipment and available-for-sale investments	**40**	–131	–49
Income taxes	**401**	1 145	291
Share of results of associated companies (Note 16)	**–4**	1	23
Non-controlling interest	**–124**	–681	–323
Financial income and expenses	**264**	333	49
Transfer from hedging reserve to sales and cost of sales	**–87**	–16	–4
Impairment charges (Note 9)	**20**	109	1 338
Asset retirements	**24**	31	13
Share-based compensation	**56**	13	18
Restructuring related charges [2]	**446**	1 659	565
Other income and expenses	**25**	52	5
Adjustments, total	**1 789**	3 841	3 488
Change in net working capital			
Decrease in short-term receivables	**1 655**	2 118	218
Decrease in inventories	**193**	707	289
(Decrease) in interest-free short-term borrowings	**–2 793**	–2 706	–1 148
Change in net working capital	**–945**	119	–641

1 Combines adjustments relating to both continuing and discontinued operations.

2 The adjustments for restructuring related charges represent the non-cash portion of the restructuring related charges recognized in the consolidated income statement.

The Group did not engage in any material non-cash investing activities in 2013, 2012 and 2011.

34. PRINCIPAL NOKIA GROUP COMPANIES AT DECEMBER 31, 2013

	Country of incorporation and place of business	Primary nature of business	Parent holding %	Group majority %	Non-controlling interests %
Continuing Nokia Group companies					
Nokia Solutions and Networks B.V.	The Hague, Netherlands	Holding company	—	100.00 [1]	—
Nokia Solutions and Networks Oy	Helsinki, Finland	Sales and manufacturing company	—	100.00	—
Nokia Solutions and Networks US LLC	Delaware, USA	Sales company	—	100.00	—
Nokia Solutions and Networks Japan Corp.	Tokyo, Japan	Sales company	—	100.00	—
Nokia Solutions and Networks India Private Limited	New Delhi, India	Sales and manufacturing company	—	100.00	—
Nokia Solutions and Networks System Technology (Beijing) Co., Ltd.	Beijing, China	Sales company	—	100.00	—
Nokia Solutions and Networks Branch Operations Oy	Helsinki, Finland	Sales company	—	100.00	—
Nokia Solutions and Networks Korea Ltd.	Seoul, South Korea	Sales company	—	100.00	—
Nokia Solutions and Networks do Brasil Telecomunicações Ltda.	Sao Paolo, Brazil	Sales company	—	100.00	—
Nokia Solutions and Networks Technology Service Co., Ltd.	Beijing, China	Sales company	—	100.00	—
HERE Holding Corporation	Delaware, USA	Holding company	—	100.00	—
HERE Global B.V.	Veldhoven, Netherlands	Holding company	1.45	100.00	—
HERE Europe B.V.	Veldhoven, Netherlands	Holding company	—	100.00	—
HERE North America LLC	Delaware, USA	Sales and develoment company	—	100.00	—
Nokia Gate5 GmbH/HERE Deutschland GmbH	Berlin, Germany	Development	—	100.00	—
Nokia Finance International B.V.	Haarlem, Netherlands	Holding and finance company	100.00	100.00	
Discontinued Nokia Group companies					
Nokia Sales International Oy	Helsinki, Finland	Sales company	100.00	100.00	—
Nokia India Pvt Ltd	New Delhi, India	Manufacturing company	99.99	100.00	—
Nokia India Sales Pvt Limited	New Delhi, India	Sales company	—	100.00	—
OOO Nokia	Moscow, Russia	Sales company	100.00	100.00	—
Nokia (China) Investment Co., Ltd	Beijing, China	Sales and holding company	100.00	100.00	—
Nokia Telecommunications Ltd	Beijing, China	Manufacturing company	4.50	83.90	16.10
Nokia Inc.	Delaware, USA	Sales company	—	100.00	—
Nokia UK Limited	London, UK	Sales company	—	100.00	—
Nokia do Brasil Tecnologia Ltda	Manaus, Brasil	Manufacturing company	—	100.00	—
Nokia TMC Limited	Masan, South Korea	Manufacturing company	100.00	100.00	—
Nokia (Thailand) Ltd	Bangkok, Thailand	Sales company	—	100.00	—

1 In 2013, Nokia acquired the remaining 50% of Nokia Siemens Networks B.V., the ultimate parent of the NSN business. By that, the parent entity of NSN became fully owned subsidiary of Nokia.

A complete list of subsidiaries and associated companies is included in Nokia's Statutory Accounts.

35. RISK MANAGEMENT

General risk management principles

Nokia has a common and systematic approach to risk management across business operations and processes. Material risks and opportunities are identified, analyzed, managed and monitored as part of business performance management. Relevant key risks are identified against business targets either in business operations or as an integral part of long and short-term planning. Nokia's overall risk management concept

is based on visibility of the key risks preventing Nokia from reaching its business objectives rather than solely focusing on eliminating risks.

The principles documented in the Nokia Risk Policy and approved by the Audit Committee of the Board of Directors require risk management and its elements to be integrated into business processes. One of the main principles is that the business or function head is also the risk owner, but it is everyone's responsibility in Nokia to identify risks, which prevent Nokia from reaching its objectives. Risk management covers strategic, operational, financial and hazard risks.

Key risks and opportunities are reviewed by the Nokia Leadership team and the Board of Directors in order to create visibility on business risks as well as to enable prioritization of risk management activities at Nokia. In addition to the general principles defined in the Nokia Risk Policy, specific risk management implementation is reflected in other key Nokia policies.

The following information for 2013 has been presented for Nokia continuing operations only. The comparative year includes the Nokia Group total.

Financial risks

The objective for Treasury activities in Nokia is to guarantee sufficient funding for the Group at all times, and to identify, evaluate and manage financial risks. Treasury activities support this aim by mitigating the adverse effects caused by fluctuations in the financial markets on the profitability of the underlying businesses and by managing the capital structure of the Group by prudently balancing the levels of liquid assets and financial borrowings.

Treasury activities are governed by the Treasury Policy approved by the CEO, that provides principles for overall financial risk management and determines the allocation of responsibilities for financial risk management in Nokia. Other related policies and procedures in Nokia and NSN, approved by respective CFO's or relevant finance executives, cover specific areas such as foreign exchange risk, interest rate risk, credit and liquidity risk as well as use of derivative financial instruments in managing these risks. Nokia is risk averse in its Treasury activities.

Financial risks are divided into (a) market risk (covering foreign exchange risk, interest risk and equity price risk), (b) credit risk (covering business related credit risk and financial credit risk) and (c) liquidity risk.

A) MARKET RISK

Methodology for assessing market risk exposures: Value-at-Risk

Nokia uses the Value-at-Risk ("VaR") methodology to assess the Group exposures to foreign exchange, interest rate, and equity risks. The VaR gives estimates of potential fair value losses in market risk sensitive instruments as a result of adverse changes in specified market factors, at a specified confidence level over a defined holding period.

In Nokia, the foreign exchange VaR is calculated with the Monte Carlo method which simulates random values for exchange rates in which the Group has exposures and takes the non-linear price function of certain foreign exchange derivative instruments into account. The variance-covariance methodology is used to assess and measure the interest rate risk and equity price risk.

The VaR is determined by using volatilities and correlations of rates and prices estimated from a one-year sample of historical market data, at 95% confidence level, using a one-month holding period. To put more weight on recent market conditions, an exponentially weighted moving average is performed on the data with an appropriate decay factor.

This model implies that within a one-month period, the potential loss will not exceed the VaR estimate in 95% of possible outcomes. In the remaining 5% of possible outcomes, the potential loss will be at minimum equal to the VaR figure, and on average substantially higher.

The VaR methodology relies on a number of assumptions, such as a) risks are measured under average market conditions, assuming that market risk factors follow normal distributions; b) future movements in market risk factors follow estimated historical movements; and c) the assessed exposures do not change during the holding period. Thus it is possible that, for any given month, the potential losses at 95% confidence level are different and could be substantially higher than the estimated VaR.

Foreign exchange risk

Nokia operates globally and is exposed to transactional and translational foreign exchange risks. Transaction risk arises from foreign currency denominated assets and liabilities together with foreign currency denominated future cash flows. Transaction exposures are managed in the context of various functional currencies of foreign Group companies.

According to the foreign exchange policy guidelines of the Group, which remains the same as in the previous year, material transactional foreign exchange exposures are hedged unless hedging would be uneconomical due to market liquidity and/or hedging cost. Exposures are defined using nominal values of the transactions. Exposures are mainly hedged with derivative financial instruments such as forward foreign exchange contracts and foreign exchange options. The majority of financial instruments hedging foreign exchange risk have a duration of less than a year. The Group does not hedge forecast foreign currency cash flows beyond two years.

Since Nokia has subsidiaries outside the euro zone, translation risk arises from the euro-denominated value of the shareholders' equity of foreign Group companies being exposed to fluctuations in exchange rates. Equity changes resulting from movements in foreign exchange rates are shown as a translation difference in the Group consolidation.

Nokia uses, from time to time, forward foreign exchange contracts, foreign exchange options and foreign currency denominated loans to hedge its equity exposure arising from foreign net investments.

At the end of years 2013 and 2012, the following currencies represent a significant portion of the currency mix in the outstanding financial instruments:

2013, EURm	USD	JPY	CNY	INR
FX derivatives used as cashflow hedges (net amount) [1]	–409	–232	—	—
FX derivatives used as net investment hedges (net amount) [2]	–724	–14	–358	–157
FX exposure from balance sheet items (net amount) [3]	–217	36	–47	–141
FX derivatives not designated in a hedge relationship and carried at fair value through profit and loss (net amount) [3]	–367	–116	81	57
Cross currency / interest rate hedges	390	—	—	—

2012, EURm	USD	JPY	CNY	INR
FX derivatives used as cashflow hedges (net amount) [1]	550	–281	—	—
FX derivatives used as net investment hedges (net amount) [2]	–281	–16	–1 043	–763
FX exposure from balance sheet items (net amount) [3]	1 156	38	263	–539
FX derivatives not designated in a hedge relationship and carried at fair value through profit and loss (net amount) [3]	–1 439	106	–114	420
Cross currency / interest rate hedges	428	—	—	—

1 The FX derivatives are used to hedge the foreign exchange risk from forecast highly probable cashflows related to sales, purchases and business acquisition activities. In some of the currencies, especially in US dollar, Nokia has substantial foreign exchange risks in both estimated cash inflows and outflows, which have been netted in the table. The underlying exposures for which these hedges are entered into are not presented in the table, as they are not financial instruments.

2 The FX derivatives are used to hedge the Group's net investment exposure. The underlying exposures for which these hedges are entered into are not presented in the table, as they are not financial instruments.

3 The balance sheet items and some probable forecast cash flows which are denominated in foreign currencies are hedged by a portion of FX derivatives not designated in a hedge relationship and carried at fair value through profit and loss.

The VaR figures for the Group's financial instruments which are sensitive to foreign exchange risks are presented in the table below. The VaR calculation includes foreign currency denominated monetary financial instruments such as:

- Available-for-sale investments, loans and accounts receivable, investments at fair value through profit and loss, cash, loans and accounts payable.
- FX derivatives carried at fair value through profit and loss which are not in a hedge relationship and are mostly used for hedging balance sheet foreign exchange exposure.
- FX derivatives designated as forecasted cash flow hedges and net investment hedges. Most of the VaR is caused by these derivatives as forecasted cash flow and net investment exposures are not financial instruments as defined under IFRS 7 and thus not included in the VaR calculation.

VaR from financial instruments, EURm	2013	2012
At December 31	**42**	67
Average for the year	**114**	128
Range for the year	**42–188**	67–192

Interest rate risk

The Group is exposed to interest rate risk either through market value fluctuations of balance sheet items (i.e. price risk) or through changes in interest income or expenses (i.e. refinancing or reinvestment risk). Interest rate risk mainly arises through interest bearing liabilities and assets. Estimated future changes in cash flows and balance sheet structure also expose the Group to interest rate risk.

The objective of interest rate risk management is to balance uncertainty caused by fluctuations in interest rates and net long-term funding costs.

At the reporting date, the interest rate profile of the Group's interest-bearing assets and liabilities is presented in the table below:

	2013		2012	
EURm	Fixed rate	Floating rate	Fixed rate	Floating rate
Assets	**4 400**	**4 739**	3 488	6 627
Liabilities	**–5 947**	**–630**	–4 191	–1 312
Assets and liabilities before derivatives	**–1 547**	**4 109**	–703	5 315
Interest rate derivatives	**954**	**–926**	1 880	–1 784
Assets and liabilities after derivatives	**–593**	**3 183**	1 177	3 531

The interest rate exposure of the Group is monitored and managed centrally. Nokia uses the VaR methodology complemented by selective shock sensitivity analyses to assess and measure the interest rate risk of interest-bearing assets, interest-bearing liabilities and related derivatives, which together create the Group's interest rate exposure. The VaR for the Group interest rate exposure in the investment and debt portfolios is presented in the table below. Sensitivities to credit spreads are not reflected in the below numbers.

EURm	2013	2012
At December 31	**42**	22
Average for the year	**45**	19
Range for the year	**20–84**	9–44

Equity price risk

Nokia's exposure to equity price risk is related to certain publicly listed equity shares.

The fair value of these investments at December 31, 2013 was EUR 11 million (EUR 11 million in 2012). The VaR for the Group equity investment in publicly traded companies is insignificant. The private funds where the Group has investments

may, from time to time, have investments in public equity. Such investments have not been included in the aforementioned number.

B) CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from credit exposures to customers, including outstanding receivables, financial guarantees and committed transactions as well as financial institutions, including bank and cash, fixed income and money-market investments and derivative financial instruments. Credit risk is managed separately for business related and financial credit exposures.

Except as detailed in the following table, the maximum exposure to credit risk is limited to the book value of the financial assets as included in the consolidated statement of financial positions:

EURm	2013	2012
Financial guarantees given on behalf of customers and other third parties	**12**	12
Loan commitments given but not used	**25**	34
	37	46

Business related credit risk

The Company aims to ensure the highest possible quality in accounts receivable and loans due from customers and other third parties. Nokia and NSN Credit Policies, both approved by the respective Leadership Teams, lay out the framework for the management of the business related credit risks in Nokia and NSN.

Nokia and NSN Credit Policies provide that credit decisions are based on credit evaluation including credit rating for larger exposures. Nokia and NSN Rating Policy defines the rating principles. Ratings of material exposures are approved by Nokia's Rating Committee and NSN's Rating Committee. Credit risks are approved and monitored according to the credit policy of each business entity. When appropriate, credit risks are mitigated with the use of approved instruments, such as letters of credit, collateral or insurance and sale of selected receivables.

Credit exposure is measured as the total of accounts receivable and loans outstanding due from customers and committed credits.

The accounts receivable do not include any major concentrations of credit risk by customer. The top three customers account for approximately 4.0%, 3.6% and 3.3% (7.0%, 2.5% and 2.1% in 2012) of Group accounts receivable and loans due from customers and other third parties as at December 31, 2013, while the top three credit exposures by country amounted to 20.9%, 6.3% and 5.7% (9.5%, 8.5% and 7.5% in 2012), respectively with China being the biggest exposure.

The Group has provided allowances for doubtful accounts as needed on accounts receivable and loans due from customers and other third parties not past due, based on the analysis of debtors' credit quality and credit history. The Group establishes allowances for doubtful accounts that represent an estimate of incurred losses as of the end of reporting period.

All receivables and loans due from customers are considered on an individual basis in establishing the allowances for doubtful accounts.

As at December 31, 2013, the carrying amount before deducting any allowances for doubtful accounts as well as amounts expected to be uncollectible for acquired receivables relating to customers for which an allowance was provided or an uncollectible amount has been identified amounted to EUR 1 075 million (EUR 1 727 million in 2012). The amount of allowance recognized against that portion of these receivables considered to be impaired as well as the amount expected to be uncollectible for acquired receivables was a total of EUR 132 million (EUR 264 million in 2012) (see also Note 10 and Note 21). These aforementioned sums are relative to total net accounts receivable and loans due from customers of EUR 2 929 in 2013 (EUR 5 625 million in 2012).

An amount of EUR 109 million (EUR 365 million in 2012) relates to past due receivables from customers for which no allowances for doubtful accounts were recognized. The aging of these receivables is as follows:

EURm	2013	2012
Past due 1–30 days	**53**	250
Past due 31–180 days	**43**	70
More than 180 days	**13**	45
	109	365

Financial credit risk

Financial instruments contain an element of risk resulting from changes in market price of such instruments due to counterparties becoming less credit worthy or risk of loss due to counterparties being unable to meet their obligations. This risk is measured and monitored centrally by Treasury departments in Nokia and NSN. Financial credit risk is managed actively by limiting counterparties to a sufficient number of major banks and financial institutions and monitoring the credit worthiness and exposure sizes continuously as well as through entering into netting arrangements (which gives Nokia the right to offset in the event that the counterparty would not be able to fulfill the obligations) with all major counterparties and collateral agreements (which require counterparties to post collateral against derivative receivables) with certain counterparties.

Nokia's investment decisions are based on strict creditworthiness and maturity criteria as defined in Treasury related policies and procedures. As a result of this investment policy approach and active management of outstanding investment exposures, Nokia has not been subject to any material credit losses in its financial investments in the years presented.

The table below presents the breakdown of the outstanding fixed income and money market investments by sector and credit rating grades ranked as per Moody's rating categories.

	Rating [3]	Total amount [1,2] EURm	Due within 3 months EURm	Due between 3 and 12 months EURm	Due between 1 and 3 years EURm	Due between 3 and 5 years EURm	Due beyond 5 years EURm
At December 31, 2013							
Banks	Aaa	795	795	—	—	—	—
	Aa1–Aa3	738	738	—	—	—	—
	A1–A3	1 281	1 281	—	—	—	—
	Baa1–Baa3	828	826	—	2	—	—
	Non rated	159	159	—	—	—	—
Governments	Aaa	911	405	193	202	—	111
	Aa1–Aa3	572	176	39	357	—	—
Other	Aaa	—	—	—	—	—	—
	Aa1–Aa3	—	—	—	—	—	—
	A1–A3	11	—	11	—	—	—
	Baa1–Baa3	—	—	—	—	—	—
	Ba1–C	—	—	—	—	—	—
Total		**5 295**	**4 380**	**243**	**561**	**—**	**111**
At December 31, 2012							
Banks	Aaa	1 401	1 401	—	—	—	—
	Aa1–Aa3	756	755	1	—	—	—
	A1–A3	1 106	1 082	24	—	—	—
	Baa1–Baa3	942	940	—	—	2	—
	Non rated	215	215	—	—	—	—
Governments	Aaa	1 572	1 342	31	42	18	139
	Aa1–Aa3	401	37	57	24	283	—
Other	Aaa	—	—	—	—	—	—
	Aa1–Aa3	—	—	—	—	—	—
	A1–A3	10	—	—	10	—	—
	Baa1–Baa3	—	—	—	—	—	—
	Ba1–C	—	—	—	—	—	—
	Non rated	2	—	2	—	—	—
Total		**6 405**	**5 772**	**115**	**76**	**303**	**139**

1 Fixed income and money-market investments include term deposits, investments in liquidity funds and investments in fixed income instruments classified as available-for-sale investments and investments at fair value through profit and loss. Liquidity funds invested solely in government securities are included under Governments. Other liquidity funds are included under Banks.

2 Included within fixed income and money-market investments is EUR 39 million of restricted investment at December 31, 2012 (EUR 77 million at December 31, 2012). They are restricted financial assets under various contractual or legal obligations.

3 Bank parent company ratings used here for bank groups. In some emerging markets countries actual bank subsidiary ratings may differ from parent company rating.

98% of Nokia's cash in bank accounts is held with banks of investment grade credit rating (95% for 2012).

The following tables present financial assets and liabilities subject to offsetting under enforceable master netting agreements and similar arrangements.

EURm	Gross amounts of financial assets (liabilities)	Gross amounts of financial liabilities (assets) set off in the statement of financial position	Net amounts of financial assets (liabilities) presented in the statement of financial position	Related amounts not set off in the statement of financial position		
				Financial instruments assets (liabilities)	Cash collateral received (pledged)	Net amount
At December 31, 2013						
Derivative assets	191	—	191	34	66	91
Derivative liabilities	−35	—	−35	−34	—	−1
Total	156	—	156	—	66	90
At December 31, 2012						
Derivative assets	448	—	448	87	123	238
Derivative liabilities	−90	—	−90	−87	−1	−2
Total	358	—	358	—	122	236

The financial instruments subject to enforceable master netting agreements and similar arrangements are not set off in the consolidated statement of financial positions in cases where there is no intention to settle net or realize the asset and settle the liability simultaneously.

C) LIQUIDITY RISK

Liquidity risk is defined as financial distress or extraordinarily high financing costs arising due to a shortage of liquid funds in a situation where outstanding debt needs to be refinanced or where business conditions unexpectedly deteriorate and require financing. Transactional liquidity risk is defined as the risk of executing a financial transaction below fair market value, or not being able to execute the transaction at all, within a specific period of time.

The objective of liquidity risk management is to maintain sufficient liquidity, and to ensure that it is available fast enough without endangering its value, in order to avoid uncertainty related to financial distress at all times.

Nokia aims to secure sufficient liquidity at all times by efficient cash management and by investing in short-term liquid interest bearing securities. Depending on overall liquidity position Nokia aims to pre- or refinance upcoming debt maturities before contractual maturity dates. The transactional liquidity risk is minimized by entering into transactions where proper two-way quotes can be obtained from the market.

Due to the dynamic nature of the underlying business, Nokia and NSN aim at maintaining flexibility in funding by keeping committed and uncommitted credit lines available. Nokia and NSN manage their respective credit facilities independently and facilities do not include cross-default clauses between Nokia and NSN or any forms of guarantees from either party. As of December 31, 2013, the Group's committed revolving credit facilities totaled EUR 2 250 million (EUR 2 250 million in 2012).

The most significant existing long-term funding programs as of December 31, 2013 were:

Issuer(s)	Program	Issued
Nokia Corporation	Shelf registration statement on file with the US Securities and Exchange Commission	USD 1 500 million
Nokia Corporation	Euro Medium-Term Note Program, totaling EUR 5 000 million	EUR 1 750 million

The most significant existing short-term funding programs as of December 31, 2013 were:

Issuer(s)	Program	Issued
Nokia Corporation	Local commercial paper program in Finland, totaling EUR 750 million	—
Nokia Corporation	US Commercial Paper program, totaling USD 4 000 million	—
Nokia Corporation and Nokia Finance International B.V.	Euro Commercial Paper program, totaling USD 4 000 million	—
Nokia Solutions and Networks Finance B.V.	Local commercial paper program in Finland, totaling EUR 500 million	EUR 25 million

As of December 31, 2013 Group's interest bearing liabilities consisted of:

	Issuer/borrower	Final maturity	2013 EURm	2012 EURm
Nokia				
Revolving Credit Facility (EUR 1 500 million)	Nokia Corporation	March 2016	—	—
USD Bond 2039 (USD 500 million 6.625%)	Nokia Corporation	May 2039	364	381
EUR Convertible Bond 2020 (EUR 500 million 3.625%)	Nokia Corporation	September 2020	500	—
EUR Convertible Bond 2019 (EUR 500 million 2.5%)	Nokia Corporation	September 2019	500	—
USD Bond 2019 (USD 1 000 million 5.375%)	Nokia Corporation	May 2019	727	761
EUR Bond 2019 (EUR 500 million 6.75%)	Nokia Corporation	February 2019	500	500
EUR Convertible Bond 2018 (EUR 500 million 1.125%)	Nokia Corporation	September 2018	500	—
EUR Convertible Bond 2017 (EUR 750 million 5%)	Nokia Corporation	October 2017	750	750
EUR Bond 2014 (EUR 1 250 million 5.5%)	Nokia Corporation	February 2014	1 250	1 250
EUR EIB R&D Loan	Nokia Corporation	February 2014	500	500
Differences between Bond nominal and carrying values [1]	Nokia Corporation		–164	55
Other interest-bearing liabilities	Nokia Corporation and various subsidiaries		144	209
Total Nokia			**5 571**	**4 406**
NSN				
Revolving Credit Facility (EUR 750 million)	Nokia Solutions and Networks Finance B.V.	June 2015	—	—
EUR Bond 2020 (EUR 350 million 7.125%)	Nokia Solutions and Networks Finance B.V.	April 2020	350	—
EUR Bond 2018 (EUR 450 million 6.75%)	Nokia Solutions and Networks Finance B.V.	April 2018	450	—
EUR Finnish Pension Loan	Nokia Solutions and Networks Finance Oy	October 2015	88	132
EUR Nordic Investment Bank	Nokia Solutions and Networks Finance B.V.	March 2015	20	80
EUR EIB R&D Loan	Nokia Solutions and Networks Finance B.V.	January 2015	50	150
EUR Bank Term Loan (EUR 750 million)	Nokia Solutions and Networks Finance B.V.	Prepaid March 2013	—	600
Differences between Bond nominal and carrying values [1]	Nokia Solutions and Networks Finance B.V.		–18	—
Other liabilities [2]	Nokia Solutions and Networks Finance B.V. and various subsidiaries		151	181
Total NSN			**1 091**	**1 143**
Total Nokia Group			**6 662**	**5 549**

1 This line includes mainly fair value adjustments for bonds that are designated under fair value hedge accounting and difference between convertible bond nominal value and carrying value of the financial liability component.

2 This line includes also EUR 76 million (EUR 2 million, in 2012) non-interest bearing payables relating to cash held temporarily due to the divested businesses where NSN continues to perform services within a contractually defined scope for a specified timeframe.

All Nokia borrowings specified above are senior unsecured and have no financial covenants. All borrowings, apart from the EIB R&D loan, are used for general corporate purposes.

All NSN borrowings specified above are senior unsecured and include financial covenants relating to financial leverage and interest coverage of the NSN. As of December 2013 all financial covenants were satisfied. All borrowings, apart from the EIB and Nordic Investment bank R&D loans, are used for general corporate purposes.

Nokia has not guaranteed any of the NSN borrowings and thus these are non-recourse to Nokia. All Nokia Solutions and Networks Finance B.V. borrowings above are guaranteed by Nokia Solutions and Networks Oy and/or Nokia Solutions and Networks B.V.

In October 2012, Nokia issued a EUR 750 million convertible bond that matures in October 2017. The bond includes a voluntary conversion option starting from December 2012 until maturity. Based on initial conversion price, voluntary conversion of the entire bond would result in the issue of 287 million shares. In July 2013 Nokia obtained committed bank financing for the EUR 1.2 billion cash portion of the acquisition of NSN that was completed in August 2013. The balance of EUR 0.5

billion was agreed to be paid in the form of a secured loan from Siemens due one year from closing. In September 2013, Nokia issued EUR 1.5 billion of financing in the form of three EUR 500 million tranches of convertible bonds issued to Microsoft maturing in 5, 6 and 7 years, respectively. On September 6, 2013, Nokia announced that it had decided to draw down all of this financing to prepay aforementioned financing raised for the acquisition of the shares in NSN and for general corporate purposes. Microsoft has agreed not to sell any of the bonds or convert any of the bonds to Nokia shares prior to the closing of the Sale of the Devices & Services business. When the Sale of the Devices & Services business was completed, the bonds were redeemed and the principal amount and accrued interest were netted against the proceeds from the transaction.

In December 2011, NSN signed a forward starting term loan and revolving credit facilities agreement to replace its revolving credit facility that matured in June 2012. In December 2012, the maturity date of the term loan agreement was extended from June 2013 to March 2014 and the size was reduced from EUR 750 million to EUR 600 million. In March 2013 NSN issued EUR 450 million of 6.75% Senior Notes due April 2018 and EUR 350 million of 7.125% Senior Notes due April 2020. The net proceeds, EUR 779 million, from the bond issuance were used to prepay EUR 600 million Bank term loan and EUR 50 million of the EUR EIB R&D loan in March 2013, and the remaining proceeds are to be used for general corporate purposes.

Of the NSN's EUR Finnish Pension Loan, EUR EIB R&D Loan and EUR Nordic Investment Bank Loan, EUR 44 million, EUR 25 million and EUR 16 million, respectively, are included in current maturities as of December 31, 2013.

The following table below is an undiscounted cash flow analysis for both financial liabilities and financial assets that are presented on the consolidated statement of financial position, and off-balance sheet instruments such as loan commitments according to their remaining contractual maturity. The line-by-line analysis does not directly reconcile with the statement of financial position.

At December 31, 2013, EURm	Total amount	Due within 3 months	Due between 3 and 12 months	Due between 1 and 3 years	Due between 3 and 5 years	Due beyond 5 years
Non-current financial assets						
Long-term loans receivable	189	1	3	34	6	145
Current financial assets						
Current portion of long-term loans receivable	30	4	26	—	—	—
Short-term loans receivable	94	94	—	—	—	—
Investments at fair value through profit and loss	478	1	5	261	9	202
Available-for-sale investment	4 935	4 392	253	290	—	—
Cash	3 676	3 676	—	—	—	—
Cash flows related to derivative financial assets net settled:						
Derivative contracts–receipts	−3	39	−11	13	13	−57
Cash flows related to derivative financial assets gross settled:						
Derivative contracts–receipts	6 985	5 835	699	39	39	373
Derivative contracts–payments	−6 853	−5 776	−659	−18	−18	−382
Accounts receivable [1]	2 286	1 722	564	—	—	—
Non-current financial liabilities						
Long-term liabilities	−4 894	−35	−161	−561	−1 505	−2 632
Current financial liabilities						
Current portion of long-term loans [2]	−3 431	−1 844	−1 587	—	—	—
Short-term liabilities	−185	−185	—	—	—	—
Cash flows related to derivative financial liabilities net settled:						
Derivative contracts–payments	62	—	3	5	5	49
Cash flows related to derivative financial liabilities gross settled:						
Derivative contracts–receipts	3 301	3 146	155	—	—	—
Derivative contracts–payments	−3 311	−3 155	−156	—	—	—
Accounts payable	−1 842	−1 704	−138	—	—	—
Contingent financial assets and liabilities						
Loan commitments given undrawn [3]	−25	−7	−13	−5	—	—
Loan commitments obtained undrawn [4]	2 227	−4	−10	2 241	—	—

At December 31, 2012, EURm	Total amount	Due within 3 months	Due between 3 and 12 months	Due between 1 and 3 years	Due between 3 and 5 years	Due beyond 5 years
Non-current financial assets						
Long-term loans receivable	217	1	2	46	37	131
Current financial assets						
Current portion of long-term loans receivable	40	12	28	—	—	—
Short-term loans receivable	1	1	—	—	—	—
Investments at fair value through profit and loss	493	1	5	11	260	216
Available-for-sale investment	6 008	5 782	119	82	25	—
Cash	3 504	3 504	—	—	—	—
Cash flows related to derivative financial assets net settled:						
Derivative contracts–receipts	240	78	–30	86	25	81
Cash flows related to derivative financial assets gross settled:						
Derivative contracts–receipts	13 864	10 299	3 072	41	41	411
Derivative contracts–payments	–13 596	–10 212	–2 959	–17	–17	–391
Accounts receivable [1]	4 579	3 952	615	12	—	—
Non-current financial liabilities						
Long-term liabilities	–6 642	–111	–163	–2 933	–1 123	–2 312
Current financial liabilities						
Current portion of long-term loans	–216	–83	–133	—	—	—
Short-term liabilities	–262	–207	–55	—	—	—
Cash flows related to derivative financial liabilities net settled:						
Derivative contracts–payments	–99	–2	–3	–7	–7	–80
Cash flows related to derivative financial liabilities gross settled:						
Derivative contracts–receipts	7 966	6 964	889	113	—	—
Derivative contracts–payments	–8 016	–6 999	–903	–114	—	—
Accounts payable	–4 394	–4 241	–136	–17	—	—
Contingent financial assets and liabilities						
Loan commitments given undrawn [3]	–34	–28	–6	—	—	—
Loan commitments obtained undrawn [4]	2 261	46	–11	727	1 499	—

1 Accounts receivable maturity analysis does not include receivables accounted for based on the percentage of completion method of EUR 615 million (EUR 972 million in 2012).

2 The maturity bucket presented for EUR Convertible Bonds (total of EUR 1 500 million maturing 2018–2020) is based on the bonds being redeemed at par plus accrued interest at the close of Sale of the D&S business.

3 Loan commitments given undrawn have been included in the earliest period in which they could be drawn or called.

4 Loan commitments obtained undrawn have been included based on the period in which they expire. These amounts include related commitment fees.

Hazard risk

Nokia strives to ensure that all financial, reputation and other losses to the Group and our customers are managed through preventive risk management measures. Insurance is purchased for risks which cannot be efficiently internally managed and where insurance markets offer acceptable terms and conditions. The objective is to ensure that hazard risks, whether related to physical assets (e.g. buildings), intellectual assets (e.g. Nokia brand) or potential liabilities (e.g. product liability), are optimally insured taking into account both cost and retention levels.

Nokia purchases both annual insurance policies for specific risks as well as multiline and/or multiyear insurance policies, where available.

36. SUBSEQUENT EVENTS

On April 25, 2014 Nokia completed the sale of substantially all of its Devices & Services business to Microsoft. The transaction was subject to potential purchase price adjustments. At

closing, the agreed transaction price of EUR 5.44 billion was increased by approximately EUR 170 million as a result of the estimated adjustments made for net working capital and cash earnings. However this adjustment is based on an estimate which will be finalized when the final cash earnings and net working capital numbers are expected to be available during the second quarter 2014.

Nokia expects to book a gain on sale of approximately EUR 3.0 billion from the transaction. As a result of the gain, Nokia expects to record tax expenses of approximately EUR 180 million.

Additionally, as is customary for transactions of this size, scale and complexity, Nokia and Microsoft made certain adjustments to the scope of the assets originally planned to transfer. These adjustments have no impact on the material deal terms of the transaction and Nokia will be materially compensated for any retained liabilities.

In India, our manufacturing facility remains part of Nokia following the closing of the transaction. Nokia and Microsoft have entered into a service agreement whereby Nokia would produce mobile devices for Microsoft for a limited time. In Korea, Nokia and Microsoft agreed to exclude the Masan facility from the scope of the transaction and Nokia is taking steps to close the facility, which employs approximately 200 people. Altogether, and accounting for these adjustments, approximately 25 000 employees transferred to Microsoft at the closing.

The EUR 1.5 billion convertible bonds issued by Nokia to Microsoft following the announcement of the transaction have been redeemed and netted against the deal proceeds by the amount of principal and accrued interest.

PARENT COMPANY FINANCIAL STATEMENTS ACCORDING TO FINNISH ACCOUNTING STANDARDS

INCOME STATEMENTS, PARENT COMPANY, FAS

Financial year ended December 31	Notes	2013 EURm	2012 EURm
Net sales		**11 177**	11 727
Cost of sales		**−9 865**	−10 198
Gross profit		**1 312**	1 529
Selling and marketing expenses		**−668**	−1 141
Research and development expenses		**−1 516**	−2 298
Administrative expenses		**−94**	−133
Other operating expenses		**−39**	−119
Other operating income		**65**	1 136
Operating profit	2, 3	**−940**	−1 026
Financial income and expenses			
Income from long-term investments			
Dividend income from Group companies		**1 720**	2 168
Dividend income from other companies		**—**	7
Interest income from other companies		**6**	2
Other interest and financial income			
Interest income from Group companies		**9**	11
Interest income from other companies		**7**	1
Other financial income from other companies		**11**	7
Exchange gains and losses		**−17**	−147
Interest expenses and other financial expenses			
Interest expenses to Group companies		**−2**	−14
Interest expenses to other companies		**−233**	−115
Impairment loss on investments in subsidiaries		**−1 240**	−750
Other financial expenses		**58**	−31
Financial income and expenses, total		**319**	1 139
Profit before extraordinary items and taxes		**−621**	113
Extraordinary items			
Group contributions		**75**	204
Extraordinary items, total		**75**	204
Profit before taxes		**−546**	317
Income taxes			
for the year	18	**−61**	−56
from previous years		**38**	60
deferred taxes	19	**—**	−475
Net profit		**−569**	−154

See Notes to the financial statements of the parent company.

BALANCE SHEETS, PARENT COMPANY, FAS

December 31	Notes	2013 EURm	2012 EURm
ASSETS			
Fixed assets and other non-current assets			
Intangible assets	4		
Intangible rights		**7**	14
Other intangible assets		**50**	165
		57	179
Tangible assets			
Machinery and equipment	5	**—**	2
		—	2
Investments			
Investments in subsidiaries	6	**10 625**	11 548
Investments in associated companies	6	**3**	3
Long-term loan receivables from Group companies		**—**	—
Long-term loan receivables from other companies		**53**	48
Other non-current assets	6	**108**	105
		10 789	11 704
Current assets			
Inventories and work in progress			
Raw materials and supplies		**3**	1
Work in progress		**24**	6
Finished goods		**55**	50
		82	57
Receivables			
Deferred tax assets		**—**	—
Trade debtors from Group companies		**775**	673
Trade debtors from other companies		**61**	132
Short-term loan receivables from Group companies		**2 020**	2 938
Prepaid expenses and accrued income from Group companies		**714**	724
Prepaid expenses and accrued income from other companies		**1 224**	1 503
		4 794	5 970
Short-term investments		**5**	40
Bank and cash		**31**	37
Total		**15 759**	17 989

See Notes to the financial statements of the parent company.

December 31	Notes	2013 EURm	2012 EURm
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	7		
Share capital		**246**	246
Share issue premium		**46**	46
Treasury shares	7, 8	**−608**	−634
Fair value reserve	7, 8	**−19**	−46
Reserve for invested non-restricted equity	7, 8	**3 099**	3 120
Retained earnings	7, 8	**2 773**	2 927
Net profit for the year	7, 8	**−569**	−154
		4 968	5 505
Liabilities			
Long-term liabilities			
Long-term finance liabilities to other companies	9	**2 590**	4 480
Short-term liabilities			
Deferred tax liabilities		**—**	—
Current finance liabilities from Group companies		**802**	3 142
Current finance liabilities from other companies		**3 253**	—
Advance payments from other companies		**543**	757
Trade creditors to Group companies		**1 301**	1 828
Trade creditors to other companies		**623**	293
Accrued expenses and prepaid income to Group companies		**125**	68
Accrued expenses and prepaid income to other companies		**1 554**	1 916
		8 201	8 004
Total liabilities		**10 791**	12 484
Total		**15 759**	17 989

See Notes to the financial statements of the parent company.

STATEMENTS OF CASH FLOWS, PARENT COMPANY, FAS

Financial year ended December 31	Notes	2013 EURm	2012 EURm
Cash flow from operating activities			
Net loss		**−569**	−154
Adjustments, total	13	**−192**	−2 131
Cash flow before change in net working capital		**−761**	−2 285
Change in net working capital	13	**292**	1 631
Cash generated from operations		**−469**	−654
Interest received		**17**	13
Interest paid		**−335**	−146
Other financial income and expenses		**−33**	−352
Income taxes paid/received		**48**	−115
Cash flow before extraordinary items		**−772**	−1 254
Extraordinary income and expenses		**204**	—
Net cash used in operating activities		**−568**	−1 254
Cash flow from investing activities			
Investments in shares		**−320**	−70
Capital expenditures		**−4**	−9
Proceeds from sale of shares		**2**	357
Proceeds from sale of other intangible assets		**1**	8
Proceeds from other long-term receivables		**−5**	64
Proceeds from short-term receivables		**820**	109
Dividends received		**925**	1 510
Net cash from investing activities		**1 419**	1 969
Cash flow from financing activities			
Proceeds from short-term borrowings		**944**	−1 184
Proceeds from of long-term borrowings		**−1 837**	961
Dividends paid		**—**	−742
Net cash used in financing activities		**−893**	−965
Net decrease in cash and cash equivalents		**−42**	−250
Cash and cash equivalents at beginning of period		**77**	327
Cash and cash equivalents at end of period		**35**	77

See Notes to the financial statements of the parent company.

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. ACCOUNTING PRINCIPLES

The Parent company Financial Statements are prepared according to Finnish Accounting Standards (FAS).

See Note 1 to Notes to the consolidated financial statements.

2. PERSONNEL EXPENSES

EURm	2013	2012
Wages and salaries	**423**	738
Pension expenses	**66**	102
Other social expenses	**14**	18
Personnel expenses as per profit and loss account	**503**	858

Management compensation

Nokia announced on September 3, 2013 that it had entered into a transaction agreement whereby Nokia will sell substantially all of its Devices & Services business to Microsoft. As a result of the proposed transaction, Nokia announced changes to its leadership. These changes were designed to provide an appropriate corporate governance structure during the interim period following the announcement of this transaction. Stephen Elop stepped down from his positions as President and CEO and Nokia's Chairman of the Board Risto Siilasmaa and Chief Financial Officer of Nokia Timo Ihamuotila assumed additional responsibilities as Interim CEO and Interim President, respectively, from September 3, 2013.

The following table sets forth the salary and cash incentive information awarded and paid or payable by the company to the Chief Executive Officer and President of Nokia Corporation for fiscal years 2011–2013, share-based compensation expense relating to equity-based awards, expensed by the company as well as the pension expenses, expensed by the company. The table includes compensation for the time in-role or the compensation for the role related responsibilities, only.

EUR	Year	Base salary/ fee [1]	Cash incentive payments [1]	Share-based compensation expense	Pension expenses
Risto Siilasmaa Interim CEO as of September 3, 2013 [2]	**2013**	**500 000**	**—**	**—**	**—**
Timo Ihamuotila Interim President as of September 3, 2013 [3]	**2013**	**150 000**	**—**	**12 107**	**42 500**
Stephen Elop, President and CEO until September 3, 2013	**2013**	**753 911**	**769 217**	**2 903 226**	**263 730**
	2012	1 079 500	—	1 597 496	247 303
	2011	1 020 000	473 070	2 086 351	280 732

1 Base salaries are prorated for the time in role, incentive payments represent full year incentive payment earned under Nokia short term incentive programs. For interim roles the base salaries or fees for the role related responsibilities, only.

2 As compensation for his additional responsibilities as interim CEO, Risto Siilasmaa received EUR 500 000, 40% was delivered to him in shares bought on the open market. The remaining 60% was paid in cash, most of which was used to cover the estimated associated taxes.

3 In recognition of additional responsibilities, Timo Ihamuotila will receive EUR 250 000, out of which EUR 150 000 was paid in 2013. In addition, Timo Ihamuotila received an equity grant with an approximate aggregate grant date value of EUR 250 000 in the form of Nokia stock options and Nokia restricted shares. These grants are subject to Nokia's Equity plans standard terms and conditions and vesting schedules.

Total remuneration of the Nokia Leadership Team awarded for the fiscal years 2011–2013 was EUR 9 160 848 in 2013 (EUR 7 304 269 in 2012 and EUR 8 396 423 in 2011), which consisted of base salaries and cash incentive payments. Total share-based compensation expense relating to equity-based awards expensed by the company was EUR 7 913 633 in 2013 (EUR 3 213 047 in 2012 and EUR 4 513 671 in 2011). The members of the Nokia Leadership Team participate in the local retirement programs applicable to employees in the country where they reside.

Board of Directors

The following table depicts the annual remuneration structure paid to the members of our Board of Directors, as resolved by the Annual General Meetings in the respective years.

Board of Directors	2013 Gross annual fee [1] EUR	2013 Shares received	2012 Gross annual fee [1] EUR	2012 Shares received	2011 Gross annual fee [1] EUR	2011 Shares received
Risto Siilasmaa Chairman as from May 3, 2012 [2]	**440 000**	**77 217**	440 000	70 575	155 000	10 428
Jorma Ollila Chairman until May 3, 2012 [3]	**—**	**—**	—	—	440 000	29 604
Dame Marjorie Scardino Vice Chairman until May 7, 2013 [4]	**—**	**—**	150 000	24 062	150 000	10 092
Jouko Karvinen Vice Chairman from May 7, 2013 [5]	**175 000**	**14 374**	155 000	24 860	140 000	9 419
Bruce Brown	**130 000**	**10 678**	130 000	20 850	—	—
Elisabeth Doherty [6]	**140 000**	**11 499**	—	—	—	—
Stephen Elop [7]	**—**	**—**	—	—	—	—
Bengt Holmström	**—**	**—**	—	—	130 000	8 746
Henning Kagermann [8]	**155 000**	**12 731**	155 000	24 860	155 000	10 428
Per Karlsson	**—**	**—**	—	—	130 000	8 746
Helge Lund	**130 000**	**10 678**	130 000	20 850	130 000	8 746
Isabel Marey-Semper [9]	**—**	**—**	140 000	22 454	140 000	9 419
Mårten Mickos	**130 000**	**10 678**	130 000	20 850	—	—
Elizabeth Nelson [10]	**140 000**	**11 499**	140 000	22 454	—	—
Kari Stadigh	**130 000**	**10 678**	130 000	20 850	130 000	8 746

1 Approximately 40% of each Board member's gross annual fee is paid in Nokia shares and the remaining approximately 60% of the gross annual fee is paid in cash. Further, it is Nokia policy that the directors retain all company stock received as director compensation until the end of their board membership, subject to the need to finance any costs relating to the acquisition of the shares, including taxes.

2 The 2013 and 2012 fees paid to Risto Siilasmaa amounted to an annual total of EUR 440 000 for services as Chairman of the Board. The 2011 fee paid to Risto Siilasmaa amounted to an annual total of EUR 155 000, consisting of a fee of EUR 130 000 for services as a member of the Board and EUR 25 000 for services as Chairman of the Audit Committee. Siilasmaa was also paid a fee acting as interim CEO as of September 3, 2013. Fee for his duties as interim CEO is presented under Management compensation.

3 The 2011 fee paid to Jorma Ollila amounted to an annual total of EUR 440 000 indicated for his services as Chairman of the Board.

4 The 2012 and 2011 fees paid to Dame Marjorie Scardino amounted to an annual total of EUR 150 000 each year indicated for services as Vice Chairman of the Board.

5 The 2013 fee paid to Jouko Karvinen amounted to an annual total of EUR 175 000, consisting of a fee of EUR 150 000 for services as a Vice Chairman of the Board and EUR 25 000 for service as Chairman of the Audit Committee. The 2012 fee paid to Jouko Karvinen amounted to an annual total of EUR 155 000, consisting of a fee of EUR 130 000 for services as a member of the Board and EUR 25 000 for service as Chairman of the Audit Committee. The 2011 fee paid to Jouko Karvinen amounted to an annual total of EUR 140 000, consisting of a fee of 130 000 for services as a member of the Board and EUR 10 000 for services as a member of the Audit Committee.

6 The 2013 fee paid to Elizabeth Doherty amounted to total of EUR 140 000 consisting of a fee of EUR 130 000 for services as a member of the Board and EUR 10 000 for services as a member of the Audit Committee.

7 Stephen Elop did not receive remuneration for his services as a member of the Board. This table does not include remuneration paid to Mr. Elop for services as the President and CEO. Stephen Elop stepped down from the board of directors as of September 3, 2013.

8 The 2013, 2012 and 2011 fees paid to Henning Kagermann amounted to an annual total of EUR 155 000 each year indicated, consisting of a fee of EUR 130 000 for services as a member of the Board and EUR 25 000 for services as Chairman of the Personnel Committee.

9 The 2012 and 2011 fees paid to Isabel Marey-Semper amounted to an annual total of EUR 140 000 each year indicated, consisting of a fee of EUR 130 000 for services as a member of the Board and EUR 10 000 for services as a member of the Audit Committee.

10 The 2013 and 2012 fees paid to Elizabeth Nelson amounted to an annual total of EUR 140 000, consisting of a fee of EUR 130 000 for services as a member of the Board and EUR 10 000 for services as a member of the Audit Committee.

Termination benefits of the President and CEO

Mr. Elop's employment contract was amended effective as of September 3, 2014, as a result of entering into a transaction with Microsoft for the Sale of D&S Business. Under the terms of the amendment, Mr. Elop resigned from his position as President and CEO as of September 3, 2013 and assumed the role of Executive Vice President, Devices & Services. He also resigned from his position as a member of Board of Directors as of the same date. After the closing of the Sale of D&S Business, he transferred to Microsoft as agreed with Microsoft. In accordance with his service contract he received a severance payment of EUR 24.2 million in total. This amount included: base salary and management incentive EUR 4.1 million and value of equity awards EUR 20.1 million. The amount of the equity awards was based on the Nokia closing share price of EUR 5.28 per share at NASDAQ OMX Helsinki on April 24, 2014. Pursuant to the terms of the purchase agreement with Microsoft entered into in connection with the Sale of D&S Business, 70% of the total severance payment was borne by Microsoft and the remaining 30% of the severance amount (EUR 7.3 million) was borne by Nokia.

Number of personnel

Personnel average	2013	2012
Production	**209**	1 086
Marketing	**463**	763
R&D	**2 827**	3 788
Administration	**1 330**	2 379
	4 829	8 016
Personnel, December 31	**4 544**	5 901

3. DEPRECIATION AND AMORTIZATION

EURm	2013	2012
Depreciation and amortization by asset class category		
Intangible assets		
Capitalized development costs	**—**	—
Intangible rights	**11**	19
Other intangible assets	**114**	143
Tangible assets	**1**	2
Total	**126**	164

EURm	2013	2012
Depreciation and amortization by function		
R&D	**115**	145
Production	**1**	3
Selling, marketing and administration	**10**	16
Total	**126**	164

4. INTANGIBLE ASSETS

EURm	2013	2012
Capitalized development costs		
Acquisition cost January 1	**284**	284
Disposals during the period	**—**	—
Accumulated acquisition cost December 31	**284**	284
Accumulated amortization January 1	**−284**	−284
Disposals during the period	**—**	—
Amortization during the period	**—**	—
Accumulated amortization December 31	**−284**	−284
Net book value January 1	**—**	—
Net book value December 31	**—**	—
Intangible rights		
Acquisition cost January 1	**228**	251
Additions during the period	**4**	4
Disposals during the period	**−75**	−27
Accumulated acquisition cost December 31	**157**	228
Accumulated amortization January 1	**−214**	−215
Disposals during the period	**75**	20
Amortization during the period	**−11**	−19
Accumulated amortization December 31	**−150**	−214
Net book value January 1	**14**	36
Net book value December 31	**7**	14
Other intangible assets		
Acquisition cost January 1	**753**	782
Additions during the period	**—**	2
Disposals during the period	**−2**	−31
Accumulated acquisition cost December 31	**751**	753
Accumulated amortization January 1	**−587**	−463
Disposals during the period	**—**	18
Amortization during the period	**−114**	−143
Accumulated amortization December 31	**−701**	−588
Net book value January 1	**166**	319
Net book value December 31	**50**	165

5. TANGIBLE ASSETS

At the end of 2013 and 2012 the parent company had only minor amounts of tangible assets. These assets were leased from Nokia Asset Management Oy, a company wholly owned by Nokia Corporation.

6. INVESTMENTS

EURm	2013	2012
Investments in subsidiaries		
Acquisition cost January 1	**11 548**	11 199
Additions	**354**	3 127
Impairments	**−1 240**	−740
Disposals	**−37**	−2 038
Net carrying amount December 31	**10 625**	11 548

EURm	2013	2012
Investments in associated companies		
Acquisition cost January 1	**3**	11
Additions	**—**	1
Impairments	**—**	−8
Disposals	**—**	−1
Net carrying amount December 31	**3**	3

EURm	2013	2012
Investments in other shares		
Acquisition cost January 1	**105**	85
Additions	**7**	23
Impairments	**—**	−2
Disposals	**−4**	−1
Net carrying amount December 31	**108**	105

7. SHAREHOLDERS' EQUITY

Parent Company, EURm	Share capital	Share issue premium	Treasury shares	Fair value reserve	Reserve for invested non-restricted equity	Retained earnings	Total
Balance at December 31, 2010	246	—	−669	—	3 145	3 612	6 334
Other contribution from shareholders		46					46
Settlement of performance and restricted shares			20		−13		7
Fair value reserve increase				68			68
Dividend						−1 484	−1 484
Net profit						1 542	1 542
Balance at December 31, 2011	246	46	−649	68	3 132	3 670	6 513
Settlement of performance and restricted shares			15		-12		3
Fair value reserve decrease				−114			−114
Dividend						−743	−743
Net profit						−154	−154
Balance at December 31, 2012	246	46	−634	−46	3 120	2 773	5 505
Settlement of performance and restricted shares			26		−21		5
Fair value reserve decrease				27			27
Dividend						—	—
Net profit						−569	−569
Balance at December 31, 2013	**246**	**46**	**−608**	**−19**	**3 099**	**2 204**	**4 968**

8. DISTRIBUTABLE EARNINGS

EURm	2013	2012
Reserve for invested non-restricted equity	**3 099**	3 120
Fair value reserve	**−19**	−46
Retained earnings from previous years	**2 773**	2 927
Net profit for the year	**−569**	−154
Retained earnings, total	**5 284**	5 847
Treasury shares	**−608**	−634
Distributable earnings, December 31	**4 676**	5 213

9. LONG-TERM LIABILITIES

EURm	2013	2012
Bonds	**1 645**	3 036
Convertible bond	**745**	743
Loans from financial institutions	**—**	500
Liabilities from Group companies	**200**	200
Long-term liabilities, total	**2 590**	4 479

Long-term liabilities repayable after 5 years		
Bonds	**1 645**	1 749
Convertible bond	**—**	—
Loans from financial institutions	**—**	—
Long-term liabilities, total	**1 645**	1 749

Bonds	**Million**	**Interest, %**		
2009–2014	1 250 EUR	5.534 *	**—**	1 287
2009–2019	1 000 USD	5.572	**747**	805
2009–2019	500 EUR	6.792	**545**	558
2009–2039	500 USD	6.775	**353**	386
			1 645	3 036

Convertible bond	**Million**	**Interest, %**		
2012–2017	750 EUR	7.920	**745**	743
2013–2018	500 EUR	1.125 *	**—**	—
2013–2019	500 EUR	2.500 *	**—**	—
2013–2020	500 EUR	3.625 *	**—**	—
			745	743

* Included in short-term liabilities.

10. COMMITMENTS AND CONTINGENCIES

EURm	2013	2012
Collateral for own commitments		
Assets pledged	**3**	3
Contingent liabilities on behalf of Group companies		
Guarantees for loans	**2**	1
Leasing guarantees	**143**	168
Other guarantees	**55**	43
Contingent liabilities on behalf of associated companies		
Guarantees for loans	**16**	11
Contingent liabilities on behalf of other companies		
Guarantees for loans	**12**	12
Other guarantees	**24**	27

11. LEASING CONTRACTS

At December 31, 2013 the leasing contracts of the Parent Company amounted to EUR 22 million (EUR 37 million in 2012). EUR 8 million will expire in 2014 (EUR 12 million in 2013).

12. LOANS GRANTED TO THE MANAGEMENT OF THE COMPANY

There were no loans granted to the members of the Group Executive Board and Board of Directors at December 31, 2013.

13. NOTES TO CASH FLOW STATEMENTS

EURm	2013	2012
Adjustments for:		
Depreciation	**126**	164
Income taxes	**23**	471
Financial income and expenses	**−1 504**	−2 694
Impairment of intangible assets	**1**	12
Impairment of non-current available-for-sale investments	**1 277**	150
Other operating income and expenses	**−114**	−234
Adjustments, total	**−191**	−2 131
Change in net working capital		
Short-term trade receivables, increase (–), decrease (+)	**1 005**	2 190
Inventories, increase (–), decrease (+)	**−25**	167
Interest-free short-term liabilities, increase (+), decrease (–)	**−688**	−726
Change in net working capital	**292**	1 631

14. PRINCIPAL NOKIA GROUP COMPANIES ON DECEMBER 31, 2013

See note 34 to Notes to the consolidated financial statements.

15. NOKIA SHARES AND SHAREHOLDERS

See Nokia shares and shareholders p. 90–94.

16. ACCRUED INCOME

EURm	2013	2012
Taxes	**7**	58
Other	**1 931**	2 169
Total	**1 938**	2 227

17. ACCRUED EXPENSES

EURm	2013	2012
Personnel expences	**68**	103
Taxes	**—**	—
Other	**1 611**	1 881
Total	**1 679**	1 984

18. INCOME TAXES

EURm	2013	2012
Income tax from operations	**−61**	−56
Income tax from extraordinary items	**—**	—
Total	**−61**	−56

Income taxes are shown separately in the Notes to the financial statements as they have been shown as a one-line item on the face of the income statement.

19. DEFERRED TAXES

EURm	2013	2012
Deferred taxes	**—**	−475
Total	**—**	−475

No deferred tax asset has been recognized for tax losses carry forward, temporary differences and tax credits due to uncertainty of utilization of these items.

NOKIA SHARES AND SHAREHOLDERS

SHARES AND SHARE CAPITAL

Nokia has one class of shares. Each Nokia share entitles the holder to one vote at General Meetings of Nokia.

On December 31, 2013, the share capital of Nokia Corporation was EUR 245 896 461.96 and the total number of shares issued was 3 744 994 342. On December 31, 2013, the total number of shares included 32 567 617 shares owned by Group companies representing approximately 0.9% of the share capital and the total voting rights.

Under the Articles of Association of Nokia, Nokia Corporation does not have minimum or maximum share capital or a par value of a share.

Share capital and shares December 31, 2013	**2013**	2012	2011	2010	2009
Share capital, EURm	**246**	246	246	246	246
Shares (1 000)	**3 744 994**	3 744 956	3 744 956	3 744 956	3 744 956
Shares owned by the Group (1 000)	**32 568**	33 971	34 767	35 826	36 694
Number of shares excluding shares owned by the Group (1 000)	**3 712 427**	3 710 985	3 710 189	3 709 130	3 708 262
Average number of shares excluding shares owned by the Group during the year (1 000), basic	**3 712 079**	3 710 845	3 709 947	3 708 816	3 705 116
Average number of shares excluding shares owned by the Group during the year (1 000), diluted	**3 712 079**	3 710 845	3 709 947	3 713 250	3 721 072
Number of registered shareholders [1]	**225 587**	250 799	229 096	191 790	156 081

1 Each account operator is included in the figure as only one registered shareholder.

Key ratios December 31, 2013, IFRS (calculation see page 98)	**2013**	2012	2011	2010	2009
Earnings per share for profit attributable to equity holders of the parent, EUR					
Earnings per share, basic	**−0.17**	-0.84	−0.31	0.50	0.24
Earnings per share, diluted	**−0.17**	-0.84	−0.31	0.50	0.24
P/E ratio	**neg.**	neg.	neg.	15.48	37.17
(Nominal) dividend per share, EUR	**0.37**	0.00	0.20	0.40	0.40
Total dividends paid, EURm [2]	**1 386**	0.00	749	1 498	1 498
Payout ratio	**neg.**	0.00	neg.	0.80	1.67
Dividend yield, %	**6.36**	0.00	5.30	5.17	4.48
Shareholders' equity per share, EUR [3]	**1.74**	2.14	3.20	3.88	3.53
Market capitalization, EURm [3]	**21 606**	10 873	13 987	28 709	33 078

1 Dividend to be proposed by the Board of Directors for fiscal year 2013 for shareholders' approval at the Annual General Meeting convening on June 17, 2014.
2 Calculated for all the shares of the company as of the applicable year-end.
3 Shares owned by the Group companies are not included.

AUTHORIZATIONS

Authorization to increase the share capital

At the Annual General Meeting held on May 7, 2013, Nokia shareholders authorized the Board of Directors to issue a maximum of 740 million shares through one or more issues of shares or special rights entitling to shares, including stock options. The Board of Directors may issue either new shares or shares held by the Company. The authorization includes the right for the Board to resolve on all the terms and conditions of such issuances of shares and special rights, including to whom the shares and the special rights may be issued. The authorization may be used to develop the Company's capital structure, diversify the shareholder base, finance or carry out acquisitions or other arrangements, settle the Company's equity-based incentive plans, or for other purposes resolved by the Board. The authorization is effective until June 30, 2016.

At the end of 2013, the Board of Directors had no other authorizations to issue shares, convertible bonds, warrants or stock options.

Other authorizations

At the Annual General Meeting held on May 3, 2012, Nokia shareholders authorized the Board of Directors to repurchase a maximum of 360 million Nokia shares by using funds in the unrestricted equity. Nokia did not repurchase any shares on the basis of this authorization. This authorization would have been effective until June 30, 2013 as per the resolution of the Annual General Meeting on May 3, 2012, but it was terminated by the resolution of the Annual General Meeting on May 7, 2013.

At the Annual General Meeting held on May 7, 2013, Nokia shareholders authorized the Board of Directors to repurchase a maximum of 370 million Nokia shares by using funds in the unrestricted equity. The amount of shares corresponds to less than 10% of all the shares of the Company. The shares may be repurchased under the buyback authorization in order to develop the capital structure of the Company. In addition, shares may be repurchased in order to finance or carry out acquisitions or other arrangements, to settle the Company's

equity-based incentive plans, to be transferred for other purposes, or to be cancelled. The authorization is effective until June 30, 2014.

Authorizations proposed to the Annual General Meeting 2014

On April 29, 2014, Nokia announced that the Board of Directors will propose that the Annual General Meeting convening on June 17, 2014 authorize the Board to resolve to repurchase a maximum of 370 million Nokia shares. The proposed maximum number of shares that may be repurchased corresponds to less than 10% of all the shares of the Company. The shares may be repurchased in order to develop the capital structure of the Company and are expected to be cancelled. In addition, shares may be repurchased in order to finance or carry out acquisitions or other arrangements, to settle the Company's equity-based incentive plans, or to be transferred for other purposes. The shares may be repurchased either through a tender offer made to all shareholders on equal terms, or in such marketplaces the rules of which allow companies to trade with their own shares. The authorization would be effective until December 17, 2015 and terminate the current authorization for repurchasing of the Company's shares resolved at the Annual General Meeting on May 7, 2013.

Nokia also announced on April 29, 2014 that the Board of Directors will propose to the Annual General Meeting to be held on June 17, 2014 that the Annual General Meeting authorize the Board to resolve to issue a maximum of 740 million shares through issuance of shares or special rights entitling to shares in one or more issues. The Board may issue either new shares or shares held by the Company. The Board proposes that the authorization may be used to develop the Company's capital structure, diversify the shareholder base, finance or carry out acquisitions or other arrangements, settle the Company's equity-based incentive plans, or for other purposes resolved by the Board. The proposed authorization includes the right for the Board to resolve on all the terms and conditions of the issuance of shares and special rights entitling to shares, including issuance in deviation from the shareholders' pre-emptive rights. The authorization would be effective until December 17, 2015 and terminate the current authorization granted by the Annual General Meeting on May 7, 2013.

Stock option exercises 2009–2013

Year	Stock option category	Subscription price EUR	Number of new shares (1000)	Date of payment	Net proceeds EURm	New share capital EURm
2009	Nokia Stock Option Plan 2004 2Q	11.79	0	2009	0.00	—
	Nokia Stock Option Plan 2004 3Q	9.44	8	2009	0.07	—
	Nokia Stock Option Plan 2004 4Q	12.35	0	2009	0.00	—
	Nokia Stock Option Plan 2005 2Q	12.79	0	2009	0.00	—
	Nokia Stock Option Plan 2005 3Q	13.09	0	2009	0.00	—
	Nokia Stock Option Plan 2005 4Q	14.48	0	2009	0.00	—
	Nokia Stock Option Plan 2006 1Q	14.99	0	2009	0.00	—
	Nokia Stock Option Plan 2006 2Q	18.02	0	2009	0.00	—
	Nokia Stock Option Plan 2006 3Q	15.37	0	2009	0.00	—
	Nokia Stock Option Plan 2006 4Q	15.38	0	2009	0.00	—
	Nokia Stock Option Plan 2007 1Q	17.00	0	2009	0.00	—
	Nokia Stock Option Plan 2007 2Q	18.39	0	2009	0.00	—
	Nokia Stock Option Plan 2007 3Q	21.86	0	2009	0.00	—
	Nokia Stock Option Plan 2007 4Q	27.53	0	2009	0.00	—
	Nokia Stock Option Plan 2008 1Q	24.15	0	2009	0.00	—
	Nokia Stock Option Plan 2008 2Q	19.16	0	2009	0.00	—
	Nokia Stock Option Plan 2008 3Q	17.80	0	2009	0.00	—
	Total		**8**		**0.07**	
2010	Nokia Stock Option Plan 2005 2Q	12.79	0	2010	0.00	—
	Nokia Stock Option Plan 2005 3Q	13.09	0	2010	0.00	—
	Nokia Stock Option Plan 2005 4Q	14.48	0	2010	0.00	—
	Nokia Stock Option Plan 2006 1Q	14.99	0	2010	0.00	—
	Nokia Stock Option Plan 2006 2Q	18.02	0	2010	0.00	—
	Nokia Stock Option Plan 2006 3Q	15.37	0	2010	0.00	—
	Nokia Stock Option Plan 2006 4Q	15.38	0	2010	0.00	—
	Nokia Stock Option Plan 2007 1Q	17.00	0	2010	0.00	—
	Nokia Stock Option Plan 2007 2Q	18.39	0	2010	0.00	—
	Nokia Stock Option Plan 2007 3Q	21.86	0	2010	0.00	—
	Nokia Stock Option Plan 2007 4Q	27.53	0	2010	0.00	—
	Nokia Stock Option Plan 2008 1Q	24.15	0	2010	0.00	—
	Nokia Stock Option Plan 2008 2Q	19.16	0	2010	0.00	—
	Nokia Stock Option Plan 2008 3Q	17.80	0	2010	0.00	—
	Nokia Stock Option Plan 2008 4Q	12.43	0	2010	0.00	—
	Nokia Stock Option Plan 2009 1Q	9.82	0	2010	0.00	—
	Nokia Stock Option Plan 2009 2Q	11.18	0	2010	0.00	—
	Nokia Stock Option Plan 2009 3Q	9.28	0	2010	0.00	—
	Total		**0**		**0.00**	

Year	Stock option category	Subscription price EUR	Number of new shares (1000)	Date of payment	Net proceeds EURm	New share capital EURm
2011	Nokia Stock Option Plan 2006 1Q	14.99	0	2011	0.00	—
	Nokia Stock Option Plan 2006 2Q	18.02	0	2011	0.00	—
	Nokia Stock Option Plan 2006 3Q	15.37	0	2011	0.00	—
	Nokia Stock Option Plan 2006 4Q	15.38	0	2011	0.00	—
	Nokia Stock Option Plan 2007 1Q	17.00	0	2011	0.00	—
	Nokia Stock Option Plan 2007 2Q	18.39	0	2011	0.00	—
	Nokia Stock Option Plan 2007 3Q	21.86	0	2011	0.00	—
	Nokia Stock Option Plan 2007 4Q	27.53	0	2011	0.00	—
	Nokia Stock Option Plan 2008 1Q	24.15	0	2011	0.00	—
	Nokia Stock Option Plan 2008 2Q	19.16	0	2011	0.00	—
	Nokia Stock Option Plan 2008 3Q	17.80	0	2011	0.00	—
	Nokia Stock Option Plan 2008 4Q	12.43	0	2011	0.00	—
	Nokia Stock Option Plan 2009 1Q	9.82	0	2011	0.00	—
	Nokia Stock Option Plan 2009 2Q	11.18	0	2011	0.00	—
	Nokia Stock Option Plan 2009 3Q	9.28	0	2011	0.00	—
	Nokia Stock Option Plan 2009 4Q	8.76	0	2011	0.00	—
	Nokia Stock Option Plan 2010 1Q	10.11	0	2011	0.00	—
	Nokia Stock Option Plan 2010 2Q	8.86	0	2011	0.00	—
	Nokia Stock Option Plan 2010 3Q	7.29	0	2011	0.00	—
	Total		**0**		**0.00**	
2012	Nokia Stock Option Plan 2007 2Q	18.39	0	2012	0.00	—
	Nokia Stock Option Plan 2007 3Q	21.86	0	2012	0.00	—
	Nokia Stock Option Plan 2007 4Q	27.53	0	2012	0.00	—
	Nokia Stock Option Plan 2008 1Q	24.15	0	2012	0.00	—
	Nokia Stock Option Plan 2008 2Q	19.16	0	2012	0.00	—
	Nokia Stock Option Plan 2008 3Q	17.80	0	2012	0.00	—
	Nokia Stock Option Plan 2008 4Q	12.43	0	2012	0.00	—
	Nokia Stock Option Plan 2009 1Q	9.82	0	2012	0.00	—
	Nokia Stock Option Plan 2009 2Q	11.18	0	2012	0.00	—
	Nokia Stock Option Plan 2009 3Q	9.28	0	2012	0.00	—
	Nokia Stock Option Plan 2009 4Q	8.76	0	2012	0.00	—
	Nokia Stock Option Plan 2010 1Q	10.11	0	2012	0.00	—
	Nokia Stock Option Plan 2010 2Q	8.86	0	2012	0.00	—
	Nokia Stock Option Plan 2010 3Q	7.29	0	2012	0.00	—
	Nokia Stock Option Plan 2010 4Q	7.59	0	2012	0.00	—
	Total		**0**		**0.00**	
2013	Nokia Stock Option Plan 2008 1Q	24.15	0	2013	0.00	—
	Nokia Stock Option Plan 2008 2Q	19.16	0	2013	0.00	—
	Nokia Stock Option Plan 2008 3Q	17.80	0	2013	0.00	—
	Nokia Stock Option Plan 2008 4Q	12.43	0	2013	0.00	—
	Nokia Stock Option Plan 2009 1Q	9.82	0	2013	0.00	—
	Nokia Stock Option Plan 2009 2Q	11.18	0	2013	0.00	—
	Nokia Stock Option Plan 2009 3Q	9.28	0	2013	0.00	—
	Nokia Stock Option Plan 2009 4Q	8.76	0	2013	0.00	—
	Nokia Stock Option Plan 2010 1Q	10.11	0	2013	0.00	—
	Nokia Stock Option Plan 2010 2Q	8.86	0	2013	0.00	—
	Nokia Stock Option Plan 2010 3Q	7.29	0	2013	0.00	—
	Nokia Stock Option Plan 2010 4Q	7.59	0	2013	0.00	—
	Total		**0**		**0.00**	

Reductions of share capital

Type of reduction	Year	Number of shares (1 000)	Amount of reduction of the share capital EURm	Amount of reduction of the restricted capital EURm	Amount of reduction of the retained earnings EURm
Cancellation of shares	2009	56 000	—	—	—
Cancellation of shares	2010	—	—	—	—
Cancellation of shares	2011	—	—	—	—
Cancellation of shares	2012	—	—	—	—
Cancellation of shares	2013	—	—	—	—

Share turnover

	2013 [1]	2012 [2]	2011 [3]	2010 [3]	2009 [3]
Share turnover (1 000)	**16 748 276**	20 002 578	15 696 008	12 299 112	11 025 092
Total number of shares (1 000)	**3 744 956**	3 744 956	3 744 956	3 744 956	3 744 956
% of total number of shares	**447**	534	419	328	294

1 Includes share turnover in NASDAQ OMX Helsinki and New York Stock Exchange.

2 Includes share turnover in NASDAQ OMX Helsinki, New York Stock Exchange and until March 16, 2012 Frankfurter Wertpapierbörse.

3 Includes share turnover in all exchanges.

Share prices, EUR (NASDAQ OMX Helsinki)

	2013	2012	2011	2010	2009
Low/high	**2.30/6.03**	1.33/4.46	3.33/8.49	6.59/11.82	6.67/12.25
Average [1]	**3.57**	2.62	5.19	8.41	9.64
Year-end	**5.82**	2.93	3.77	7.74	8.92

1 Calculated by weighting average price with daily volumes.

Share prices, USD (New York Stock Exchange)

ADS	2013	2012	2011	2010	2009
Low/high	**3.02/8.18**	1.63/5.87	4.46/11.75	8.00/15.89	8.47/16.58
Average [1]	**4.82**	3.41	7.13	11.11	13.36
Year-end	**8.11**	3.95	4.82	10.32	12.85

1 Calculated by weighting average price with daily volumes.

Nokia share prices on NASDAQ OMX Helsinki (EUR)

Nokia ADS prices on the New York Stock Exchange (USD)

Shareholders, December 31, 2013

Shareholders registered in Finland represented 22.97% and shareholders registered in the name of a nominee represented 77.03% of the total number of shares of Nokia Corporation. The number of registered shareholders was 225 587 on December 31, 2013. Each account operator (22) is included in this figure as only one registered shareholder.

Nominee registered shareholders include holders of American Depositary Receipts (ADR). As of December 31, 2013, ADRs represented 20.50% of the total number of shares in Nokia.

Largest shareholders registered in Finland, December 31, 2013 [1]

Shareholder	Total number of shares (1 000)	% of all shares	% of all voting rights
Varma Mutual Pension Insurance Company	85 394	2.28	2.30
Ilmarinen Mutual Pension Insurance Company	61 394	1.64	1.65
The State Pension Fund	29 500	0.79	0.79
Schweizerische Nationalbank	23 506	0.63	0.63
Svenska Litteratursällskapet i Finland rf	14 304	0.38	0.39
Keva (Local Government Pensions Institution)	13 506	0.36	0.36
Mutual Insurance Company Pension Fennia	12 463	0.33	0.34
Nordea Fennia Fund	10 200	0.27	0.27
Folketrygdfondet	9 768	0.26	0.26
OP-FocusSpecial Fund	8 250	0.22	0.22

1 Excluding nominee registered shares and shares owned by Nokia Corporation. Nokia Corporation owned 32 567 617 shares as of December 31, 2013.

Breakdown of share ownership, December 31, 2013 [1]

By number of shares owned	Number of shareholders	% of shareholders	Total number of shares	% of all shares
1–100	46 342	20.54	2 802 625	0.07
101–1 000	112 277	49.77	51 401 093	1.37
1 001–10 000	59 382	26.32	182 554 539	4.87
10 001–100 000	7 165	3.18	172 915 138	4.62
100 001–500 000	318	0.14	61 819 076	1.65
500 001–1 000 000	37	0.02	24 776 602	0.66
1 000 001–5 000 000	44	0.02	91 287 240	2.44
Over 5 000 000	22	0.01	3 157 438 029	84.31
Total	**225 587**	**100.00**	**3 744 994 342**	**100.00**

By nationality	% of shares
Non-Finnish shareholders	77.03
Finnish shareholders	22.97
Total	**100.00**

By shareholder category (Finnish shareholders)	% of shares
Corporations	2.55
Households	10.50
Financial and insurance institutions	2.26
Non-profit organizations	1.75
General government	5.91
Total	**22.97**

1 Please note that the breakdown covers only shareholders registered in Finland, and each account operator (22) is included in the number of shareholders as only one registered shareholder. Due to this, the breakdown is not illustrative to the entire shareholder base of Nokia.

SHARES AND STOCK OPTIONS OWNED BY THE MEMBERS OF THE BOARD OF DIRECTORS AND THE NOKIA LEADERSHIP TEAM

Members of the Board of Directors and the Nokia Leadership Team owned on December 31, 2013, an aggregate of 2 464 379 shares which represented approximately 0.07% of the aggregate number of shares and voting rights. They also owned stock options which, if exercised in full, including both exercisable and unexercisable stock options, would be exercisable for additional 10 271 500 shares representing approximately 0.28% of the total number of shares and voting rights on December 31, 2013.

NOKIA GROUP 2009–2013, IFRS

	2013	2012	2011	2010	2009
Income statement, EURm					
Net sales	**12 709**	15 400	15 968	13 586	13 373
Cost and expenses	**–12 190**	–16 221	–17 356	–15 026	–15 746
Operating profit	**519**	–821	–1 388	–1 440	–2 373
Share of results of associated companies	**4**	–1	–23	1	30
Financial income and expenses	**–280**	–357	–131	–233	–236
Profit before tax	**243**	–1 179	–1 542	–1 672	–2 579
Tax	**–202**	–304	–73	95	–89
Profit from continuing operations	**41**	–1 483	–1 615	–1 577	–2 668
Profit attributable to equity holders of the parent	**186**	–771	–1 272	–1 030	–2 005
Non-controlling interests	**–145**	–712	–343	–547	–663
	41	–1 483	–1 615	–1 577	–2 668
Balance sheet items, EURm					
Fixed assets and other non-current assets	**6 048**	9 323	10 950	12 136	12 259
Current assets	**13 796**	20 661	25 275	26 987	23 479
Inventories	**804**	1 538	2 330	2 523	1 865
Accounts receivable and prepaid expenses	**4 021**	9 214	12 043	12 189	12 741
Total cash and other liquid assets	**8 971**	9 909	10 902	12 275	8 873
Assets held for sale	**89**	—	—	—	—
Assets of disposal groups classified as assets held for sale	**5 258**	—	—	—	—
Total equity	**6 660**	9 239	13 909	16 231	14 749
Capital and reserves attributable to the Company's equity holders	**6 468**	7 937	11 866	14 384	13 088
Non-controlling interests	**192**	1 302	2 043	1 847	1 661
Long-term liabilities	**4 353**	7 089	5 872	5 688	6 270
Long-term interest-bearing liabilities	**3 286**	5 087	3 969	4 242	4 432
Deferred tax liabilities	**195**	701	803	1 022	1 303
Other long-term liabilities	**630**	997	623	310	330
Provisions	**242**	304	477	114	205
Current liabilities	**9 450**	13 656	16 444	17 204	14 719
Current portion of long-term loans	**3 192**	201	357	116	44
Short-term borrowings and other financial liabilities	**219**	351	1 478	1 368	972
Accounts payable	**1 842**	4 394	5 532	6 101	4 950
Accrued expenses and other liabilities	**3 517**	6 722	7 207	7 439	6 514
Provisions	**680**	1 988	1 870	2 180	2 239
Liabilities of disposal groups classified as liabilities held for sale	**4 728**	—	—	—	—
Total assets	**25 191**	29 984	36 225	39 123	35 738

Key ratios and economic indicators [1]	2013	2012	2011	2010	2009
Nokia continuing operations					
Net sales, EURm	**12 709**	15 400	15 968	13 586	13 373
Change, %	**–17.5%**	–3.6%	17.5%	1.6%	n/a
Exports and foreign subsidiaries, EURm	**12 115**	14 741	15 013	12 907	12 704
Salaries and social expenses, EURm	**4 041**	5 034	4 612	4 204	4 203
Operating profit, EURm	**519**	–821	–1 388	–1 440	–2 373
% of net sales	**4.1%**	–5.3%	–8.7%	–10.6%	–17.7%
Financial income and expenses, EURm	**–280**	–357	–131	–233	–236
% of net sales	**–2.2%**	–2.3%	–0.8%	–1.7%	–1.8%
Profit before tax, EURm	**243**	–1 179	–1 542	–1 672	–2 579
% of net sales	**1.9%**	–7.7%	–9.7%	–12.3%	–19.3%
Profit/(loss), EURm	**41**	–1 483	–1 615	–1 577	–2 668
% of net sales	**0.3%**	–9.6%	–10.1%	–11.6%	–20.0%
Taxes, EURm	**202**	304	73	-95	89
Dividends [2], EURm	**1 386** [2]	—	749	1 498	1 498
Capital expenditure, EURm	**214**	290	410	376	322
% of net sales	**1.7%**	1.9%	2.6%	2.8%	2.4%
Gross investments [3], EURm	**275**	346	523	511	420
% of net sales	**2.2%**	2.2%	3.3%	3.8%	3.1%
R&D expenditure, EURm	**2 619**	3 081	3 334	3 261	3 019
% of net sales	**20.6%**	20.0%	20.9%	24.0%	22.6%
Average personnel	**59 333**	71 808	80 856	73 959	69 684
Non-interest bearing liabilities, EURm	**6 946**	14 253	16 168	16 591	14 483
Interest-bearing liabilities, EURm	**6 662**	5 549	5 321	5 279	5 203
Return on capital employed, %	**5.6**	neg.	neg.	neg.	neg.
Return on equity, %	**2.6**	neg.	neg.	neg.	neg.
Equity ratio, %	**28.0**	32.9	40.1	42.8	41.9
Net debt to equity, %	**–35.0**	–47.0	–40.0	–43.0	–25.0

1 As is customary, certain judgements have been made when regrouping historical information.

2 Board proposal

3 Includes acquisitions, investments in shares and capitalized development costs.

Calculation of Key Ratios, see page 98.

CALCULATION OF KEY RATIOS

KEY RATIOS UNDER IFRS

Operating profit
Profit after depreciation

Shareholders' equity
Share capital + reserves attributable to the Company's equity holders

Earnings per share (basic)
Profit attributable to equity holders of the parent
/ Average of adjusted number of shares during the year

P/E ratio
Adjusted share price, December 31
/ Earnings per share

Dividend per share
Nominal dividend per share
/ The adjustment coefficients of the share issues that have taken place during or after the year in question

Payout ratio
Dividend per share
/ Earnings per share

Dividend yield, %
Nominal dividend per share
/ Share price

Shareholders' equity per share
Capital and reserves attributable to the Company's equity holders
/ Adjusted number of shares at year end

Market capitalization
Number of shares x share price per share class

Adjusted average share price
Amount traded, in EUR, during the period
/ Adjusted number of shares traded during the period

Share turnover, %
Number of shares traded during the period
/ Average number of shares during the period

Return on capital employed, %
Profit before taxes + interest and other net financial expenses
/ Average capital and reserves attributable to the Company's equity holders + short-term borrowings + long-term interest-bearing liabilities (including the current portion thereof) + non-controlling interests

Return on shareholders' equity, %
Profit attributable to the equity holders of the parent
/ Average capital and reserves attributable to the Company's equity holders during the year

Equity ratio, %
Capital and reserves attributable to the Company's equity holders + non-controlling interests
/ Total assets – advance payments received

Net debt to equity (gearing), %
Long-term interest-bearing liabilities (including the current portion thereof) + short-term borrowings – cash and other liquid assets
/ Capital and reserves attributable to the equity holders of the parent + non-controlling interests

Year-end currency rates 2013

	1 EUR =
USD	1.3751
GBP	0.8444
CNY	8.3498
INR	85.1620
RUB	45.2264
JPY	141.80

SIGNING OF THE ANNUAL ACCOUNTS 2013 AND PROPOSAL BY THE BOARD OF DIRECTORS FOR DISTRIBUTION OF PROFIT

The distributable funds in the balance sheet of the Company at December 31, 2013 amounted to EUR 4 676 million.

The Board proposes to the Annual General Meeting that from the retained earnings an ordinary dividend of EUR 0.11 per share be paid out on the shares of the Company. The proposed dividend is in line with the Company's distribution policy.

The Board further proposes to the Annual General Meeting that from the retained earnings a special dividend of EUR 0.26 per share be paid out on the shares of the Company.

At December 31, 2013, the number of shares of the Company was 3 744 994 342, based on which the maximum aggregate amount to be distributed as ordinary and special dividend is EUR 1 386 million.

Espoo, April 30, 2014

Risto Siilasmaa
Chairman of the Board
of Directors

Bruce Brown

Elizabeth Doherty

Henning Kagermann

Jouko Karvinen

Helge Lund

Mårten Mickos

Elizabeth Nelson

Kari Stadigh

Timo Ihamuotila
Chief Executive Officer

AUDITOR'S REPORT (TRANSLATION)

TO THE ANNUAL GENERAL MEETING OF NOKIA CORPORATION

We have audited the accounting records, the financial statements, the review by the Board of Directors and the administration of Nokia Corporation for the year ended 31 December 2013. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of cash flows, statement of changes in shareholders' equity and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, statement of cash flows and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the review by the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the review by the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the review by the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the review by the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the review by the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements and the review by the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the review by the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the review by the Board of Directors

In our opinion, the financial statements and the review by the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the review by the Board of Directors in Finland. The information in the review by the Board of Directors is consistent with the information in the financial statements.

Other opinions

We support that the financial statements and the consolidated financial statements should be adopted. The proposal by the Board of Directors regarding the use of profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors and the Managing Director should be discharged from liability for the financial period audited by us.

Espoo, 30 April 2014

PricewaterhouseCoopers Oy
Authorised Public Accountants

Heikki Lassila
Authorised Public Account

ADDITIONAL INFORMATION

Critical accounting policies **102**
Corporate governance statement
Corporate governance **108**
Board of Directors **114**
Nokia Group Leadership Team **117**
Compensation of the Board of Directors and the Nokia Group Leadership Team **119**
Auditor fees and services **140**
Investor information **141**
Contact information **143**

CRITICAL ACCOUNTING POLICIES

Our accounting policies affecting our financial condition and results of operations are more fully described in Note 1 to our consolidated financial statements included in Item 18 of this annual report. Some of our accounting policies require the application of judgment by management in selecting appropriate assumptions for calculating financial estimates, which inherently contain some degree of uncertainty. Management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances. The related results form the basis for making judgments about reported carrying values of assets and liabilities and reported amounts of revenues and expenses that may not be readily apparent from other sources. The Group will revise material estimates if changes occur in the circumstances on which an estimate was based or as a result of new information or more experience. Actual results may differ from current estimates under different assumptions or conditions. The estimates affect all our businesses equally unless otherwise indicated.

The following paragraphs discuss critical accounting policies and related judgments and estimates used in the preparation of our consolidated financial statements. We have discussed the application of these critical accounting estimates with our Board of Directors and Audit Committee.

REVENUE RECOGNITION

Revenues within the Group are generally recognized when the significant risks and rewards of ownership have transferred to the buyer, continuing managerial involvement usually associated with ownership and effective control have ceased, the amount of revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and the costs incurred or to be incurred in respect of the transaction can be measured reliably. When management determines that such criteria have been met, revenue is recognized.

At NSN, transactions are also entered into involving multiple components consisting of any combination of hardware, services and software. Within these arrangements, separate components are identified and accounted for based on the nature and fair value of those components and considering the economic substance of the entire arrangement. Revenue is allocated to each separately identifiable component based on the relative fair value of each component. The fair value of each component is determined by taking into consideration factors such as the price of the component when sold separately and the component cost plus a reasonable margin when price references are not available. This determination of the fair value and allocation thereof to each separately identifiable component of a transaction requires the use of estimates and judgment which may have a significant impact on the timing and amount of revenue recognized for the period. Service revenue, which typically includes managed services and maintenance services, is generally recognized on a straight-line basis over the specified period unless there is evidence that some other method better represents the rendering of services.

Also at NSN, certain revenue is recognized from contracts involving solutions achieved through the modification of complex telecommunications equipment on the percentage of completion basis when the outcome of the contract can be estimated reliably. Recognized revenues and profit estimates are subject to revisions during the project in the event that the assumptions regarding the overall project outcome are revised. Current sales and profit estimates for projects may materially change due to the early stage of a long-term project, new technology, changes in the project scope, changes in costs, changes in timing, changes in customers' plans, realization of penalties, and other corresponding factors.

Within the HERE business, a substantial majority of revenue is derived from the licensing of the HERE database. Revenue which consists of license fees from usage (including license fees in excess of the nonrefundable minimum fees), are recognized in the period in which the license fees are estimable. Nonrefundable minimum annual licensing fees are generally received upfront and represent a minimum guarantee of fees to be received from the licensee during the period of the arrangement. The total up-front fee paid by the customer is generally amortized ratably over the term of the arrangement. When it is determined that the actual amount of licensing fees earned exceeds the cumulative revenue recognized under the amortization method, we recognize the additional licensing revenue. Furthermore, within the HERE business, some licensing arrangements contain multiple elements, that could include data, software, services and updates. Revenue is allocated to each element based on its relative fair value and is recognized as the element is delivered and the obligation is fulfilled.

Advance Technologies' patent license agreements are multiyear arrangements usually covering both a licensee's past and future sales until a certain agreed date, when the license expires. Typically, when a patent license agreement is signed it includes an agreement or settlement on past royalties that the licensor is entitled to. Such income for past periods is recognized immediately. The license payments relating to the future royalties are recognized over the remaining contract period, typically 5 to 10 years. Licensees often pay a fixed license fee in one or more installments and running royalties based on their sales of licensed products. Licensees generally report and pay their running royalties on a quarterly basis after the end of each quarter and Nokia revenue recognition takes place accordingly at the time the royalty reports are received.

Within Devices & Services, the sale of devices can include multiple components consisting of a combination of hardware, services and software. The commercial effect of each separately identifiable element of the transaction is evaluated in order to determine the appropriate accounting treatment for each component of the transaction. The total amount received is allocated to individual components based on their estimated fair value. Fair value of each component is determined by taking into consideration factors such as the price when the component is sold separately, the price when a similar component is sold separately by a third party and cost plus a reasonable margin when pricing references are not available. The estimated fair values are allocated first to software and services, with the residual amount allocated to hardware. Application of the recognition criteria described above generally results in recognition of hardware related revenue at the time of delivery with software and services related revenue recognized on a straight-line basis over their respective terms.

Also within the Devices & Services business, we record estimated reductions to revenue for special pricing agreements, price protection and other volume based discounts at the time of sale. Sales adjustments for volume based discount programs are estimated largely based on historical activity under similar programs. Price protection adjustments are based on estimates of future price reductions and certain agreed customer inventories at the date of the price adjustment.

CUSTOMER FINANCING

We have provided certain customer financing arrangements, predominantly within Nokia Solutions and Networks, and agreed extended payment terms with selected customers. In establishing credit arrangements, management must assess the creditworthiness of the customer and the timing of cash flows expected to be received under the arrangement. However, should the actual financial position of our customers or general economic conditions differ from our assumptions, we may be required to reassess the ultimate collectability of such financings and trade credits, which could result in a write-off of these balances in future periods and thus negatively impact our profits in future periods. Our assessment of the net recoverable value considers the collateral and security arrangements of the receivable as well as the likelihood and timing of estimated collections. From time to time, the Group endeavors to mitigate this risk through transfer of its rights to the cash collected from these arrangements to third-party financial institutions on a non-recourse basis in exchange for an upfront cash payment. The financial impact of the customer financing related assumptions mainly affects the Nokia Solutions and Networks business.

ALLOWANCES FOR DOUBTFUL ACCOUNTS

We maintain allowances for doubtful accounts for estimated losses resulting from the subsequent inability of our customers to make required payments. If financial conditions of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management specifically analyzes accounts receivables and historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in our customer payment terms when evaluating the adequacy of the allowance for doubtful accounts. Based on these estimates and assumptions Nokia continuing operations' allowance for doubtful accounts was EUR 124 million at the end of 2013.

INVENTORY-RELATED ALLOWANCES

We periodically review our inventory for excess, obsolescence and declines in market value below cost and record an allowance against the inventory balance for any such declines. These reviews require management to estimate future demand for our products. Possible changes in these estimates could result in revisions to the valuation of inventory in future periods. Based on these estimates and assumptions, the Nokia continuing operations' allowance for excess and obsolete inventory was EUR 178 million at the end of 2013. The financial impact of the assumptions regarding this allowance affects mainly the cost of sales of the Nokia Solutions and Networks business and the results from discontinued operations through the Devices & Services business.

WARRANTY PROVISIONS

We provide for the estimated cost of product warranties at the time revenue is recognized. Our products are covered by product warranty plans of varying periods, depending on local practices and regulations. While we engage in extensive product quality programs and processes, including actively monitoring and evaluating the quality of our component suppliers, our warranty obligations are affected by actual product failure rates and by material usage and service delivery costs incurred in correcting a product failure. Our warranty provision is established based upon our best estimates of the amounts necessary to settle future and existing claims on products sold as of the balance sheet date. As we continuously introduce new products which incorporate complex technology, and as local laws, regulations and practices may change, it will be increasingly difficult to anticipate our failure rates, the length of warranty periods and repair costs. While we believe that our warranty provisions are adequate and that the judgments applied are appropriate, the ultimate cost of product warranty could differ materially from our estimates. When the actual cost of quality of our products is lower than we originally anticipated, we release an appropriate proportion of the provision, and if the cost of quality is higher than anticipated, we increase the provision. Based on these estimates and assumptions the Nokia continuing operations warranty provision was EUR 94 million at the end of 2013. The financial impact of the assumptions regarding this provision mainly affects the cost of sales of the Nokia Solutions and Networks business and the results from discontinued operations through the Devices & Services business.

PROVISION FOR INTELLECTUAL PROPERTY RIGHTS, OR IPR, INFRINGEMENTS

We provide for the estimated past costs related to alleged asserted IPR infringements based on the probable outcome of each potential future settlement.

Our products include increasingly complex technologies involving numerous patented and other proprietary technologies. Although we proactively try to ensure that we are aware of any patents and other IPR related to our products under development and thereby avoid inadvertent infringement of proprietary technologies, the nature of our business is such that patent and other IPR infringements may and do occur. We identify potential IPR infringements through contact with parties claiming infringement of their patented or otherwise exclusive technology, or through our own monitoring of developments in patent and other IPR cases involving our competitors.

We estimate the outcome of all potential IPR infringements made known to us through assertion by third parties, or through our own monitoring of patent- and other IPR-related cases in the relevant legal systems. To the extent that we determine that an identified potential infringement will result in a probable outflow of resources, we record a liability based on our best estimate of the expenditure required to settle infringement proceedings. Based on these estimates and assumptions the provision for IPR infringements was EUR 15 million at the end of 2013 in Nokia continuing operations.

Our experience with claims of IPR infringement is that there is typically a discussion period with the accusing party, which can last from several months to years. In cases where a settlement is not reached, the discovery and ensuing legal process typically lasts a minimum of one year. For this reason, IPR infringement claims can last for varying periods of time, resulting in irregular movements in the IPR infringement provision. In addition, the ultimate outcome or actual cost of settling an individual infringement may materially vary from our estimates.

LEGAL CONTINGENCIES

As discussed in Item 8A7. "Litigation" and in Note 28 and 30 to the consolidated financial statements included in Item 18 of this annual report, legal proceedings covering a wide range of matters are pending or threatened in various jurisdictions against the Group. We record provisions for pending litigation when we determine that an unfavorable outcome is probable and the amount of loss can be reasonably estimated. Due to the inherent uncertain nature of litigation, the ultimate outcome or actual cost of settlement may materially vary from estimates.

BUSINESS COMBINATIONS

We apply the acquisition method of accounting to account for acquisitions of businesses. The consideration transferred in a business combination is measured as the aggregate of the fair values of the assets transferred, liabilities incurred towards the former owners of the acquired business and equity instruments issued. Acquisition-related costs are recognized as expense in profit and loss in the periods when the costs are incurred and the related services are received. Identifiable assets acquired and liabilities assumed are measured separately at their fair value as of the acquisition date. Non-controlling interests in the acquired business are measured separately based on their proportionate share of the identifiable net assets of the acquired business. The excess of the cost of the acquisition over our interest in the fair value of the identifiable net assets acquired is recorded as goodwill.

The determination and allocation of fair values to the identifiable assets acquired and liabilities assumed is based on various assumptions and valuation methodologies requiring considerable management judgment. The most significant variables in these valuations are discount rates, terminal values, the number of years on which to base the cash flow projections, as well as the assumptions and estimates used to determine the cash inflows and outflows. Management determines the discount rates to be used based on the risk inherent in the related activity's current business model and industry comparisons. Terminal values are based on the expected life of products and forecasted life cycle and forecasted cash flows over that period. Although we believe that the assumptions applied in the determination are reasonable based on information available at the date of acquisition, actual results may differ from the forecasted amounts and the difference could be material.

VALUATION OF LONG-LIVED ASSETS, INTANGIBLE ASSETS AND GOODWILL

We assess the carrying amount of identifiable intangible assets and long-lived assets if events or changes in circumstances indicate that such carrying amount may not be recoverable. We assess the carrying amount of our goodwill at least annually, or more frequently based on these same indicators. Factors that we consider important, and which could trigger an impairment review, include the following:

- significant underperformance relative to historical or projected future results;
- significant changes in the manner of our use of these assets or the strategy for our overall business; and
- significantly negative industry or economic trends.

When we determine that the carrying amount of intangible assets, long-lived assets or goodwill may not be recoverable based upon the existence of one or more of the above indicators of impairment, we measure recoverable value based on discounted projected cash flows.

Recoverable value is based upon our projections of anticipated discounted future cash flows. The most significant variables in determining cash flows are discount rates, terminal values, the number of years on which to base the cash flow projections, as well as the assumptions and estimates used to determine the cash inflows and outflows. Management determines discount rates to be used based on the risk inherent in the related activity's current business model and industry comparisons. Terminal values are based on the expected life of products and forecasted life cycle and forecasted cash flows over that period. While we believe that our assumptions are appropriate, such amounts estimated could differ materially from what will actually occur in the future. In assessing goodwill, these discounted cash flows are prepared at the cash generating unit level. Amounts estimated could differ materially from what will actually occur in the future.

Goodwill is allocated to the Group's cash-generating units ("CGUs") or groups of cash-generating units (CGUs) and recoverable value are prepared at the CGU level for the purpose of impairment testing. The allocation of goodwill to our CGUs is made in a manner that is consistent with the level at which management monitors operations and are expected to benefit from the synergies arising from each of our acquisitions. As a result of the sale of the D&S business, we have combined the Smart Devices and Mobile Phones CGUs into a single Devices & Services CGU and aligned with the scope of the business being sold. The goodwill previously allocated to the two separate CGUs has been allocated to the combined CGU for impairment testing purposes. No goodwill was allocated to the new Advanced Technology CGU.

In previous years we have defined the NSN's operating segment as a single CGU. As a consequence of the acquisition of the Siemens' minority stake in NSN and the resulting change in reportable segments, the Group has identified two NSN related groups of CGUs to which goodwill has been allocated: Radio Access Networks within the Mobile Broadband operating segment and Global Services.

Goodwill amounting to EUR 4 815 million has been allocated as follows: Devices & Services CGU (EUR 1 417 million), HERE

CGU (EUR 3 219 million), NSN Mobile Broadband group of CGUs (EUR 88 million) and NSN Global Services group of CGUs (EUR 91 million).

IAS 36 requires goodwill to be assessed annually for impairment unless triggering events are identified prior to the annual testing date that indicate a potential impairment in which case an interim assessment is required. The annual impairment testing for the Devices & Services and HERE CGUs is performed as of October 1. The annual impairment testing for the Nokia Solutions and Networks related groups of CGUs has been performed as of September 30. An additional impairment analysis specific to NSN CGUs was performed subsequently at November 30, 2013 to align the annual testing date with the NSN's annual financial planning cycle. Management determined that the signing of the agreement with Microsoft for the Sale of D&S Business constituted a triggering event requiring an interim impairment test for the Devices & Services and HERE CGUs. Accordingly, an interim review was performed in September 2013. No impairment charges were recorded for any of the CGUs as a result of either the interim or annual tests.

The recoverable values of the Smart Devices and Mobile Phones CGUs, that are now combined to form the Devices & Services CGU and are classified as discontinued operations in 2013, were previously valued using a value in use basis. During 2013, the Devices & Services CGU recoverable value was determined using a fair value less cost of disposal model based on the agreed purchase price defined for the Sale of D&S Business, excluding any consideration attributable to patents or patent applications.

During 2013, the recoverable amounts of the HERE CGU, Radio Access Networks and Global Services Group of CGUs have been determined using a fair value less cost of disposal model. Fair value less cost of disposal was estimated using discounted cash flow calculations. The cash flow projections employed in the discounted cash flow calculations have been determined by management based on the information available, to reflect the amount that an entity could obtain from separate disposal of each of the CGUs in an orderly transaction between market participants at the measurement date after deducting the estimated cost of disposal. The estimates of fair value less cost of disposal are categorized as level 3 of the fair value hierarchy.

Discounted cash flows for the Nokia Solutions and Networks groups of CGUs and HERE CGU were modeled over ten annual periods. The growth rates used in transition to terminal year reflect estimated long term stable growth which do not exceed long-term average growth rates for the industry and economies in which the CGUs operate. All cash flow projections are consistent with external sources of information, wherever possible.

The key assumptions applied in the impairment testing for each CGU in the annual goodwill impairment testing for each year indicated are presented in the table below. No information has been included for the Devices & Services CGU as the recoverable amount was not determined using a discounted cash flow analysis and the CGU is attributable to discontinued operations:

	Cash generating units							
	HERE %		**Radio Access Networks group of CGUs in Mobile Broadband [1] %**		**Global Services group of CGUs [1] %**		**NSN %**	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
Terminal growth rate	**1.7**	1.7	**1.5**	—	**0.5**	—	**—**	0.7
Post-tax discount rate	**10.6**	9.9	**10.8**	—	**10.1**	—	**—**	10.3

1 NSN CGU is divided into two groups of CGUs in 2013: Radio Access Networks group of CGUs within Mobile Broadband operating segment and the Global Service group of CGUs.

Fair value less cost of disposal for the HERE CGU, Radio Access Networks and Global Services groups of CGUs are determined using post-tax valuation assumptions including projected cash flows and the discount rate.

The discount rates applied in the impairment testing for the above noted CGUs or groups of CGUs reflect current assessments of the time value of money and relevant market risk premiums. Risk premiums included in the determination of the discount rate reflect risks and uncertainties for which the future cash flow estimates have not been adjusted.

In the fourth quarter of 2011 the Group recorded an impairment loss t of EUR 1 090 million to reduce the carrying amount of the HERE CGU to its at that time recoverable amount. The impairment loss was allocated in its entirety to the carrying amount for goodwill. As a result of the impairment loss, the amount of goodwill allocated to HERE CGU was reduced to EUR 3 274 million at December 31, 2011. The Group's goodwill impairment testing did not result in impairment charges for the years ended December 31, 2013 and 2012. An impairment loss was recorded with respect to the Group's HERE CGU in 2011, as noted above.

The recoverable amount of the HERE CGU exceeds its carrying amount by a small margin at the testing date. The related valuation is deemed most sensitive to the changes in both discount and long-term growth rates. A discount rate increase in excess of 0.5 percentage point or long-term growth decline in excess of 1.1 percentage point would result in impairment loss in the HERE CGU. Management's estimates of the overall automotive volumes and market share, customer adoption of the new location-based platform and related service offerings, projected value of the services sold to Microsoft and assumptions regarding pricing as well as continued focus on cost efficiency are the main drivers for the HERE net cash flow projections. The Group's cash flow forecasts reflect the current strategic views that license fee based models will remain important in both near and long term. Management expects that license fee based models which are augmented with software and services and monetized via license fees, transactions fees and advertising, will grow in the future as more customers demand complete, end-to-end location solutions and as cloud computing and cloud-based services garner greater market acceptance. Actual short and long-term performance could vary from management's forecasts and impact future estimates of recoverable value. Since the recoverable amount exceeds the carrying amount only by a small margin, any material adverse changes such as market deterioration or changes in the competitive landscape could impact management's estimates of the main drivers and result in impairment loss.

Other than disclosed for the HERE CGU above, management believes that no reasonably possible change in any of the above assumptions would cause the carrying value of any cash generating unit to exceed its recoverable amount.

See Note 9 to our consolidated financial statements included in Item 18 of this annual report for further information regarding "Valuation of long-lived and intangible assets and goodwill."

FAIR VALUE OF DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The fair value of financial instruments that are not traded in an active market, for example unlisted equities, are determined using widely accepted valuation techniques. We use judgment to select an appropriate valuation methodology and underlying assumptions based principally on existing market conditions. If quoted market prices are not available for unlisted shares, fair value is estimated by using various factors, including, but not limited to: (1) the current market value of similar instruments, (2) prices established from a recent arm's length transactions, (3) analysis of market prospects and operating performance of target companies taking into consideration of public market comparable companies in similar industry sectors. Changes in these assumptions may cause the Group to recognize impairments or losses in future periods. During 2013 the Group received distributions of EUR 44 million (EUR 49 million in 2012) included in other financial income from a private fund held as non-current available-for-sale. Due to a reduction in estimated future cash flows the Group also recognized an impairment loss of EUR 7 million in 2012 for the fund included in other financial expenses. See also note 12 to our consolidated financial statements included in item 18 of this annual report.

INCOME TAXES

The Group is subject to income taxes both in Finland and in numerous other jurisdictions. Significant judgment is required in determining income tax expense, uncertain tax positions, deferred tax assets and liabilities recognized in the consolidated financial statements. We recognize deferred tax assets to the extent that it is probable that sufficient taxable income will be available in the future against which the temporary differences, tax losses and unused tax credits can be utilized. We have considered future taxable income and tax planning strategies in making this assessment. Deferred tax assets are assessed for realizability each reporting period, and when circumstances indicate that it is no longer probable that deferred tax assets will be utilized, they are adjusted as necessary. In 2013 Nokia taxes continued to be unfavorably affected by NSN taxes as no tax benefits are recognized for certain Nokia Solutions and Networks deferred tax items. Additionally Nokia taxes were adversely affected by allowances related to Devices & Services' Finnish deferred tax assets and discontinuation of recognizing tax benefits for Devices & Services' Finnish deferred tax items due to uncertainty of utilization of these items.

At December 31, 2013, the Group had tax losses carry forward, temporary differences and tax credits of EUR 10 693 million (EUR 10 446 million in 2012) for which no deferred tax assets were recognized in the consolidated financial statements due to uncertainty of utilization of these items.

We recognize liabilities for uncertain tax positions based on estimates and assumptions when, despite our belief that tax return positions are supportable, it is more likely than not that certain positions will be challenged and may not be fully sustained upon review by tax authorities. The Group has ongoing tax investigations in multiple jurisdictions, including India. If the final outcome of these matters differs from the amounts initially recorded, differences may positively or negatively impact the current taxes and deferred taxes in the period in which such determination is made.

CORPORATE GOVERNANCE

This Corporate Governance statement is prepared in accordance with Chapter 7, Section 7 of the Finnish Securities Markets Act and the recommendation 54 of the 2010 Finnish Corporate Governance Code and is issued separately from the review by the Board of Directors. The review by the Board of Directors 2013 is available on page 5 of the 'Nokia in 2013' publication.

REGULATORY FRAMEWORK

Nokia's corporate governance practices comply with Finnish laws and regulations as well as with Nokia's Articles of Association. Nokia also complies with the Finnish Corporate Governance Code, available at www.cgfinland.fi, with the following exceptions:

In 2013 Nokia was not in full compliance with recommendation 39 of the Finnish Corporate Governance Code as Nokia's Restricted Share Plans did not include any performance criteria but were time-based only, with a restriction period of at least three years from the grant. Restricted Shares are granted only for exceptional retention and recruitment purposes aimed to ensure Nokia is able to retain and recruit talent vital to the future success of the Company. In the Restricted Share Plan 2014, the number of the shares to be granted was reduced significantly and they no longer are part of the annual grants.

In 2013 Nokia was not in full compliance with the recommendation 46 of the 2010 Finnish Corporate Governance Code as the termination payment payable due to the termination of Nokia's former President and CEO Stephen Elop's service contract exceeded the aggregate amount of his non-variable salary of two years. While we decide on our executives' total compensation through benchmarking against similar companies, along with other factors, the company's approach has been to keep the non-variable part rather small in proportion and emphasize the variable part. This compensation structure is designed to align the interest of executive officers with those of the shareholders and with Nokia's performance. The termination payment was also significantly affected by the share price increase from the announcement of the transaction with Microsoft through the termination of Mr. Elop's contract, as over 80% of the termination payment consisted of the value of his equity-based compensation. Moreover, in the end 70% of this termination payment was borne by Microsoft and the remaining 30% of the amount, equaling to EUR 7,3 million, by Nokia pursuant to the agreement between Nokia and Microsoft.

As a result of Nokia's listing of its shares on the New York Stock Exchange and its registration under the US Securities Exchange Act of 1934, Nokia must comply with the US federal securities laws and regulations, including the Sarbanes-Oxley Act of 2002 as well as the requirements of the New York Stock Exchange, in particular the corporate governance rules under Section 303A of the New York Stock Exchange Listed Company Manual, which is available at http://nysemanual.nyse.com/lcm/. Nokia complies with the above rules in each case to the extent that those provisions are applicable to foreign private issuers. Nokia also complies with any other mandatory corporate governance rules applicable due to listing of Nokia share in Helsinki and New York stock exchanges.

To the extent any non-domestic rules and regulations would require a violation of the laws of Finland, Nokia is obliged to comply with the Finnish requirements. Nevertheless, Nokia aims to minimize the necessity for, or consequences of, conflicts between the laws of Finland and applicable non-domestic requirements.

MAIN CORPORATE GOVERNANCE BODIES OF NOKIA

Pursuant to the provisions of the Finnish Limited Liability Companies Act and Nokia's Articles of Association, the control and management of Nokia is divided among the shareholders at a general meeting, the Board of Directors (the "Board"), the President and CEO and the Nokia Group Leadership Team, chaired by the President and CEO.

General Meeting of Shareholders

The shareholders may exercise their decision-making power and their right to speak and ask questions at the general meeting of shareholders. Each Nokia share entitles a shareholder to one vote at general meetings of Nokia. Pursuant to the Finnish Limited Liability Companies Act, an Annual General Meeting must be convened each year by June 30. The Annual General Meeting decides, among other things, on the election and remuneration of the Board of Directors, the adoption of annual accounts, the use of the profit shown on the balance sheet, discharging from liability the members of the Board and the President and CEO as well as on the election and fees of external auditor.

In addition to the Annual General Meeting, an Extraordinary General Meeting shall be convened when the Board considers such meeting to be necessary, or, when the provisions of the Finnish Limited Liability Companies Act mandate that such a meeting must be held.

The Board of Directors

The operations of Nokia are managed under the direction of the Board of Directors, within the framework set by the Finnish Limited Liability Companies Act and our Articles of Association as well as any complementary rules of procedure as defined by the Board, such as the Corporate Governance Guidelines and related Board Committee charters.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board represents and is accountable to the shareholders of Nokia. The Board's responsibilities are active, not passive, and include the responsibility regularly to evaluate the strategic direction of Nokia, management policies and the effectiveness with which management implements them. It is the responsibility of the members of the Board to act in good faith and with due care so as to exercise their business judgment on an informed basis in what they reasonably and honestly believe to be in the best interests of the company and its shareholders. In discharging that obligation, the directors must inform themselves of all relevant information reasonably available to them. The Board and each Board Committee also have the power to hire independent legal, financial or other advisors as they deem necessary.

The Board's responsibilities also include overseeing the structure and composition of Nokia's top management and monitoring legal compliance and the management of risks related to Nokia's operations. In doing so, the Board may set annual ranges and/or individual limits for capital expenditures, investments and divestitures and financial commitments not to be exceeded without Board approval.

In risk management policies and processes the Board's role includes risk analysis and assessment in connection with financial and business reviews, update and decision-making proposals and it is an integral part of all Board deliberations. For a more detailed description of Nokia's risk management policies and processes, please see the chapter "Main features of the internal control and risk management systems in relation to the financial reporting process" below.

The Board has the responsibility for appointing and discharging the President and Chief Executive Officer (CEO), the Chief Financial Officer and the other members of the Nokia Group Leadership Team (previously, until May 1, 2014 Nokia Leadership Team). On September 3, 2013, Nokia announced changes to its leadership as a result of the proposed Sale of the D&S Business. These changes were designed to provide an appropriate corporate governance structure during the interim period following the announcement. As Stephen Elop was agreed to transfer to Microsoft upon closing of the transaction, he left his position as President and CEO effective September 3, 2013 in order to avoid the perception of any potential conflict of interest, and continued to lead the Devices & Services business as Executive Vice President, Devices & Services. For the same reason, Mr. Elop also resigned from the Nokia Board of Directors on September 3, 2013. On the same day, Risto Siilasmaa assumed the role of interim CEO role of Nokia while continuing to serve in his role as Chairman of the Nokia Board of Directors, and Timo Ihamuotila assumed the role of interim President and Chairman of Nokia Leadership Team while also continuing to serve as Chief Financial Officer. On April 29, 2014, Nokia announced its new strategy and consequently, changes to its leadership. Nokia Board appointed, effective as from May 1, 2014 Rajeev Suri the President and Chief Executive Officer of Nokia. His rights and responsibilities include those allotted to the President under Finnish law and he also chairs the Nokia Group Leadership Team.

Subject to the requirements of Finnish law, the independent directors of the Board confirm the compensation and the employment conditions of the President and CEO upon the recommendation of the Personnel Committee. The compensation and employment conditions of the other members of the Nokia Group Leadership Team are approved by the Personnel Committee upon the recommendation of the President and CEO.

The Board has three committees: Audit Committee, Personnel Committee and Corporate Governance and Nomination Committee. These committees assist the Board in its duties pursuant to their respective committee charters. The Board elects and the independent directors of the Board confirm the election of the members and Chairmen for the Board's committees from among the Board's independent directors upon the recommendation of the Corporate Governance and Nomination Committee and based on each committee's member qualification standards. On September 3, 2013 Risto Siilasmaa assumed the position of interim CEO of Nokia and consequently stepped down from his position as the Chairman of the Corporate Governance and Nomination Committee. On the same day, Jouko Karvinen was elected the Chairman of the Corporate Governance and Nomination Committee. The Board may also establish ad hoc committees for detailed reviews or consideration of particular topics to be proposed for the approval of the Board.

In line with Nokia's Corporate Governance Guidelines, the Board conducts annual performance evaluations, which also include evaluations of the Board Committees' work, the results of which are discussed by the Board. Regarding 2013, the Board conducted an evaluation process consisting of self-evaluations, peer evaluations as well as interviews. The results of the evaluation are discussed by the entire Board.

ELECTION AND COMPOSITION OF THE BOARD OF DIRECTORS

Pursuant to the Articles of Association, Nokia Corporation has a Board of Directors composed of a minimum of seven and a maximum of 12 members. The members of the Board are elected for a term beginning from the Annual General Meeting in which elected and expiring at the close of the following Annual General Meeting. The Annual General Meeting convenes each year by June 30.

The Annual General Meeting held on May 7, 2013 elected the following ten members to the Board of Directors: Bruce Brown, Elizabeth Doherty, Stephen Elop, Henning Kagermann, Jouko Karvinen, Helge Lund, Mårten Mickos, Elizabeth Nelson, Risto Siilasmaa and Kari Stadigh. Stephen Elop resigned from the Board of Directors effective as from September 3, 2013, after which the Board of Directors has consisted of nine members.

Nokia Board's leadership structure consists of a Chairman and Vice Chairman elected annually by the Board, and confirmed by the independent directors of the Board, from among the Board members upon the recommendation of the Corporate Governance and Nomination Committee. On May 7, 2013, the independent directors of the Board elected Risto Siilasmaa to continue as the Chairman and Jouko Karvinen as the Vice Chairman of the Board. The Chairman has certain specific duties as defined by Finnish law and the Nokia Corporate Governance Guidelines. The Vice Chairman assumes the duties of the Chairman in case the Chairman is prevented from performing his duties. The Board has determined that the Vice Chairman Jouko Karvinen is independent as defined by Finnish standards and relevant stock exchange rules. The

Board Chairman Risto Siilasmaa was determined not to be independent as defined by Finnish standards and the rules of the New York Stock Exchange due to his position as interim CEO from September 3, 2013.

Nokia does not have a policy concerning the combination or separation of the roles of the Chairman and the President and CEO, but the Board leadership structure is dependent on the company needs, shareholder value and other relevant factors applicable from time to time, respecting the highest corporate governance standards. In 2013 through September 3, 2013, the roles were separate while Risto Siilasmaa was the Chairman of the Board and Stephen Elop was the President and CEO. During the interim period after the announcement of the transaction with Microsoft, the roles of Chairman and President continued to be separate, as Timo Ihamuotila assumed the role of interim President as of September 3, 2013 while Risto Siilasmaa assumed the role of interim CEO and continued as the Chairman of the Board of Directors. As part of his interim CEO role, Risto Siilasmaa took on, among others, the responsibility of leading the vision work, strategy process, work on the new company structure and managing the CEO recruitment process, while Timo Ihamuotila took on, among others, additional responsibilities for matters related to the closing of the Sale of D&S Business transaction. Following the new strategy announcement, Rajeev Suri was appointed as the President and CEO effective as from May 1, 2014, while Risto Siilasmaa continues as the Chairman of the Board.

The current members of the Board are all non-executive, except the interim CEO. The Board has determined that seven of the current eight non-executive Board members are independent as defined by Finnish standards as well as by the rules of the New York Stock Exchange. Mårten Mickos was determined not to be independent under both Finnish standards and the rules of the New York Stock Exchange due to a his position as CEO of Eucalyptus Systems, Inc. that has a business relationship with and receives revenue from Networks. The Board Chairman Risto Siilasmaa was determined not to be independent under Finnish standards and the rules of the New York Stock Exchange due to his position as interim CEO from September 3, 2013.

Meetings of the Board of Directors

The Board held 34 meetings, during 2013 and if committee meetings are included, the total number of meetings was more than 60. Of these meetings approximately third were regularly scheduled meetings held in person, complemented by meetings through video or conference calls and other means. In addition, in 2013 the non-executive directors held a meeting regularly without management in connection with scheduled Board meetings. Also, the independent directors held one meeting separately in 2013.

Directors' attendance at the Board meetings, including Committee meetings, but excluding meetings among the non-executive directors or independent directors only, was as follows in 2013:

	Board meetings	Audit Committee meetings	Personnel Committee meetings	Corporate Governance & Nomination Committee meetings
Bruce Brown	91%	—	78%	—
Elizabeth Doherty (as of May 7, 2013)	96%	100%	—	—
Stephen Elop (until September 3, 2013)	96%	—	—	—
Henning Kagermann	91%	—	100%	100%
Jouko Karvinen	100%	100%	—	100%
Helge Lund	88%	—	66%	100%
Isabel Marey-Semper (until May 7, 2013)	88%	75%	—	—
Mårten Mickos	100%	—	—	—
Elizabeth Nelson	100%	92%	—	—
Dame Marjorie Scardino (until May 7, 2013)	100%	—	100%	100%
Risto Siilasmaa	100%	—	—	100% (until September 3, 2013)
Kari Stadigh	85%	—	88%	—

In addition, many of the directors attended as non-voting observers in meetings of a committee in which they were not a member.

According to the Nokia Board practices, the non-executive directors meet without management in connection with each regularly scheduled meeting. Such sessions are chaired by the non-executive Chairman of the Board. If the non-executive Chairman of the Board is unable to chair any of the meetings of non-executive directors, the non-executive Vice Chairman of the Board chairs the meeting. In addition, the independent directors meet separately at least once annually.

All the directors who served on the Board for the term until the close of the Annual General Meeting 2013, except for Bruce Brown, attended Nokia's Annual General Meeting held on May 7, 2013. In addition, all the current members of the Board of Directors attended Nokia's Extraordinary General Meeting held on November 19, 2013. The Finnish Corporate Governance Code recommends attendance by the Board Chairman and a sufficient number of directors in the general meeting of shareholders to allow the shareholders to exercise their right to present questions to the Board and management.

The Corporate Governance Guidelines concerning the directors' responsibilities, the composition and selection of the Board, its committees and certain other matters relating to corporate governance are available on Nokia's website, www.company.nokia.com/en/about-us. Also, the Committee Charters of the Audit Committee, Personnel Committee and Corporate Governance and Nomination Committee are available on Nokia's website, www.company.nokia.com/en/about-us. We also have a Code of Conduct which is equally applicable to all of Nokia's employees, directors and management. In addition, we have a Code of Ethics for the Principal Executive Officers and the Senior Financial Officers. Both the Code of Conduct and Code of Ethics are available on Nokia's website, www.company.nokia.com/en/about-us.

COMMITTEES OF THE BOARD OF DIRECTORS

The Audit Committee consists of a minimum of three members of the Board who meet all applicable independence, financial literacy and other requirements of Finnish law and the rules of the stock exchanges where Nokia shares are listed, i.e. NASDAQ OMX Helsinki and the New York Stock Exchange. Since May 7, 2013, the Audit Committee has consisted of the following three members of the Board: Jouko Karvinen (Chairman), Elizabeth Doherty and Elizabeth Nelson.

The Audit Committee is established by the Board primarily for the purpose of overseeing the accounting and financial reporting processes of the company and audits of the financial statements of the company. The Committee is responsible for assisting the Board's oversight of (1) the quality and integrity of the company's financial statements and related disclosure, (2) the statutory audit of the company's financial statements, (3) the external auditor's qualifications and independence, (4) the performance of the external auditor subject to the requirements of Finnish law, (5) the performance of the company's internal controls and risk management and assurance function, (6) the performance of the internal audit function, and (7) the company's compliance with legal and regulatory requirements, including also the performance of its ethics and compliance program. The Committee also maintains procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal controls, or auditing matters and for the confidential, anonymous submission by employees of the company of concerns regarding accounting or auditing matters. Our disclosure controls and procedures, which are reviewed by the Audit Committee and approved by the Chief Executive Officer and the Chief Financial Officer, as well as our internal controls over financial reporting, are designed to provide reasonable assurance regarding the quality and integrity of the company's financial statements and related disclosures. The Disclosure Committee chaired by the Chief Financial Officer is responsible for the preparation of the quarterly and annual results announcements, and the process includes involvement by business managers, business controllers and other functions, like internal audit, as well as a final review and confirmation by the Audit Committee and the Board. For further information on internal control over financial reporting, see chapter "Main features of the iternal control and risk management systems in relation to the financial reporting process" below.

Under Finnish law, our external auditor is elected by our shareholders by a simple majority vote at the Annual General Meeting for one fiscal year at a time. The Audit Committee makes a proposal to the shareholders in respect of the appointment of the external auditor based upon its evaluation of the qualifications and independence of the auditor to be proposed for election or re-election. Under Finnish law, the fees of the external auditor are also approved by our shareholders by a simple majority vote at the Annual General Meeting. The Committee makes a proposal to the shareholders in respect of the fees of the external auditor, and approves the external auditor's annual audit fees under the guidance given by the Annual General Meeting. For information about the fees paid to Nokia's external auditor, PricewaterhouseCoopers, during 2013 see "Auditor fees and services".

In discharging its oversight role, the Audit Committee has full access to all company books, records, facilities and personnel. The Committee may retain counsel, auditors or other advisors in its sole discretion, and must receive appropriate funding, as determined by the Committee, from the company for the payment of compensation to such outside advisors.

The Audit Committee meets at least four times a year based upon a schedule established at the first meeting following the appointment of the Committee. The Committee meets separately with the representatives of Nokia's management, heads of the internal audit and ethics and compliance functions, and the external auditor in connection with each regularly scheduled meeting. The head of the internal audit function has at all times a direct access to the Audit Committee, without involvement of management.

The Audit Committee had 13 meetings in 2013. The attendance at all meetings was 92%. In addition, any director who wishes to, may attend Audit Committee meetings as a non-voting observer.

The Personnel Committee consists of a minimum of three members of the Board who meet all applicable independence requirements of Finnish law and the rules of the stock exchanges where Nokia shares are listed, i.e. NASDAQ OMX Helsinki and the New York Stock Exchange. Since May 7, 2013, the Personnel Committee has consisted of the following four

members of the Board: Henning Kagermann (Chairman), Bruce Brown, Helge Lund and Kari Stadigh.

The primary purpose of the Personnel Committee is to oversee the personnel policies and practices of the company. It assists the Board in discharging its responsibilities relating to all compensation, including equity compensation, of the company's executives and their terms of employment. The Committee has overall responsibility for evaluating, resolving and making recommendations to the Board regarding (1) compensation of the company's top executives and their employment conditions, (2) all equity-based plans, (3) incentive compensation plans, policies and programs of the company affecting executives and (4) other significant incentive plans. The Committee is responsible for overseeing compensation philosophy and principles and ensuring the above compensation programs are performance-based, designed with an intention to contribute to the long-term value sustainability of the company, properly motivate management, support overall corporate strategies and are aligned with shareholders' interests. The Committee is responsible for the review of senior management development and succession plans.

The Personnel Committee had nine meetings in 2013. The average attendance at the meetings was 86%. In addition, any director who wishes to, may attend Personnel Committee meetings as a non-voting observer.

For further information on the activities of the Personnel Committee, see "Executive compensation philosophy, programs and decision-making process".

The Corporate Governance and Nomination Committee consists of three to five members of the Board who meet all applicable independence requirements of Finnish law and the rules of the stock exchanges where Nokia shares are listed, i.e. NASDAQ OMX Helsinki and the New York Stock Exchange. From May 7, 2013 until September 3, 2013, the Corporate Governance and Nomination Committee consisted of the following four members of the Board: Risto Siilasmaa (Chairman), Henning Kagermann, Jouko Karvinen and Helge Lund. After Risto Siilasmaa assumed the position of Nokia's interim CEO and since September 3, 2013, the Corporate Governance and Nomination Committee has consisted of the following three members of the Board: Jouko Karvinen (Chairman), Henning Kagermann and Helge Lund.

The Corporate Governance and Nomination Committee's purpose is (1) to prepare the proposals for the general meetings in respect of the composition of the Board and the director remuneration to be approved by the shareholders and (2) to monitor issues and practices related to corporate governance and to propose necessary actions in respect thereof.

The Committee fulfills its responsibilities by (i) actively identifying individuals qualified to become members of the Board and considering and evaluating the appropriate level and structure of director remuneration, (ii) proposing to the shareholders the director nominees for election at the Annual General Meetings as well as the director remuneration, (iii) monitoring significant developments in the law and practice of corporate governance and of the duties and responsibilities of directors of public companies, (iv) assisting the Board and each Committee of the Board in its annual performance evaluations, including establishing criteria to be used in connection with such evaluations, (v) developing and recommending to the Board and administering our Corporate Governance Guidelines, and (vi) reviewing the company's disclosure in the Corporate Governance Statement.

The Committee has the power to retain search firms or advisors to identify candidates. The Committee may also retain counsel or other advisors, as it deems appropriate. The Committee has the sole authority to retain or terminate such search firms or advisors and to review and approve such search firm or advisor's fees and other retention terms. It is the Committee's practice to retain a search firm to identify new director candidates.

The Corporate Governance and Nomination Committee had five meetings in 2013. The average attendance at the meetings was 100%. In addition, any director who wishes to, may attend Corporate Governance and Nomination Committee meetings as a non-voting observer.

The charters of each of the committees are available on Nokia's website, www.company.nokia.com/en/about-us.

Nokia Group Leadership Team and President and CEO

Under its Articles of Association, in addition to the Board of Directors, Nokia has Nokia Group Leadership Team (previously, until May 1, 2014 Nokia Leadership Team) that is responsible for the operative management of Nokia. The Chairman and members of the Nokia Group Leadership Team are appointed by the Board of Directors. Nokia Group Leadership Team is chaired by the Chief Executive Officer. Only the Chairman of the Nokia Group Leadership Team can be a member of both the Board of Directors and the Nokia Group Leadership Team. The Chief Executive Officer also acts as President, and his rights and responsibilities include those allotted to the President under Finnish law.

MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE FINANCIAL REPORTING PROCESS

Nokia has a Risk Policy which outlines Nokia's risk management policies and processes and is approved by the Audit Committee. The Board's role in risk oversight includes risk analysis and assessment in connection with business planning and reviews, updates and decision-making proposals. Risk oversight is an integral part of all Board deliberations. The Audit Committee is responsible for, among other matters, the risk management relating to the financial reporting process and assisting the Board's oversight of the risk management function. Nokia applies a common and systematic approach to risk management across business operations and processes with the Nokia strategy and plans approved by the Board as the baseline. Accordingly, the risk management at Nokia is not a separate process but a normal daily business and management practice.

The management is responsible for establishing and maintaining adequate internal control over financial reporting for Nokia. Nokia's internal control over financial reporting is designed to provide reasonable assurance to the management and the Board of Directors regarding the reliability of financial reporting and the preparation and fair presentation of published financial statements.

The management conducts a yearly assessment of Nokia's internal controls over financial reporting in accordance with the Committee of Sponsoring Organizations (COSO) framework and the Control Objectives for Information and related Technology (CoBiT) of internal controls. For the year 2013, the assessment was performed based on a top down risk assessment of Nokia's financial statements covering significant accounts, processes and locations, corporate level controls, control activities and information systems' general controls.

As part of its assessment the management documented:

- The corporate-level controls, which create the "tone from the top" containing Nokia values and Code of Conduct and provide discipline and structure to the decision making and ways of working. Selected items from Nokia's operational mode and governance principles are separately documented as corporate level controls.
- The control activities, which consist of policies and procedures to ensure the management's directives are carried out and the related documentation is stored according to Nokia's document retention practices and local statutory requirements.
- The information systems' general controls to ensure that sufficient information technology general controls, including change management, system development, computer operations as well as access and authorizations, are in place.
- The significant processes, including six financial cycles and underlying IT cycle identified by Nokia to address control activities implementing a top down risk based approach. These cycles include revenue cycle, delivery cycle, investment cycle, treasury cycle, human resources cycle, record to report cycle and IT cycle. Financial cycles have been designed to (i) give a complete end-to-end view to all financial processes (ii) identify key control points (iii) identify involved organizations, (iv) ensure coverage for important accounts and financial statement assertions and (v) enable internal control management within Nokia.

Further, the management also:

- assessed the design of controls in place to mitigate the financial reporting risks;
- tested operating effectiveness of all key controls;
- evaluated all noted deficiencies in internal controls over financial reporting as of year-end; and
- performed a quality review on assessment documentation and provided feedback for improvement.

Based on this evaluation, the management has assessed the effectiveness of Nokia's internal control over financial reporting, as at December 31, 2013, and concluded that such internal control over financial reporting is effective.

Nokia also has an Internal Audit function that acts as an independent appraisal function by examining and evaluating the adequacy and effectiveness of Nokia's system of internal control. Internal Audit resides within the Chief Financial Officer's organization and reports to the Audit Committee of the Board of Directors. The head of Internal Audit function has at all times direct access to the Audit Committee, without involvement of the management.

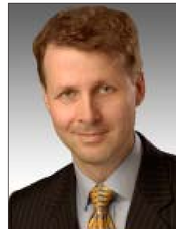
For more information on Nokia's risk management, please see Note 35 of Nokia's consolidated financial statements.

BOARD OF DIRECTORS

The members of the Board of Directors were elected at the Annual General Meeting on May 7, 2013, based on the proposal of the Board's Corporate Governance and Nomination Committee. On the same date, the Chairman and Vice Chairman, as well as the Chairmen and members of the committees of the Board, were elected from among the Board members and among the independent directors of the Board, respectively. The Committee composition and the Committee Chairman of the Corporate Governance & Nomination Committee were further changed effective from September 3, 2013 as a result of the interim governance arrangements related to the proposed Sale of the D&S business.

The members of the Board of Directors are elected on an annual basis for a one-year term ending at the close of the next Annual General Meeting. The election is made by a simple majority of the shareholders' votes cast at the Annual General Meeting.

THE CURRENT MEMBERS OF THE BOARD OF DIRECTORS AND ITS COMMITTEES ARE SET FORTH BELOW.



CHAIRMAN
RISTO SIILASMAA, B. 1966

Chairman of the Board of Directors of Nokia Corporation. Interim CEO of Nokia Corporation from September 3, 2013 until May 1, 2014.
Board member since 2008.
Chairman since 2012.
Chairman of the Corporate Governance and Nomination Committee until September 3, 2013.

Master of Science (Eng.) (Helsinki University of Technology). President and CEO of F-Secure Corporation 1988–2006.

Chairman of the Board of Directors of F-Secure Corporation. Member of the Board of Directors of Mendor Ltd. Vice Chairman of the Board of Directors of The Federation of Finnish Technology Industries. Member of the Board of Directors of The Confederation of Finnish Industries (EK) Member of the European Roundtable of Industrialists, ERT. Member of the Tsinghua SEM Advisory Board. Member of the International Business Leaders Advisory Council for the Mayor of Beijing.

Chairman of the Board of Directors of Elisa Corporation 2008–2012.

VICE CHAIRMAN
JOUKO KARVINEN, B. 1957

CEO of Stora Enso Oyj.
Board member since 2011.
Vice Chairman since 2013.
Chairman of the Audit Committee.
Chairman of the Corporate Governance and Nomination Committee since September 3, 2013.

Master of Science (Eng.) (Tampere University of Technology).

CEO of Philips Medical Systems Division 2002–2006. Member of Board of Management of Royal Philips Electronics 2006 and Group Management Committee 2002–2006. Holder of executive and managerial positions at ABB Group Limited from 1987, including Executive Vice President, Head of Automation Technology Products Division and Member of Group Executive Committee 2000–2002, Senior Vice President, Business Area Automation Power Products 1998–2000, Vice President, Business Unit Drives Products & Systems 1993–1998, Vice President, Power Electronics Division of ABB Drives Oy, Global AC Drives Feeder Factory and R&D Centre 1990–1993.

Member of the Board of Directors of Aktiebolaget SKF. Member of the Board of Directors of the Finnish Forest Industries Federation and the Confederation of European Paper Industries (CEPI).

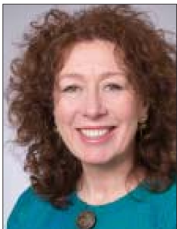
BRUCE BROWN, B. 1958

Officer on Special Assignment at The Procter & Gamble Company. Board member since 2012. Member of the Personnel Committee.

M.B.A. (Marketing and Finance) (Xavier University). B.S. (Chemical Engineering) (Polytechnic Institute of New York University).

Chief Technology Officer of The Procter & Gamble Company until February 1, 2014. Various executive and managerial positions in Baby Care, Feminine Care, and Beauty Care units of The Procter & Gamble Company since 1980 in the United States, Germany and Japan.

Member of the Board of Directors of Agency for Science, Technology & Research (A*STAR). Strategy Adviser in US National Innovation. Member of the Board of Trustees of Xavier University. Chairman of the Advisory Board of MDVIP. Member of the Board of the University of Cincinnati Research Institute.



ELIZABETH DOHERTY, B. 1957

Independent director. Board member since May 7, 2013. Member of the Audit Committee.

Bachelor of Science (University of Manchester). FCMA (Fellow of the Chartered Institute of Management Accountants).

Chief Financial Officer and Executive Director of Reckitt Benckiser Group plc 2011–2013. Chief Financial Officer and Executive Director of Brambles Industries Ltd 2007–2009. Group International Finance Director of Tesco plc 2001–2007. Various executive and managerial positions within Unilever plc 1979–2001 including Senior Vice President Finance, Central and Eastern Europe; Commercial Director, Unilever Thai Holdings Ltd; Commercial Director, Frigo España SA; Supply Chain Manager, Mattessons Walls Ltd; and Internal Audit Manager.

Member of the Board of Directors of Dunelm Group Plc. Member of the Board of Directors of Delhaize SA.

Member of the Audit Committee and Board of Directors of SAB Miller plc 2004–2011.

HENNING KAGERMANN, B. 1947

Board member since 2007. Chairman of the Personnel Committee. Member of the Corporate Governance and Nomination Committee.

Ph.D. (Theoretical Physics) (Technical University of Brunswick).

Co-CEO and Chairman of the Executive Board of SAP AG 2008–2009. CEO of SAP 2003–2008. Co-chairman of the Executive Board of SAP AG 1998–2003. A number of leadership positions in SAP AG since 1982. Member of SAP Executive Board 1991–2009. Taught physics and computer science at the Technical University of Brunswick and the University of Mannheim 1980–1992, became professor in 1985.

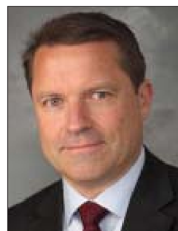
Member of the Supervisory Boards of Bayerische Motoren Werke Aktiengesellschaft (BMW AG), Deutsche Bank AG, Deutsche Post AG and Münchener Rückversicherungs-Gesellschaft AG (Munich Re). Member of the Board of Directors of Wipro Ltd. President of Deutsche Akademie der Technikwissenschaften. Member of the Honorary Senate of the Foundation Lindau Nobel prizewinners.

HELGE LUND, B. 1962

President and CEO of Statoil ASA. Board member since 2011. Member of the Personnel Committee. Member of the Corporate Governance and Nomination Committee.

MA in Business Economics (School of Economics and Business Administration, Bergen). Master of Business Administration (MBA) (INSEAD).

President and CEO of StatoilHydro 2007–2009. President and CEO of Statoil 2004–2007. President and CEO of Aker Kvaerner ASA 2002–2004. Central managerial positions in the Aker RGI system from 1999. Prior to 1999, Deputy Managing Director of Nycomed Pharma AS, a political adviser to the Conservative Party of the parliamentary group of Norway and a consultant of McKinsey & Co.



MÅRTEN MICKOS, B. 1962

Chief Executive Officer of Eucalyptus Systems, Inc. Board member since 2012.

Master of Science (Eng.) (Helsinki University of Technology).

Senior Vice President, Database Group, Sun Microsystems 2008–2009. CEO, MySQL AB 2001–2008. Chairman, Vexillum Ab 2000–2001. CEO, MatchON Sports Ltd. 1999–2000. CEO, Intellitel Communications Ltd. 1997–999.

ELIZABETH NELSON, B. 1960

Independent Corporate Advisor.
Board member since 2012.
Member of the Audit Committee.

M.B.A. (Finance) (The Wharton School, University of Pennsylvania). B.S. (Foreign Service) (Georgetown University).

Executive Vice President and Chief Financial Officer, Macromedia, Inc. 1997–2005. Vice President, Corporate Development, Macromedia, Inc. 1996–1997. Project Manager, Corporate Development and International Finance, Hewlett-Packard Company 1988–1996. Associate, Robert Nathan Associates 1982–1986.

Member of the Board of Directors of Pandora Media. Member of the Board of Directors of Brightcove Inc.

Member of the Boards of Directors of Ancestry.com, Inc. 2009–2012, SuccessFactors, Inc. 2007–2012, Autodesk, Inc. 2007–2010 and CNET Networks, Inc. 2003–2008.

KARI STADIGH, B. 1955

Group CEO and President of Sampo plc.
Board member since 2011.
Member of the Personnel Committee.

Master of Science (Eng.) (Helsinki University of Technology). Bachelor of Business Administration (Swedish School of Economics and Business Administration, Helsinki).

Deputy CEO of Sampo plc 2001–2009. President of Sampo Life Insurance Company Limited 1999–2000. President of Nova Life Insurance Company Ltd 1996–1998. President and COO of Jaakko Pöyry Group 1991–1996.

Member of the Board of Directors of Nordea Bank AB (publ). Chairman of the Board of Directors of If P&C Insurance Holding Ltd (publ), Kaleva Mutual Insurance Company and Mandatum Life Insurance Company Limited. Vice Chairman of the Board of Directors of the Federation of Finnish Financial Services. Member of the Board of Directors of Central Chamber of Commerce of Finland.

Chairman of the Board of Directors of Alma Media Corporation 2005–2011. Member of the Board of Directors of Aspo Plc. 2009.

At the Annual General Meeting on May 7, 2013, Stephen Elop, then President and CEO, was elected as a member of the Board of Directors. Mr. Elop resigned from the Board of Directors effective as of September 3, 2013.

The following individuals served on Nokia Board until the close of the Annual General Meeting held on May 7, 2013:

- Dame Marjorie Scardino, b. 1947. Board member 2001–2013. Vice Chairman 2007–2013. Served as a member of the Corporate Governance and Nomination Committee until May 7, 2013 and as a member of the Personnel Committee until May 7, 2013.
- Isabel Marey-Semper, b. 1967. Board member 2009–2013. Served as a member of the Audit Committee until May 7, 2013.

ELECTION OF THE BOARD MEMBERS

Proposal of the Corporate Governance and Nomination Committee for composition of the Board of Directors in 2014

On April 29, 2014, the Corporate Governance and Nomination Committee announced its proposal to the Annual General Meeting convening on June 17, 2014 regarding the composition of the Board of Directors for a one-year term from the Annual General Meeting 2014 until the close of the Annual General Meeting 2015. The Committee will propose that the number of Board members be nine and that the following current Nokia Board members be re-elected as members of the Nokia Board of Directors for a term until the close of the Annual General Meeting 2015: Bruce Brown, Elizabeth Doherty, Jouko Karvinen, Mårten Mickos, Elizabeth Nelson, Risto Siilasmaa and Kari Stadigh.

In addition, the Committee proposes that Vivek Badrinath, Deputy CEO of Accor, and Dennis Strigl, retired CEO of Verizon Wireless and Author and Consultant, be elected as members of the Nokia Board of Directors for the same term until the close of the Annual General Meeting 2015.

Election of the Chairman and Vice Chairman of the Board and the Chairmen and members of the Board's Committees

The Chairman and the Vice Chairman are elected by the new Board and confirmed by the independent directors of the Board from among the Board members upon the recommendation of the Corporate Governance and Nomination Committee. The independent directors of the new Board will also confirm the election of the members and Chairmen for the Board's committees from among the Board's independent directors upon the recommendation of the Corporate Governance and Nomination Committee and based on each committee's member qualification standards. These elections will take place at the Board's assembly meeting following the Annual General Meeting.

On April 29, 2014, the Corporate Governance and Nomination Committee announced that it will propose in the assembly meeting of the new Board of Directors after the Annual General Meeting on June 17, 2014 that Risto Siilasmaa be elected as Chairman of the Board and Jouko Karvinen as Vice Chairman of the Board.

NOKIA GROUP LEADERSHIP TEAM

According to our Articles of Association, the Nokia Group Leadership Team (previously, until May 1, 2014, Nokia Leadership Team) is responsible for the operative management of the company. The Chairman and members of the Nokia Group Leadership Team are appointed by the Board of Directors. Only the Chairman of the Nokia Group Leadership Team, the President and CEO, can be a member of both the Board of Directors and the Nokia Group Leadership Team.

CHANGES IN THE NOKIA LEADERSHIP TEAM

During 2013 and subsequently, the following changes took place in the Nokia Leadership Team:

- Stephen Elop stepped aside as President and CEO while continued as a member of the Nokia Leadership Team as Executive Vice President, Devices & Services, effective as of September 3, 2013. He stepped down from the Nokia Leadership Team effective as of April 25, 2014 due to transferring to Microsoft in connection with the Sale of the D&S business.
- Timo Ihamuotila served as interim President from September 3, 2013 until May 1, 2014 while also continuing to serve as Chief Financial Officer. During this interim time Mr. Ihamuotila also chaired the Nokia Leadership Team.
- Marko Ahtisaari, formerly Executive Vice President, Design stepped down from the Nokia Leadership Team effective as of November 1, 2013 and continues in transitional role until May 31, 2014.
- Jo Harlow, formerly Executive Vice President, Smart Devices stepped down from the Nokia Leadership Team effective as of April 25, 2014 due to transferring to Microsoft in acquisition of substantially all of Nokia's Devices & Services business.
- Juha Putkiranta, formerly Executive Vice President, Operations stepped down from the Nokia Leadership Team effective as of April 25, 2014 due to transferring to Microsoft in connection with the Sale of the D&S business.
- Timo Toikkanen, formerly Executive Vice President, Mobile Phones stepped down from the Nokia Leadership Team effective as of April 25, 2014 due to transferring to Microsoft in connection with the Sale of the D&S business.
- Chris Weber, formerly Executive Vice President, Sales and Marketing stepped down from the Nokia Leadership Team effective as of April 25, 2014 due to transferring to Microsoft in connection with the Sale of the D&S business.
- Louise Pentland, formerly Executive Vice President, Chief Legal Officer stepped down from the Nokia Leadership Team effective as of May 1, 2014 and continues to serve Nokia in an advisory role during a transition period.
- Juha Äkräs, formerly Executive Vice President, Human Resources stepped down from the Nokia Leadership Team effective as of May 1, 2014 and continues to serve Nokia in an advisory role during a transition period.
- Kai Öistämö, formerly Executive Vice President, Corporate Development stepped down from the Nokia Leadership Team effective as of May 1, 2014 and continues to serve Nokia in an advisory role during a transition period.
- Rajeev Suri was appointed the President and CEO of Nokia Corporation and Chairman of Nokia Group Leadership Team as from May 1, 2014.
- Samih Elhagen was appointed Executive Vice President and Chief Financial and Operating Officer of Networks and member of Nokia Group Leadership Team as from May 1, 2014.

THE MEMBERS OF THE NOKIA GROUP LEADERSHIP TEAM AS FROM MAY 1, 2014 ARE SET FORTH BELOW

RAJEEV SURI, B. 1967

President and Chief Executive Officer of Nokia. Nokia Group Leadership Team member and Chairman since 2014. Joined Nokia 1995.

Bachelor of Engineering in Electronics and Telecommunications, Manipal Institute of Technology, Mangalore University, Karnataka, India.

CEO, NSN 2009–2014. Head of Services, NSN, 2007–2009. Head of Asia Pacific, NSN, 2007. Senior Vice President, Nokia Networks Asia Pacific, 2005–2007. Vice President, Hutchison Customer Business Team, Nokia Networks, 2004–2005. General Manager, Business Development, Nokia Networks Asia Pacific, 2003. Sales Director–BT, O2 and Hutchison Global Customers, Nokia Networks, 2002. Director, Technology and Applications, BT Global Customer, Nokia Networks, 2000–2001. Head of Global Competitive Intelligence, Nokia Networks, 1999–2000. Head of Product Competence Center, Nokia Networks South Asia, 1997–1999. System Marketing Manager, Cellular Transmission, Nokia Networks India, 1995–1997. Head of Group Procurement, imports and special projects, Churchgate Group, Nigeria, 1993-1995. National Account Manager–Transmission / Manager–Strategic Planning, ICL India (ICIM), 1990–1993. Production Engineer, Calcom Electronics, 1989.

SAMIH ELHAGE, B. 1961

Executive Vice President and Chief Financial and Operating Officer of Networks. Nokia Group Leadership Team member since 2014. Joined NSN in 2012.

Bachelor of Electrical Engineering (telecommunications), University of Ottawa, Canada. Bachelor of Economics, University of Ottawa, Canada. Master of Electrical Engineering (telecommunications), École Polytechnique de Montréal, Canada.

Chief Financial Officer, NSN, 2013–2014. Chief Operating Officer, NSN, 2012. Senior Advisor, leading private equity and global management consulting firms, 2011–2012.President, Carrier Voice over IP and Applications Solutions (CVAS) division, Nortel, 2008–2010. Leadership positions in Operations, Business Transformation, Broadband Networks, Optical Networks, and Core Data Networks, Nortel, 1998–2008. Multiple leadership and management roles related to Network Development at Bell Canada, 1990–1998.

MICHAEL HALBHERR, B. 1964

CEO of HERE.
Nokia Group Leadership Team member since 2011. Joined Nokia 2006.

PhD. (Electrical Engineering) (ETH, Zurich, Switzerland). Worked at MIT Laboratory for Computer Science (Cambridge, MA, USA).

Vice President, Ovi Product Development, Nokia Services 2010–2011. Vice President, Nokia Maps, Nokia Services 2006–2010. CEO, gate5 AG, Berlin, Germany 2001–2006. Managing Director, Europeatweb, Munich, Germany 2000–2001. Manager, The Boston Consulting Group, in the USA and Switzerland 1994–2000.

TIMO IHAMUOTILA, B. 1966

Executive Vice President and Group Chief Financial Officer.
Interim President from September 3, 2013 until May 1, 2014.
Nokia Group Leadership Team member since 2007. With Nokia 1993–1996, rejoined 1999.

Master of Science (Economics) (Helsinki School of Economics). Licentiate of Science (Finance) (Helsinki School of Economics).

Executive Vice President, Sales, Markets, Nokia 2008–2009. Executive Vice President, Sales and Portfolio Management, Mobile Phones, Nokia 2007. Senior Vice President, CDMA Business Unit, Mobile Phones, Nokia 2004–2007. Vice President, Finance, Corporate Treasurer, Nokia 2000–2004. Director, Corporate Finance, Nokia 1999–2000. Vice President of Nordic Derivatives Sales, Citibank plc. 1996–1999. Manager, Dealing & Risk Management, Nokia 1993–1996. Analyst, Assets and Liability Management, Kansallis Bank 1990–1993.

Member of the Board of Directors of Uponor Corporation. Member of the Board of Directors of Central Chamber of Commerce of Finland.

HENRY TIRRI, B. 1956

Executive Vice President and acting Head of Technologies.
Nokia Group Leadership Team member since 2011. Joined Nokia 2004.

Ph.D. (computer science) (University of Helsinki). Dr. h.c. (University of Tampere).

Head of Nokia Research Center (NRC), Corporate Development, Nokia 2008–2011. Head of NRC Systems Research 2007–2008. Nokia Research Center, Research Fellow 2004–2007.

Adjunct Professor in computer science (University of Helsinki). Adjunct Professor in computational engineering (Aalto University, Helsinki). Adjunct Professor in Civil Engineering (University of California, Berkeley). Member of the international Advisory Committee of Tsinghua National Laboratory for Information Science and Technology.

COMPENSATION OF THE BOARD OF DIRECTORS AND THE NOKIA GROUP LEADERSHIP TEAM

The following section explains our compensation policies and details for both cash- and equity-based compensation as it relates to the Board of Directors and the Nokia Leadership Team which includes the six named executive officers.

As announced by Nokia on April 29, 2014, the Nokia Leadership Team is renamed as the Nokia Group Leadership Team effective as from May 1, 2014. We generally use the term "Nokia Leadership Team" when discussing the management and compensations in 2013 and, where applicable, use the name "Nokia Group Leadership Team" in other connections. The terms "Nokia Leadership Team" and "Nokia Group Leadership Team" can be used interchangeably in this annual report.

BOARD OF DIRECTORS

The table below outlines the annual compensation of the members of the Board of Directors for services on the Board and its committees, as resolved at the respective Annual General Meetings in 2013, 2012 and 2011.

Position, EUR	2013	2012	2011
Chairman	**440 000**	440 000	440 000
Vice Chairman	**150 000**	150 000	150 000
Member	**130 000**	130 000	130 000
Chairman of Audit Committee	**25 000**	25 000	25 000
Member of Audit Committee	**10 000**	10 000	10 000
Chairman of Personnel Committee	**25 000**	25 000	25 000
Total	**1 570 000** [1, 2]	1 700 000 [1]	1 700 000 [1]

1 Stephen Elop stepped down from his position as President and CEO and resigned from the Board of Directors effective September 3, 2013. He did not receive compensation for his service as a member of the Board.

2 The changes in the aggregate Board compensation year on year are due to changes in the number of Board members. The compensation paid for services rendered remained the same.

It is Nokia's policy that directors' compensation consists only of an annual fee and no additional fees are paid for meeting attendance. Approximately 40% of the director compensation is paid in the form of Nokia shares that are purchased from the market. The remaining compensation is paid in cash, which is typically used to cover taxes arising from the compensation. The current policy is that the directors are expected to retain all Nokia shares received as compensation until the end of their Board membership (except for those shares needed to offset any costs relating to the acquisition of the shares). Non-executive directors do not participate in any of Nokia's equity programs or receive any other form of variable compensation for their duties as Board members. Finally, the President and CEO does not receive compensation for his services as a Board member. The former President and CEO, Stephen Elop, who stepped down from his position as President and CEO and resigned from the Board of Directors effective September 3, 2013, did not receive compensation for his services as a Board member in 2013, 2012 and 2011. The total compensation of the former President and CEO is described below in "Summary compensation table 2013".

The compensation of the Board of Directors is resolved annually by our shareholders at our Annual General Meeting. It is resolved by a majority vote of the shareholders represented at the meeting, upon the proposal of the Corporate Governance and Nomination Committee of the Board of Directors. The compensation is set as of the date of the Annual General Meeting until the close of the next Annual General Meeting.

When preparing the proposal for Board compensation for shareholders' approval at the Annual General Meeting, it is the policy of the Corporate Governance and Nomination Committee to review and compare total compensation levels and their criteria paid at other global peer companies with net sales and complexity of business comparable to that of Nokia. The Corporate Governance and Nomination Committee's aim is to ensure that Nokia has an effective Board of international professionals representing a diverse mix of skills and experience. A competitive Board compensation contributes to the achievement of this target.

Compensation of the Board of Directors in 2013

For the year ended December 31, 2013, the aggregate amount of compensation paid to the members of the Board of Directors for their services as members of the Board and its committees was EUR 1 570 000.

The following table outlines the total annual compensation paid to the members of the Board of Directors in 2013, as resolved by shareholders at the Annual General Meeting on May 7, 2013. For more details on Nokia shares held by the members of the Board of Directors, please see "Share Ownership of the Board of Directors".

	Year	Compensation earned or paid in cash EUR [1]	Total EUR
Risto Siilasmaa, Chairman [2]	2013	440 000	440 000
Jouko Karvinen, Vice Chairman as of May 7, 2013 [3]	2013	175 000	175 000
Marjorie Scardino, Vice Chairman until May 7, 2013 [4]	2013	—	—
Bruce Brown	2013	130 000	130 000
Elizabeth Doherty [5]	2013	140 000	140 000
Stephen Elop, Board member until September 3, 2013 [6]	2013	—	—
Henning Kagermann [7]	2013	155 000	155 000
Helge Lund	2013	130 000	130 000
Isabel Marey-Semper, Board member until May 7, 2013 [4]	2013	—	—
Mårten Mickos	2013	130 000	130 000
Elizabeth Nelson [8]	2013	140 000	140 000
Kari Stadigh	2013	130 000	130 000
Total		1 570 000	1 570 000

1 Approximately 40% of each Board member's annual compensation is paid in Nokia shares purchased from the market and the remaining approximately 60% is paid in cash. The members of the Board do not participate in any of Nokia's equity programs or receive any other form of variable compensation for their duties as Board members.

2 Represents compensation paid to Risto Siilasmaa for services as the Chairman of the Board. This table does not include compensation paid to Mr. Siilasmaa for his services as the interim CEO. For the compensation paid for his services as the interim CEO. For the compensation paid for his services as the interim CEO, please see "Summary compensation table".

3 Represents compensation paid to Jouko Karvinen, consisting of EUR 150 000 for services as Vice Chairman of the Board and EUR 25 000 for service as the Chairman of the Audit Committee.

4 Marjorie Scardino and Isabel Marey-Semper served on the Board until the close of the Annual General Meeting in 2013. They were not paid any compensation during fiscal year 2013, but received their compensation for the term until the close of the Annual General Meeting in 2013 in fiscal year 2012. For their compensation in 2012, see Note 31 to our consolidated financial statements.

5 Represents compensation paid to Elizabeth Doherty, consisting of EUR 130 000 for services as a member of the Board and EUR 10 000 for service as a member of the Audit Committee.

6 Stephen Elop did not receive compensation for his services as a member of the Board. This table does not include compensation paid to Mr. Elop for his services as the President and CEO. For compensation paid for his service as the President and CEO, please see "Summary compensation table 2013". Mr. Elop stepped down from his position as President and CEO and resigned from the Board of Directors effective September 3, 2013.

7 Represents compensation paid to Henning Kagermann, consisting of EUR 130 000 for services as a member of the Board and EUR 25 000 for service as the Chairman of the Personnel Committee.

8 Represents compensation paid to Elizabeth Nelson, consisting of EUR 130 000 for services as a member of the Board and EUR 10 000 for service as a member of the Audit Committee.

Proposal by the Corporate Governance and Nomination Committee for compensation to the Board of Directors in 2014

On April 29, 2014, the Corporate Governance and Nomination Committee of the Board announced its proposal to the Annual General Meeting convening on June 17, 2014 regarding the remuneration to the Board of Directors in 2014. The Committee will propose that the annual fee payable to the Board members elected at the same meeting for a term until the close of the Annual General Meeting in 20145 remain at the same level as it has been for the past six years and be as follows: EUR 440 000 for the Chairman, EUR 150 000 for the Vice Chairman and EUR 130 000 for each member; for the Chairman of the Audit Committee and the Chairman of the Personnel Committee an additional annual fee of EUR 25 000, and for each member of the Audit Committee an additional annual fee of EUR 10 000.

The guiding principle of the Committee's proposal is to align the interests of the directors with those of the shareholders by remunerating directors primarily with Nokia shares that must be retained for the duration of the Board membership. Therefore, the Committee will propose that, approximately 40% of the remuneration be paid in Nokia shares purchased from the market or alternatively by using own shares held by the company, which shares shall be retained until the end of a director's Board membership in line with the current Nokia policy (except for those shares needed to offset any costs relating to the acquisition of the shares, including taxes). The rest of the remuneration would be payable in cash, most of which is typically used to cover taxes arising out of the remuneration.

EXECUTIVE COMPENSATION

The sections below describe our executive compensation philosophy, the design of our compensation programs and the factors considered during the decision-making process. One of the underlying principles of our compensation philosophy and our compensation program design is that a significant portion of an executive's total compensation is tied to the company's performance and be aligned with the value delivered to shareholders. Of the 2013 total compensation for Stephen Elop, the President and CEO until September 3, 2013, 88% of his compensation was tied to the company's performance. The amount of compensation tied to the company's performance for the other members of the Nokia Leadership Team for 2013 ranged from 71% to 80%. Our programs are designed so that this portion of compensation is earned and delivered only when results warrant. In 2013, we acquired the full ownership of Networks (previously called Nokia Solutions and Networks), and the three business continuing with Nokia after the Sale of D&S Business were profitable. However, we did not achieve all of our targets due to losses sustained in the Devices & Services business. As a result, some members of the Nokia Leadership Team did not realize significant elements of their total compensation in 2013. There were no payments under the vested Performance Share Plan to any Nokia Leadership Team members and some did not receive annual short-term variable incentive.

Executive compensation philosophy, programs and decision-making process

The basic principles of our executive compensation philosophy is to attract, retain and motivate talented executive officers globally with the right mix of skills and capabilities to drive Nokia's success in an extremely complex and rapidly evolving mobile communications industry. To achieve this, we have developed an overall compensation framework that provides competitive base pay rates combined with short- and long-term incentives or compensation that are intended to result in a competitive total compensation package.

Our executive compensation programs are designed to support Nokia in the execution of the corporate strategy. Specifically, our programs are designed to:

- incorporate specific performance measures that align directly with the execution of our strategy;
- deliver an appropriate amount of performance-related variable compensation for the achievement of strategic goals and financial targets in both the short- and long-term;
- appropriately balance rewards between Nokia's and an individual's performance; and
- foster an ownership culture that promotes sustainability and long-term value creation and align the interests of the named executive officers with those of the shareholders through long-term equity-based incentives.

The competitiveness of Nokia's executive compensation program is one of several key factors that the Personnel Committee of the Board considers in its determination of compensation for the Nokia Group Leadership Team, which includes the named executive officers. The Personnel Committee compares, on an annual basis, Nokia's compensation practices, base salaries and total compensation, including short- and long-term incentives against those of other rel-

evant companies with the same or similar revenue, size, global reach and complexity that we believe we compete against for executive talent. For 2013, the peer group included companies in high technology, telecommunications and Internet services industries, as well as companies from other industries that are headquartered in Europe and the United States. The peer group is determined by the Personnel Committee and reviewed for appropriateness from time to time as deemed necessary to keep abreast of changes in the business environment or industry.

The Personnel Committee retains and uses an external compensation consultant from Mercer Human Resources to obtain benchmark data and information on current market trends. The consultant works directly for the Personnel Committee and meets annually with the Personnel Committee, without management present, to provide an assessment of the competitiveness and appropriateness of Nokia's executive compensation levels and programs. Management provides the consultant with information regarding Nokia's compensation levels and programs in preparation for meeting with the Committee. The Committee has reviewed and established that the consultant of Mercer Human Resources that works for the Personnel Committee is independent of Nokia and does not have any other business relationships with Nokia.

The Personnel Committee reviews the Nokia Group Leadership Team's compensation on an annual basis, and from time to time during the year when special needs arise. Without management present, the Personnel Committee evaluates the performance of the President and CEO against previously established goals and objectives, recommends corporate goals and objectives for the coming year and proposes to the Board the compensation level of the President and CEO. All compensation for the President and CEO, including long-term equity incentives, is approved by the Board and is confirmed by the independent members of the Board. Management's role is to provide any information requested by the Personnel Committee to assist in their deliberations.

Upon the recommendation of the President and CEO, the Personnel Committee also approves all compensation, including long-term equity incentives and goals and objectives relevant to compensation for all members of the Nokia Group Leadership Team (other than the President and CEO) and other executive level direct reports to the President and CEO. Additionally, the Personnel Committee approves annual short-term incentive payments and reviews the results of performance evaluation of Nokia Group Leadership Team members (excluding the President and CEO) and other executive level direct reports to the President and CEO.

The Personnel Committee considers the following factors, among others, when determining the compensation of the Nokia Group Leadership Team or recommending the compensation of the President and CEO to the Board:

- the compensation levels for similar positions (in terms of scope of position, revenues, number of employees, global responsibility and reporting relationships) in relevant comparison companies;
- the performance demonstrated by the executive officer during the last year, which is evaluated at the end of the year against individual goals that are aligned to Nokia-level financial and strategic goals and against the executive officer's overall leadership capabilities;
- the size and impact of the particular officer's role on Nokia's overall performance and strategic direction;
- the internal comparison to the compensation levels of the other executive officers of Nokia;
- past experience and tenure in role; and
- the potential and expected future contributions of the executive.

The above factors are assessed by the Personnel Committee in totality.

In 2011, Nokia's management performed an internal risk assessment of Nokia's compensation policies and practices for all its employees specifically to understand any potential risk factors that would be associated with the changes made to Nokia's compensation programs in 2011 in alignment with our strategy. Management assessed such factors as Nokia's proportion of fixed compensation in relation to variable compensation, the caps on incentive compensation that can be earned under our plans, performance metrics tied to the incentive programs and the time horizon over which variable compensation may be earned, as well as Nokia's share ownership, severance and recoupment policies and our overall governance structure and practices. Based on the assessment, management concluded that there were no material risks arising from Nokia's compensation programs, policies and practices or the changes implemented that are likely to have a material adverse effect on Nokia. The findings of the analysis were reported to the Personnel Committee. A similar assessment was not conducted in 2013, as the 2011 assessment considered changes in our programs that were being implemented in 2013. In 2014 a full risk assessment will be conducted based on Nokia's new strategy.

Components of executive compensation

Our compensation program for Nokia Group Leadership Team members includes annual cash compensation in the form of a base salary and short-term variable cash incentives, as well as long-term equity-based incentives in the form of performance shares, stock options and restricted shares.

ANNUAL CASH COMPENSATION

Base salaries are targeted at globally competitive market levels. The Personnel Committee evaluates and weighs as a whole the appropriate base salary levels based on both our European and US peer companies.

Short-term cash incentives are an important element of our variable compensation programs and are tied directly to Nokia-level financial and strategic goals that are shared by the Nokia Group Leadership Team. The annual short-term variable cash incentive is expressed as a percentage of Nokia Group Leadership Team member's annual base salary. These award and measurement criteria are presented in the table below.

Annual short-term variable incentives are normally determined for the Nokia Group Leadership Team based on their performance as a team. We began 2013 with a team scorecard made up of Nokia financial and strategic targets. As a result

of the Sale of D&S Business to Microsoft, in the second half of 2013, the team scorecard was modified to include individual targets related to the Sale of D&S Business for some Nokia Leadership Team members. Some members of the Nokia Leadership Team also have an objective based on relative Total Shareholder Return. For 2013, the payment with respect to relative Total Shareholder Return is based on the Personnel Committee's assessment of Nokia's total shareholder return compared to key peer group companies that are selected by the Personnel Committee in the high technology, Internet services and telecommunications industries and relevant market indices over one, three and five year periods.

Annual short-term variable incentive goals and underlying targets require the full Board's approval for the President and CEO and the Personnel Committee's approval for the other members of the Nokia Group Leadership Team.

The below table outlines the measurement criteria that were established for the President and CEO and members of the Nokia Leadership Team for the year 2013. The annual short-term incentive payout is based on performance relative to targets set for each measurement criteria listed in the table.

Short-term incentive as a % of annual base salary in 2013

Position	Minimum performance	Target performance	Maximum performance	Measurement criteria
President and CEO	0%	125%	250%	**Key financial targets** [1] (including gross profit, OPEX and net cash flow); and
Nokia Leadership Team	0%	75%	150%	**Strategic objectives** [1] (including targets for performance of Nokia's product and service portfolio); and Individual objectives (includes targets relating to the transition of the Devices & Services business to Microsoft)
Certain Nokia Leadership Team members (in addition to above)	0%	25%	50%	**Total shareholder return** [2] (comparison made with key competitors in the high technology, telecommunications and Internet services industries over one-, three- and five-year periods)

1 One Nokia Leadership Team member's incentive structure is also tied to specific sales and gross margin targets in addition to the key financial targets and strategic objectives.

2 Total Shareholder Return reflects the change in Nokia's share price during an established time period, including the amount of dividends paid, divided by Nokia's share price at the beginning of the period. The calculation is conducted in the same manner for each company in the peer group. Only some members of the Nokia Leadership Team are eligible for the additional Total Shareholder Return element.

Annual short-term variable incentive compensation under the Nokia short-term cash incentive program is paid once per year based on pre-determined Nokia performance criteria assessed as of December 31. To determine annual short-term variable incentive pay-out under the Nokia short-term cash incentive program, the Personnel Committee approved incentive goals are evaluated against pre-defined achievement criteria. The resulting scores are then calculated against each executives individual incentive target to ascertain an individual pay-out percent. The executive's annual base salary is then multiplied by the pay-out percent to determine the pay-out amount. The achievement scores and individual pay-out percent and amount is presented to the Personnel Committee for approval. In the event the achievement criteria is not met, the actual short-term variable incentive awarded to the executive officer can be zero. The maximum payout is only possible with maximum performance on all measures.

For fiscal year 2013, the annual short term incentive plan pay-out was in accordance with achievement against the incentive criteria. Other short-term variable incentive payments were made to Nokia Leadership Team members for specific achievements during the year.

For more information on the actual cash compensation paid in 2013 to our named executive officers, please see "Summary compensation table 2013".

Long-term equity-based incentives

In 2013, long-term equity-based incentives in the form of performance shares, stock options and restricted shares were used to align the Nokia Leadership Team members' interests with shareholders' interests, reward for long-term financial performance and encourage retention, while also considering evolving regulatory requirements and recommendations and changing economic conditions. These awards were determined on the basis of the factors discussed above in "Executive Compensation Philosophy, Programs and Decision-making Process", including the comparison of a Nokia Leadership Team member's overall compensation with that of other similarly-situated executives in the relevant market and the competitiveness of the executive's compensation package in that market. In 2013, performance shares would have settled as Nokia shares if at least one of the pre-determined threshold performance levels, tied to Nokia's financial performance, had been achieved by the end of the performance period. The value the executive would have received was dependent on Nokia's share price. Stock options were granted with the purpose of creating value for the Nokia Leadership Team member, once vested, only if the Nokia share price at the time of vesting is higher than the exercise price of the stock option established at grant. This has also been intended to focus executives on share price appreciation, thus aligning the interests of the executives with those

of shareholders. Restricted shares were used primarily for long-term retention purposes for executives deemed critical for the future success of Nokia, as well as to support attraction of promising external talent in a competitive environment in which Nokia competes, namely in the United States where restricted shares are commonly used. Any shares granted are subject to the share ownership guidelines as explained below. All equity-based incentives are generally forfeited if the executive leaves Nokia prior to their vesting.

Recoupment of certain equity gains

The Board of Directors has approved a policy allowing for the recoupment of equity gains realized by Nokia Group Leadership Team members under Nokia equity plans in case of a financial restatement caused by an act of fraud or intentional misconduct. This policy applies to equity grants made to Nokia Group Leadership Team members after January 1, 2010.

Information on the actual equity-based incentives granted to the members of our Nokia Group Leadership Team in 2013 is included in "Share ownership".

Share ownership guidelines for executive management

One of the main goals of our long-term equity-based incentive program is to focus executives on promoting the long-term value sustainability of the company and building value for shareholders on a long-term basis. In addition to granting equity, we encourage stock ownership by our top executives and have stock ownership commitment guidelines with minimum recommendations tied to annual base salaries. For the President and CEO, the recommended minimum investment in Nokia shares corresponds to three times his annual base salary and for members of the Nokia Group Leadership Team two times annual base salary. To meet this requirement, all members of the Nokia Group Leadership Team are expected to retain 50% of any after-tax gains from equity programs in shares until the minimum investment level is met. The Personnel Committee regularly monitors the compliance by the executives with the stock ownership guidelines.

Insider trading in securities

The Board of Directors has established a policy in respect of insiders' trading in Nokia securities. The members of the Board and the Nokia Group Leadership Team are considered primary insiders. Under the policy, the holdings of Nokia securities by the primary insiders are public information and are available on our website and at Euroclear Finland Ltd. Both primary insiders and secondary insiders (as defined in the policy) are subject to a number of trading restrictions and rules, including, among other things, prohibitions on trading in Nokia securities during the four-week "closed-window" period immediately preceding the release of our interim and annual results including the day of the release. Nokia also sets trading restrictions based on participation in projects. We update our insider trading policy from time to time and provide training to ensure compliance with the policy. Nokia's insider policy is in line with the NASDAQ OMX Helsinki Guidelines for Insiders and also sets requirements beyond those guidelines.

Executive compensation

SERVICE CONTRACT OF STEPHEN ELOP DUE TO HIS PRESIDENT AND CEO ROLE

Stephen Elop's employment contract, dated September 21, 2010, covered his position as President and CEO. The agreement provided for an annually adjusted base salary (EUR 1 106 469 for 2013) and an annual management incentive target under the Nokia short-term cash incentive program of 150% of annual base salary. Mr. Elop was entitled to the benefits in line with our policies applicable to the Nokia Leadership Team, however, some of his benefits were being provided on a tax-assisted basis.

Mr. Elop's employment contract was amended effective as of September 3, 2014, as a result of entering into a transaction with Microsoft for the Sale of D&S Business. Under the terms of the amendment, Mr. Elop resigned from his position as President and CEO as of September 3, 2013 and assumed the role of Executive Vice President, Devices & Services. He also resigned from his position as a member of Board of Directors as of the same date. After the closing of the Sale of D&S Business, he transferred to Microsoft as agreed with Microsoft. In accordance with his service contract he received a severance payment of EUR 24.2 million in total. This amount included: base salary and management incentive EUR 4.1 million and value of equity awards EUR 20.1 million. The amount of the equity awards was based on the Nokia closing share price of EUR 5.28 per share at NASDAQ OMX Helsinki on April 24, 2014. Pursuant to the terms of the purchase agreement with Microsoft entered into in connection with the Sale of D&S Business, 70% of the total severance payment was borne by Microsoft and the remaining 30% of the severance amount (EUR 7.3 million) was borne by Nokia.

Mr. Elop is subject to a covenant restricting him from working for specified competitors of Nokia for 12 months following the termination of his contract with Nokia. Nokia waived his competition restriction with respect to Microsoft only in connection with amending his service contract in September 2013.

For information about the compensation and benefits received by Mr. Elop during 2013, see "Summary compensation table 2013" and "Equity grants in 2013".

Interim governance

On September 3, 2013, Nokia announced changes to its leadership as a result of the proposed Sale of D&S Business to Microsoft. These changes were to ensure appropriate corporate governance structure during the interim period following the announcement until the consummation of the transaction. In order to avoid the perception of any potential conflict of interest, Stephen Elop, who agreed to transfer to Microsoft upon the closing of the transaction, continued to lead the Devices & Services business, but resigned from his position as President and CEO and member of the Board of Directors as of September 3, 2013.

On the same date, Risto Siilasmaa assumed the role of interim CEO of Nokia while continuing to serve in his role as Chairman of the Nokia Board of Directors, and Timo Ihamuotila assumed the role of interim President and Chairman of the Nokia Leadership Team while also continuing to serve as Chief Financial Officer.

The above mentioned interim roles ended effective May 1, 2014, as a result of Nokia announcing its new strategy and changes to its leadership. Nokia Board appointed, effective from May 1, 2014 Rajeev Suri as the President and CEO of Nokia. He also chairs the Nokia Group Leadership Team.

ADDITIONAL COMPENSATION FOR CHAIRMAN OF THE BOARD RISTO SIILASMAA DUE TO HIS INTERIM CEO ROLE

As a result of entering into the Sale of D&S Business, Risto Siilasmaa assumed additional responsibilities as interim CEO from September 3, 2013, through April 30, 2014 in addition to his role as the Chairman of the Board of Nokia. As compensation for these additional responsibilities, he received a total amount of EUR 500 000. In order to reinforce the alignment of his interests with those of shareholders, 40% of this amount was delivered to him in Nokia shares bought on the open market. The remaining 60% was paid in cash, most of which was used to cover the estimated associated taxes. In recognition of Mr. Siilasmaa performance in his role as interim CEO, the Board of Directors approved on January 22, 2014, an additional award of 200 000 Nokia shares (gross, i.e. deducted by applicable taxes) to be purchased for Mr. Siilasmaa from the market during an open insider window period. Mr. Siilasmaa is to retain the net amount of shares delivered to him as stipulated for the Board members.

EXECUTIVE AGREEMENT OF TIMO IHAMUOTILA DUE TO HIS INTERIM PRESIDENT ROLE

Mr. Ihamuotila's executive agreement covers his position as Executive Vice President and Chief Financial Officer. In addition to his responsibilities as Chief Financial Officer of Nokia, Timo Ihamuotila assumed additional responsibilities as interim President and Chairman of the Nokia Leadership Team, from September 3, 2013, through April 30, 2014. In recognition of these additional responsibilities, Mr. Ihamuotila received EUR 250 000 paid in five monthly installments of EUR 50 000 each commencing in October 2013. In addition, Mr. Ihamuotila received an equity grant with an approximate aggregate grant date value of EUR 250 000 in the form of stock options and restricted shares. These grants are subject to the plans' standard terms and conditions and vesting schedules as described in the Equity-based incentive programs section below.

No changes were made to his compensation as a result of his additional responsibilities as Interim President, other than as described above. His annual base salary for 2013 was EUR 579 579. His annual management incentive target under the Nokia short-term cash incentive program is 100% of annual base salary. He is eligible to participate in Nokia's long-term equity-based incentive programs according to Nokia policies and guidelines and as determined by the Board of Directors. Mr. Ihamuotila is also entitled to benefits in line with our policies applicable to the Nokia Group Leadership Team.

In case of termination by Nokia for reasons other than cause, Mr. Ihamuotila is entitled to a severance payment of up to 18 months of compensation inclusive of annual base salary, annual management incentive at target and benefits. Additionally, a pro-rated portion of all unvested performance shares, restricted shares and stock options would have been treated as vested until March 25, 2014. On March 25, 2014, the Personnel Committee approved an amendment to Mr. Ihamuotila's executive agreement which replaced the above described pro-rated vesting of unvested equity with a full acceleration of unvested equity incentive grants awarded as at March 25, 2014. For equity grants awarded after March 25, 2014, neither the pro-rated vesting nor accelerated vesting treatment will apply.

In case of termination by Nokia for cause, Mr. Ihamuotila will not be entitled to any notice period or additional compensation and all his equity will be forfeited. In case of termination by Mr. Ihamuotila for cause, he is entitled to a severance payment equivalent of up to 18 months compensation inclusive of annual base salary, annual management incentive at target and benefits. In case of termination by Mr. Ihamuotila, the notice period is six months and he is entitled to a payment for such notice period inclusive of annual base salary, annual management incentive at target and benefits for six months. All unvested equity will be forfeited.

Mr. Ihamuotila is subject to a 12-month non-competition obligation after termination of his contract. Unless the contract is terminated by Nokia for cause, Mr. Ihamuotila may be entitled to compensation during the non-competition period or a part of it. Such compensation amounts to the annual base salary and management incentive at target for the respective period during which no severance payment is paid.

In the event of a change of control of Nokia, Mr. Ihamuotila will be treated in accordance with his change of control agreement as described below in "Employment arrangements with the Nokia Group Leadership Team".

SERVICE CONTRACT OF PRESIDENT AND CEO RAJEEV SURI, EFFECTIVE FROM MAY 1, 2014

On April 28, 2014 the Nokia Board of Directors resolved to appoint Mr. Rajeev Suri as Nokia's President and CEO effective from May 1, 2014. Pursuant to a new service contract Mr. Suri's annual base salary, which is subject to annual review by the Board of Directors and confirmation by the independent members of the Board, is EUR 1 000 000 and his incentive target under the Nokia short-term cash incentive plan is 125% of annual base salary. Mr. Suri is entitled to the customary benefits in line with our policies applicable to the senior executives, however, some of the benefits are being provided to him on a tax assisted basis. Mr. Suri is also eligible to participate in Nokia Group's long-term equity based compensation programs in accordance with Nokia policies and guidelines and as determined by the Board of Directors. In 2014, Mr. Suri will receive an annual Nokia equity grant of 475 000 Peformance Shares plus a one-time discretionary grant of 175 000 Performance Shares.

Mr. Suri's service contract may be terminated as follows:

- Termination by Nokia for reasons other than cause. In the event of a termination by Nokia for reasons other than cause, Mr. Suri is entitled to a severance payment equaling up to 18 months of compensation (including annual base salary, benefits, and target incentive), and his unvested equity awards will be forfeited.
- Termination by Nokia for cause. In the event of a termination by Nokia for cause, Mr. Suri is entitled to no additional compensation and all his unvested equity awards will be forfeited.

- Termination by Mr. Suri for any reason. Mr. Suri may terminate his service contract at any time with six months' prior notice. Nokia may choose to pay a lump sum payment in lieu of his service during the notice period or ask Mr. Suri to continue his service through all or part of this notice period. In either event, Mr. Suri is entitled to six months compensation (including annual base salary, benefits, and target incentive), and his unvested equity awards will be forfeited.
- Termination by Mr. Suri for Nokia's material breach of the service contract. In the event that Mr. Suri terminates his service contract based on a final arbitration award demonstrating Nokia's material breach of the service contract, he is entitled to a severance payment equaling to up to 18 months of compensation (including annual base salary, benefits, and target incentive), and all his unvested equity awards will be forfeited.
- Termination based on specified events. Mr. Suri's service contract includes special severance provisions on a termination following change of control events. These change of control provisions are based on a double trigger structure, which means that both a change of control event and the termination of the individual's employment within a defined period of time must take place for any change of control based severance payment to become due. More specifically, if a change of control event, as defined in the service contract, has occurred, and Mr. Suri's service with the company is terminated either by Nokia or its successor without cause, or by Mr. Suri for "good reason", in either case within 18 months from such change of control event, Mr. Suri will be entitled to a severance payment equaling to up to 18 months of compensation (including annual base salary, benefits, and target incentive) and cash payment(or payments) for the pxro-rated value of his outstanding unvested equity awards, including equity awards under the NSN Equity Incentive Plan, restricted shares, performance shares and stock options (if any), payable pursuant to the terms of the service contract. "Good reasons" referred to above include amaterial reduction of Mr. Suri's compensation and a material reduction of his duties and responsibilities, as definedin the service contract and as determined by the Board of Directors.

In addition, the service contract defines a specific, limited termination event that applies until June 30, 2016. Upon this event, if. Mr. Suri's service with Nokia is terminated as a result of the circumstances specified in the service contract, he is entitled to, in addition to normal severance payment payable upon his termination by Nokia for reasons other than cause, to a pro-rated value of unvested equity awards under the NSN Equity Incentive Plan, provided that the termination of his service takes place within six months from the defined termination event (and on or before June 30, 2016). Subject to this limited time treatment of unvested equity awards under the NSN Executive Incentive Plan, all of Mr. Suri's other unvested equity will be forfeited.

Subject to his continued employment, Mr. Suri is also expected to receive payments in the future pursuant to options granted under the NSN Equity Incentive Plan. This plan was established in 2012 prior to Nokia's acquisition of full ownership of NSN. The plan had two objectives: (1) increasing the value of NSN and (2) creating incentives relating to an exit option for its parent companies. With the significantly improved performance of NSN, the first objective has been met. The second objective has not occurred and given the change in Nokia's strategy, the likelihood of a sale or IPO has reduced. Accordingly, the value of the payouts under the NSN Equity Incentive Plan are expected to be reduced by 50%.

The actual payments, if any, under the NSN Equity Incentive Plan will be determined based on the value of the Networks business and could ultimately decline to zero if the value of the business falls below a certain level. There is also a cap that limits the upside for all plan participants, and if an IPO or sale has not occurred, the maximum total payment to Mr. Suri pursuant to the plan would be limited to EUR 10.8 million. In the unlikely event of an IPO or exit event the value of the options could exceed this maximum.

These equity awards were originally intended to vest upon the sale or IPO of NSN, or upon the fourth anniversary of the grant date. Given the change in Nokia's strategy and the significant improvement in the performance of NSN, the Nokia Board of Directors has determined that 30% of the options will vest on the third anniversary of grant (June 21, 2015) and 70% will continue to vest on the fourth anniversary of grant (June 21, 2016)

Mr. Suri is subject to a 12-month non-competition obligation that applies after the termination of the service contract or the date when he is released from his obligations and responsibilities, whichever occurs earlier.

Executive arrangements with the Leadership Team

Nokia has entered into executive agreements with all members of the Nokia Leadership Team (valid through April 30, 2014) and the Nokia Group Leadership Team (valid as from May 1, 2014). The below description of employment arrangements refers to Nokia Group Leadership Team but is valid for both Nokia Leadership Team and Nokia Group Leadership Team, unless otherwise specifically mentioned. The contracts of Mr. Elop, Mr. Ihamuotila and Mr. Suri are described above.

Under the terms of their executive agreements with Nokia, Nokia Group Leadership Team members are entitled to a severance payment of up to 12 months of compensation inclusive of annual base salary, management incentive at target under the Nokia short-term cash incentive program and benefits.

In case of termination by a Nokia Group Leadership Team member, the notice period is six months and such member is entitled to a payment for such notice period inclusive of annual base salary, annual management incentive at target and benefits. All equity will be forfeited. In case of termination by Nokia for cause, Nokia Group Leadership Team member will not be entitled to any notice period or additional compensation and all equity will be forfeited. In case of termination by the Nokia Group Leadership Team member for cause, such member is entitled to a severance payment equivalent of up to 12 months' compensation inclusive of annual base salary, annual management incentive at target and benefits. Nokia Group Leadership Team members are subject to a 12-month non-competition obligation after termination of the contract. Unless the contract is terminated by Nokia for cause, the

Nokia Group Leadership Team member may be entitled to compensation during the non-competition period or a part of it. Such compensation amounts to the annual base salary and annual management incentive at target for the respective period during which no severance payment is paid.

The Nokia Group Leadership Team members have change of control agreements with Nokia, which serve as an addendum to their executive agreements. These change of control agreements are based on a double trigger structure, which means that both the change of control event and the termination of the individual's employment must take place for any change of control based severance payment to materialize. More specifically, if a change of control event, as defined in the agreement, has occurred in the company, and the individual's employment with the company is terminated either by Nokia or its successor without cause, or by the individual for "good reason" (for example, material reduction of duties and responsibilities), in either case within 18 months from such change of control event, the individual will be entitled to his or her notice period compensation (including base salary, benefits, and target incentive) and cash payment (or payments) for the pro-rated value of the individual's outstanding unvested equity, including restricted shares, performance shares, stock options and equity awards under NSN Equity Incentive Plan, payable pursuant to the terms of the agreement. The Board of Directors has the full discretion to terminate or amend the change of control agreements at any time.

PENSION ARRANGEMENTS FOR THE MEMBERS OF THE NOKIA GROUP LEADERSHIP TEAM

The members of the Nokia Group Leadership Team participate in the local retirement programs applicable to employees in the country where they reside. This applies also to Mr. Elop, the former President and CEO, and Mr. Suri, the President and CEO as from May 1, 2014, who are not entitled to any extraordinary pension arrangements. Executives in Finland, including Mr. Elop and Mr. Suri participate in the Finnish TyEL pension system, which provides for a retirement benefit based on years of service and earnings according to prescribed statutory rules. Under the Finnish TyEL pension system, base pay, incentives and other taxable fringe benefits are included in the definition of earnings, although gains realized from equity are not. Retirement benefits are available from age 63 to 68, according to an increasing scale. The Nokia Group Leadership Team members in the United States participate in Nokia's US Retirement Savings and Investment Plan. Under this 401(k) plan, participants elect to make voluntary pre-tax contributions that are 100% matched by Nokia up to 8% of eligible earnings. 25% of the employer's match vests for the participants during each year of the first four years of their employment. The Nokia Group Leadership Team members in Germany participate in the Nokia German Pension Plan that is 100% company funded. Contributions are based on pensionable earnings, the pension table and retirement age. For the Nokia Group Leadership Team members in UK, the pension accrued in the UK Pension Scheme is a Money Purchase benefit. Contributions are paid into the UK Pension Scheme by both the member and employer. These contributions are held within the UK Pension Scheme and are invested in funds selected by the member.

ACTUAL COMPENSATION FOR THE MEMBERS OF THE NOKIA LEADERSHIP TEAM IN 2013

At December 31, 2013, The Nokia Leadership Team consisted of 11 members. Changes in the composition of the Nokia Leadership Team during 2013 and subsequently are explained above in "Nokia Group Leadership Team".

The following tables summarize the aggregate cash compensation paid and the long-term equity-based incentives granted to the members of the Nokia Leadership Team under our equity plans in 2013.

Gains realized upon exercise of stock options and share-based incentive grants vested for the members of the Nokia Leadership Team during 2013 are included in "Stock option exercises and settlement of shares".

Aggregate cash compensation to the Nokia Leadership Team for 2013 [1, 2]

Year	Number of members on December 31, 2013	Base salaries EUR	Cash incentive payments EUR
2013	11	6 305 269	2 855 579

1 Includes base salary and short-term cash incentives paid or payable by Nokia for fiscal year 2013. The short-term cash incentives include annual short-term cash incentives that are paid as a percentage of annual base salary and/or variable spot compensation paid for specific achievements during the year.

2 Includes Marko Ahtisaari for the period until October 31, 2013 EUR 370 973 for annual base salary as a Nokia Leadership Team member and zero short-term cash incentive payment.

Long-term equity-based incentives granted in 2013 [1]

	Nokia Leadership Team [3, 4]	Total	Total number of participants
Performance shares at threshold [2]	1 537 500	6 696 241	3 580
Stock options	5 150 000	8 334 200	140
Restricted shares	1 970 000	12 347 931	3 600

1 The equity-based incentive grants are generally forfeited if the employment relationship terminates with Nokia prior to vesting. The settlement is conditional upon performance and/or service conditions, as determined in the relevant plan rules. For a description of our equity plans, see Note 25 to our consolidated financial statements.

2 For performance shares granted under Nokia Performance Share Plans, at maximum performance, the settlement amounts to four times the number at threshold.

3 Includes Marko Ahtisaari for the period until October 31, 2013.

4 For the Nokia Leadership Team member whose employment terminated during 2013, the long-term equity-based Incentives were forfeited following termination of employment in accordance with plan rules.

A significant portion of equity grants presented in the below Summary compensation table to the named executive officers are tied to the performance of the company and aligned with the value delivered to shareholders. Therefore, the amounts shown are not representative of the amounts that will actually be earned and paid out to each named executive officer (but rather the accounting grant date fair value of each applicable grant, which is required to be reported in the Summary compensation table). In fact, for each of the years reported, the compensation "realized" by each named executive officer is lower than the amount required to be reported in the Summary compensation table.

Summary compensation table 2013

Name and principal position [1]	Year	Salary EUR	Variable compensation [2] EUR	Stock awards [3] EUR	Option awards [3] EUR	Change in pension value and nonqualified deferred compensation earnings [4] EUR	All other compensation EUR	Total EUR
Stephen Elop,	2013	1 105 171	769 217	5 385 660	2 197 691	75 554	121 765 [5]	9 655 059
EVP Devices & Services,	2012	1 079 500	0	2 631 400	497 350	56 776	69 395	4 334 421
former President and CEO	2011	1 020 000	473 070	3 752 396	539 443	73 956	2 085 948	7 944 813
Risto Siilasmaa Chairman of the Board of Directors, Interim CEO	2013	0	0	0		0	500 000 [6]	500 000
Timo Ihamuotila	2013	578 899	628 909	1 136 530	547 748	160 630	314 066 [7]	3 366 782
EVP, Chief Financial Officer,	2012	570 690	57 750	539 300	106 575	262 183	40 146	1 576 644
Interim President	2011	550 000	173 924	479 493	185 448	150 311	8 743	1 547 919
Louise Pentland [8]	2013	441 499	476 027	905 120	427 329		9 324 [9, 10]	2 259 299
EVP, Chief Legal Officer	2012	466 653	46 321	407 730	81 708		22 761	1 025 173
Michael Halbherr	2013	440 375	206 426	990 280	451 748		89 849 [11]	2 178 678
EVP, HERE	2012	411 531	44 038	539 300	106 575		61 477	1 162 921
Jo Harlow [8]	2013	533 436	0	990 280	451 748		62 415 [12]	2 037 879
EVP, Smart Devices	2012	555 296	55 494	539 300	106 575		58 732	1 315 397

1 The positions set forth in this table are the positions of the named executive officers as of December 31, 2013.

2 The amount consists of the annual short term variable compensation and/or other incentives earned and paid or payable by Nokia for the respective fiscal year. The amount above is inclusive of any discretionary variable spot compensation earned by active Nokia Leadership Team members for specific contributions during the year.

3 Amounts shown represent the grant date fair value of equity grants awarded for the respective fiscal year. The fair value of stock options equals the estimated fair value on the grant date, calculated using the Black-Scholes model.

The fair value of performance shares and restricted shares equals the estimated fair value on grant date. The estimated fair value is based on the grant date market price of a Nokia share less the present value of dividends expected to be paid during the vesting period. The value of the performance shares is presented on the basis of granted number of shares, which is two times the number of shares at threshold.

The value of the stock awards with performance shares valued at maximum (four times the number of shares at threshold), for each of the named executive officers, is as follows: Mr. Elop EUR 8 670 660; Mr. Ihamuotila EUR 1 778 930; and Ms. Pentland EUR 1 489 120; Mr. Halbherr EUR 1 632 680 and Ms. Harlow EUR 1 632 680.

4 The change in pension value represents the proportionate change in the liability related to the individual executives. These executives are covered by the Finnish State employees' pension act ("TyEL") that provides for a retirement benefit based on years of service and earnings according to the prescribed statutory system. The TyEL system is a partly funded and a partly pooled "pay as you go" system. Effective March 1, 2008, Nokia transferred its TyEL pension liability and assets to an external Finnish insurance company and no longer carries the liability on its financial statements. The figures shown represent only the change in liability for the funded portion. The method used to derive the actuarial IFRS valuation is based upon available salary information at the respective year end. Actuarial assumptions including salary increases and inflation have been determined to arrive at the valuation at the respective year end.

5 All other compensation for Mr. Elop in 2013 includes: EUR 66 913 for tax services for fiscal years 2011, 2012 and 2013; housing of EUR 40 131; EUR 9 600 for participation in a health assessment and leadership performance program; home security EUR 1 249; and EUR 3 873 taxable benefit for premiums paid under supplemental medical and disability insurance and for mobile phone and driver.

6 All other compensation for Mr. Siilasmaa in 2013 includes: EUR 500 000 as compensation for his additional responsibilities as Interim CEO, 40% of this amount was delivered to him in shares bought on the open market. The remaining 60% was paid in cash, most of which was used to cover the estimated associated taxes. The table does not include the compensation he is paid for his role as Chairman of the Board of Directors.

7 All other compensation for Mr. Ihamuotila in 2013 includes: EUR 11 220 for car allowance; EUR 43 896 for security and EUR 2 200 taxable benefit for premiums paid under supplemental medical and disability insurance and for mobile phone and driver; EUR 6 750 for participation in a health assessment and leadership performance program. In recognition of additional responsibilities for his role as acting President, Mr. Ihamuotila received EUR 250 000 cash paid in 5 installments starting in October 2013, resulting in EUR 150 000 being paid in 2013 and EUR 100 000 being paid in 2014. Additionally, he received an equity grant value EUR 242 250 (included in the stock award and stock options columns) which will vest in accordance with normal plan rules.

8 Salaries, benefits and perquisites for Ms. Harlow and Ms. Pentland were paid and denominated in GBP and USD, respectively. Amounts were converted using year-end 2013 USD/EUR exchange rate of 1.37 and GPB/EUR rate of 0.85. For year 2012 disclosure, amounts were converted using year-end 2012 USD/EUR exchange rate of 1.28 and GPB/EUR exchange rate of 0.85. For year 2011 disclosure, amounts were converted using year-end 2011 USD/EUR and GPB/EUR exchange rate of 1.35 and 0.86, respectively.

9 Ms. Pentland participated in Nokia's U.S Retirement Savings and Investment Plan. Under this 401(k) plan, participants elect to make voluntary pre-tax contributions that are 100% matched by Nokia up to 8% of eligible earnings. 25% of the employer's match vests for the participants during each of the first four years of their employment. Participants earning in excess of the Internal Revenue Service (IRS) eligible earning limits may participate in the Nokia Restoration and deferral Plan, which allows employees to defer up to 50% of their salary and 100% of their short-term variable incentive. Contributions to the Restoration and Deferral Plan are matched 100% up to 8% of eligible earnings, less contributions made to the 401(k) plan. The company's contributions to the plan are included under "All Other Compensation Column" and noted hereafter.

10 All other compensation for Ms. Pentland in 2013 includes: EUR 9 324 company contributions to the 401(k) Plan and EUR 530 provided under Nokia's international assignment policy in the UK.

11 All other compensation for Mr. Halbherr in 2013 includes: EUR 69 747 company contributions to the German Pension Plan and EUR 13 352 for car, fuel, account maintenance and health insurance and EUR 6 750 for participation in a health assessment and leadership performance program.

12 All other compensation for Ms. Harlow in 2013 includes: EUR 44 318 company's contributions to the UK Pension Plan; EUR 9 541 for car and fuel and EUR 691 for health insurance; EUR 1 114 service award and EUR 6 750 for participation in a health assessment and leadership performance program.

Equity grants in 2013 [1]

Name and principal position [2]	Year	Option awards				Stock awards			
		Grant date	Number of shares underlying options	Grant price EUR	Grant date fair value [3] EUR	Performance shares at threshold (number)	Performance shares at maximum (number)	Restricted shares (number)	Grant date fair value [4] EUR
Stephen Elop,	2013	May 15	1 800 000	2.71	2 197 692	562 500	2 250 000		
EVP Devices & Services,	2013	March 13						785 000	5 385 660
former President and CEO									
Risto Siilasmaa,	2013	—	0	0	0	0	0	0	0
Chairman of the Board of									
Directors. Interim CEO									
Timo Ihamuotila,	2013	May 15	370 000	2.71	451 748	110 000	440 000		
EVP, Chief Financial Officer,	2013	March 13						130 000	990 280
Interim President	2013	November 13						25 000	146 125
Louise Pentland,	2013	May 15	350 000	2.71	427 329	100 000	400 000		
EVP, Chief Legal Officer	2013	March 13						120 000	905 120
Michael Halbherr,	2013	May 15	370 000	2.71	451 748	110 000	440 000		
EVP, HERE	2013	March 13						130 000	990 280
Jo Harlow,	2013	May 15	370 000	2.71	451 748	110 000	440 000		
EVP, Smart Devices	2013	March 13						130 000	990 280

1 Including all equity awards made during 2013. Awards were made under the Nokia Stock Option Plan 2011, the Nokia Performance Share Plan 2013 and the Nokia Restricted Share Plan 2013.

2 The positions set forth in this table are the positions of the named executive officers as of December 31, 2013.

3 The fair value of stock options equals the estimated fair value on the grant date, calculated using the Black-Scholes model. The stock option exercise price was EUR 2.71 on May 15, 2013. NASDAQ OMX Helsinki closing market price was EUR 2.92 at grant date on May 15, 2013.

4 The fair value of performance shares and restricted shares equals the estimated fair value on the grant date. The estimated fair value is based on the grant date market price of the Nokia share less the present value of dividends expected to be paid during the vesting period. The value of performance shares is presented on the basis of a number of shares, which is two times the number at threshold.

For information with respect to the Nokia shares and equity awards held by the members of the Nokia Leadership Team as at December 31, 2013, please see "Share ownership".

EQUITY-BASED INCENTIVE PROGRAMS

General

The Board of Directors approved on February 14, 2014 Nokia equity based incentive programme for the year 2014. The programme for 2014 will be explained in more detail under "Nokia eguity based incentive programme 2014".

During the year ended December 31, 2013, we administered two global stock option plans, four global performance share plans, four global restricted share plans and an employee share purchase plan. Both executives and employees participate in these plans. Our compensation programs promote long-term value creation and sustainability of the company and are designed to ensure that compensation is based on performance. Performance shares have been the main element of the company's broad-based equity compensation program for several years to emphasize the performance element in employees' long-term incentives.

The primary equity instruments for the executive employees were performance shares and stock options. Restricted shares have also been used for executives for retention purposes. The portfolio approach has been designed to build an optimal and balanced combination of long-term equity-based incentives and to help focus recipients on long term financial performance as well as on share price appreciation, thus aligning recipients' interests with those of shareholders. For directors below the executive level, the primary equity instruments have been performance shares and restricted shares. Below the director level, performance shares and restricted shares have been used on a selective basis to ensure retention and recruitment of individuals with functional mastery and other employees deemed critical to Nokia's future success.

The equity-based incentive grants are conditioned upon continued employment with Nokia, as well as the fulfillment of performance and other conditions, as determined in the relevant plan rules.

The participant group for the 2013 equity-based incentive program continued to include employees from many levels of the organization. As at December 31, 2013, the aggregate number of participants in all of our active equity-based programs was approximately 7 200 and approximately 7 200 as at December 31, 2012.

Stock option, performance share and restricted share grants to the President and CEO are made upon recommendation by the Personnel Committee and approved by the Board of Directors and confirmed by the independent directors of the Board. The interim CEO was not eligible to receive any equity-based incentive grants and did not receive any grants during 2013. The interim President's stock option and restricted share grants in recognition of his additional responsibilities as the interim President were made upon recommendation by the Personnel Committee and approved by the Board of Directors in accordance with the terms and conditions of the plans. Stock option, performance share and restricted share grants to the other Nokia Group Leadership Team members and other direct reports of the President and CEO are approved by the Personnel Committee. Stock option, performance share and restricted share grants to other eligible employees are approved by the President and CEO on a quarterly basis, based on an authorization given by the Board of Directors.

In 2013 employees of Networks were excluded from Nokia's equity incentive programs.

For a more detailed description of all of our equity-based incentive plans, see Note 25 to our consolidated financial statements.

Performance shares

During 2013, we administered four global performance share plans: the Performance Share Plans of 2010, 2011, 2012 and 2013, each of which, including its terms and conditions, has been approved by the Board of Directors.

The performance shares represent a commitment by Nokia Corporation to deliver Nokia shares to employees at a future point in time, subject to Nokia's fulfillment of pre-defined performance criteria. No Nokia shares will be delivered unless the Group's performance reaches at least one of the threshold levels measured by two independent, pre-defined performance criteria. The below table illustrates the performance criteria of the Performance Share Plans from 2010 through 2013.

	Performance share plan			
Performance criteria	**2012**	**2011**	**2010**	**2009**
Average annual net sales growth (Nokia Group)	—	—	yes	yes
EPS at the end of performance period (Nokia Group)	—	—	—	yes
Average annual net sales (Nokia Group excluding Networks)	yes [1]	yes	—	—
Average annual net sales (Nokia Group)	yes [2]	—	—	—
Average annual EPS (Nokia Group)	yes	yes	yes	—

1 Specific to 2013 year, of the two-year performance period (2013 – 2014), only.

2 Specific to 2014 year, of the two-year performance period (2013 – 2014), only to reflect the change in ownership structure of Networks.

The 2010 and 2011 plans have a three-year performance period. The shares vest after the respective performance period. The 2012 and 2013 plans have a two-year performance period and a subsequent one-year restriction period, after which the shares vest. The shares will be delivered to the participants as soon as practicable after they vest. No shares will be delivered if Nokia's performance does not reach the performance criteria. The below table summarizes the relevant periods and settlements under the plans.

Plan	Performance period	Settlement
2010 [1]	2010–2012	2013
2011 [2]	2011–2013	2014
2012 [2]	2012–2013 [3]	2015
2013	2013–2014 [3]	2016

1 No Nokia shares were delivered under the Nokia Performance Share Plan 2010 as Nokia's performance did not reach the requisite threshold level with respect to the applicable performance criteria under the plan.

2 No Nokia shares will be delivered under the Nokia Performance Share Plans 2011 and 2012 as Nokia's performance did not reach the requisite threshold level with respect to the applicable performance criteria for either plan.

3 Nokia Performance Share Plans 2012 and 2013 have a one-year restriction period after the two-year performance period.

Until the shares are delivered, the participants will not have any shareholder rights, such as voting or dividend rights, associated with the performance shares. The performance share grants are generally forfeited if the employment relationship terminates with Nokia prior to vesting.

Similar to the previous 2008, 2009 and 2010 plans, there was no payout from the Nokia Performance Share Plan 2011. There will also be no payout from Nokia Performance Share Plan 2012 as the threshold level under the applicable performance criteria was not reached.

Stock options

During 2013 we administered two global stock option plans: the Stock Option Plans 2007 and 2011, each of which, including its terms and conditions, has been approved by the Annual General Meeting in the year when the plan was launched.

Each stock option entitles the holder to subscribe for one new Nokia share. The stock options are non-transferable and may be exercised for shares only. All of the stock options granted under the Stock Option Plan 2007 have a vesting schedule with 25% of the options vesting one year after grant and 6.25% each quarter thereafter. The stock options granted under the 2007 plan have a term of approximately five years. The stock options granted under the Stock Option Plan 2011 have a vesting schedule with 50% of stock options vesting three years after grant and the remaining 50% vesting four years from grant. The stock options granted under the 2011 plan have a term of approximately six years.

The exercise price of the stock options is determined at the time of grant, on a quarterly basis, in accordance with a pre-agreed schedule after the release of Nokia's periodic financial results. The exercise prices are based on the trade volume weighted average price of a Nokia share on NASDAQ OMX Helsinki during the trading days of the first whole week of the second month of the respective calendar quarter (i.e., February, May, August or November). With respect to the Stock Option Plan 2011, should an ex-dividend date take place during that week, the exercise price shall be determined based on the following week's trade volume weighted average price of the Nokia share on NASDAQ OMX Helsinki. Exercise prices are determined on a one-week weighted average to mitigate any day-specific fluctuations in Nokia's share price. The determination of exercise price is defined in the terms and conditions of the stock option plans, which were approved by the shareholders at the Annual General Meetings 2007 and 2011. The Board of Directors does not have the right to change how the exercise price is determined.

Shares will be eligible for dividend for the financial year in which the share subscription takes place. Other shareholder rights will commence on the date on which the subscribed shares are entered in the Trade Register. The stock option grants are generally forfeited if the employment relationship terminates with Nokia.

Restricted shares

During 2013, we administered four global restricted share plans: the Nokia Restricted Share Plans 2010, 2011, 2012 and 2013, each of which, including its terms and conditions, has been approved by the Board of Directors.

Beneath the executive and director levels restricted shares were used on a selective basis to ensure retention and recruitment of individuals with functional mastery and other employees deemed critical to Nokia's future success.

All of our restricted share plans have a restriction period of three years after grant. Until the shares are delivered, the participants will not have any shareholder rights, such as voting or dividend rights, associated with the restricted shares. The restricted share grants are generally forfeited if the employment relationship terminates with Nokia prior to vesting.

Employee share purchase plan

During 2013, Nokia launched for the first time an Employee Share Purchase Plan (so called Share in Success). Under the Employee Share Purchase Plan, eligible Nokia employees could elect to make monthly contributions from their salary to purchase Nokia shares. The contribution per employee cannot exceed EUR 1 200 per year. The share purchases are made at market value on pre-determined dates on a monthly basis during a 12-month savings period. Nokia will offer one matching share for every two purchased shares the employee still holds after the last monthly purchase has been made in June 2014. In addition, 20 free shares were delivered to employees who made the first three consecutive monthly share purchases. The participation in the plan was voluntary to the employees.

Nokia equity-based incentive program 2014

On February 14, 2014, the Board of Directors approved the scope and design of the Nokia Equity Program 2014. The Board of Directors decided not to propose stock options for the 2014 Annual General Meeting. Similarly to the earlier equity incentive programs, the Equity Program 2014 is designed to support the participants' focus and alignment with Nokia's long term success. Nokia's use of the performance-based plan as the main long-term incentive vehicles is planned to effectively contribute to the long-term value creation and sustainability of the company and to align the interests of the employees with those of the shareholders. It is also designed to ensure that the overall equity-based compensation is based on performance, while also ensuring the recruitment and retention of talent vital to the future success of Nokia. Shares under the Nokia Restricted Share Plan 2014 are intended to be granted only for exceptional retention and recruitment purposes as to ensure Nokia is able to retain and recruit talent vital to the future success of the group. In addition, the Employee Share Purchase Plan continues to be offered to encourage employee share ownership, commitment and engagement.

The primary equity instruments for the executive employees and directors below executive level are performance shares. Below the director level, performance shares are used on a selective basis to ensure retention and recruitment of individuals with functional mastery and other employees deemed critical to Nokia's future success. These equity-based incentive awards are generally forfeited if the employee leaves Nokia prior to vesting. Shares under Nokia Restricted Share Plan 2014 are intended to be granted only for exceptional retention and recruitment purposes as to ensure Nokia is able to retain and recruit talent vital to the future success of the group. The Employee Share Purchase Plan will be offered to all employees in selected jurisdictions (excluding Networks' employees for 2014), to the extent there are no local regulatory or administrative obstacles for the offer. The participation in the plan will be voluntary to eligible employees.

Performance shares

The Nokia Performance Share Plan 2014 has a two-year performance period (2014 through 2015) and a subsequent one-year restriction period. Therefore, the amount of shares based on the financial performance during 2014–2015 will vest after 2016. The performance criteria for the performance period are as follows:

For Nokia Group employees (excluding HERE employees):

- Nokia Group average annual non-IFRS net sales
- Nokia Group average annual non-IFRS EPS

For HERE employees:

- Nokia Group average annual non-IFRS EPS
- HERE average annual non-IFRS net sales
- HERE average annual non-IFRS operating profit

The number of shares to be settled after the restriction period will start at 25% of the granted amount and any payout beyond this will be determined with reference to the financial performance against the established performance criteria during the two-year performance period.

The threshold and maximum levels for the Nokia Performance Share Plan 2014 are as follows:

Performance criterion for the Nokia Group employees (excluding HERE employees):

Performance criterion	Weighting	Threshold performance	Maximum performance	Potential range of settlement*
Nokia average annual non-IFRS net sales during Jan. 1, 2014–Dec. 31, 2015	50%	EUR 11.135 billion	EUR 15.065 billion	Threshold number up to maximum level (4 x threshold number)
Nokia average annual non-IFRS EPS during Jan. 1, 2014–Dec. 31, 2015	50%	EUR 0.11	EUR 0.38	Threshold number up to maximum level (4 x threshold number)

Performance criterion for the HERE employees:

Performance criterion	Weighting	Threshold performance	Maximum performance	Potential range of settlement*
Nokia average annual non-IFRS EPS during Jan. 1, 2014–Dec. 31, 2015	25%	EUR 0.11	EUR 0.38	Threshold number up to maximum level (4 x threshold number)
HERE non-IFRS average annual operating profit during Jan. 1, 2014–Dec. 31, 2015	25%	EUR 0 million	EUR 130 million	Threshold number up to maximum level (4 x threshold number)
HERE average annual non-IFRS net sales during Jan. 1, 2014–Dec. 31, 2015	50%	EUR 950 million	EUR 1.150 billion	Threshold number up to maximum level (4 x threshold number)

* The minimum payout of 25% of the grant amount will be payable only in the event that the calculated payout (based on Nokia's performance against the performance criteria) is beneath 25% achievement against the performance criteria.

We believe the performance criteria set above are challenging, yet realistic and within reach. The awards at the threshold are significantly reduced from grant level and achievement of maximum award would serve as an indication that Nokia's performance significantly exceeded current market expectations of our long-term execution.

Achievement of the maximum performance for all criteria would result in the vesting of a maximum of 29.7 million Nokia shares. Performance exceeding the maximum criteria does not increase the number of performance shares that will vest. Achievement of the threshold performance for all criteria will result in the vesting of approximately 7.4 million shares and will be the minimum payout under the plan. Minimum payout under the plan, even if threshold performance is not achieved, is 7.4 million shares due to the 25% minimum payout. The vesting will occur after 2016. Until Nokia shares are delivered, the participants will not have any shareholder rights, such as voting or dividend rights associated with these performance shares.

RESTRICTED SHARES

Restricted shares under the Nokia Restricted Share Plan 2014 approved by the Board of Directors are used as described above on a selective basis to ensure extraordinary retention and recruitment of individuals with functional mastery and other employees deemed critical to Nokia's future success and will only be used in limited and exceptional circumstances. This is a change to the earlier practice when restricted shares were included as part of the annual compensation reviews. The restricted shares under the Nokia Restricted Share Plan 2014 have a three-year restriction period. The restricted shares will vest and the resulting Nokia shares will be delivered in 2017, and early 2018, dependent on the fulfillment of the criteria of continued employment during the restriction period. Until the shares are delivered, the participants will not have any shareholder rights, such as voting or dividend rights associated with these restricted shares.

EMPLOYEE SHARE PURCHASE PLAN

Under the Employee Share Purchase Plan, eligible Nokia employees can elect to make monthly contributions from their salary to purchase Nokia shares. The contribution per employee cannot exceed EUR 1 200 per year. The share purchases will be made at market value on pre-determined dates on a monthly basis during a 12-month savings period. Nokia will offer one matching share for every two purchased shares the employee still holds after the last monthly purchase has been made following the end of the 12-month savings period. Participation in the plan is voluntary to the employees.

MAXIMUM PLANNED GRANTS UNDER THE NOKIA EQUITY-BASED INCENTIVE PROGRAM 2014 IN YEAR 2014

The approximate maximum numbers of planned grants under the Nokia Equity Program 2014 (i.e., performance shares, restricted shares as well as matching share awards under the Employee Share Purchase Plan) in 2014 are set forth in the table below.

Plan type	Planned maximum number of shares available for grants under the Equity Program 2014
Restricted shares	2 million
Performance shares at maximum [1]	29.7 million
Employee share purchase plan [2]	0.42 million

1 The number of Nokia shares to be delivered at minimum is a quarter of maximum performance, i.e., a total of 7.4 million Nokia shares.

2 The calculation for the Employee Share Purchase Plan is based on the closing share price EUR 5.28 on February 13, 2014, the day prior to board approval.

As at December 31, 2013, the total dilutive effect of all Nokia's stock options, performance shares and restricted shares outstanding, assuming full dilution, was approximately 2.3% in the aggregate. The potential maximum effect of the Equity Program 2014 would be approximately another 0.9%. Due to the Sale of D&S Business to Microsoft shares will be forfeited when employees transfer to Microsoft. The impact to dilution is 1.4%, and, consequently, overall expected maximum dilution of outstanding equity programs is 1.67%.

NSN EQUITY INCENTIVE PLAN

Networks established a share-based incentive plan in 2012 under which options over Networks shares were granted to selected employees ("NSN Equity Incentive Plan"). The options generally become exercisable on the fourth anniversary of the grant date or, if earlier, on the occurrence of certain corporate transactions such as an initial public offering ("Corporate Transaction").

The exercise price of the options is based on a Networks share value on grant as determined for the purposes of the NSN Equity Incentive Plan. The options will be cash-settled at exercise, unless an initial public offering has taken place, at which point they would be converted into equity-settled options. If the options are cash-settled, the holder will be entitled to half of the share appreciation based on the exercise price and the estimated value of shares on the exercise date, unless there has been a change of control, as specified in the plan terms, in which case the holder will be entitled to all of the share appreciation. If a Corporate Transaction has not taken place by the sixth anniversary of the grant date, the options will be cashed out. If an initial public offering has taken place, equity-settled options remain exercisable until the tenth anniversary of the grant date. The gains that may be made under the NSN Equity Plan are also subject to a cap.

As a consequence of (i) Networks having become a wholly owned subsidiary of Nokia, and (ii) Nokia being in the process of the Sale of the D&S business, the Board of Directors approved on February 14, 2014 a modification to the NSN Equity Incentive Plan to allow 30% of the options to vest on the third anniversary of the grant date, with the remainder of the options continuing to become exercisable on the fourth anniversary of the grant date, or earlier, in the event of a Corporate Transaction.

SHARE OWNERSHIP

General

The following section describes the ownership or potential ownership interest in the company of the members of our Board of Directors and the Nokia Leadership Team as at December 31, 2013, either through share ownership or, with respect to the Nokia Leadership Team, through holding of equity-based incentives, which may lead to share ownership in the future.

With respect to the Board of Directors, approximately 40% of director compensation is paid in the form of Nokia shares that are purchased from the market or alternatively by using own shares held by the company. It is also Nokia's current policy that the Board members retain all Nokia shares received as director compensation until the end of their board membership (except for those shares needed to offset any costs relating to the acquisition of the shares, including taxes). In addition, it is Nokia's policy that non-executive members of the Board do not participate in any of Nokia's equity programs and do not receive stock options, performance shares, restricted shares or any other equity based or otherwise variable compensation for their duties as Board members.

For a description of the compensation for our Board of Directors, please see "Compensation of the Board of Directors in 2013".

The Nokia Group Leadership Team members have received equity-based compensation in the form of performance shares, restricted shares, stock options and equity awards under the Networks Equity Incentive Plan. For a description of our equity-based compensation programs for employees and executives, see "Equity-based incentive programs".

Share ownership of the Board of Directors

At December 31, 2013, the members of our Board of Directors held the aggregate of 1 459 230 shares and ADSs in Nokia, which represented 0.04% of our outstanding shares and total voting rights excluding shares held by Nokia Group at that date. Each member of the Board of Directors owns less than 1% of Nokia shares.

The following table sets forth the number of shares and ADSs held by the members of the Board of Directors as at December 31, 2013.

Name [1]	Shares [2]	ADSs [2]
Risto Siilasmaa	809 809	—
Bruce Brown	—	53 528
Elizabeth Doherty	11 499	—
Henning Kagermann	200 708	—
Jouko Karvinen	48 653	—
Helge Lund	57 274	—
Mårten Mickos	99 028	—
Elisabeth Nelson	—	68 053
Kari Stadigh	110 678	—

1 Isabel Marey-Semper did not stand for re-election in the Annual General Meeting held on May 7, 2013, and she held 43 734 shares at that time. Marjorie Scardino did not stand for re-election in the Annual General Meeting held on May 7, 2013 and she held 67 362 shares at that time. Stephen Elop stepped down from the board as of September 3, 2013, and held 425 000 shares at that time.

2 The number of shares or ADSs includes not only shares or ADSs received as director compensation, but also shares or ADSs acquired by any other means. Stock options or other equity awards that are deemed as being beneficially owned under the applicable SEC rules are not included. For the number of shares or ADSs received as director compensation, see Note 31 to our consolidated financial statements.

Share ownership of the Nokia Leadership Team

The following table sets forth the share ownership, as well as potential ownership interest through the holding of equity-based incentives, of the members of the Nokia Leadership Team as at December 31, 2013.

	Shares	Shares receivable through stock options	Shares receivable through performance shares at threshold [4]	Shares receivable through performance shares at maximum [5]	Shares receivable through restricted shares
Number of equity instruments held by Nokia Leadership Team [1]	1 005 150	10 271 500	1 462 500	5 850 000	4 264 000
% of the outstanding shares [2]	0.03	0.28	0.04	0.16	0.11
% of the total outstanding equity incentives (per instrument) [3]		36.81	22.45	22.45	14.05

1 Includes 11 Nokia Leadership Team members at year end. Figures do not include those former Nokia Leadership Team members who left during 2013.

2 The percentage is calculated in relation to the outstanding number of shares and total voting rights of the company, excluding shares held by Nokia Group. Each Nokia Leadership Team member owns less than 1% of Nokia shares.

3 The percentage is calculated in relation to the total outstanding equity incentives per instrument.

4 No Nokia shares were delivered under the Nokia Performance Share Plan 2011, which vested in 2013. Nokia's performance did not reach the requisite threshold level with respect to the applicable performance criteria. Therefore, the shares deliverable at threshold equaled zero and no Nokia shares were delivered pursuant to the Nokia Performance Share Plan 2011.

5 No Nokia shares were delivered under the Nokia Performance Share Plan 2011, which vested in 2013. Nokia's performance did not reach the requisite threshold level with respect to the applicable performance criteria. Therefore, the shares deliverable at maximum equaled zero and no Nokia shares were delivered pursuant to the Nokia Performance Share Plan 2011.

There will also be no payout under the Nokia Performance Share Plan 2012. At maximum performance under the Nokia Performance Share Plans 2012, the number of shares deliverable equals four times the number of performance shares at threshold. At the end of the performance period for the Nokia Performance Share Plan 2012, which ended on December 31, 2013, the threshold performance criteria for net sales and EPS were not met. Therefore, there will be no payout under the Nokia Performance Share Plan 2012 as the threshold level under the applicable performance criteria was not reached.

The following table sets forth the number of shares and ADSs in Nokia held by members of the Nokia Leadership Team as of December 31, 2013.

Name [1]	Shares [2]	ADSs [2]	Became Nokia Leadership Team member (year)
Stephen Elop	—	425 000	2010
Michael Halbherr	210 823	—	2011
Jo Harlow	25 830	25 000	2011
Timo Ihamuotila	89 990	—	2007
Louise Pentland [3]	500	—	2011
Juha Putkiranta	45 734	—	2012
Henry Tirri	23 330	—	2011
Timo Toikkanen [3]	159	—	2012
Chris Weber	157	5 460	2012
Juha Äkräs	42 794	—	2010
Kai Öistämö	110 373	—	2005

1 Marko Ahtisaari left the Nokia on October 31, 2013 and held 13 377 shares at that time.

2 Stock options or other equity awards that are deemed as being beneficially owned under applicable SEC rules are not included.

3 Nokia Leadership Team member will be purchasing shares on the external market in order to meet the shareholding requirements for Nokia Group Leadership Team members.

Stock option ownership of the Nokia Leadership Team

The following table provides certain information relating to stock options held by members of the Nokia Leadership Team as of December 31, 2013. These stock options were issued pursuant to Nokia Stock Option Plans 2007 and 2011. For a description of our stock option plans, please see Note 25 to our consolidated financial statements.

Name	Stock option category	Expiration date	Exercise price per share EUR	Number of stock options [1]		Total intrinsic value of stock options, December 31, 2013 EUR [2]	
				Exer-cisable	Unexer-cisable	Exer-cisable [3]	Unexer-cisable
Timo Ihamuotila	2008 2Q	December 31, 2013	19.16	0	0	0	0
	2009 2Q	December 31, 2014	11.18	35 000	0	0	0
	2009 4Q	December 31, 2014	8.76	18 750	1 250	0	0
	2010 2Q	December 31, 2015	8.86	56 875	13 125	0	0
	2011 2Q	December 27, 2017	6.02	0	70 000	0	0
	2011 3Q	December 27, 2017	3.76	0	200 000	0	412 000
	2012 2Q	December 27, 2018	2.44	0	150 000	0	507 000
	2013 2Q	December 27, 2019	2.71	0	370 000	0	1 150 700
	2013 4Q	December 27, 2019	5.77	0	50 000	0	2 500
Stephen Elop	2010 4Q	December 31, 2015	7.59	343 750	156 250	0	0
	2011 2Q	December 27, 2017	6.02	0	250 000	0	0
	2011 3Q	December 27, 2017	3.76	0	500 000	0	1 030 000
	2012 2Q	December 27, 2018	2.44	0	700 000	0	2 366 000
	2013 2Q	December 27, 2019	2.71	0	1 800 000	0	5 598 000
Michael Halbherr	2008 2Q	December 31, 2013	19.16	0	0	0	0
	2009 2Q	December 31, 2014	11.18	7 000	0	0	0
	2010 2Q	December 31, 2015	8.86	5 279	1 221	0	0
	2011 2Q	December 27, 2017	6.02	0	15 000	0	0
	2011 3Q	December 27, 2017	3.76	0	255 000	0	525 300
	2012 2Q	December 27, 2018	2.44	0	150 000	0	507 000
	2013 2Q	December 27, 2019	2.71	0	370 000	0	1 150 700
Jo Harlow	2008 2Q	December 31, 2013	19.16	0	0	0	0
	2009 2Q	December 31, 2014	11.18	5 500	0	0	0
	2010 2Q	December 31, 2015	8.86	20 308	4 692	0	0
	2011 2Q	December 27, 2017	6.02	0	70 000	0	0
	2011 3Q	December 27, 2017	3.76	0	200 000	0	412 000
	2012 2Q	December 27, 2018	2.44	0	150 000	0	507 000
	2013 2Q	December 27, 2019	2.71	0	370 000	0	1 150 700
Louise Pentland	2008 2Q	December 31, 2013	19.16	0	0	0	0
	2009 2Q	December 31, 2014	11.18	12 000	0	0	0
	2010 2Q	December 31, 2015	8.86	24 375	5 625	0	0
	2011 2Q	December 27, 2017	6.02	0	45 000	0	0
	2011 3Q	December 27, 2017	3.76	0	150 000	0	309 000
	2012 2Q	December 27, 2018	2.44	0	115 000	0	388 700
	2013 2Q	December 27, 2019	2.71	0	350 000	0	1 088 500
Juha Putkiranta	2008 2Q	December 31, 2013	19.16	0	0	0	0
	2009 2Q	December 31, 2014	11.18	20 000	0	0	0
	2010 2Q	December 31, 2015	8.86	20 308	4 692	0	0
	2011 2Q	December 27, 2017	6.02	0	27 000	0	0
	2012 2Q	December 27, 2018	2.44	0	50 000	0	169 000
	2012 3Q	December 27, 2018	2.18	0	53 500	0	194 740
	2013 2Q	December 27, 2019	2.71	0	250 000	0	777 500

Name	Stock option category	Expiration date	Exercise price per share EUR	Number of stock options [1] Exer-cisable	Number of stock options [1] Unexer-cisable	Total intrinsic value of stock options, December 31, 2013 EUR [2] Exer-cisable [3]	Total intrinsic value of stock options, December 31, 2013 EUR [2] Unexer-cisable
Henry Tirri	2008 2Q	December 31, 2013	19.16	0	0	0	0
	2009 2Q	December 31, 2014	11.18	12 000	0	0	0
	2010 2Q	December 31, 2015	8.86	16 250	3 750	0	0
	2011 2Q	December 27, 2017	6.02	0	27 000	0	0
	2011 4Q	December 27, 2017	4.84	0	168 000	0	164 640
	2012 2Q	December 27, 2018	2.44	0	115 000	0	388 700
	2013 2Q	December 27, 2019	2.71	0	220 000	0	684 200
Timo Toikkanen	2008 2Q	December 31, 2013	19.16	0	0	0	0
	2009 2Q	December 31, 2014	11.18	12 000	0	0	0
	2010 2Q	December 31, 2015	8.86	20 308	4 692	0	0
	2011 2Q	December 27, 2017	6.02	0	27 000	0	0
	2012 2Q	December 27, 2018	2.44	0	28 500	0	96 330
	2012 3Q	December 27, 2018	2.18	0	75 000	0	273 000
	2013 2Q	December 27, 2019	2.71	0	350 000	0	1 088 500
Chris Weber	2011 2Q	December 27, 2017	6.02	0	25 000	0	0
	2012 2Q	December 27, 2018	2.44	0	40 000	0	135 200
	2012 3Q	December 27, 2018	2.18	0	63 500	0	231 140
	2013 2Q	December 27, 2019	2.71	0	350 000	0	1 088 500
Juha Äkräs	2008 2Q	December 31, 2013	19.16	0	0	0	0
	2009 2Q	December 31, 2014	11.18	12 000	0	0	0
	2010 2Q	December 31, 2015	8.86	32 500	7 500	0	0
	2011 2Q	December 27, 2017	6.02	0	45 000	0	0
	2011 3Q	December 27, 2017	3.76	0	150 000	0	309 000
	2012 2Q	December 27, 2018	2.44	0	115 000	0	388 700
	2013 2Q	December 27, 2019	2.71	0	250 000	0	777 500
Kai Öistämö	2008 2Q	December 31, 2013	19.16	0	0	0	0
	2009 2Q	December 31, 2014	11.18	60 000	0	0	0
	2010 2Q	December 31, 2015	8.86	56 875	13 125	0	0
	2011 2Q	December 27, 2017	6.02	0	45 000	0	0
	2011 3Q	December 27, 2017	3.76	0	150 000	0	309 000
	2012 2Q	December 27, 2018	2.44	0	90 000	0	304 200
	2013 2Q	December 27, 2019	2.71	0	220 000	0	684 200
Stock options held by the members of the Nokia Leadership Team on December 31, 2013, Total [4]				**791 078**	**9 480 422**		**55 176 056**
All outstanding stock option plans (global plans), Total				**4 242 226**	**23 660 851**		

1 Number of stock options equals the number of underlying shares represented by the option entitlement. Stock options granted under 2007 and 2011 Stock Option Plans have different vesting schedules. The Group's global Stock Option Plan 2007 has a vesting schedule with a 25% vesting one year after grant, and quarterly vesting thereafter, each of the quarterly lots representing 6.25% of the total grant. The grants vest fully in four years. The Group's global Stock Option Plan 2011 has a vesting schedule with 50% of stock options vesting three years after grant and the remaining 50% vesting four years from grant.

2 The intrinsic value of the stock options is based on the difference between the exercise price of the options and the closing market price of Nokia shares on NASDAQ OMX Helsinki as at December 31, 2013 of EUR 5.82.

3 For gains realized upon exercise of stock options for the members of the Group Executive Board, see the table in "Stock Option Exercises and Settlement of Shares" below.

4 During 2013, Marko Ahtisaari stepped down from the Nokia Leadership Team. The information related to stock options Mr. Ahtisaari held is as of the date of resignation from the Nokia Leadership Team and is presented in the table below.

Name	Stock option category	Expiration date	Exercise price per share EUR	Number of stock options [1]		Total intrinsic value of stock options EUR [6]	
				Exer-cisable	Unexer-cisable	Exer-cisable [3]	Unexer-cisable
Marko Ahtisaari [5] as per October 31, 2013	2010 2Q	December 31, 2015	8.86	21 933	5 067	0	0
	2011 2Q	December 27, 2017	6.02	0	30 000	0	0
	2011 3Q	December 27, 2017	3.76	0	100 000	0	181 000
	2012 2Q	December 27, 2018	2.44	0	115 000	0	359 950
	2013 2Q	December 27, 2019	2.71	0	250 000	0	715 000

5 Mr.Ahtisaari's stock option grants were forfeited and cancelled upon his termination of employment in accordance with the plan rules.

6 The intrinsic value of the stock options is based on the difference between the exercise price of the options and the closing market price of Nokia shares on NASDAQ OMX Helsinki as at October 31, 2013 of EUR 5.57.

Performance shares and restricted shares of the Nokia Leadership Team

The following table provides certain information relating to performance shares and restricted shares held by members of the Nokia Leadership Team as at December 31, 2013. These entitlements were granted pursuant to our Nokia Performance Share Plans 2011, 2012 and 2013 and Nokia Restricted Share Plans 2010, 2011, 2012 and 2013. For a description of our performance share and restricted share plans, please see Note 25 to the consolidated financial statements.

Name	Performance shares				Restricted shares		
	Plan name [1]	Number of performance shares at threshold [2]	Number of performance shares at maximum [3]	Intrinsic value December 31, 2013 [4] EUR	Plan name [5]	Number of restricted shares	Intrinsic value December 31, 2013 [6] EUR
Timo Ihamuotila					2010	75 000	436 500
	2011	0	0	0	2011	50 000	291 000
	2012	0	0	0	2012	100 000	582 000
	2013	110 000	440 000	0	2013	155 000	902 100
Stephen Elop					2010	100 000	582 000
	2011	0	0	0	2011	180 000	1 047 600
	2012	0	0	0	2012	500 000	2 910 000
	2013	562 500	2 250 000	0	2013	785 000	4 568 700
Michael Halbherr					2010	17 000	98 940
	2011	0	0	0	2011	50 000	291 000
	2012	0	0	0	2012	100 000	582 000
	2013	110 000	440 000	0	2013	130 000	756 600
Jo Harlow					2010	55 000	320 100
	2011	0	0	0	2011	50 000	291 000
	2012	0	0	0	2012	100 000	582 000
	2013	110 000	440 000	0	2013	130 000	756 600
Louise Pentland					2010	55 000	320 100
	2011	0	0	0	2011	35 000	203 700
	2012	0	0	0	2012	75 000	436 500
	2013	100 000	400 000	0	2013	120 000	698 400
Juha Putkiranta					2010	30 000	174 600
	2011	0	0	0	2011	25 000	145 500
	2012	0	0	0	2012	68 000	395 760
	2013	75 000	300 000	0	2013	90 000	523 800

Name	Performance shares				Restricted shares		
	Plan name [1]	Number of performance shares at threshold [2]	Number of performance shares at maximum [3]	Intrinsic value December 31, 2013 [4] EUR	Plan name [5]	Number of restricted shares	Intrinsic value December 31, 2013 [6] EUR
Henry Tirri					2010	30 000	174 600
	2011	0	0	0	2011	35 000	203 700
	2012	0	0	0	2012	75 000	436 500
	2013	60 000	240 000	0	2013	70 000	407 400
Timo Toikkanen					2010	23 000	133 860
	2011	0	0	0	2011	15 000	87 300
	2012	0	0	0	2012	68 000	395 760
	2013	100 000	400 000	0	2013	120 000	698 400
Chris Weber	2011	0	0	0	2011	90 000	523 800
	2012	0	0	0	2012	68 000	395 760
	2013	100 000	400 000	0	2013	120 000	698 400
Juha Äkräs					2010	55 000	320 100
	2011	0	0	0	2011	35 000	203 700
	2012	0	0	0	2012	75 000	436 500
	2013	75 000	300 000	0	2013	90 000	523 800
Kai Öistämö					2010	55 000	320 100
	2011	0	0	0	2011	35 000	203 700
	2012	0	0	0	2012	60 000	349 200
	2013	60 000	240 000	0	2013	70 000	407 400
Performance shares and restricted shares held by the Nokia Leadership Team, Total [7]		**1 462 500**	**5 850 000**	**0**		**4 264 000**	**24 816 480**
All outstanding performance shares and restricted shares (global plans), Total		**10 990 204**	**43 960 814**	**0**		**30 356 850**	**176 676 867**

1 The performance period for the 2011 plan is 2011–2013, for the 2012 plan 2012–2013 (with a subsequent one-year restriction period) and for the 2013 plan 2013–2014 (with a subsequent one-year restriction period), respectively.

2 The threshold number will vest as Nokia shares, subject to the pre-determined threshold performance levels being met with respect to the applicable performance criteria. No Nokia shares were delivered under the Nokia Performance Share Plan 2011, which would have vested in 2013, as Nokia's performance did not reach the threshold level with respect to the applicable performance criteria. Therefore, the shares deliverable at threshold equaled zero for the Nokia Performance Share Plan 2011. There will also be no payout from the Nokia Performance Share Plan 2012 as the requisite threshold level with respect to the applicable performance criteria was not reached. Therefore, the shares deliverable at threshold equals zero for the Nokia Performance Share Plan 2012.

3 The maximum number will vest as Nokia shares, subject to the pre-determined maximum performance levels being met with respect to the applicable performance criteria. The maximum number of performance shares equals four times the number at threshold. No Nokia shares were delivered under the Nokia Performance Share Plan 2011, as Nokia's performance did not reach the requisite threshold level with respect to the applicable performance criteria. Therefore, the shares deliverable at maximum equaled zero for the Nokia Performance Share Plan 2011. There will also be no payout from the Nokia Performance Share Plan 2012 as the requisite threshold level with respect to the applicable performance criteria was not reached. Therefore, the shares deliverable at maximum equals zero for the Nokia Performance Share Plan 2012.

4 For Nokia Performance Share Plans 2012 and 2013 the value of performance shares is presented on the basis of Nokia's estimation of the number of shares expected to vest. The intrinsic value for the Nokia Performance Share Plan 2013 is based on the closing market price of a Nokia share on NASDAQ OMX Helsinki as at December 31, 2013 of EUR 5.82. For the Nokia Performance Share Plan 2011 no Nokia shares were delivered, as Nokia's performance did not reach the threshold level of either performance criteria. There will also be no payout from the Nokia Performance Share Plan 2012 as the requisite threshold level with respect to the applicable performance criteria was not reached. Therefore, the shares deliverable at threshold equals zero for the Nokia Performance Share Plan 2012.

5 Under the Nokia Restricted Share Plans 2010, 2011, 2012 and 2013, awards have been granted quarterly. For the major part of the awards made under these plans, the restriction period will end for the 2010 plan on January 1, 2014; for the 2011 plan on January 1, 2015; for the 2012 plan on July 1, 2015; and for the 2013 plan on July 1, 2016.

6 The intrinsic value is based on the closing market price of a Nokia share on NASDAQ OMX Helsinki as at December 31, 2013 of EUR 5.82.

7 During 2013, Marko Ahtisaari stepped down from the Nokia Leadership Team. The information related to performance shares and restricted shares held by Mr. Ahtisaari is as of the date of resignation from the Nokia Leadership Team and is presented in the table below.

Name	Performance shares Plan name [1]	Number of performance shares at threshold [10]	Number of performance shares at maximum [11]	Intrinsic value [9] EUR	Restricted shares Plan name [5]	Number of restricted shares	Intrinsic value [9] EUR
Marko Ahtisaari [8]							
as per October 31, 2013					2010	30 000	167 100
	2011	15 000	60 000	0	2011	23 000	128 110
	2012	57 500	230 000	0	2012	75 000	417 750
	2013	75 000	300 000	0	2013	90 000	501 300

8 Mr. Ahtisaari's equity grants were forfeited and cancelled upon his termination of employment as of May 31, 2014 in accordance with the plan rules.

9 The intrinsic value is based on the closing market price of a Nokia share on NASDAQ OMX Helsinki as at October 31, 2013, of EUR 5.57.

10 The threshold number will vest as Nokia shares, subject to the predetermined threshold performance levels being met with respect to the applicable performance criteria. No Nokia shares were delivered under the Nokia Performance Share Plan 2011, which would have vested in 2013, as Nokia's performance did not reach the threshold level with respect to the applicable performance criteria. Therefore, the shares deliverable at threshold equaled zero for the Nokia Performance Share Plan 2011. There will also be no payout from the Nokia Performance Share Plan 2012 as the requisite threshold level with respect to the applicable performance criteria was not reached. Therefore, the shares deliverable at threshold equals zero for the Nokia Performance Share Plan 2012.

11 The maximum number will vest as Nokia shares, subject to the predetermined maximum performance levels being met with respect to the applicable performance criteria. The maximum number of performance shares equals four times the number at threshold. No Nokia shares were delivered under the Nokia Performance Share Plan 2011, as Nokia's performance did not reach the requisite threshold level with respect to the applicable performance criteria. Therefore, the shares deliverable at maximum equaled zero for the Nokia Performance Share Plan 2011. There will also be no payout from the Nokia Performance Share Plan 2012 as the requisite threshold level with respect to the applicable performance criteria was not reached. Therefore, the shares deliverable at maximum equals zero for the Nokia Performance Share Plan 2012.

Stock option exercises and settlement of shares

The following table provides certain information relating to stock option exercises and share deliveries upon settlement during the year 2013 for our Nokia Leadership Team members.

Name [5]	Stock options awards [1] Number of shares acquired on exercise	Stock options awards [1] Value realized on exercise EUR	Performance shares awards [2] Number of shares delivered on vesting	Performance shares awards [2] Value realized on vesting EUR	Restricted shares awards Number of shares delivered on vesting	Restricted shares awards Value realized on vesting EUR
Timo Ihamuotila	0	0	0	0	10 000 [3] 45 000 [4]	29 000 118 350
Stephen Elop	0	0	0	0	0	0
Michael Halbherr	0	0	0	0	10 500 [3]	30 450
Jo Harlow	0	0	0	0	20 000 [3]	58 000
Louise Pentland	0	0	0	0	23 000 [4]	60 490
Juha Putkiranta	0	0	0	0	20 000 [3]	58 000
Henry Tirri	0	0	0	0	20 000 [3]	58 000
Timo Toikkanen	0	0	0	0	15 000 [3]	43 500
Chris Weber	0	0	0	0	0	0
Juha Äkräs	0	0	0	0	15 000 [3] 30 000 [4]	43 500 78 900
Kai Öistämö	0	0	0	0	45 000 [4]	118 350

1 Value realized on exercise is based on the difference between the Nokia share price and exercise price of options.

2 No Nokia shares were delivered under the Nokia Performance Share Plan 2011 during 2013 as Nokia's performance did not reach the requisite threshold level with respect to applicable performance criteria.

3 Represents the delivery of Nokia shares vested from the Nokia Restricted Share Plan 2009. Value is based on the average market price of the Nokia share on NASDAQ OMX Helsinki on February 20, 2013 of EUR 2.90.

4 Represents the delivery of Nokia shares vested from the Nokia Restricted Share Plan 2010. Value is based on the average market price of the Nokia share on NASDAQ OMX Helsinki on April 17, 2013 of EUR 2.63.

5 During 2013, Marko Ahtisaari stepped down from the Nokia Leadership Team. The information regarding stock option exercises and settlement of shares regarding Mr. Ahtisaari is as of the date of resignation from the Nokia Leadership Team and is represented in the table below.

Name	Stock options awards [1]		Performance shares awards [2]		Restricted shares awards	
	Number of shares acquired on exercise	Value realized on exercise EUR	Number of shares delivered on vesting	Value realized on vesting EUR	Number of shares delivered on vesting	Value realized on vesting EUR
Marko Ahtisaari [5] as per October 31, 2013	0	0	0	0	7 000 [4]	18 410

AUDITOR FEES AND SERVICES

PricewaterhouseCoopers Oy has served as our independent auditor for each of the fiscal years in the three-year period ended December 31, 2013. The independent auditor is elected annually by our shareholders at the Annual General Meeting for the fiscal year in question. The Audit Committee of the Board of Directors makes a proposal to the shareholders in respect of the appointment of the auditor based upon its evaluation of the qualifications and independence of the auditor to be proposed for election or re-election on an annual basis.

The following table sets forth the aggregate fees for professional services and other services rendered by PricewaterhouseCoopers to Nokia in 2013 and 2012 in total, with a separate presentation of those fees related to Nokia and NSN.

	2013			2012		
EURm	**Nokia**	**NSN**	**Total**	Nokia	NSN	Total
Audit fees [1]	**6.9**	**9.9**	**16.8**	7.2	10.2	17.4
Audit-related fees [2]	**0.6**	**9.4**	**10.0**	0.8	1.4	2.2
Tax fees [3]	**1.3**	**0.4**	**1.7**	2.4	1.6	4.0
All other fees [4]	**1.1**	**—**	**1.1**	0.3	—	0.3
Total	**9.9**	**19.7**	**29.6**	10.7	13.2	23.9

1 Audit fees consist of fees billed for the annual audit of the company's consolidated financial statements and the statutory financial statements of the company's subsidiaries.

2 Audit-related fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the company's financial statements or that are traditionally performed by the independent auditor, and include consultations concerning financial accounting and reporting standards; advice on tax accounting matters; advice and assistance in connection with local statutory accounting requirements; due diligence related to acquisitions or divestitures; financial due diligence in connection with provision of funding to customers, reports in relation to covenants in loan agreements; employee benefit plan audits and reviews; and audit procedures in connection with investigations and compliance programs. They also include fees billed for other audit services, which are those services that only the independent auditor reasonably can provide, and include the provision of comfort letters and consents in connection with statutory and regulatory filings and the review of documents filed with the SEC and other capital markets or local financial reporting regulatory bodies. The NSN Audit-related fees for 2013 are primarily related to due diligence services provided in connection with the transaction where Nokia purchased Siemens' stake in NSN, which was completed on August 7, 2013.

3 Tax fees include fees billed for (i) corporate and indirect compliance including preparation and/or review of tax returns, preparation, review and/or filing of various certificates and forms and consultation regarding tax returns and assistance with revenue authority queries; (ii) transfer pricing advice and assistance with tax clearances; (iii) customs duties reviews and advice; (iv) consultations and tax audits (assistance with technical tax queries and tax audits and appeals and advice on mergers, acquisitions and restructurings); (v) personal compliance (preparation of individual tax returns and registrations for employees (non-executives), assistance with applying visa, residency, work permits and tax status for expatriates); and (vi) consultation and planning (advice on stock-based remuneration, local employer tax laws, social security laws, employment laws and compensation programs and tax implications on short-term international transfers).

4 All other fees include fees billed for company establishment, forensic accounting, data security, investigations and reviews of licensing arrangements with customers, other consulting services and occasional training or reference materials and services.

Audit Committee pre-approval policies and procedures

The Audit Committee of our Board of Directors is responsible, among other matters, for the oversight of the external auditor subject to the requirements of Finnish law. The Audit Committee has adopted a policy regarding pre-approval of audit and permissible non-audit services provided by our independent auditors (the "Policy").

Under the Policy, proposed services either (i) may be pre-approved by the Audit Committee in accordance with certain service categories described in appendices to the Policy ("general pre-approval"); or (ii) require the specific pre-approval of the Audit Committee ("specific pre-approval"). The Audit Committee may delegate either type of pre-approval authority to one or more of its members. The appendices to the Policy set out the audit, audit-related, tax and other services that have received the general pre-approval of the Audit Committee. All other audit, audit-related (including services related to internal controls and significant M&A projects), tax and other services are subject to a specific pre-approval from the Audit Committee. All service requests concerning generally pre-approved services will be submitted to the Corporate Controller, who will determine whether the services are within the services generally pre-approved. The Policy and its appendices are subject to annual review by the Audit Committee.

The Audit Committee establishes budgeted fee levels annually for each of the four categories of audit and non-audit services that are pre-approved under the Policy, namely, audit, audit-related, tax and other services. Requests or applications to provide services that require specific approval by the Audit Committee are submitted to the Audit Committee by both the independent auditor and the Corporate Controller. At each regular meeting of the Audit Committee, the independent auditor provides a report in order for the Audit Committee to review the services that the auditor is providing, as well as the status and cost of those services.

INVESTOR INFORMATION

INFORMATION ON THE INTERNET

www.company.nokia.com

Available on the Internet: financial reports, members of Nokia's management, conference call and other investor related materials, press releases as well as environmental and social information.

INVESTOR RELATIONS CONTACTS

investor.relations@nokia.com

Nokia Investor Relations
P.O. Box 226
FI-00045 NOKIA GROUP
Finland
Tel. +358 4080 34080

Nokia USA Inc.
Investor Relations
200 South Mathilda Avenue
Sunnyvale, CA 94086
Tel. +1 408 663 5685

Annual General Meeting

Date: Tuesday, June 17, 2014 at 2.00 pm
Address: Helsinki Fair Centre, Amfi-hall, Messuaukio 1, Helsinki, Finland

Dividend

The Board proposes to the Annual General Meeting an ordinary dividend of EUR 0.11 per share for the year 2013. In addition, the Board proposes to the Annual General Meeting a special dividend of EUR 0.26 per share.

Financial reporting

Nokia's interim reports in 2014 are planned for April 29, July 24, and October 23. The 2014 results are planned to be published in January 2015.

Information published in 2013

All Nokia's global press releases published in 2013 are available on the Internet at company.nokia.com/news.

Stock exchanges

The Nokia Corporation share is quoted on the following stock exchanges:

	Symbol	Trading currency
NASDAQ OMX Helsinki (since 1915)	**NOK1V**	**EUR**
New York Stock Exchange (since 1994)	**NOK**	**USD**

FORWARD-LOOKING STATEMENTS

It should be noted that Nokia and its business are exposed to various risks and uncertainties and certain statements herein that are not historical facts are forward-looking statements, including, without limitation, those regarding: A) expectations, plans or benefits related to Nokia's new strategy; B) expectations, plans or benefits related to future performance of Nokia's continuing businesses Networks, HERE and Technologies; C) expectations, plans or benefits related to changes in leadership and operational structure; D) expectations regarding market developments, general economic conditions and structural changes; E) expectations and targets regarding performance, including those related to market share, prices, net sales and margins; F) the timing of the deliveries of our products and services; G) expectations and targets regarding our financial performance, cost savings and competitiveness as well as results of operations; H) expectations and targets regarding collaboration and partnering arrangements; I) the outcome of pending and threatened litigation, disputes, regulatory proceedings or investigations by authorities; J) expectations regarding restructurings, investments, uses of proceeds from transactions, acquisitions and divestments and our ability to achieve the financial and operational targets set in connection with any such restructurings, investments, divestments and acquisitions, including any expectations, plans or benefits related to or caused by the transaction announced on September 3, 2013 where Nokia sold substantially all of Nokia's Devices & Services business to Microsoft on April 25, 2014 ("Sale of the D&S Business"); K) statements preceded by or including "believe," "expect," "anticipate," "foresee," "sees," "target," "estimate," "designed," "aim", "plans," "intends," "focus", "continue", "project", "should", "will" or similar expressions. These statements are based on management's best assumptions and beliefs in light of the information currently available to it. Because they involve risks and uncertainties, actual results may differ materially from the results that we currently expect. Factors, including risks and uncertainties that could cause these differences include, but are not limited to: 1) our ability to execute our new strategy successfully and in a timely manner, and our ability to successfully adjust our operations; 2) our ability to sustain or improve the operational and financial performance of our continuing businesses and correctly identify business opportunities or successfully pursue new business opportunities; 3) our ability to execute Networks' strategy and effectively, profitably and timely adapt its business and operations to the increasingly diverse needs of its customers and technological developments; 4) our ability within our Networks business to effectively and profitably invest in and timely introduce new competitive high-quality products, services, upgrades and technologies; 5) our ability to invent new relevant technologies, products and services, to develop and maintain our intellectual property portfolio and to maintain the existing sources of intellectual property related revenue and establish new such sources; 6) our ability to protect numerous patented standardized or proprietary technologies from third-party infringement or actions to invalidate the intellectual property rights of these technologies; 7) our ability within our HERE business to maintain current sources of revenue, historically derived mainly from the automotive industry, create new sources of revenue, establish a successful location-based platform and extend our location-based services across devices and operating systems; 8) effects of impairments or charges to carrying values of assets, including goodwill, or liabilities; 9) our dependence on the development of the mobile and communications industry in numerous diverse markets, as well as on general economic conditions globally and regionally; 10) our Networks business' dependence on a limited number of customers and large, multi-year contracts; 11) our ability to retain, motivate, develop and recruit appropriately skilled employees; 12) the potential complex tax issues and obligations we may face, including the obligation to pay additional taxes in various jurisdictions and our actual or anticipated performance, among other factors, could result in allowances related to deferred tax assets; 13) our ability to manage our manufacturing, service creation and delivery, and logistics efficiently and without interruption, especially if the limited number of suppliers we depend on fail to deliver sufficient quantities of fully functional products and components or deliver timely services; 14) potential exposure to contingent liabilities due to the Sale of the D&S Business and possibility that the agreements we have entered into with Microsoft may have terms that prove to be unfavorable to us; 15) any inefficiency, malfunction or disruption of a system or network that our operations rely on or any impact of a possible cybersecurity breach; 16) our ability to reach targeted results or improvements by managing and improving our financial performance, cost savings and competitiveness; 17) management of Networks' customer financing exposure; 18) the performance of the parties we partner and collaborate with, and our ability to achieve successful collaboration or partnering arrangements; 19) our ability to protect the technologies, which we develop, license, use or intend to use from claims that we have infringed third parties' intellectual property rights, as well as, impact of possible licensing costs, restriction on our usage of certain technologies, and litigation related to intellectual property rights; 20) the impact of regulatory, political or other developments on our operations and sales in those various countries or regions where we do business; 21) exchange rate fluctuations, particularly between the euro, which is our reporting currency, and the US dollar, the Japanese yen and the Chinese yuan, as well as certain other currencies; 22) our ability to successfully implement planned transactions, such as acquisitions, divestments, mergers or joint ventures, manage unexpected liabilities related thereto and achieve the targeted benefits; 23) the impact of unfavorable outcome of litigation, contract related disputes or allegations of health hazards associated with our business, as well as the risk factors specified in the most recent Nokia's annual report on Form 20-F under Item 3D. "Risk Factors". Other unknown or unpredictable factors or underlying assumptions subsequently proven to be incorrect could cause actual results to differ materially from those in the forward-looking statements. Nokia does not undertake any obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

CONTACT INFORMATION

NOKIA HEAD OFFICE
Karakaari 7
02610 Espoo
P.O.Box 226, FI-00045 Nokia Group
FINLAND
Tel. +358 10 44 88000
Fax +358 10 44 81 002

NOKIA

Copyright © 2014 Nokia Corporation. All rights reserved.
Nokia and Nokia Connecting People are registered trademarks of Nokia Corporation.