

NOKIA

Connecting People

Market

The Romanian mobile telecommunications market enjoyed rapid growth, especially after 2004. Increasing numbers of first-time users helped the penetration rate to increase to levels reaching around 60% - 62% at the end of 2005, according to operators estimates. The penetration rate is mainly made up of entry level clients, but also consists of high-end segment users.

Comparing the Romanian market with countries such as Bulgaria, Poland or Hungary, Nokia has seen similar and sometimes more dramatic developments. Romanians are responding very well to new technologies and want the best that the market has to offer. This development is, in fact, in line with what took place similarly during the maturation process in Western countries.

In 2005, Nokia increased the distance separating it from its competitors on the local market. Last year, on the Romanian market, a total of 3.3 million handsets were sold, compared to 2.2 million units in 2004. That's a 50% increase year on year, a clear indicator of the dynamics of this market. Nokia expects the penetration rate to reach 70% - 72% in 2006.

In the near future, the growth rate will slow down, though the so-called replacement market sales, to users buying handsets to replace older models, will grow.

Nokia holds a leading position both on the global and on the Romanian market.

Achievements

Nokia is amongst the world's leaders in mobile communications, with a global market share of 35% in the first quarter of 2006. For some time now, Nokia has been the leading brand in the mobile communications category while showing, at the same time, obvious cross-brands evolution. For example, in 2006, Nokia occupied first place, in terms of brands which have the greatest impact in Romania, according to a survey carried out by Synovate.

In 2005, Nokia was ranked as the world's sixth most important brand. The brand was selected as the most trusted in its category, in a survey by Reader's Digest. This survey is carried out annually in fifteen European countries and aims to identify the brands most trusted by Europeans.

Nokia has also received awards for several of its products: Nokia N80 - Best mobile imaging device in 2006 (Technical Image Press Association); Nokia N90 and Nokia N91 - Best of what's new in 2005 (Popular Science magazine New York); Nokia

N90 - Multimedia device of 2005 in Europe (European Imaging and Sound Association).

History

The beginnings of Nokia date back to 1865, when mining engineer Fredrik Idestam established a forest industry enterprise in South Western Finland. The year 1898 witnessed the foundation of the Finnish Rubber Works Ltd and, in 1912, the Finnish Cable Works began operations. In 1967, the three companies were merged to form the Nokia Corporation.

At the beginning of the 1980s, Nokia acquired Mobira, Salora, Televa and Luxor of Sweden. In 1987, Nokia took over the consumer electronics operations and part of the component business of the German firm Standard Elektrik Lorenz, as well as the French consumer electronics company Oceanic. Also in 1987, Nokia purchased the Swiss cable machinery company Mallefer.

In the late 1980s, Nokia became the largest Scandinavian information technology company through the acquisition of Ericsson's data systems division. In 1989, Nokia acquired the Dutch cable company NKF.

Since the beginning of the 1990s, Nokia has concentrated on its core business, telecommunications, by divesting its information technology and basic industry operations.

Product

Nokia was the first company in its field to adopt an in-depth approach to the market. After closely studying users' needs and the trends in the market, Nokia identified many groups of end users and created devices to fit their lifestyles.

One of the first features which Nokia introduced to the world of telecommunications was Express-on covers, which enable users to personalize the appearance of their phones, as well as built in games (such as snake, pairs, space impact and bumper).

At Nokia, design is very much part of the heart and soul of the



brand. It is central to Nokia product creation and is a core competence integrated into the entire company. Nokia is committed to providing designs and user interface solutions of the highest quality, across all product categories. Nokia was among the first to consider people with a particular interest in fashion as a separate user segment, thus creating the Nokia Fashion Collection and Nokia L'Amour Collection.

All Nokia products make use of the latest technology. Nokia boasts a comprehensive product portfolio, consisting of distinct and unique product categories. For example, in 2004, the company launched some 41 handsets onto the market, followed by 49 in 2005.

Nokia comprises four business groups: Mobile Phones, Multimedia, Enterprise Solutions and Networks. With regard to voice-centric and mainstream mobile phones, design, brand, ease of use and price are the most important considerations for customers. The product portfolio is increasingly embracing new features and functionality, designed to appeal to the mass market, such as mega pixel cameras, music players and advanced-quality colour screens.

The mobile multimedia experience is brought to consumers in the form of advanced mobile devices and applications which are built around GSM, 3G/WCDMA, WLAN, Bluetooth and other systems. The Nseries multimedia computers give people the ability to create access



and consume multimedia, as well as share their experiences with others. The purpose of the sub-brand is to facilitate people's permanent access to their favourite moments - sharing video content, browsing the internet, purchasing new songs etc. For example, the company believes Nokia N93 to be the ideal mobile device for instant video recording, while the Nokia N73 is seen as a multimedia computer with special photo performance and integrated 3D stereo speakers. The Nokia N70 offers multiple functions for imaging, entertainment and personal organisation. Powerful multimedia computers such as the Nokia Nseries offer the best way to enjoy new experiences and keep them close at hand, all the time. Being able to share a spontaneously captured photo with friends, for example, is easy when you have a connected computer in your pocket.

Enterprise Solutions offers businesses and institutions a wide range of products and solutions, including enterprise-grade mobile devices, underlying security infrastructure, software and services.

Networks is the infrastructure arm of Nokia and provides equipment, solutions and services for network operators.

Recent Developments

Innovation has never played a more critical role for the brand than it does today. Nokia has launched the concept of multimedia computers, just one more indicator of the company's capacity for innovation. Mobile devices are no longer used just for their voice capabilities and limited connectivity. One of the most recent developments is, in fact, the range under the Nokia Nseries sub-brands, which comprises nine multimedia computers.

Another development of the brand is the Nokia Eseries, which is the other sub-brand of Nokia. The Nokia Eseries, made up of the E50, E60, E61 and E70 models, combines attractive and user-friendly design that appeals to individual business users, with cutting edge underlying technologies that allow IT departments to effectively manage security settings, corporate applications and data. Each of the devices is designed to accommodate the must-have mobile applications needed in today's business world, such as mobile email and advanced voice calling functions.

Promotion

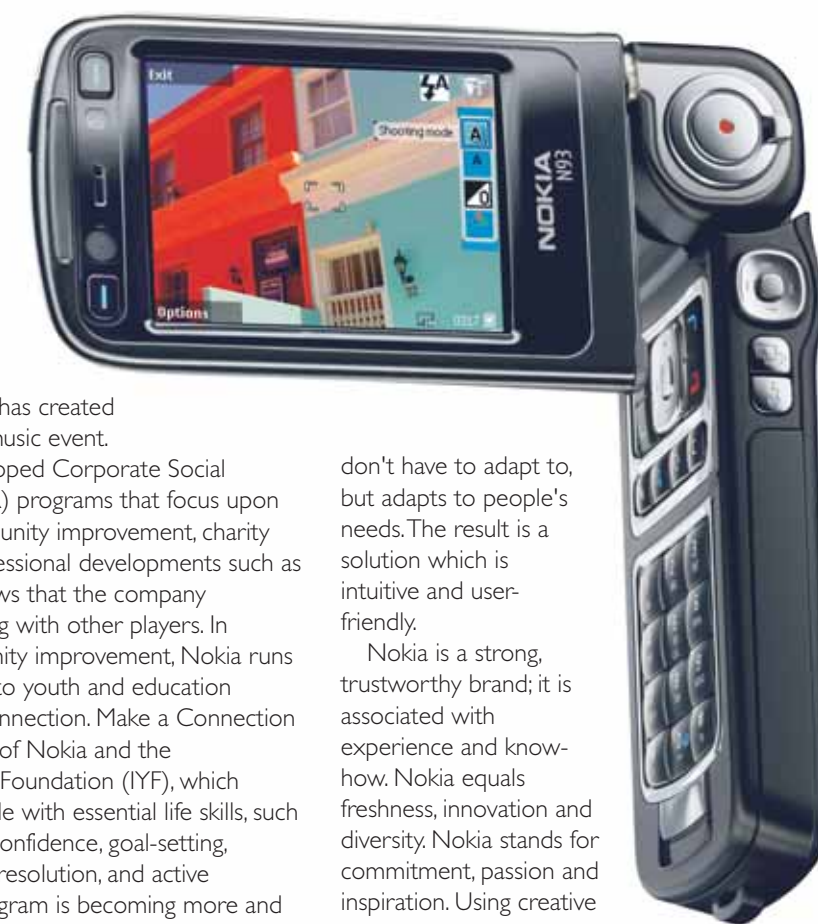
Nokia's communication is as innovative as its products. The company uses a mix of media, from print advertising to outdoor, from online to TV, as well as sponsorships and events. Nokia always focuses its messages on users with specific needs and requirements, previously identified through ongoing research programs. Nokia connects people, enhancing their lives through human technology. This, in essence, is what Nokia is all about. Besides the traditional channels (including the company's

website), Nokia also uses innovative marketing tools to promote the brand. For example, Nokia supports events in the world of sports and music, such as the Snowboard World Cup and the MTV Music Awards, and has created the Nokia Trends music event.

Nokia has developed Corporate Social Responsibility (CSR) programs that focus upon sustainability, community improvement, charity programs and professional developments such as fairs and trade shows that the company participates in, along with other players. In respect to community improvement, Nokia runs a program related to youth and education entitled Make a Connection. Make a Connection is a global initiative of Nokia and the International Youth Foundation (IYF), which equips young people with essential life skills, such as developing self-confidence, goal-setting, teamwork, conflict resolution, and active citizenship. This program is becoming more and more widely known and respected. For example, the success of the program led to an increase in the donor base in several countries, including South Africa. Nokia pledged over four million euros to support long-term reconstruction efforts following the 2004 Indian Ocean tsunami, the earthquake in Pakistan and the US New Orleans hurricane. In Romania, Nokia has supported for three years the cultural exchanges between Romanian and Finnish pupils.

Brand Values

Nokia holds a leading position in the field of mobile communications. Nokia connects people and enhances their lives with inspired human technology. The brand connects people because it understands that communication is a fundamental need that all humans share. Its products and services are inspired by the challenges life throws up, and makes use of technology that is applied in an inspiring and intuitive manner. Technology is made to serve man and should therefore be utilised to work in a way that feels natural and intuitive, which is why Nokia offers human technology. Human technology is about human behaviour and communication. It's a technology that people



don't have to adapt to, but adapts to people's needs. The result is a solution which is intuitive and user-friendly.

Nokia is a strong, trustworthy brand; it is associated with experience and know-how. Nokia equals freshness, innovation and diversity. Nokia stands for commitment, passion and inspiration. Using creative instruments, exhibiting an innovative spirit and adapting to the needs of the market stand for the brand's values: customer satisfaction, achievement, respect and renewal. Other elements that make Nokia worthy of its leading position are the focus on design and intuition and the user-friendly Nokia menu system. Nokia is a dynamic brand that stays ahead of the competition. It is about innovation and forward thinking.

www.nokia.ro
www.nokia.com

THINGS YOU DIDN'T KNOW ABOUT

NOKIA

- ▶ The origin of the name Nokia comes from a small predator with black fur that lived on the riversides of Nokianvirta - this animal can be found to this day on the coat of arms belonging to the town of Nokia
- ▶ Nokia first started out as a paper producer
- ▶ 1987 saw the world's first NMT (Nordic Mobile Telephone) hand portable, the Nokia Cityman
- ▶ 1996 heralded the launch of the Nokia 9000 Communicator, the world's first all-in-one mobile communications tool, introduced at the CeBIT exhibition
- ▶ In 1999, Nokia unveiled the world's first media phone that is based on the Wireless Application Protocol (WAP) in Mobile Media Mode. The Nokia 7110 dual band GSM 900/1800 media phone has been designed to enable easy access to internet content from a mobile phone