LRO LETTER TO NOKIA

June 1, 2018

Mr.RajeeSuri
PresidentandChiefExecutiveOfficer,Nokia
Karaporti3
ESPOO, Finland 02610

Dear Sir:

You may recall that I wrote to you shortly after the merger of Nokia and Alcatel-Lucent to introduce you to our organization, the Lucent Retiree Organization, a wholly volunteer group of former employees. It has been our privilege to assist the some 104,000 Lucent retirees now receiving or entitled to receive pensions and other benefits from Nokia.

In my earlier letter, we specifically expressed our continued interest in the protection of the Group Life Insurance (GLI) benefit for our retirees, a fund which currently does not have sufficient assets to cover all eligible retirees. Mr. Hickey responded on your behalf with no commitment to fully fund the GLI, but did indicate that the funding matter would be reviewed as the time of depletion of fund assets.

Unfortunately, that response continues to leave our retirees in a very uncomfortable position not knowing whether the GLI will be available for their spouse at the time of their passing. We think it important to point out that at the time A.T.&T. split off Lucent in 1996 Lucent received substantially more in assets than liabilities, and the current underfunded state is the result of direct actions taken by Lucent. We ask you once again to make a commitment that all currently eligible retirees will indeed receive their earned Group Life Insurance benefit at their passing.

On a second issue for our retirees, we point out that a pension cost of living increase has not taken place in almost 20 years. Again, when Lucent was spun off from A.T.&T. in 1996 the pension plan was well funded; however, Lucent decreased the pension funding level in the early 2,000 period, much of which was used to pay substantial early retirement incentives. They also cancelled the A.T.&T promised and fully funded Death Benefit that would have paid a surviving spouse one year's salary directly from the pension fund. The loss of that benefit makes retaining the GLI benefit critical as in many cases it is the only remaining insurance for a retiree.

In reviewing your recent 20F for the year 2017, it appears that our management pension plan is well funded at about 111%. Since Nokia has already adopted the new actuarial tables for accounting purposes, we believe the reported funding level to be accurate. In our review of your pension footnote, we also observe that your total pension and post retirement assets are some 400 million euros greater than their associated obligations for all plans.

We understand that a recurring increase in pensions would have a significant impact on funding, so we are asking specifically that you consider and grant a one-time 10% pension cost of living payment to all of our retirees. Such a payment would only reduce pension assets by about $150 million, resulting in about a 1% reduction in the reported 111% funding level.

Also on the 20F, we observe a 63 million euro pension expense in 2016 and a 75 million euro pension expense in 2017 resulting from the Cash Balance Plan put into effect in recent years for active employees. We are not actuaries, but an annual pension expense of those amounts could be viewed as the present value of almost a billion euros in pension liabilities. We are also aware that there have been no contributions to the assets in the plan for this large increase in obligations nor for the 2,000 additional employees added in 2016. We are not objecting to the provision of pension benefits to active employees, only that retirees should receive some modest increase after waiting almost 20 years.

We respectfully urge you to carefully consider these two requests that would be of significant benefit to your 104,000 Lucent retirees. We wish Nokia much success in the world market place.

Yours truly,

Joe Dombrowski, President, Lucent Retiree Organization

NOKIA

Dear Joe,

Rajeev Suri, our President and CEO, has forwarded to me your letter of June 1, 2018 regarding concerns of the Lucent Retirees Organization (LRO) members regarding Nokia's employee benefits provided to our retirees. As you know, I am responsible for the pension and benefit issues in the U.S., and accordingly Mr. Suri asked me to respond to you on behalf of the company.

The main concern you raise is that Nokia has failed to make a broader commitment to the retiree life insurance coverage. As you know from previous communications, this benefit is not mandated by law and is instead an optional benefit that the Company provides to some of its U.S. retirees. That said, there are no current plans to reduce or eliminate this benefit.

As you know, the company's philosophy has and continues to be to "balance the needs of the retirees with the company's ability to pay." We have been very pleased, over many, many years, to remain one of the small percentage of employers in the United States to be able to provide retiree life insurance coverage to its former employees. We currently expect the trust associated with this benefit will have sufficient assets to pay for this benefit until around 2023, so there should be no immediate concerns here. Also, even when the trust is depleted, that does not mean that the Company will reduce or eliminate the benefit. However, it does need to be said, the Company does have the right to change, reduce or even eliminate this benefit should it determine to do so.

We also reviewed your request for a one-time pension ad-hoc and it is not something we can consider at this time. You are correct that the pension plan is better funded then it has been in the recent past. That said, it is not in a position where we could consider an ad-hoc. In this regard, I'll point out that the rules surrounding corporate financial reporting for pensions require that the company report the present value of benefits earned to date and the value of benefits to be earned in the reporting year; however, the liability number does not include the present value of future benefits expected to be earned by active participants. When adding in the present value of all future benefits, the plan obviously becomes less well funded.

Note, the "Cash Balance Plan" is now the only company-provided retiree benefit for active participants. There is no 401(k) match, no company-provided retiree life insurance and no retiree health care insurance. Also, the cash balance plan provides for a much smaller benefit (as a percentage of pay) than the service based benefit that most of the retiree population is being paid.

I am sure this letter likely does not provide the assurances that you seek, we trust that it provides some context to help understand our current position.

Sincerely,

John Hickey

John Hickey

cc: Rajeev Suri