NOKIA CORP
Form 6-K
January 23, 2014

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a -16 or 15d -16 of

the Securities Exchange Act of 1934

Report on Form 6-K dated January 23, 2014

(Commission File No. 1-13202)

Nokia Corporation

Nokia House

Keilalahdentie 4

02150 Espoo

Finland

(Name and address of registrant s principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F: x   Form 40-F: o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes: o **No**: x

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes: o **No**: x

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes: o **No**: x

Enclosures:

Nokia stock exchange release dated January 23, 2014: Nokia Board of directors decided on issuance of shares for settlement of long term incentive plans

Nokia stock exchange release dated January 23, 2014: Nokia Corporation Report for Q4 2013 and Full Year 2013

STOCK EXCHANGE RELEASE

January 23, 2014

Nokia Board of directors decided on issuance of shares for settlement of long term incentive plans

Nokia Corporation
Stock Exchange Release
January 23, 2014 at 13.30 (CET +1)

Espoo, Finland - Nokia announced today that Nokia s Board of Directors has decided on the issuance of shares held by the company for the settlement of the long term incentive plans in 2014. To fulfill the Company s obligations under the 2010 and 2011 Restricted Share plans to be settled in 2014, Nokia s Board of Directors has resolved to issue a total maximum number of 3,030,200 Nokia shares (NOK1V) held by the Company without consideration to settle its commitment to approximately 250 participants, employees of the Nokia Group.

The performance period for the Performance Share Plan 2011 and 2012 ended on December 31, 2013, and as the threshold performance criteria for net sales and EPS were not met, there will be no settlement to the participants under the plans.

About Nokia

Nokia is a global leader in mobile communications whose products have become an integral part of the lives of people around the world. Every day, more than 1.3 billion people use their Nokia to capture and share experiences, access information, find their way or simply to speak to one another. Nokia s technological and design innovations have made its brand one of the most recognized in the world. For more information, visit http://www.nokia.com/about-nokia.

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RESULTS REPORT

Nokia Corporation January 23, 2014 at 13:00 (CET +1)

Nokia Corporation Report for Q4 2013 and Full Year 2013

FINANCIAL AND OPERATING HIGHLIGHTS

Fourth quarter 2013 highlights for continuing operations*:

Nokia s non-IFRS EPS in Q4 2013 of EUR 0.08 (0.06 in Q3 2013); reported EPS of EUR 0.05 (0.04 in Q3 2013)

Nokia s net sales in Q4 2013 were EUR 3.5 billion, up 18% compared to Q3 2013

- In Q4 2013, underlying operating profitability for Nokia s continuing operations increased to EUR 408 million or 11.7% of net sales, compared to EUR 344 million or 11.7% of net sales in Q3 2013.
- NSN achieved solid underlying operating profitability, with Q4 2013 non-IFRS operating margin of 11.2% compared to 8.4% in Q3 2013. This reflected strong gross margin and continued progress relative to its strategy in a seasonally strong quarter, partially offset by higher than normal non-IFRS other expenses.
- HERE s external net sales grew to EUR 225 million, an increase of 10% year-on-year and 28% sequentially.
- Nokia announced that Samsung extended a patent license agreement between Nokia and Samsung for 5 years. Samsung will pay compensation to Nokia for the period commencing from January 1, 2014. The amount to be paid by Samsung will be finally settled in a binding arbitration, which is expected to be concluded during 2015.

Full year 2013 highlights for continuing operations*:

Nokia s full year 2013 non-IFRS EPS of EUR 0.21 (0.13 in 2012); reported EPS of EUR 0.05 (-0.20 in 2012)

Nokia s full year net sales 2013 were EUR 12.7 billion, down 17% compared to full year 2012

- Despite NSN s lower top line, underlying operating profitability improved to EUR 1.1 billion or 9.7% of net sales, compared to EUR 0.8 billion or 5.7% of net sales in 2012, reflecting strong gross margin and continued progress relative to its strategy.

- NSN achieved its target to reduce non-IFRS annualized operating expenses and production overheads by more than EUR 1.5 billion by the end of 2013, compared to the end of 2011.

- NSN reported net profit improved to EUR 15 million, compared to a reported net loss of EUR 1.4 billion in 2012, reflecting lower levels of restructuring charges, strong operational performance in both Global Services and Mobile Broadband, and lower purchase price accounting related expenses.

Balance sheet highlights:

- Nokia Group ended 2013 with a strong balance sheet and solid cash position with gross cash of EUR 9.0 billion and net cash of EUR 2.3 billion compared to EUR 9.1 billion and EUR 2.4 billion, respectively, at the end of Q3 2013. At the end of 2013, NSN s contribution to Nokia Group gross and net cash was EUR 2.8 billion and EUR 1.7 billion, respectively, compared to EUR 2.7 billion and EUR 1.5 billion at the end of Q3 2013.

Additional information*:

- Nokia received shareholder approval for the sale of substantially all of its Devices & Services business at our Extraordinary General Meeting. As a result, Nokia has commenced reporting substantially all of its Devices & Services business as discontinued operations. In Q4 2013, discontinued operations net sales were EUR 2.6 billion and non-IFRS operating margin was -7.3%. Full year 2013 discontinued operations net sales were EUR 10.7 billion and non-IFRS operating margin was -4.8%. Within discontinued operations, we continue to focus on innovation as well as working capital efficiency and the overall cash flow performance.

- Nokia achieved its target to reduce its Devices & Services non-IFRS operating expenses to an annualized run rate of approximately EUR 3.0 billion by the end of 2013.

*See note 3 to our Summary Financial Information table below concerning our current operational and reporting structure.

Risto Siilasmaa, Nokia Chairman and interim CEO commented on the company s progress:

The fourth quarter of 2013 was a watershed moment in Nokia s history. Having received overwhelmingly strong support from our shareholders at our extraordinary general meeting in November for the sale of our phones business to Microsoft, we are diligently working towards defining Nokia s future direction. I am pleased with the progress we have made thus far in our strategy evaluation and excited by the opportunities ahead for each of our three continuing businesses: NSN, HERE and Advanced Technologies.

During the fourth quarter, Nokia s continuing businesses produced a healthy underlying operating margin of 12%. While the first quarter of the year is seasonally weak for our continuing operations, we continue to expect the closing of the Microsoft transaction to significantly improve Nokia s earnings profile.

The strength of NSN s underlying profitability highlights just how fundamentally different the company is today, compared with two years ago when it started its restructuring and transformation program. Today, we are more focused, more innovative and more disciplined. With these fundamental elements in place, we believe NSN is well-positioned to deliver solid business performance for the year ahead.

For HERE, we see long-term transformational growth opportunities in the automotive market, as well as in other industries. Thus, we are planning to increase investment levels in 2014 to capture these exciting opportunities in the coming years.

For Advanced Technologies, we are focused on continuing to invest in innovation, implementing our successful business strategy of licensing our industry leading intellectual property to companies interested in Nokia s innovations, and are planning to add further value to our partners through technology licensing.

SUMMARY FINANCIAL INFORMATION

	Reported and Non-IFRS fourth quarter 2013 results(1)-(4)					Reported and Non-IFRS full year 2013 results(1)-(5)		
EUR million	**Q4/13**	**Q4/12**	**YoY Change**	**Q3/13**	**QoQ Change**	**2013**	**2012**	**YoY Change**
Nokia s continuing operations								
Net sales	3 476	4 413	-21%	2 939	18%	12 709	15 400	-17%
Operating profit	274	329	-17%	262	5%	519	-821	
Operating profit (non-IFRS)	408	670	-39%	344	19%	1 436	1 142	26%
EPS, EUR diluted	0.05	0.06	-17%	0.04	25%	0.05	-0.21	
EPS, EUR diluted (non-IFRS)	0.08	0.10	-20%	0.06	33%	0.21	0.13	62%
Net cash from operating activities						1 152	1 930	-40%
Net cash and other liquid assets**(6)**	2 309	4 360	-47%	2 413	-4%	2 309	4 360	-47%
Nokia Solutions and Networks								
Net sales	3 105	3 988	-22%	2 592	20%	11 282	13 779	-18%
Mobile Broadband net sales	1 563	1 776	-12%	1 259	24%	5 347	6 043	-12%
Global Services net sales	1 540	1 979	-22%	1 331	16%	5 753	6 929	-17%
Operating profit	243	252	-4%	166	46%	420	-795	
Operating profit (non-IFRS)	349	576	-39%	218	60%	1 089	782	39%
Operating margin %	7.8%	6.3%		6.4%		3.7%	-5.8%	
Operating margin % (non-IFRS)	11.2%	14.4%		8.4%		9.7%	5.7%	
HERE								
Net sales	254	278	-9%	211	20%	914	1 103	-17%
Operating profit	18	-56		14	29%	-154	-301	
Operating profit (non-IFRS)	25	40	-38%	20	25%	48	154	-69%
Operating margin %	7.1%	-20.1%		6.6%		-16.8%	-27.3%	
Operating margin % (non-IFRS)	9.8%	14.4%		9.5%		5.2%	13.9%	
Advanced Technologies								
Net sales	121	151	-20%	140	-14%	529	534	-1%
Operating profit	65	100	-35%	83	-22%	310	325	-5%
Operating profit (non-IFRS)	82	100	-18%	84	-2%	329	329	
Operating margin %	53.7%	66.2%		59.3%		58.6%	60.9%	
Operating margin % (non-IFRS)	67.8%	66.2%		60.0%		62.2%	61.6%	
Discontinued operations								
Net sales	2 633	3 701	-29%	2 758	-5%	10 735	15 152	-29%
Operating profit	-198	97		-145		-590	-1 479	
Operating profit (non-IFRS)	-191	-47		-130		-520	-1 012	
Operating margin %	-7.5%	2.6%		-5.3%		-5.5%	-9.8%	
Operating margin % (non-IFRS)	-7.3%	-1.3%		-4.7%		-4.8%	-6.7%	
Net cash from operating activities**(6)**						-1 081	-2 284	

Nokia Group (continuing and discontinued operations)								
EPS, EUR diluted	-0.01	0.05		-0.02		-0.17	-0.84	
EPS, EUR diluted (non-IFRS)	0.03	0.05	-40%	0.01	200%	0.02	-0.17	
Net cash from operating activities	53	563	-91%	9	489%	72	-354	
Net cash and other liquid assets(6)	2 309	4 360	-47%	2 413	-4%	2 309	4 360	-47%

Note 1 relating to results information and non-IFRS (also referred to as underlying) results: *The results information in this report is unaudited. In addition to information on our reported IFRS results, we provide certain information on a non-IFRS, or underlying business performance, basis. Non-IFRS results exclude all material special items for all periods. In addition, non-IFRS results exclude intangible asset amortization, other purchase price accounting related items and inventory value adjustments arising from (i) the formation of NSN and (ii) all business acquisitions completed after June 30, 2008. Nokia believes that our non-IFRS results provide meaningful supplemental information to both management and investors regarding Nokia s underlying business performance by excluding the above-described items that may not be indicative of Nokia s business operating results. These non-IFRS financial measures should not be viewed in isolation or as substitutes to the equivalent IFRS measure(s), but should be used in conjunction with the most directly comparable IFRS measure(s) in the reported results. See note 2 below for information about the exclusions from our non-IFRS results. More information, including a reconciliation of our Q4 2013 and Q4 2012 non-IFRS results to our reported results, can be found in our complete Q4 2013 and full year 2013 report with tables on pages 15 and 17-22. A reconciliation of our Q3 2013 non-IFRS results to our reported results can be found in our complete Q3 interim report with tables on pages 24 and 27-32 published on October 29, 2013.*

Note 2 relating to non-IFRS exclusions for continuing operations:

Q4 2013 EUR 135 million (net) consisting of:

- EUR 95 million restructuring charge and other associated items in Nokia Solutions and Networks.
- EUR 4 million restructuring charge in HERE
- EUR 22 million of transaction and other related costs resulting from the proposed sale of Devices & Services business to Microsoft
- EUR 11 million of intangible asset amortization and other purchase price accounting related items arising from the acquisition of Motorola Solutions networks assets
- EUR 3 million of intangible asset amortization and other purchase price accounting related items arising from the acquisition of NAVTEQ

Q3 2013 EUR 82 million (net) consisting of:

- EUR 39 million restructuring charge and other associated items in Nokia Solutions and Networks.
- EUR 3 million restructuring charge in HERE
- EUR 1 million restructuring charge in Advanced Technologies
- EUR 5 million restructuring related impairments in Corporate Common
- EUR 18 million of transaction costs related to the proposed sale of Devices & Services business to Microsoft

• EUR 13 million of intangible asset amortization and other purchase price accounting related items arising from the acquisition of Motorola Solutions networks assets

• EUR 3 million of intangible asset amortization and other purchase price accounting related items arising from the acquisition of NAVTEQ

Q3 2013 taxes EUR 11 million tax benefits related to previous year s earnings.

Q4 2012 EUR 341 million (net) consisting of:

• EUR 255 million restructuring charge and other associated item in Nokia Solutions and Networks, including EUR 34 million of net charges related to country and contract exits based on new strategy that focuses on key markets and product segments, as well as an impairment of assets of EUR 2 million.

• EUR 9 million restructuring charge in HERE

• EUR 79 million gain on sale of real estate in Corporate Common

• EUR 67 million of intangible asset amortization and other purchase price accounting related items arising from the formation of Nokia Siemens Networks and the acquisition of Motorola Solutions networks assets

• EUR 87 million of intangible asset amortization and other purchase price accounting related items arising from the acquisition of NAVTEQ

Note 3 relating to operational and reporting structure: *Nokia introduced a new reporting structure starting with the reporting of the fourth quarter 2013 and full year 2013 results report. Nokia has three continuing businesses: Nokia Solutions and Networks (NSN), HERE and Advanced Technologies. Nokia reports financial information for a total of four reportable segments - Mobile Broadband and Global Services within NSN, HERE, and Advanced Technologies - and, additionally, separate information for Discontinued Operations. NSN is one of the leading global providers of telecommunications infrastructure hardware, software and services, with the focus on the mobile broadband market. On August 7, 2013 Nokia completed the acquisition of Siemens stake in Nokia Siemens Networks, which was a joint venture between Nokia and Siemens. In accordance with this transaction, the Siemens name has been phased out from Nokia Siemens Networks company name and branding. The new name and brand is Nokia Solutions and Networks, also referred to as NSN, which is being used also for financial reporting purposes. Until the end of the second quarter 2013, NSN has been reported as a single reportable segment for Nokia financial reporting purposes. Since then Nokia reports financial information for two operating and reportable segments within NSN, Mobile Broadband and Global Services. 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 professional services, network implementation and customer care services. NSN also contains NSN Other, which includes net sales and related cost of sales and operating expenses of non-core businesses as well as Optical Networks through May 6, 2013 when its divestment was completed. HERE focuses on the development of location-based services and local commerce. We introduced HERE as the new brand for our location and mapping service in November 2012. As of January 1, 2013 our Location & Commerce business and reportable segment was renamed HERE. Advanced Technologies business builds on several of Nokia s current Chief Technology Office (CTO) and Intellectual Property Rights activities through advanced research, development and concept products in areas such as connectivity, sensing and material technologies, as well as web and cloud technologies. At the same time, Advanced Technologies plans to continue to build Nokia s patent portfolio from this innovation and targets to expand its industry-leading technology licensing program, spanning technologies that enable mobility today and tomorrow. Nokia s IPR income is reported with Advanced Technologies. Nokia has signed an agreement on September 2, 2013 to enter into a transaction whereby Nokia will sell substantially all of its Devices & Services business to Microsoft. After receiving shareholder confirmation and approval at Nokia s Extraordinary General Meeting in November 2013 for the pending sale of substantially all of its Devices & Services business, Nokia is currently reporting substantially all of its former Devices & Services business as discontinued operations. Historical results information for past periods before the fourth quarter 2013 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.*

Note 4 relating to changes to historical comparative financials due to revised IFRS accounting standard, IAS19 Employee Benefits: *The historical comparative financials presented in this report include certain changes to previously reported information. These changes result from the retrospective application of a revised IFRS accounting standard IAS19, Employee Benefits and mainly relate to consolidated statements of comprehensive income and financial position. For more information on the adjustments between the previously reported information and the adjusted information, please see the related disclosure starting on page 39 of the complete Q1 2013 interim report with tables published on April 18, 2013.*

Note 5 relating to January-December 2013 results*: Further information about the results for the period from January 1 to December 31, 2013 can be found on pages 27-32, 34-45 and 47 of the complete Q4 2013 and full year 2013 report with tables.*

Note 6 relating to Nokia net cash and other liquid assets: *Calculated as total cash and other liquid assets less interest-bearing liabilities. For selected information on Nokia Group interest-bearing liabilities, please see the table on pages 53-54 of the complete Q4 2013 and full year 2013 report with tables.*

NOKIA OUTLOOK

Continuing Operations

- Nokia expects NSN s non-IFRS operating margin for the full year 2014 to be towards the higher end of NSN s targeted long term non-IFRS operating margin range of 5% to 10%. 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;
- efforts to drive year-on-year net sales growth in the second half of 2014; and
- expected continued improvement under NSN s transformation programs.

- Nokia expects NSN s non-IFRS operating margin in the first quarter 2014 to be approximately 5% plus or minus 4 percentage points. This outlook is based on Nokia s expectation that the first quarter will be seasonally weak, in addition to the factors mentioned above.
- During 2014 Nokia expects HERE to invest to capture longer term transformational growth opportunities. This is expected to negatively affect HERE s 2014 non-IFRS operating margin.
- Nokia expects Advanced Technologies annualized net sales run rate to increase to approximately EUR 600 million during 2014, after Microsoft becomes a more significant intellectual property licensee in conjunction with the sale of substantially all of our Devices & Services business to Microsoft. This compares to Advanced Technologies current annualized net sales run rate of approximately EUR 500 million.
- On a non-IFRS basis, until a pattern of tax profitability is reestablished in Finland, Nokia expects to record approximately EUR 250 million of annualized tax expense for the continuing operations. This corresponds to the total anticipated cash tax obligations for NSN, HERE, and Advanced Technologies. After a pattern of tax profitability is reestablished 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 Finnish tax losses carried forward of approximately EUR 11 billion have been fully utilized.
- Nokia expects full year 2014 capital expenditures for continuing operations to be approximately EUR 200 million, primarily attributable to NSN.

Discontinued Operations

- Nokia received shareholder approval for the sale of substantially all of its Devices & Services business at our Extraordinary General Meeting. As a result, Nokia has commenced reporting substantially all of its Devices & Services business as discontinued operations. In the first quarter 2014, Nokia expects the discontinued operations related to the Devices & Services business to generate a negative operating margin on a non-IFRS basis.

NOKIA S ANNUAL GENERAL MEETING 2014

Nokia s Annual General Meeting 2014 is scheduled to be held on June 17, 2014. The Nokia Board of Directors will convene the meeting and publish the notice and related proposals at a later date.

As announced earlier, Nokia s Board of Directors is conducting a strategy evaluation for Nokia Group between signing and closing of the transaction whereby Nokia will sell substantially all of its Devices & Services business and license its patents to Microsoft. This evaluation is 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. After this evaluation is complete, deemed excess capital is planned to be distributed to shareholders. The Nokia Board of Directors will decide on its proposal to the Annual General Meeting on distributions to shareholders only after the anticipated closing of the transaction and the completion of the strategy evaluation.

NOKIA TO SELL DEVICES & SERVICES TO MICROSOFT IN EUR 5.44 BILLION ALL-CASH TRANSACTION

On September 3, 2013, Nokia announced that it had signed an agreement to enter into a transaction whereby Nokia will sell substantially all of its Devices & Services business and license its patents to Microsoft for EUR 5.44 billion in cash, payable at closing.

At our Extraordinary General Meeting on November 19, 2013, Nokia received shareholder approval for the sale, with more than 99% of the votes cast in support of the proposal and recommendation of the Nokia Board of Directors. As a result, Nokia has commenced reporting substantially all of its Devices & Services business as discontinued operations.

The transaction is expected to close in the first quarter of 2014, subject to regulatory approvals and other customary closing conditions. As of the end of 2013, Nokia has received the majority of regulatory approvals for the transaction.

FOURTH QUARTER 2013 FINANCIAL AND OPERATING DISCUSSION

NOKIA S CONTINUING OPERATIONS

See note 3 to our Summary Financial Information table above concerning our current operational and reporting structure and note 4 concerning certain changes to historical comparative financials due to a revised IFRS accounting standard, IAS19 Employee Benefits. The following discussion includes information on a non-IFRS, or underlying business performance, basis. See notes 1 and 2 to our Summary Financial Information table above for information about our underlying non-IFRS results and the non-IFRS exclusions for the periods discussed below.

The following table sets forth the year-on-year and sequential growth rates in our net sales on a reported basis and at constant currency for the periods indicated.

FOURTH QUARTER 2013 NET SALES, REPORTED & CONSTANT CURRENCY(1)

	YoY Change	**QoQ Change**
Continuing operations net sales reported	-21%	18%
Continuing operations net sales - constant currency(1)	-17%	18%
NSN net sales reported	-22%	20%
NSN net sales - constant currency(1)	-19%	20%
HERE net sales reported	-9%	20%
HERE net sales - constant currency(1)	-8%	21%

***Note 1:** Change in net sales at constant currency excludes the impact of changes in exchange rates in comparison to the Euro, our reporting currency.*

At constant currency Nokia s continuing operations net sales would have decreased 17% year-on-year and increased 18% sequentially.

The following table sets forth Nokia s continuing operations financial position at the end of the periods indicated, as well as the year-on-year and sequential growth rates.

NOKIA S CONTINUING OPERATIONS CASH FLOW AND FINANCIAL POSITION

EUR million	**Q4/2013**	**Q4/2012**	**Q3/2013**

			YoY Change		QoQ Change
Total cash and other liquid assets	8 971	9 909	-9%	9 134	-2%
NSN contribution	2 768	2 420	14%	2 656	4%
Net cash and other liquid assets(1)	2 309	4 360	-47%	2 413	-4%
NSN contribution	1 678	1 270	32%	1 536	9%

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

In the fourth quarter 2013, Nokia s total cash and other liquid assets decreased by EUR 163 million and Nokia s net cash and other liquid assets decreased by EUR 104 million, compared to the third quarter 2013. The sequential decline in Nokia s net cash and other liquid assets was primarily due to cash outflows from discontinued operations, which more than offset cash inflows from Nokia s continuing operations. The cash inflows from Nokia s continuing operations were primarily driven by an increase in NSN s profitability on a sequential basis. Excluding approximately EUR 150 million of restructuring-related cash outflows, NSN had cash inflows from net working capital in the fourth quarter 2013 of approximately EUR 80 million.

At the end of the fourth quarter 2013, NSN s contribution to Nokia s total cash and other liquid assets was approximately EUR 2.8 billion and its contribution to Nokia s net cash and other liquid assets was approximately EUR 1.7 billion, a sequential increase of approximately EUR 110 million and EUR 140 million, respectively.

In the fourth quarter 2013, Nokia s continuing operations financial income and expenses was a net expense of EUR 50 million, compared to a net expense of 52 million in the fourth quarter 2012 and a net expense of EUR 63 million in the third quarter 2013. On a year-on-year basis, the decrease was primarily due to lower net foreign exchange-related losses, partially offset by higher interest expenses. On a sequential basis, the decrease was primarily due to the recognition of income related to one of our investments and lower interest expenses, partially offset by higher net foreign exchange-related losses.

At the end of the fourth quarter 2013, Nokia s continuing operations in Finland had approximately EUR 2.2 billion (calculated at the Finnish corporate tax rate of 20%) of net deferred tax assets that have not been recognized in the financial statements as the net deferred tax assets were subject to a valuation allowance. The majority of Nokia s Finnish deferred tax assets are indefinite in nature and available against future Finnish tax income. Given the likely impact of the expected transaction and related licensing agreements with Microsoft on the continuing Nokia businesses as well as the recent financial performance of NSN, the company will continue closely monitoring the need for the valuation allowance.

NOKIA SOLUTIONS AND NETWORKS

The following table sets forth a summary of the results for NSN and its reportable segments, Mobile Broadband and Global Services, for the periods indicated, as well as the year-on-year and sequential growth rates.

NSN RESULTS SUMMARY

	Q4/2013	Q4/2012	YoY Change	Q3/2013	QoQ Change
Net sales (EUR million)	3 105	3 988	-22%	2 592	20%
Mobile Broadband net sales (EUR million)	1 563	1 776	-12%	1 259	24%
Global Services net sales (EUR million)	1 540	1 979	-22%	1 331	16%
Non-IFRS gross margin (%)	37.6%	36.0%		36.6%	
Non-IFRS operating expenses (EUR million)	771	843	-9%	732	5%
Non-IFRS operating margin (%)	11.2%	14.4%		8.4%	
Mobile Broadband contribution margin (%)	7.5%	16.8%		4.9%	
Global Services contribution margin (%)	15.2%	11.7%		12.3%	
Operating margin (%)	7.8%	6.3%		6.4%	

Net Sales

The following table sets forth NSN net sales for the periods indicated, as well as the year-on-year and sequential growth rates, by geographic area.

NSN NET SALES BY GEOGRAPHIC AREA

EUR million	**Q4/2013**	**Q4/2012**	**YoY Change**	**Q3/2013**	**QoQ Change**
Europe	834	1 058	-21%	701	19%
Middle East & Africa	337	388	-13%	247	36%
Greater China	424	416	2%	278	53%
Asia-Pacific	907	1 176	-23%	791	15%
North America	263	426	-38%	299	-12%
Latin America	340	524	-35%	276	23%
Total	**3 105**	**3 988**	**-22%**	**2 592**	**20%**

The year-on-year decrease of 22% in NSN net sales in the fourth quarter 2013 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 the fourth quarter 2013 declined by approximately 15% primarily due to reduced wireless infrastructure deployment activity, which affected both Global Services and Mobile Broadband. Additionally, NSN net sales were negatively affected by foreign currency fluctuations. The year-on-year decrease in Mobile Broadband was primarily due to lower sales in GSM and core networks, which were partially offset by an increase in LTE sales primarily in Greater China, Europe and Asia-Pacific excluding Japan. The year-on-year decrease in Global Services was primarily due to a reduction in network implementation activity, consistent with lower levels of large scale Mobile Broadband deployments, and the exiting of certain contracts in line with NSN s strategic focus. On a regional basis, NSN continued to have lower net sales in Japan following high levels of spending in the fourth quarter 2012. In Europe, the year-on-year sales decline was primarily related to network modernization and divestments in line with NSN s strategy. The year-on-year sales decline in Latin America was primarily driven by constrained operator spending and certain contract exits. Finally, the year-on-year decline in Middle East and Africa was primarily due to country exits.

The sequential increase of 20% in NSN net sales in the fourth quarter 2013 reflects a seasonal increase in sales in both Mobile Broadband and Global Services. The increase in Mobile Broadband net sales was driven by growth across our radio access portfolio. The increase in Global Services was driven by growth in all business lines. On a regional basis, NSN s net sales increased sequentially primarily due to Greater China, Middle East & Africa and Asia Pacific, partially offset by lower sales in North America.

In the fourth quarter 2013, Global Services represented 50% of NSN net sales, compared to 50% in the fourth quarter 2012 and 51% in the third quarter 2013. In the fourth quarter 2013, Mobile Broadband represented 50% of NSN net sales, compared to 45% in the fourth quarter 2012 and 49% in the third quarter 2013.

At constant currency, NSN net sales would have decreased 19% year-on-year and increased 20% sequentially.

Non-IFRS Gross Margin

On a year-on-year basis, the increase in NSN non-IFRS gross margin in the fourth quarter 2013 was due to a higher gross margin in Global Services related to significant efficiency improvements as a result of NSN s restructuring program, as well as a higher proportion of Mobile Broadband in the overall sales mix. This was partially offset by a slightly lower gross margin in Mobile Broadband driven by lower net sales in Japan and North America and costs incurred in anticipation of a technology shift to TD-LTE related to major projects in China, as well as the absence of non-recurring IPR income which benefitted the fourth quarter 2012 by approximately EUR 30 million.

On a sequential basis, the increase in NSN non-IFRS gross margin in the fourth quarter 2013 was primarily due to a higher gross margin in Global Services offset by a lower gross margin in Mobile Broadband. The higher gross margin in Global Services was primarily driven by seasonally higher network implementation activities. The gross margin decline in Mobile Broadband was primarily due to lower net sales in North America.

Non-IFRS Operating Expenses

NSN non-IFRS research and development expenses decreased 10% year-on-year in the fourth quarter 2013. On a year-on-year basis, non-IFRS research and development expenses were lower primarily due to business divestments and reduced investments in business activities that are not consistent with NSN s focused strategy, as well as increased research and development efficiency, partially offset by higher investments in areas that are consistent with NSN s focused strategy, most notably LTE. On a sequential basis, non-IFRS research and development expenses increased 3% primarily due to higher accrued incentive expenses consistent with NSN s business performance in the fourth quarter 2013.

On a year-on-year basis, NSN non-IFRS sales and marketing expenses decreased 16% primarily due to structural cost savings from NSN s transformation and restructuring program. On a sequential basis NSN s non-IFRS sales and marketing expenses increased 9% consistent with seasonally higher net sales and due to higher accrued incentive expenses consistent with NSN s business performance in the fourth quarter 2013.

NSN non-IFRS general and administrative expenses increased 15% year-on-year and 9% sequentially in the fourth quarter 2013. On a year-on-year basis, non-IFRS general and administrative expenses were higher, primarily due to consultancy fees related to information technology and other projects. On a sequential basis non-IFRS general and administrative expenses were higher due to higher accrued incentive expenses consistent with NSN s business performance in the fourth quarter 2013.

Non-IFRS Operating Margin

The year-on-year decrease in NSN non-IFRS operating margin in the fourth quarter 2013 was primarily due to a lower contribution margin in Mobile Broadband, partially offset by a higher contribution margin in Global Services.

On a year-on-year basis, the 9.3 percentage point decline in Mobile Broadband contribution margin was primarily due to higher operating expenses as a percentage of net sales and, to a lesser extent, by slightly lower gross margin. The year-on-year 3.5 percentage point increase in Global Services contribution margin was primarily due to higher gross margin, partially offset by higher operating expenses as a percentage of net sales.

On a sequential basis, NSN non-IFRS operating margin increased due to higher contribution margin for both Global Services and Mobile Broadband, which increased by 2.9 and 2.6 percentage points, respectively. The sequential increase in Global Services contribution margin was primarily due to higher gross margin partially offset by higher operating expenses as a percentage of net sales. The sequential increase in Mobile Broadband contribution margin was primarily due to lower operating expenses as a percentage of net sales partially offset by a lower gross margin.

NSN non-IFRS other income and expenses for the fourth quarter 2013 was an expense of EUR 50 million, compared to an expense of EUR 16 million in the fourth quarter 2012, and income of EUR 1 million in the third quarter 2013. On a year-on-year basis, the change in non-IFRS other income and expenses was primarily due to a non-recurring litigation provision and a write down of a VAT receivable. In addition to these items the sequential increase was also negatively affected by an increase in doubtful account allowances and asset retirement charges that are recurring in nature, but were at an elevated level in the fourth quarter 2013.

Operating Margin

The year-on-year increase in NSN operating margin in the fourth quarter 2013 was primarily due to a higher gross margin. NSN s operating expenses also declined as a result of the absence of purchase price accounting-related items arising from the formation of Nokia Siemens Networks, which had been fully amortized as of the end of the first quarter 2013. NSN s other income and expenses was an expense of EUR 145 million in the fourth quarter 2013, compared to an expense of EUR 274 million in the fourth quarter 2012. The decline in NSN s other income and expenses was primarily due to lower restructuring charges.

On a sequential basis NSN operating margin increased primarily due to higher gross margin, and to a lesser extent from lower operating expenses as a percentage of net sales. NSN s other income and expense was an expense of EUR 145 million in the fourth quarter 2013, compared to an expense of EUR 38 million in the third quarter 2013. The increase in NSN s other income and expenses was primarily due to higher restructuring charges and due to a non-recurring litigation provision and a write down of a VAT receivable. In addition to these items the sequential increase was also negatively affected by an increase in doubtful account allowances and asset retirement charges that are recurring in nature, but were at an elevated level in the fourth quarter 2013.

Global Restructuring Program

The following table sets forth a summary of NSN cost reduction activities and planned operational adjustments under the global restructuring program announced in November 2011.

NSN RESTRUCTURING SUMMARY (Program announced in November 2011)

EUR (million)	Q4/2013 (approximate)	Cumulative up to Q4/2013 (approximate)	2013 (approximate)	2014 (approximate estimate)	Total (approximate estimate)
Restructuring-related charges	94	1 850	550	100	1 950
Restructuring-related cash outflows	150	1 250	600	450	1 700

NSN achieved a reduction in its non-IFRS annualized operating expenses and production overheads by more than EUR 1.5 billion at the end of 2013, compared to the end of 2011. In conjunction with this restructuring program, NSN estimates total restructuring related charges of approximately EUR 1.95 billion, as well as total restructuring related cash outflows of approximately EUR 1.7 billion. This is an update to the earlier estimate of approximately EUR 1.8 billion for restructuring related charges and approximately EUR 1.6 billion for restructuring related cash outflows.

Non-cash charges and timing differences account for the differences between the above charges and the corresponding cash out-flows. Changes in estimates of timing or amounts of costs to be incurred and associated cash flows may become necessary as the transformation and restructuring program is being completed.

HERE

The following table sets forth a summary of the results for HERE for the periods indicated, as well as the year-on-year and sequential growth rates.

HERE RESULTS SUMMARY

	Q4/2013	Q4/2012	YoY Change	Q3/2013	QoQ Change
Net sales (EUR million)	254	278	-9%	211	20%
External net sales (EUR million)	225	204	10%	176	28%
Internal net sales (EUR million)	29	74	-61%	35	-17%
Non-IFRS gross margin (%)	75.6%	82.0%		82.5%	
Non-IFRS operating expenses (EUR million)	167	189	-12%	153	9%
Non-IFRS operating margin (%)	9.8%	14.4%		9.5%	
Operating margin (%)	7.1%	-20.1%		6.6%	

Net Sales

In the fourth quarter 2013, the year-on-year increase in external HERE net sales was primarily due to higher sales to vehicle customers, partially offset by lower sales to personal navigation device (PND) customers consistent with declines in the PND industry.

In the fourth quarter 2013, the sequential increase in external HERE net sales was primarily due to higher seasonal sales to vehicle and PND customers.

In the fourth quarter 2013, HERE had sales of new vehicle licenses of 3.2 million units, compared to 2.4 million units in the fourth quarter 2012 and 2.6 million units in the third quarter 2013. On a year-on-year basis, unit sales to vehicle customers increased primarily due to higher vehicle sales and higher consumer uptake of in-vehicle navigation. On a sequential basis unit sales to vehicle customers increased primarily due to higher consumer uptake of in-vehicle navigation. Sales to vehicle customers represented well over 50% of external HERE net sales in the fourth quarter 2013, as well as in the fourth quarter 2012 and the third quarter 2013.

In the fourth quarter 2013, the year-on-year and sequential declines in internal HERE net sales were primarily due to lower recognition of deferred revenue related to our smartphone sales.

At constant currency HERE s overall net sales would have decreased 8% year-on-year and increased 21% sequentially.

Non-IFRS Gross Margin

On a year-on-year basis, the decrease in HERE non-IFRS gross margin in the fourth quarter 2013 was primarily due to a non-recurring licensing expense, as well as higher sales of update units to vehicle customers, which generally carry a lower gross margin, partially offset by lower costs related to service delivery.

On a sequential basis, the decrease in HERE non-IFRS gross margin in the fourth quarter 2013 was primarily due to a non-recurring licensing expense, as well as higher sales of update units to vehicle customers, which generally carry a lower gross margin and higher costs related to service delivery.

Non-IFRS Operating Expenses

HERE non-IFRS research and development expenses decreased 12% year-on-year due to cost reduction actions. On a sequential basis, research and development expenses increased 4% in the fourth quarter 2013 primarily due to higher investments with the aim of capturing longer term transformational growth opportunities.

HERE non-IFRS sales and marketing expenses decreased 9% year-on-year due to cost reduction actions. On a sequential basis, sales and marketing expenses increased 25% in the fourth quarter 2013, primarily due to higher seasonal marketing expenses.

HERE non-IFRS general and administrative expenses decreased 11% year-on-year primarily due to cost reduction actions. On a sequential basis, general and administrative expenses increased 21% in the fourth quarter 2013 primarily due to higher personnel costs.

Non-IFRS Operating Margin

The year-on-year decrease in HERE non-IFRS operating margin in the fourth quarter 2013 was primarily due to lower internal net sales.

On a sequential basis, HERE s non-IFRS operating margin in the fourth quarter 2013 benefitted from lower operating expenses as a percentage of net sales, which was offset by a lower gross margin.

HERE non-IFRS other income and expenses for the fourth quarter 2013 was approximately zero, an expense of EUR 1 million in the third quarter and an income of EUR 1 million in the fourth quarter 2012.

Operating Margin

In the fourth quarter 2013, HERE operating margin improved to 7.1%, compared to negative 20.1% in the fourth quarter 2012, and 6.6% in the third quarter 2013. The year-on-year improvement in HERE operating margin in the fourth quarter 2013 was primarily due to 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 2013. On a sequential basis the improvement in HERE operating margin was primarily due to lower operating expenses as a percentage of net sales, partially offset by a lower gross margin.

HERE other income and expenses for the fourth quarter 2013 was an expense of EUR 4 million, an expense of EUR 4 million in the third quarter of 2013 and an expense of EUR 8 million in the fourth quarter 2012.

ADVANCED TECHNOLOGIES

The following table sets forth a summary of the results for Advanced Technologies, for the periods indicated, as well as the year-on-year and sequential growth rates.

ADVANCED TECHNOLOGIES RESULTS SUMMARY

	Q4/2013	Q4/2012	YoY Change	Q3/2013	QoQ Change
Net sales (EUR million)	121	151	-20%	140	-14%
Non-IFRS gross margin (%)	98.4%	98.8%		98.6%	
Non-IFRS operating expenses (EUR million)	37	49	-24%	54	-31%
Non-IFRS operating margin (%)	67.8%	66.2%		60.0%	
Operating margin (%)	53.7%	66.2%		59.3%	

Net Sales

The year-on-year and sequential decline in Advanced Technologies net sales in the fourth quarter 2013 was primarily due to lower intellectual property licensing income from certain licensees that experienced lower levels of business activity. Sequentially, net sales was also negatively affected by fluctuations in quarterly revenue recognition from certain licensees.

Non-IFRS Gross Margin

On both a year-on-year and sequential basis, Advanced Technologies non-IFRS gross margin was stable.

Non-IFRS Operating Expenses

Advanced Technologies non-IFRS research and development expenses decreased by 31% year-on-year and decreased by 23% sequentially due to timing of certain research and development projects.

Advanced Technologies non-IFRS sales and marketing expenses were flat year-on-year and decreased by 62% sequentially due to fluctuations in litigation-related expenses.

Advanced Technologies non-IFRS general and administrative expenses were approximately flat year-on-year and sequentially.

Non-IFRS Operating Margin

Both year-on-year and sequentially, the increase in Advanced Technologies non-IFRS operating margin was primarily due to lower operating expenses as a percentage of net sales.

Operating Margin

Both year-on-year and sequentially, the decline in Advanced Technologies operating margin was primarily due to higher operating expenses as percentage of net sales.

DISCONTINUED OPERATIONS

The following table sets forth a summary of the results for discontinued operations, for the periods indicated, as well as the year-on-year and sequential growth rates.

DISCONTINUED OPERATIONS RESULTS SUMMARY

	Q4/2013	Q4/2012	YoY Change	Q3/2013	QoQ Change
Net sales (EUR million)	2 633	3 701	-29%	2 758	-5%
Non-IFRS gross margin (%)	20.3%	20.9%		19.4%	
Non-IFRS operating expenses (EUR million)	717	817	-12%	659	9%
Non-IFRS operating margin (%)	-7.3%	-1.3%		-4.7%	
Operating margin (%)	-7.5%	2.6%		-5.3%	

Net Sales

The year-on-year decline in discontinued operations net sales in the fourth quarter 2013 was primarily due to lower Mobile Phones net sales and, to a lesser extent, lower Smart Devices net sales. Our Mobile Phones net sales were 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. Our Smart Devices net sales were 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 sequential decline in discontinued operations net sales in the fourth quarter 2013 was primarily due to lower Smart Devices net sales. Our Smart Devices net sales were affected by competitive industry dynamics including the strong momentum of competing smartphone platforms. On a sequential basis, Mobile Phones net sales were approximately flat.

On a year-on-year basis, discontinued operations unit volumes declined in the fourth quarter 2013 due to lower Mobile Phones unit volumes, partially offset by higher Smart Devices unit volumes. On a sequential basis, discontinued operations unit volumes

increased in the fourth quarter 2013 due to higher Mobile Phones unit volumes, partially offset by lower Smart Devices unit volumes.

Discontinued operations ASP declined on both a year-on-year and sequential basis in the fourth quarter 2013. The year-on-year and sequential declines in discontinued operations ASP were due to both Smart Devices and Mobile Phones.

We ended the fourth quarter 2013 within our normal 4 to 6 week channel inventory range.

Non-IFRS Gross Margin

The slight year-on-year decline in discontinued operations non-IFRS gross margin in the fourth quarter 2013 was primarily due to lower Smart Devices gross margin, partially offset by higher Mobile Phones gross margin. On a sequential basis, the increase in discontinued operations non-IFRS gross margin in the fourth quarter 2013 was primarily due to higher Mobile Phones gross margin, partially offset by lower Smart Devices gross margin.

Smart Devices non-IFRS gross margin in the fourth quarter 2013 was negatively affected by approximately EUR 50 million of net allowances related to excess component inventory, future purchase commitments and an inventory revaluation.

Non-IFRS Operating Expenses

The year-on-year decline in discontinued operations non-IFRS operating expenses in the fourth quarter 2013 was primarily due to lower Mobile Phones and Smart Devices operating expenses. On a sequential basis, the increase in discontinued operations non-IFRS operating expenses in the fourth quarter 2013 was primarily due to higher Smart Devices and Mobile Phones operating expenses.

Non-IFRS Operating Margin

The year-on-year decline in discontinued operations non-IFRS operating margin in the fourth quarter 2013 was primarily due to lower Mobile Phones and Smart Devices contribution margin. On a sequential basis, the decline in discontinued operations non-IFRS operating margin in the fourth quarter 2013 was primarily due to lower Smart Devices contribution margin, partially offset by higher Mobile Phones contribution margin.

Operating Margin

The year-on-year decline in discontinued operations operating margin in the fourth quarter 2013 was primarily due to lower Mobile Phones and Smart Devices contribution margin. On a sequential basis, the decline in discontinued operations operating margin in the fourth quarter 2013 was primarily due to lower Smart Devices contribution margin, partially offset by higher Mobile Phones contribution margin.

Additional Information

For comparative purposes, if Devices & Services had been presented as in the prior three quarters of 2013, Devices & Services net sales would have been EUR 2 753 million and non-IFRS operating margin would have been negative 4.8% in the fourth quarter 2013. Note that these results were negatively affected by approximately EUR 50 million of net allowances related to excess component inventory, future purchase commitments and an inventory revaluation.

FOURTH QUARTER 2013 OPERATING HIGHLIGHTS

Operating highlights for previous quarters are available in the respective interim reports and for the full year 2013 later in this report.

NOKIA

- Nokia s Extraordinary General Meeting held on November 19, 2013 confirmed and approved the sale of substantially all of Nokia s Devices & Services business to Microsoft in line with the proposal and recommendation of the Nokia Board of Directors. More than 99 % of the votes cast at the Extraordinary General Meeting were in favor of this proposal.

- Following the announcement of shareholder approval for the sale of substantially all of the Devices & Services business to Microsoft, Nokia announced on November 20, 2013 that it would relocate its headquarters to the Karaportti office campus in Espoo, Finland, where its wholly-owned subsidiary NSN is also headquartered. The office building in Keilaniemi, where Nokia was previously headquartered, is to become a Microsoft site after the expected closing of the deal.

- Nokia received a ruling from the Delhi High Court in December for the release of its Indian assets, including the Chennai factory, which had been frozen by the Indian tax authorities related to a tax dispute that started in early 2013. While the tax dispute is still ongoing, the ruling allows Nokia to proceed with the planned transfer of its Indian assets to Microsoft as part of the global transaction.

NSN

- NSN s strong mobile broadband deal momentum continued. During the quarter NSN was granted a contract with Sprint in the United States for the deployment of its TD- LTE network; was awarded the largest market share of non-Chinese network suppliers of China Mobile s nationwide TD-LTE network; won an LTE contract with China Telecommunications Corporation as major partner for its nationwide LTE rollout; won Taiwan s first LTE tender for Chunghwa Telecom, the largest operator in Taiwan with over 10 million mobile subscribers; and was selected by Oi Brasil to supply its LTE network and to upgrade its GSM and 3G networks. NSN was also selected as the key supplier for Ooredoo s nationwide 3G services launch in Myanmar, the supplier of location-based services for NTT DoCoMo; the supplier of Single RAN for Vodacom Tanzania; and of a network security solution for E-Plus in Germany.

- NSN continues to lead in 4G technology, introducing new (FlexiZone) microcell and picocell base stations that are the industry s only small cell solution with the same features and capacity as macro base stations and that have the unique ability to become a FlexiZone which overcomes the limitations on how many small cells can be added within a macro cell coverage; launching a powerful TD-LTE Base Station radio module and enhancing its Radio Base Station Smart Scheduler to deliver even higher uplink data rates and cell capacity; and enhancing its Telephony Application Server solution with full VoLTE functionality. In December, the Singapore-based operator StarHub successfully completed Southeast Asia s first 3GPP standard Voice over LTE call in a live network on NSN s equipment.

- NSN made proof of concept projects and trials with Tier 1 operators on core network virtualization and successfully demonstrated its telco cloud capabilities in a joint proof-of-concept for Evolved Packet Core (EPC) virtualization with SK Telecom, the leading operator in Korea.

- In December, NSN demonstrated its advanced mobile broadband solutions at the Zain Technology Conference (ZTC): Liquid Applications, Active Antenna Systems, Voice over LTE (VoLTE), Congestion Aware Packet Core, CEM, NetAct, Service Quality Manager (SQM), Operations on Demand, and intelligent Self-Organizing Networks (iSON).

- NSN continues to invest in innovation to stay at the forefront of mobile broadband and announced research co-operation with China Mobile Research Institute, the research and development branch of China Mobile: the two parties will further their cooperation on research and standardization of advanced mobile broadband technologies in LTE, as well as in 5G. NSN also made a multi-year commitment to actively participate in 5G research activities together with the NYU WIRELESS research center and in December announced its participation as a founding member in the 5G public-private partnership between the European Union and 5G PPP Association. The PPP will further develop 5G technology to prepare for the future standardization of the system and components that are expected to be deployed in the next decade.

HERE

HERE continued to further extend its reach across multiple platforms, demonstrated through a number of new partnerships and agreements. HERE has become the preferred partner across industries for maps and location-related technology.

- HERE introduced HERE Maps for Windows RT 8.1 by bringing its renowned comprehensive mapping application with true offline maps to the newly introduced Nokia Lumia 2520 tablet.

- HERE announced that it will provide maps and maps-related functionality to be embedded into the Tizen SDK. Thus, third party developers can create location-enabled applications for the Tizen ecosystem that ultimately all future users of Tizen-based devices can benefit from. HERE also joined the newly launched partner program of the Tizen Association, aimed at accelerating the development and commercialization of the Tizen OS.

- HERE announced that it will license positioning services and map technology to Jolla for use in Sailfish operating system. This will provide Jolla users with up-to-date map data and rich location information, such as restaurants and hotels, from over 190 countries around the world.

- Honda introduced its first signature suite of connected apps, HondaLink Next Generation, for 2014 Civic drivers in the US last quarter. Two of the apps leverage the HERE Platform s comprehensive cloud-based services with 3D maps and dynamic content including weather, navigation, traffic and local search. At launch, iPhone 5, 5S and 5C will benefit from all the features in HondaLink.

- HERE updated its suite of integrated location experiences on Windows Phone by introducing its augmented reality technology LiveSight across HERE Maps, HERE Drive and HERE Transit, bringing real-time traffic information to HERE Drive, introducing Collections in HERE Maps enabling people to organize favorites into collections and sync them across other HERE apps and on here.com, and enhancing the personalization options for routing and timing of HERE Transit.

- HERE simplified the way people can benefit from new offline maps by introducing incremental map updates for Windows Phone 8 devices. When an update is available, people no longer have to download all their maps anew, but only those roads and other map features that have been updated will be downloaded. On average, this means 85-90 percent less data and therefore a much faster update process.

- HERE announced the launch of a community mapping pilot program in India, the first major country where HERE will combine its industrial data collection methods with a crowd mapping initiative. By balancing both its highly advanced industrial capture methods and contributions from residents of local communities, HERE takes a best-of-both-worlds approach to ensuring that its maps consistently provide the freshest, most precise and locally relevant information.

- Nissan in North America switched to HERE for upgraded map features including extended POI listings, extended lane guidance data and 3D city models in the in-dash navigation system for Nissan s 08IT equipped vehicles.

- Digicore, a global fleet management company, has powered their advanced machine-to-machine tracking with the HERE Platform for UK and Europe initially, with expansion to Australia, New Zealand and other APAC countries, in order to achieve operational efficiencies and cost-reductions for more than 750,000 systems sold.

- Deutsche Telekom announced its collaboration with HERE to launch its Arrival Control app which is the first app developed from the HERE native SDKs leveraging map content and traffic for iOS and Android available in 19 European countries with plans to expand worldwide.

ADVANCED TECHNOLOGIES

- Nokia announced that Samsung has 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 Nokia 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.

- Nokia s CTO unit continued advanced research and development of sensing and materials technologies, including Nokia Research Center s efforts as a founder partner and board member of the European Union s Graphene Flagship, the EU s biggest research initiative ever. During the fourth quarter of 2013, NRC s Cambridge lab in the UK demonstrated one potential for graphene, creating an ultra-thin, transparent, flexible humidity sensor capable of unprecedented response times. The sensor s fast performance and physical properties make possible a wide range of exciting future applications.

DISCONTINUED OPERATIONS

- Nokia launched its first Windows tablet, the Nokia Lumia 2520, and its first large screen Lumia smartphones, the Lumia 1520 and Lumia 1320.

- Lumia smartphones continued to benefit from a growing Windows Phone application store, with key applications including Instagram, Waze and Vine announced in the quarter.

- Nokia introduced new additions to its Asha platform family of devices: the Nokia Asha 500, Asha 502 and Asha 503.

CONSOLIDATED INCOME STATEMENTS, EUR million

(unaudited)

	Reported 10-12/2013	Reported*) 10-12/2012	Non-IFRS 10-12/2013	Non-IFRS*) 10-12/2012
Net sales	**3 476**	4 413	**3 476**	4 413
Cost of sales	**-1 998**	-2 603	**-1 998**	-2 603
Gross profit	**1 478**	1 810	**1 478**	1 810
Research and development expenses	**-620**	-775	**-599**	-686
Selling and marketing expenses	**-233**	-326	**-223**	-261
Administrative and general expenses	**-196**	-180	**-197**	-180
Other income	**42**	116	**42**	116
Other expenses	**-197**	-316	**-93**	-129
Operating profit/loss	**274**	329	**408**	670
Share of results of associated companies	**6**	2	**6**	2
Financial income and expenses	**-50**	-52	**-50**	-52
Profit/loss before tax				