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November 16, 2016

Joseph Dombrowski
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Scottsdale, AZ 85260

John Hickey
Vice President, Benefits

Nokia
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Dear Joe,

Rajeev Suri, our President and CEO, has forwarded to me your letter of November 7, 2016 introducing the Lucent Retirees Organization to him and also flagging concerns of the LRO's members regarding Nokia's employee benefits provided to 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.

As you might recall from past conversations with the company, Nokia decided to eliminate the pre-65 healthcare coverage due to the following reasons:

1) Over 90% of eligible retirees opt out of this coverage;
2) For those that do sign up, the cost to such retirees has gotten very high—projected to be thousands of dollars per month to the retiree;
3) The marketplace now offers plans to early retirees with significant taxpayer-provided subsidizes to reduce the cost of coverage to the retiree. Those subsidies include both direct taxpayer subsidies and also the "3 to 1 rule," under which an older pre-65 retiree pays no more than three times the premium that a 21 year old participant pays.

In deciding to eliminate our pre-65 coverage, we believe that many retirees have opportunities for healthcare coverage in the marketplace at a lower cost than from our (unsubsidized) plan.

You also raised concerns about potentially more changes down the road. As you know, the pensions of our retirees are protected and the company cannot take any unilateral action to reduce benefits earned.

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With regard to "other" benefits like retiree medical and life insurance – these are benefits that are optional for the company to provide. These benefits are not mandated by law. Although there are no current plans to reduce or eliminate these benefits further, we do, each year, review the benefits that we provide to our retirees. Decisions regarding changes are never taken lightly. The company's philosophy has been 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 healthcare and life insurance coverage to its former employees.

With regard to your specific question on the management retiree group life insurance coverage, there are no current plans to reduce or eliminate this benefit. In this regard, we are fully aware of the elimination of the "Death Benefit" from the pension plan in 2003 and certainly take this into consideration in our planning/actions. However, as mentioned above, the Company does have the right to change, reduce or even eliminate this benefit should it determine to do so. As you know, we currently expect that the trust associated with this benefit will have sufficient assets to pay for this benefit until around 2022, so there should be no immediate concerns here. That said, we do review this benefit each year.

While this letter likely does not provide the assurances that you seek, we trust that it provides a better understanding of the company's decision-making process. On a personal note, I appreciate your kind words regarding my efforts to maintain full and frank lines of communication between the company and the LRO (where not inconsistent with our duties to our shareholders or to our plan participants).

Sincerely,

John Hickey

John Hickey

CC: Rajeev Suri