

Nokia continues to increase cost-efficiency and adapt operations to market situation

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Nokia plans to close the Jyväskylä site and concentrate mobile devices R&D in Finland at Tampere, Oulu, Salo and the Helsinki metropolitan area**Nokia plans to scale down Salo production with temporary lay-offs to align with market demand - operations continue uninterrupted**

As part of its previously announced plans to increase cost-efficiency and adapt to the market situation, Nokia today announced plans to close its mobile devices R&D site in Jyväskylä, concentrating mobile devices R&D in Finland at its sites in Tampere, Oulu, Salo and the Helsinki metropolitan area. Nokia also plans to scale down Salo production with staggered temporary lay-offs, aligning production with market demand while continuing operations without interruption. Nokia will begin consultations with employee representatives about these plans.

Ramping down R&D in Jyväskylä

Nokia's operations in Jyväskylä focus mainly on mobile device product development and marketing. Nokia plans to gradually ramp down the site and close it by the end of 2009. The planned change concerns all of the approximately 320 employees working at the Jyväskylä site. The majority of employees at Nokia Jyväskylä work for devices product development, but the site also has some marketing activities and global support functions. Nokia plans to concentrate its mobile device R&D in Finland at existing sites in Tampere, Oulu, Salo and the Helsinki metropolitan area.

The planned change aims at adjusting the productization capacity of Nokia's Devices unit to reflect the portfolio cuts, thereby increasing efficiencies in its R&D operations and reducing operating expenditure. Nokia's target has been to focus product creation at larger sites, closer to technology asset creation, which enables the optimal use of competencies and infrastructure.

"Our employees in Jyväskylä are highly competent and have contributed to the creation of numerous hit products. The planned closure of the Jyväskylä site is an unfortunate, yet unavoidable measure. We must adjust our resources to reflect reduced market demand in order to maintain our competitiveness also in the future," says Peter Røpke, Senior Vice President, Devices R&D, Nokia.

Scaling down the production in Salo

Nokia plans to scale down the production in Salo to reflect the market demand. Nokia will implement temporary lay-offs on a rotational basis, with operations at the factory continuing without downtime. This arrangement is based on the Finnish labour practices and legislation, and is commonly used to adjust production to reflect notable fluctuation in market demand.

The temporary lay-offs are planned to be implemented in phases i.e. in a staggered way, with approximately 20 - 30% out of approximately 2 500 employees being temporarily laid off at a time, without interrupting the operations in Salo. The planned lay-offs impact all personnel groups in Salo production.

"With these plans, we aim to scale down Salo production to reflect reduced market demand, while operations in the factory continue uninterrupted," says Juha Putkiranta, Senior Vice President, Demand Supply Network Management, Nokia. "This is one of the measures we are taking to adjust our global demand supply network to the current situation."

In addition to the above mentioned plans, Nokia will also start consultations with employee representatives regarding personnel reduction plans impacting approximately 60 employees in global support functions and 30 employees in the planned ramping down and focusing of certain development activities in the New Businesses entity in Services.

All of these measures are part of Nokia's previously announced plans to adjust business operations and cost base according to market demand and safeguard future competitiveness. Nokia continues to seek savings in operational expenses, looking at all areas and activities across the company.

About Nokia

Nokia is the world leader in mobility, driving the transformation and growth of the converging Internet and communications industries. We make a wide range of mobile devices with services and software that enable people to experience music, navigation, video, television, imaging, games, business mobility and more. Developing and growing our offering of consumer Internet services, as well as our enterprise solutions and software, is a key area of focus. We also provide equipment, solutions and services for communications networks through Nokia Siemens Networks.

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