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Nokia fights back for share of smartphone market

Nokia's new music phones lead the assault on rivals

Abhinav Ramnarayan in Stuttgart
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The new Nokia N97

mini.

Nokia, the world's largest mobile phone manufacturer, has admitted it was slow to react to the rise of new devices, such as the iPhone, and has launched a major offensive to win back market share from its rivals Apple and Research in Motion, the maker of the BlackBerry email device.

"We have an aggressive plan now," Kai Oistamo, the Finnish company's executive vice-president for mobile phones, said at the Nokia World conference today. "But if you go back a few years, the market changed suddenly and we were not fast enough changing with it."

"To a large extent, that is behind us now and we have got our act together," he added.

The company is hoping to capitalise on its unlimited music service with the launch of three new products today – two revamped devices that use the music service, and a "lite" version of the touchscreen N97. They follow last week's launch of the N900, the first smartphone ever made by Nokia, which uses the open-source Linux operating system, and its first ever laptop, the Nokia 3G netbook.

Analysts immediately greeted the N900 as Nokia's first really compelling device that can compete in the high-end smartphone category now dominated by BlackBerry and the iPhone.

Oistamo said Nokia had already clawed back a share in the smartphone market in the past six months, possibly on the back of the N97. Previously, he said, it had been hit hard by rival products.

Nokia has also beaten rivals to become the first phone manufacturer to announce the launch of a netbook, and hopes to get a head start in that market. While the netbook's retail price is likely to be €575 (£506), the company has a deal with O2 in Germany

under which customers can buy the laptop for just €250 if they sign a long-term contract. Similar deals are expected in other European markets. The netbook is to be launched in the fourth quarter, using the new Windows 7 operating system.

At the conference Nokia's chief executive Olli-Pekka Kallasvuo said the string of product launches in the past week marked a "transformational" moment for Nokia. He said the company would attempt to grab more ground in the smartphone market while continuing to cater to different product categories.

He also stressed the importance of Nokia's expanding services business, which is built around its Ovi suite of mobile music, maps, games and other services and is intended to be the company's answer to iTunes, reiterating the firm's target of reaching 300m active Ovi users before 2012. It currently has 55m.

However, Nokia's Comes With Music service has failed to connect with consumers. Many people are reportedly confused by its marketing, which appears to target serious music fans even though the product is a perfect choice for parents who are worried that their children might be downloading tracks illegally at home.

To inject some sparkle back into the music service, Nokia today launched two new music phones: the X3, which has a slide-out number pad, and the X6 touchscreen phone. Both have more storage capacity than their predecessors, and the X6 is able to play about 35 hours of music before the battery runs out.

The launch of the N97 Mini, which is smaller and less powerful than its predecessor, is aimed at a wider market: at €450, it is more affordable for the mobile operators, who subsidise the cost of phones in many markets.

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