

NOKIA CORP  
Form 6-K  
October 29, 2015

# 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 October 29, 2015**

**(Commission File No. 1-13202)**

## **Nokia Corporation**

**Karaportti 3**

**FI-02610 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):

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Yes:  **No:**

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:  **No:**

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:  **No:**

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Enclosures:

Nokia stock exchange release dated October 29, 2015: Nokia Corporation Interim Report for Q3 2015 and January-September 2015

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*INTERIM REPORT*

October 29, 2015

**Nokia Corporation Interim Report for Q3 2015 and January-September 2015**

**Nokia raises full year outlook for Networks based on strong Q3**

Nokia Corporation

Interim Report

October 29, 2015 at 08:00 (CET +1)

This is a summary of the Nokia Corporation interim report for third quarter 2015 and January-September 2015 published today. The complete interim report for third quarter 2015 and January-September 2015 with tables is available at <http://company.nokia.com/en/financials>. Investors should not rely on summaries of our interim reports only, but should review the complete interim reports with tables.

**FINANCIAL HIGHLIGHTS FOR NOKIA'S CONTINUING OPERATIONS**

- Net sales in Q3 2015 of EUR 3.0 billion (EUR 3.1 billion in Q3 2014), down 2% year-on-year (down 10% year-on-year on a constant currency basis)
- Non-IFRS diluted EPS in Q3 2015 of EUR 0.08 (EUR 0.09 in Q3 2014), a decrease of 11% year-on-year; reported diluted EPS in Q3 2015 of EUR 0.05 (EUR 0.57 in Q3 2014). Reported diluted EPS in Q3 2014 benefitted from the recognition of a deferred tax asset due to Nokia's improved operating performance

Nokia Networks

- 2% year-on-year net sales decrease (11% year-on-year decrease on a constant currency basis), as strong net sales growth in Greater China partially offset decreases in North America and Europe. On a sequential basis, strong net sales growth in Greater China also helped to offset the impact of industry seasonality
- Strong non-IFRS gross margin of 39.5% due to both Global Services and Mobile Broadband, with particular strength in the systems integration business line within Global Services

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- Non-IFRS operating margin of 13.6% reflected strong operational performance and continued focus on execution excellence. Non-IFRS operating profit decreased 2% year-on-year

Nokia Technologies

- 7% year-on-year net sales growth, primarily due to higher intellectual property licensing income
- 4% year-on-year decrease in non-IFRS operating profit, primarily due to higher investments in business activities which target long-term growth opportunities

EUR million	Reported third quarter 2015 results(1)				Reported January-September 2015 results(1)			
	Q3 15	Q3 14	YoY change	Q2 15	QoQ change	Q1-Q3 15	Q1-Q3 14	YoY change
<b>Continuing operations</b>								
<i>Net sales constant currency</i>			(10)%		6%			(2)%
Net sales	<b>3 036</b>	3 088	(2)%	2 919	4%	<b>8 890</b>	8 253	8%
Nokia Networks	<b>2 877</b>	2 940	(2)%	2 730	5%	<b>8 280</b>	7 833	6%
Nokia Technologies	<b>162</b>	152	7%	193	(16)%	<b>621</b>	430	44%
<i>Gross margin % (non-IFRS)</i>	<b>42.7%</b>	<b>42.1%</b>	60bps	43.9%	(120)bps	<b>42.1%</b>	42.1%	0bps
Operating profit (non-IFRS)	<b>475</b>	457	4%	494	(4)%	<b>1 215</b>	1 097	11%
Nokia Networks	<b>391</b>	397	(2)%	313	25%	<b>789</b>	894	(12)%
Nokia Technologies	<b>94</b>	98	(4)%	112	(16)%	<b>398</b>	280	42%
Group Common Functions	<b>(10)</b>	(38)		69		<b>27</b>	(77)	
<i>Operating margin % (non-IFRS)</i>	<b>15.6%</b>	14.8%	80bps	16.9%	(130)bps	<b>13.7%</b>	13.3%	40bps
Profit (non-IFRS)	<b>297</b>	354	(16)%	336	(12)%	<b>816</b>	727	12%
Profit	<b>188</b>	2 302	(92)%	338	(44)%	<b>695</b>	2 393	(71)%
EPS, EUR diluted (non-IFRS)	<b>0.08</b>	0.09	(11)%	0.09	(11)%	<b>0.21</b>	0.18	17%
EPS, EUR diluted	<b>0.05</b>	0.57	(91)%	0.09	(44)%	<b>0.18</b>	0.58	(69)%
<b>Discontinued operations(2)</b>								
Net sales	<b>283</b>	262	8%	290	(2)%	<b>834</b>	3 129	(73)%
Profit	<b>(37)</b>	(1 552)		10		<b>(19)</b>	638	
EPS, EUR diluted	<b>(0.01)</b>	(0.42)		0.00		<b>0.00</b>	0.15	

(1) Results are as reported unless otherwise specified. The results information in this report is unaudited. As highlighted in the announcement regarding the proposed sale of HERE on August 3, 2015, Nokia reports HERE as part of discontinued operations from the third quarter 2015 onwards. Please refer to Notes to financial statements Basis of preparation for more information. Non-IFRS results exclude transaction and other related costs resulting from both the sale of substantially all of Nokia's Devices & Services business to Microsoft (the Sale of the D&S Business), as well as the proposed sale of HERE, goodwill impairment charges, intangible asset amortization and purchase price related items, restructuring related costs, and certain other items that may not be indicative of Nokia's underlying business performance. For a detailed discussion, please refer to the year to date discussion and the non-IFRS to reported reconciliation note to the financial statements. A reconciliation of our Q2 2015 non-IFRS results to our reported results can be found in our complete Q2 2015 interim report with tables on page 33 published on July 30, 2015. A reconciliation of our Q3 2014 non-IFRS results to our reported results can be found in our complete Q3 2014 interim report with tables on pages 22-27 published on October 23, 2014.

(2) HERE net sales amounted to EUR 283 million in the third quarter 2015, compared to EUR 236 million in the third quarter 2014. In the first nine months of 2015, HERE net sales amounted to EUR 834 million, compared to EUR 677 million in the first nine months of 2014. HERE operating profit amounted to EUR 20 million in the third quarter 2015, compared to an operating loss of EUR 1 215 million in the third quarter 2014. In the first nine months of 2015, HERE operating profit amounted to EUR 48 million, compared to an operating loss of EUR 1 227 million in the first nine months of 2014. On a non-IFRS basis and excluding the positive impact of stopping amortization and depreciation, HERE operating margin in the third quarter 2015 was 13.2%, compared to 0.0% in the third quarter 2014. On a non-IFRS basis and excluding the positive impact of stopping

amortization and depreciation, HERE operating margin in the first nine months of 2015 was 10.1%, compared to 1.6% in the first nine months of 2014.

## **CEO STATEMENT**

Nokia's third-quarter can be summarized in two words: progress and performance. Progress in moving the Alcatel-Lucent transaction closer to completion and solid performance across all of our businesses.

The performance at Nokia Networks was the highlight of the quarter, and allowed us to raise our full-year outlook for that business. Even if I am not pleased with the overall sales development, our strong profitability is testament to the strength of our operating model. We said earlier in the year that we would redouble our efforts to ensure our cost structure was aligned to market conditions, and the success of those efforts is very clear in our results.

Nokia Technologies also had a solid quarter, with year-on-year growth in licensing revenues. Our commitment to bringing innovative new products to market was apparent with the announcement of the OZO virtual-reality camera. OZO has been extremely well-received and will be launched officially before the end of the year.

During the quarter we made significant progress towards the closing of our transaction with Alcatel-Lucent. This progress was reflected in our announcement on October 21 that we had received all the necessary regulatory approvals to allow us to proceed with the public exchange offer. The Nokia Board of Directors has recently called for an Extraordinary General Meeting, to be held on December 2, to request shareholder approval for the transaction. We currently expect the settlement date of the initial exchange offer to be in the first quarter of 2016.

In advance of that offer, we announced a planned EUR 7 billion capital structure optimization program. That program, in my view, provides an excellent balance of significant capital return to shareholders while still ensuring we have strategic flexibility for the future.

Progress was also clear in our integration planning work. As announced separately, we now have the confidence to target the achievement of our synergy savings goals one year earlier than originally planned. I continue to believe that the acquisition of Alcatel-Lucent provides a very strong long-term value creation opportunity.

**Rajeev Suri**

**President and CEO**

**NOKIA'S CONTINUING OPERATIONS IN Q3 2015**

FINANCIAL DISCUSSION

The following discussion is of Nokia's continuing operations reported results for the third quarter 2015, which comprise the results of Nokia's two continuing businesses - Nokia Networks and Nokia Technologies, as well as Group Common Functions. Comparisons are given to the third quarter 2014 and second quarter 2015 results, unless otherwise indicated.



**Net sales**

Nokia's continuing operations net sales decreased 2% year-on-year and increased 4% sequentially. At constant currency, Nokia's continuing operations net sales would have decreased 10% year-on-year and would have increased 6% sequentially.

Year-on-year discussion

The year-on-year decrease in Nokia's continuing operations net sales in the third quarter 2015 was primarily due to lower net sales in Nokia Networks, partially offset by growth in Nokia Technologies.

Sequential discussion

The sequential increase in Nokia's continuing operations net sales in the third quarter 2015 was primarily due to growth in Nokia Networks, partially offset by lower net sales in Nokia Technologies.

**Non-IFRS Operating profit**

Year-on-year discussion

Nokia's continuing operations non-IFRS operating profit increased 4% year-on-year in the third quarter 2015, primarily due to a lower non-IFRS operating loss in Group Common Functions, partially offset by lower non-IFRS operating profit in Nokia Networks and Nokia Technologies.

Nokia's continuing operations non-IFRS other income and expenses was an income of EUR 20 million in third quarter 2015, compared to an expense of EUR 17 million in the third quarter 2014. This change was primarily due to higher other income in Group Common Functions related to Nokia's investments made through its venture funds. During the second quarter 2015, Nokia Growth Partners sold its holdings in Ganji.com, a major online local services marketplace platform in China, to 58.com. Related to the transaction, Nokia recorded a gain of approximately EUR 10 million in the third quarter 2015. The final amount and timing of additional income or expense will depend on the value and date at which the venture funds liquidate the portion of the consideration that was received in shares.

On a year-on-year basis, foreign exchange fluctuations had a significantly positive impact on non-IFRS gross profit, and a negative impact on non-IFRS operating expenses, resulting in a significantly positive net impact on non-IFRS operating profit in the third quarter 2015.

Sequential discussion

Nokia's continuing operations non-IFRS operating profit decreased 4% sequentially in the third quarter 2015, primarily due to Group Common Functions shifting from a non-IFRS operating profit in the second quarter 2015 to a non-IFRS operating loss in the third quarter 2015 and, to a lesser extent, lower non-IFRS operating profit in Nokia Technologies, partially offset by higher non-IFRS operating profit in Nokia Networks.

Nokia's continuing operations non-IFRS other income and expenses was an income of EUR 20 million in the third quarter 2015, compared to income of EUR 114 million in the second quarter 2015. This change was primarily due to lower other income in Group Common Functions related to Nokia's investments made through its venture funds. During the second quarter 2015, Nokia Growth Partners sold its holdings in Ganji.com, a major online local services marketplace platform in China, to 58.com. Related to the transaction, Nokia recorded a gain of approximately EUR 10 million in the third quarter 2015, compared to a gain of approximately EUR 110 million in the second quarter 2015. The final amount and timing of additional income or expense will

depend on the value and date at which the venture funds liquidate the portion of the consideration that was received in shares.

On a sequential basis, foreign exchange fluctuations had a negative impact on non-IFRS gross profit, and a slightly positive impact on non-IFRS operating expenses, resulting in a slightly negative net impact on non-IFRS operating profit in the third quarter 2015.

## **Non-IFRS Profit**

### Year-on-year discussion

Nokia's continuing operations non-IFRS profit decreased 16% on a year-on-year basis in the third quarter 2015, primarily due to net negative fluctuation in non-IFRS financial income and expenses and higher non-IFRS tax expense, partially offset by higher non-IFRS operating profit.

The net negative fluctuation in non-IFRS financial income and expenses was primarily due to higher foreign exchange related losses and higher net interest expense.

Nokia's continuing operations non-IFRS tax expense in the third quarter 2015 was based on a tax rate of approximately 24%, and this resulted in a higher non-IFRS tax expense than in the third quarter 2014. However, the tax expenses in the third quarter of 2014 and 2015 are not directly comparable, primarily due to Nokia's deferred tax assets in Finland and Germany that were subject to valuation allowances during the third quarter of 2014 and re-recognized at the end of the third quarter 2014.

### Sequential discussion

Sequentially, Nokia's continuing operations non-IFRS profit decreased 12% in the third quarter 2015, primarily due to net negative fluctuation in non-IFRS financial income and expenses and lower non-IFRS operating profit, partially offset by lower non-IFRS tax expense.

The net negative fluctuation in non-IFRS financial income and expenses was primarily due to higher foreign exchange related losses, lower other financial income and higher net interest expense.

Nokia's non-IFRS tax expense in the third quarter 2015 was based on a tax rate of approximately 24% compared to a tax rate of approximately 27% in the second quarter 2015.



## OUTLOOK

	Metric	Guidance	Commentary
Nokia Networks	FY15 Net sales FY15 Non-IFRS op. margin	Increase YoY Around or slightly below the high end of the long-term range of 8% - 11% for the full year ( <u>update</u> )	Based on factors including competitive industry dynamics, product and regional mix, expected industry seasonality in the second half of 2015, the timing of major network deployments, and expected continued operational improvement. <u>This is an update</u> to the earlier FY15 non-IFRS op. margin outlook of around the midpoint of the long-term range of 8% - 11% for the full year.
Nokia Technologies	FY15 Net sales  FY15 quarterly non-IFRS op. expense	Increase YoY  Approx. in line with Q2 15 level	Excludes potential amounts related to the expected resolution of our arbitration with Samsung. Based on factors including higher investment in licensing activities, licensable technologies and business enablers, including go-to-market capabilities, which target new and significant long-term growth opportunities.
Nokia's continuing operations	FY15 Capital expenditure FY15 Financial income and expense FY15 Group Common Functions non-IFRS op. expense Estimated long-term effective tax rate Annual cash tax obligation	Approx. EUR 250 million Expense of approx. EUR 160 million Approx. EUR 120 million  Approx. 25% Approx. EUR 250 million per annum until deferred tax assets fully utilized	Primarily attributable to Nokia Networks. Subject to changes in FX rates and interest-bearing liabilities.  May vary due to profit levels in different jurisdictions and amount of license income subject to withholding tax.
HERE	FY15 Net sales  FY 15 Non-IFRS op. margin	No guidance ( <u>update</u> )  No guidance ( <u>update</u> )	Nokia is reporting HERE as part of discontinued operations, and is no longer providing guidance for HERE. <u>This is an update</u> to the earlier FY15 net sales outlook to increase YoY and the earlier FY15 non-IFRS op. margin outlook of 9% - 12%.

**RISKS AND FORWARD-LOOKING STATEMENTS**

It should be noted that Nokia and its businesses are exposed to various risks and uncertainties and certain statements herein that are not historical facts are forward-looking statements, including, without limitation, those regarding: A) the impact, outcome, transaction timeline and closing of the proposed combination of Nokia and Alcatel-Lucent pursuant to a memorandum of understanding ( MoU ) as announced on April 15, 2015 ( Proposed transaction ) and the ability of Nokia to integrate Alcatel-Lucent into Nokia operations ( Combined company ) and achieve the targeted benefits and synergies; B) satisfaction of conditions precedent, including closing conditions, related to the Proposed transaction in a timely manner, or at all, including the confirmation and approval of our shareholders for the Proposed transaction and successfully completing tenders for the Alcatel-Lucent shares; C) expectations, plans or benefits related to Nokia s strategies; D) the impact ,outcome, transaction timeline and closing of the proposed sale of HERE; E) satisfaction of conditions precedent, including closing conditions, related to the sale of the HERE business to the consortium, in a timely manner, or at all, including obtaining required regulatory approvals, as well as any expectations, plans or benefits related to the sale of the HERE business as announced on August 3, 2015; F) expectations, plans or benefits related to future performance of Nokia s businesses; G) expectations, plans or benefits related to changes in our management and other leadership, operational structure and operating model, including the expected characteristics, business, organizational structure, management and operations of the Combined company; H) expectations regarding market developments, general economic conditions and structural changes; I) expectations and targets regarding performance, including those related to market share, prices, net sales and margins; J) timing of the deliveries of our products and services; K) expectations and targets regarding our financial performance, operating expenses, taxes, cost savings and competitiveness, as well as results of operations, including synergies related to the Proposed transaction, the target annual run rate of cost synergies for the Combined company and expected financial results of the Combined company; L) expectations and targets regarding collaboration and partnering arrangements, including the expected customer reach of the Combined company; M) outcome of pending and threatened litigation, arbitration, disputes, regulatory proceedings or investigations by authorities; N) expectations regarding restructurings, investments, uses of proceeds from transactions, acquisitions and divestments and our ability to achieve the financial and operational targets set in connection with any such restructurings, investments, divestments and acquisitions, including any expectations, plans or benefits related to or caused by the transaction where Nokia sold substantially all of its Devices & Services business to Microsoft on April 25, 2014; and O) statements preceded by or including believe, expect, anticipate, foresee, sees, target, estimate, designed, aim, plans, intends, focus, continue, p expressions. These statements are based on the management s best assumptions and beliefs in light of the information currently available to it. Because they involve risks and uncertainties, actual results may differ materially from the results that we currently expect. We describe the risks and uncertainties that affect the Nokia Group or are relevant to all Nokia businesses at the beginning of this section and provide towards the end information on additional risks that are primarily related to the individual Nokia businesses. Factors, including risks and uncertainties, that could cause such differences include, but are not limited to: 1) the inability to close the Proposed transaction in a timely manner, or at all, for instance due to the inability or delays in obtaining the shareholder approval, or the occurrence of any event, change or other circumstance that could give rise to the termination of the MoU and successfully completing tenders for the Alcatel-Lucent shares; 2) the inability to achieve the targeted business and operational benefits and synergies from the Proposed transaction or disruption caused by the Proposed transaction, including inability to integrate Alcatel-Lucent into Nokia operations and any negative effect from the implementation of the Proposed combination or the announcement of the Proposed transaction, for instance due to the loss of customers, loss of key executives or employees or reduced focus on day-to-day operations and business; 3) the inability to close the proposed sale of HERE in a timely manner, or at all, for instance due to the inability or delays in obtaining the necessary regulatory approvals; 4) our ability to identify market trends and business opportunities to select and execute strategies successfully and in a timely manner, and our ability to successfully adjust our operations and operating models; 5) our ability to sustain or improve the operational and financial performance of our businesses and correctly identify or successfully pursue new business

opportunities; 6) our dependence on general economic and market conditions, including the capacity for growth in internet and technology usage; 7) our exposure to regulatory, political or other developments in various countries or regions; 8) our ability to invent new relevant technologies, products and services, to develop and maintain our intellectual property portfolio and to maintain the existing sources of intellectual property related revenue and establish new such sources; 9) our ability to protect our intellectual property rights and defend against third-party infringements and claims that we have infringed third parties' intellectual property rights, as well as increased licensing costs and restrictions on our ability to use certain technologies, and litigation related to IPR; 10) the potential complex tax issues, tax disputes and tax obligations we may face, including the obligation to pay additional taxes in various jurisdictions and our actual or anticipated performance, among other factors, which could reduce our ability to utilize deferred tax assets; 11) our ability to retain, motivate, develop and recruit appropriately skilled employees, for instance due to possible disruption caused by the Proposed transaction; 12) the performance of the parties we partner and collaborate with, as well as that of our financial counterparties, and our ability to achieve successful collaboration or partnering arrangements, including any disruption from the Proposed transaction in obtaining or maintaining the contractual relationships; 13) exchange rate fluctuations, particularly between the euro, which is our reporting currency, and the US dollar, the Japanese yen and the Chinese yuan, as well as certain other currencies; 14) the impact of unfavorable outcome of litigation, arbitration, contract-related disputes or allegations of health hazards associated with our businesses; 15) any inefficiency, malfunction or disruption of a system or network that our operations rely on or any impact of a possible cybersecurity breach; 16) our ability to achieve targeted benefits from or successfully implement planned transactions, such as acquisitions, divestments, mergers or joint ventures, and manage unexpected liabilities related thereto; 17) our ability to manage our operating expenses and reach targeted results through efforts aimed at improving our financial performance, for instance through cost savings and other efforts aimed at increased competitiveness; 18) our ability to optimize our capital structure as planned and re-establish our investment grade credit rating; 19) Nokia Networks' ability to execute its strategy or to effectively and profitably adapt its business and operations in a timely manner to the increasingly diverse needs of its customers in the mobile broadband infrastructure and related services market or to such technological developments; 20) Nokia Networks' ability to effectively and profitably invest in new competitive high-quality products, services, upgrades and technologies and bring them to market in a timely manner; 21) Nokia Networks' dependence on a limited number of customers and large multi-year agreements and adverse effects as a result of further operator consolidation; 22) Nokia Networks' ability to manage its manufacturing, service creation and delivery, as well as our logistics efficiently and without interruption; 23) Nokia Networks' dependence on a limited number of suppliers, who may fail to deliver sufficient quantities of fully functional products and components or deliver timely services meeting its customers' needs; 24) adverse developments with respect to customer financing or extended payment terms Nokia Networks provides to customers; 25) Nokia Technologies' ability to maintain its existing sources of intellectual property related revenue or establish new sources; 26) Nokia Technologies' dependence on a limited number of key licensees that contribute proportionally significant patent licensing income, including the outcome of the binding arbitration with Samsung expected in 2015; 27) Nokia Technologies' dependence on adequate regulatory protection for patented or other proprietary technologies; 28) Nokia Technologies' ability to execute its plans through business areas such as technology licensing, licensing the Nokia brand and other business ventures including technology innovation and incubation; and 29) and the impact on the Combined company (after giving effect to the Proposed transaction and the proposed sale of HERE) of any of the foregoing risks or forward-looking statements, as well as the risk factors specified on pages 74 to 89 of Nokia's latest annual report on Form 20-F under Operating and Financial Review and Prospects Risk factors as well as in Nokia's other filings with the U.S. Securities and Exchange Commission. Other unknown or unpredictable factors or underlying assumptions subsequently proven to be incorrect could cause actual results to differ materially from those in the forward-looking statements. Nokia does not undertake any obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

These financial statements were authorized for issue by management on October 28, 2015.

**Media and Investor Contacts:**

Corporate Communications, tel. +358 10 448 4900, email: [press.services@nokia.com](mailto:press.services@nokia.com)  
Investor Relations Europe, tel. +358 4080 3 4080 email: [investor.relations@nokia.com](mailto:investor.relations@nokia.com)

- Nokia will hold an Extraordinary General Meeting on December 2, 2015. The notice of the meeting and more information can be found at [www.nokia.com/gm](http://www.nokia.com/gm)
- Nokia plans to publish its fourth quarter and annual 2015 results on January 28, 2015

















































































































































































































































SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant, Nokia Corporation, has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: October 29, 2015

Nokia Corporation

By:	/s/ Riikka Tieaho	
Name:		Riikka Tieaho
Title:		Vice President, Corporate Legal

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