

Nokia Tastes Thin Gruel

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Finally sensing a trend, **Nokia** (NOK) says it will start selling its first slim phone early next year.

Some two years after rival **Motorola** (MOT) gained a huge design edge by launching Razr, the industry's first super-thin phone, Nokia says it is getting on board with the movement.

After trimming its margin guidance for 2007, the No. 1 mobile-phone maker introduced a few upcoming models during its annual analysts' day briefing in Amsterdam.

One model, the 6300, scheduled for shipment in the first quarter, goes 13 millimeters deep, nearing the crucial half-inch sleekness barrier.

The initial reaction to the new phones was subdued. Much of the raucous good cheer among investors was quieted by the downward margin guidance. And analysts were not particularly roused by the lineup preview.

"The new phones aren't particularly compelling from a style perspective -- a few flip phones, several new mono-blocks, but nothing to rival products from Motorola and **Samsung**," Charter Equities Research analyst Ed Snyder wrote in a note Tuesday.

Nokia executives spent a fair amount of the daylong event explaining the technical adjustments and "mindset problems" to overcome before changes can be made to its phone production.

At one point during the question-and-answer period, one analyst asked the executives when they thought slimness would "dominate the portfolio."

Handset chief Kai Oistamo took the question. In 2007, he said, "there will be thinness throughout all form factors and all price points."

Nokia's apparent willingness to shift gears is already a big departure from the denial exhibited a year ago, when the company downplayed the importance of thinness.

Investors can only hope that thin is still in when the new Nokias arrive.

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