

PROPOSAL BY THE BOARD OF DIRECTORS TO THE GENERAL MEETING OF SHAREHOLDERS CONCERNING THE ISSUE OF STOCK OPTIONS

The Board of Directors proposes that stock options be issued by the General Meeting of Shareholders to the key personnel of the Teleste Group, on the terms and conditions attached hereto.

The Company has a weighty financial reason for the issue of stock options, since the stock options are intended to form part of the incentive and commitment program for the key personnel. The purpose of the stock options is to encourage the key personnel to work on a long-term basis to increase shareholder value. The purpose of the stock options is also to commit the key personnel to the Company.

The maximum total number of stock options issued will be 840,000. The stock options entitle their owners to subscribe for a maximum total of 840,000 shares in the Company. The stock options now issued can be exchanged for shares constituting a maximum total of 4.6% of the Company's shares and votes of the shares, after the potential share subscription, if new shares are issued in the share subscription.

The share subscription price will be based on the prevailing market price of the Teleste Corporation share on the Helsinki Stock Exchange in April 2007, April 2008 and April 2009, a ten (10) per cent premium added to each.

The share subscription period for stock options 2007A will be 1 April 2010—30 April 2012, for stock options 2007B, 1 April 2011—30 April 2013 and for stock options 2007C, 1 April 2012—30 April 2014.

A share ownership plan, in which the Group's key personnel is obliged to acquire the Company's shares with a proportion of the income gained from the stock options, will be incorporated to the stock options 2007. The manner, in which the share ownership plan will be executed, will be decided by the Board of Directors in connection with the decision to distribute stock options.

Helsinki, 14th March 2007

The Board of Directors