



## **PRESS RELEASE**

Observer AB is quoted on the Attract40 segment of Stockholmsbörsen's O-list and has around 21,000 shareholders.

**Stockholm, Sweden, February 24, 2006**

### **The shareholders in Observer Aktiebolag (publ)**

**are hereby notified that the Annual General Meeting will be held at  
5:00 p.m. (CET) on Tuesday, March 28, 2006 at Konferens  
Spårvagnshallarna, Birger Jarlsgatan 57A, Stockholm**

#### **Notification of attendance, etc.**

To be entitled to participate in the business of the Annual General Meeting, shareholders: *must* be recorded in the shareholders register issued by VPC AB (the Swedish Central Securities Depository) on Wednesday, March 22, 2006, and *must* notify the Company of their intention to attend no later than 4:00 p.m. (CET) on Wednesday, March 22, 2006 in writing to Observer AB, SE-114 88 Stockholm, Sweden, by telephone +46 8 507 410 13, fax +46 8 507 410 25 or e-mail [info.ab@observergroup.com](mailto:info.ab@observergroup.com). When giving notice of attendance, please include your name, personal/company registration number (for Swedish citizens or companies), shareholding, address, daytime telephone number and the names of those who will be accompanying you (max. two).

#### **Nominee-registered shares**

To be entitled to attend the Meeting, shareholders whose shares are registered in the name of a nominee through the trust department of a bank or a brokerage firm must request that their shares be temporarily re-registered in their own names with VPC AB. The registration process must be completed by Wednesday, March 22, 2006. Shareholders should therefore advise their nominees well in advance of this date.

#### **Proxies, etc.**

Shareholders who plan to be represented by proxy must submit a dated power of attorney on behalf of their proxy. If the power of attorney is issued by a legal entity, it must be accompanied by a certified copy of a registration certificate or other similar documentation for the legal entity. The power of attorney and registration certificate may not be more than one year old. An original power of attorney and any registration certificate should be mailed to the Company at the above address well in advance of the Meeting.

#### **Proposed agenda**

1. Opening of the Meeting.
2. Election of the Chairman to preside over the Meeting.
3. Preparation and approval of the voting list.
4. Approval of the agenda.
5. Appointment of one or two persons to verify the minutes of the Meeting.
6. Decision whether the Meeting has been properly convened.

7. Presentation of the annual report and auditors' report as well as the consolidated accounts and auditors' report for the Group.
8. Address by the CEO.
9. Report by the Chairman of the Board on the Board's work, the work of the nomination and compensation committees, and audit work.
10. Approval of the income statement and balance sheet as well as the consolidated income statement and consolidated balance sheet.
11. Appropriation of the Company's profit in accordance with the adopted balance sheet (see below).
12. Decision to discharge the Directors and the CEO from liability for their administration.
13. Determination of the number of Directors and their alternates (see below).
14. Determination of the fees paid to the Directors and auditors (see below).
15. Election of the Directors and any alternates (see below).
16. Proposal for the nomination committee (see below).
17. The Board's proposal to amend the articles of association (see below).
18. The Board's proposal to authorize the Board to decide on new share issues (see below).
19. The Board's proposal to authorize the Board to decide to raise certain loans (see below).
20. The Board's proposal for a performance-based employee stock option program, including the issuance and transfer of options (see below).
21. Closing of the Meeting.

#### **Decisions on the appropriation of the Company's profit in accordance with the adopted balance sheet (item 11).**

The Board of Directors and the President propose that the net loss for the year of SEK -98,941,784 and retained earnings of SEK 671,167,947, totaling SEK 572,226,163, be carried forward.

#### **Proposal for decisions on items 2 and 13-15**

The Board's nomination committee, which was formed in accordance with the decision of the Annual General Meeting in 2005 and comprises Chairman Caroline af Ugglas (Skandia Liv), Cecilia Lager (SEB Fonder) and Örjan Håkanson (Chairman of Observer AB), has issued the following proposals for items 2 and 13-15.

- Election of Örjan Håkanson to chair the Meeting (item 2).
- Seven Directors without alternates (item 13).
- Directors' fees of SEK 1,800,000, distributed as follows: SEK 600,000 to the Chairman and SEK 200,000 each to Directors who are not employed by the Company. In addition, it is proposed that the members of the audit committee receive a total of not more than SEK 100,000 (item 14).
- Auditor's fees to be paid as invoiced (item 14).
- Reelection of Directors Per-Eric Fylking, Pia Gideon, Ulf Ivarsson, Peter Leifland and Maria Lilja, the election of Anders Böös and Gunilla Samuelsson as new Directors, and the election of Anders Böös as Chairman of the Board (item 15). Anders Böös is Chairman of IFS AB and a Director of Hagströmer & Qviberg AB and Investment AB Latour. Gunilla Samuelsson is President and owner of Xzakt Kundrelation AB. Current Chairman Örjan Håkanson has declined reelection, and Robert Lundberg stepped down from the Board when he resigned his position as Company President and CEO on February 9, 2006.



It is noted, for information purposes, that the Annual General Meeting in 2003 reelected the auditing firm of Ernst & Young AB, with Lars Träff as auditor in charge, for the period ending at the conclusion of the Annual General Meeting held in 2007.

#### **Proposal for the nomination committee (item 16)**

Shareholders represented on the nomination committee propose the following regarding the Company's nomination process:

It is proposed that the Annual General Meeting resolve that the nominating process currently being applied serve as the basis of future nominating work. The proposal states that the Chairman of the Board, at the end of the third quarter of the year, contacts at least three of the largest shareholders, who are asked to each appoint one representative to a nomination committee, which also includes the Chairman. The nomination committee then appoints a Chairman from among its members. If any of these shareholders chooses to abstain from this right to appoint a representative, that right reverts to the shareholder, after these three, with the largest shareholding. This nomination committee will draft a proposal to the Board of Directors and related issues to be presented to the Annual General Meeting for approval. The proposal states that the names of the shareholder representatives on the nomination committee will be made public as soon as they are appointed.

#### **Proposal to amend the articles of association (item 17)**

The Board of Directors proposes, against the background of the new Swedish Companies Act, that the articles of association be amended essentially as follows:

- The provision on the share's par value will be eliminated.
- A provision will be introduced stating that the number of shares will be no less than 33,250,000 and no more than 133,000,000.
- The VPC-registration clause will be amended for the Act's new definition of VPC-registered companies.
- The provision on the notice of the Annual General Meeting will be amended such that the notice must be published in the Official Swedish Gazette (Post- och Inrikes Tidningar) and the Swedish daily Svenska Dagbladet.
- The record day for the right to participate in the Annual General Meeting will be amended to be the fifth weekday before the meeting.

Furthermore, the Board of Directors proposes certain linguistic and editorial changes to the articles of association.

#### **Decision to authorize the Board to decide on new share issues (item 18)**

The Board of Directors proposes that the Annual General Meeting authorize the Board, until the Company's Annual General Meeting in 2007, to decide to issue not more than 4,000,000 new shares in the Company. Such new issues may deviate from current shareholders' preferential rights to subscribe for new shares. The Board may decide that the shares may be subscribed in return for non-cash consideration or otherwise according to the terms stipulated in chap. 2, § 5 second paragraph 1-3 and 5 of the Swedish Companies Act or that shares may be subscribed with set-off rights. The authorization may be utilized, within the above-mentioned parameters, on one or more occasions. The reason for the deviation from the shareholders' preferential rights is that the new shares will be used to acquire operations or companies.



**Decision to authorize the Board to decide to raise certain loans (item 19)**

The Board of Directors proposes that the Annual General Meeting authorize the Board, until the Company's Annual General Meeting in 2007, to decide to raise loans totaling not more than the equivalent of USD 300 million, where the interest rate is dependent wholly or in part on the Company's profit or financial position. However, the Board of Directors will only have the right to decide to raise loans to refinance existing loans or replace existing lines of credit as well as to provide additional operational financing or financing for acquisitions of operations or companies. The authorization may be utilized, within the stated limits, on one or more occasions.

**The Board's proposal for performance-based employee stock option program, including the issuance and transfer of warrants (item 20)**

The Board of Directors proposes that the Annual General Meeting resolve to introduce a performance-based employee stock option program comprising the issuance of options with the following key elements.

**Allotment and terms of employee stock options**

Not more than 700,000 employee stock options will be allotted to around 35 senior executives in the Observer Group without consideration.

Allotments will be authorized by the Board of Directors in connection with the Annual General Meeting, with not more than 20,000–70,000 options per person depending on their position. Each option entitles its holder to acquire one share in Observer during the period April 15, 2008 – March 1, 2011 at a strike price of 110 percent of the average quoted share price during the period April 3-7, 2005 ("measurement price"). The strike price and number of shares that each option entitles its holder to acquire will be recalculated in the event of a split, reverse split, new issues, etc. in accordance with the customary terms. The options will not be considered securities and will not be transferable to third parties.

The maximum gain on the options will be limited by a ceiling corresponding to 300 percent of the measurement price. In the event the share price reaches or exceeds 300 percent of this measurement price, the options will be called.

The right to exercise the options presupposes that the option holder is still employed by the Observer Group at the time the options are exercised. However, the options may also be exercised for a certain period after an option holder's death or retirement from the Company. The Board of Directors may also decide, in individual cases, to permit the options to be exercised even if their holder is no longer employed by the Company.

Further, the right to exercise the options is conditional on a specified increase in earnings per share for the Observer group for fiscal year 2006 in relation to fiscal year 2005.

If the Board of Directors should decide, in light of the Group's profit and financial position, conditions in the stock market and other circumstances, that the number of options that could be called based on the Group's profit trend is obviously unreasonable, it may reduce the number that may be called.

**Hedging of employee stock option program's obligations – issuance of warrants**

It is proposed that the Company hedge the commitments in accordance with the employee stock option through the issuance of warrants directed to wholly owned subsidiaries of



the Observer Group. The subsidiaries will have the right to dispose of and without consideration transfer warrants in order to fulfill the commitments in accordance with the employee stock option program.

Each warrant may be exercised to subscribe for one new share in Observer during the same period and at the same strike price as stipulated in the terms of the employee stock options above.

The share capital could increase by not more than SEK 1,050,000, with the proviso for the increase that may result if a restatement is needed in the event of new issues, etc.

#### **Dilution effects and costs of the program**

The exercise of the proposed warrants would increase the number of shares. These new shares, if the program were fully exercised, would represent approximately 0.9 percent of the shares and votes outstanding, based on the shares outstanding and options.

The stock options may also entail costs in the form of social security expenses when exercised and accounting costs while the options remain in force.

#### **Reasons for the proposal and reasons for deviation from shareholders' preferential rights**

The Board of Directors firmly believes that effective stock-related incentive programs for senior executives and key employees are of critical importance to the Company's development. The proposed program creates a unified focus for employees from various parts of the Group. By aligning their incentives with the Company's results and stock value, a premium is placed on long-term appreciation in value, and the employees in question and shareholders thereby share the same objectives. Incentive programs also help the Company to recruit and retain key employees who are considered critical to its continued development.

Against this background, the Board of Directors has determined that the proposed incentive program, taking into account its terms, allotment size, the existence of other incentive programs and other circumstances, is reasonable and beneficial to the Company and its shareholders.

#### **Majority vote**

The above decision requires approval by shareholders representing at least nine tenths of the votes cast and shares represented at the Annual General Meeting.

#### **Documents**

The Board of Directors' complete proposal as outlined above will be available from the Company and on its website from March 14, 2006 and will be sent to shareholders who give notice of their intention to attend the Meeting and others upon request who provide their mailing address.



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The accounting records, auditors' report, shareholders' proposal according to item 16 and the Board's complete proposals for resolution according to items 18, 19 and 20, as well as the proposed articles of association in their new wording according to item 17, will be made available from March 14, 2006 at the Company's office at the above address and will be sent upon request to shareholders who provide their mailing address.

Stockholm, February 2006  
**Observer Aktiebolag (publ)**  
*Board of Directors*

**For further information, please contact:**

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**Observer AB**

Observer is the world leader in communication management and business intelligence. Its services enable clients to identify the right target audience, distribute information, and monitor and analyze their media image.

Observer AB is quoted on the Attract40 segment of Stockholmsbörsen's O-list and has around 21,000 shareholders. The company has around 2,700 employees and a turnover of approximately SEK 1.8 billion in 2005. Observer operates in the US, UK, Sweden, Canada, Germany, Norway, Finland, Denmark, Portugal, Ireland, Estonia, Latvia and Lithuania.