

## **Utfors Presents Full Financing Solution**

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- **Utfors presents a solution for the full financing of its current business plan, as well as the creation of a financial buffer**
  - **The line of credit of the Company's existing loan facility to be increased by MSEK 150**
  - **A new share issue of MSEK 226, of which principal shareholders and certain other investors have subscribed a total of MSEK 126**
  - **Other existing shareholders of Utfors will be offered to participate in a new share issue of the remaining MSEK 100**
- **Utfors convenes an extraordinary shareholders' meeting to be held on 19 December 2001 to approve the decision of the Board of Directors to issue shares and debentures with detachable warrants**
- **A final arrangement has been reached with Pangea**

According to Utfors' business plan, the Company is estimated to reach EBITDA break-even towards the end of 2002. Utfors's negative cashflow was planned to be financed mainly through the existing credit facility, which was previously expected to be sufficient to cover the Company's capital needs up until cash flow break-even. As at 30 November 2001, Utfors had drawn MSEK 633 of the above-mentioned credit facility of MSEK 950.

However, Utfors' capital needs have increased due to a bad debt loss and the shortfall of future income related to Pangea. Capital requirements have also been influenced by the slowdown in the economy, as well as the increased uncertainty in the market and a weaker Swedish crown. The Board of Directors believes that the Company's long-term capital needs have all in all increased by close to MSEK 300. This need of further financing led lenders to review the terms and conditions of the existing credit facility, resulting in the Company rapidly needing to find a financing solution.

In order to ensure the full financing of Utfors' business plan, the Board of Directors has adopted a financing solution that consists of new share issues and increased bank financing. Under the condition that New Issue 3 be fully subscribed to (see below), Utfors will be provided with a total of approximately MSEK 376 before issue costs.

Utfors hosts a telephone conference (in Swedish) on Monday, 3 December, 2001, at 10.00 AM (CET). Call in number +46 8 737 89 81, access code 862052

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## **Financing Solution**

### ***Increased credit facility***

Lenders have decided to increase the credit facility by MSEK 150 to a total of MSEK 1100 under the condition that MSEK 126 be directly injected into the Company, and that a further MSEK 24 in equity be provided to the Company by the spring of 2002 at the latest.

### ***Completed share issues provide the Company with MSEK 126***

The majority of the principal shareholders of Utfors as well as a number of other investors have accepted to provide the Company, by 3 December 2001 at the latest, the amount of MSEK 126 of the total of MSEK 150 required to fulfil the lenders' conditions to increase the credit facility. This capital injection shall be enabled through two directed share issues:

- New Issue 1 of approximately MSEK 73 is directed to existing shareholders including Norsk Vekst I, Litorina Kapital, LKUS, Praktikertjänst, and others, (jointly referred to as "the principal shareholders"), carried out at a price of SEK 7.50 per share. This price is based on the share's market value less a discount considered by the Board of Directors to be sufficient in order to carry out the new issue. With the objective of treating all shareholders equally, the Board of Directors has adopted a new issue (New Issue 3, see below), with preferential rights for all other shareholders at the same conditions as New Issue 1.

New Issue 2 of approximately MSEK 53 is directed to the principal shareholders and others. The issue price is SEK 14.50 per share. The price has been determined by the Board of Directors based on the market value of the share taking into account the additional share issues that the Board has decided on at and considering that the issue is a condition for the Company to receive extended credit.

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### ***New share issue of MSEK 100 with preferential rights for other shareholders***

In order to ensure the further MSEK 24 that are required in order to fulfil the conditions for an extended credit facility and to create a buffer vis-à-vis liquidity needs as per the business plan, as well as to provide other shareholders with the opportunity to participate in the financing solution, Utfors' Board of Directors has also resolved to carry out New Issue 3. This issue, amounting to approximately MSEK 100, is directed to all Utfors shareholders, with the exception of those shareholders who subscribe to shares in New Issue 1 and/or 2. Apart from that payment under New Issue 3 is to be made in conjunction with the subscription during the period 4-24 January 2002, the conditions are essentially the same as the conditions of New Issue 1. Each existing shareholder is thereby given the right to subscribe to his/her portion of the shares that are issued at a discounted price. Utfors' CEO, Jan Werne, intends to subscribe to his portion of New Issue 3.

The issue prospectus concerning New Issue 3 is expected to be published on 28 December 2001.

### ***Issue of warrants***

As a part of the financing solution, the Board of Directors has resolved to issue to the lenders debentures with detachable warrants. The warrants will entitle to subscribe to a maximum total of 6 618 700 shares at a price of SEK 1 per share, and will be transferred to the lenders as additional amounts of the credit facility are drawn . The transfer of these warrants was a condition for the credit facility to be increased.

The Board of Directors also resolved to propose to the shareholders' meeting the issue of debentures with detachable warrants to key employees of the Company. The warrants will entitle to subscribe to a maximum total of 2 800 000 shares at a price based on the market price of the Utfors share.

A maximum total of 9 418 700 shares may be issued should all of the above-mentioned warrants be exercised, representing approximately 11 percent of the total number of shares outstanding after the implementation of New Issues 1, 2 and 3 and after that the above-mentioned warrants as well as warrants held by CapMan have been exercised.

### **Shareholders' Meeting**

Resolutions concerning issuance of new shares and warrants were adopted by the Board of Directors, subject to approval by an extraordinary shareholders' meeting. The Board of Directors has therefore convened an extraordinary meeting of shareholders of Utfors, to be held on 19 December 2001.

### **Development of Events Concerning Pangea**

Utfors was informed on 27 September 2001 that Pangea had been put into receivership. At such time, Utfors had an amount due by Pangea of approximately MSEK 100 concerning the sale of a duct in Utfors' network. Pangea had also signed rental and maintenance contracts with Utfors concerning physical installations.

Utfors and Pangea have come to a final agreement whereby Pangea takes over the ownership of the duct. No additional payment is to be made, although Utfors may receive an additional payment should Pangea sell the duct to a third party. This possible future revenue is not included in the capital requirement set out above.

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*Utfors is the natural choice of Nordic partners for high-quality fixed and mobile broadband, Internet and telephony services. Utfors operates a network with cutting-edge global technology that provides unique cost benefits. Through this network, Utfors offers revolutionary services that create new opportunities and creativity to companies, public authorities and private individuals. Utfors is to link the 75 largest towns of the Nordic Region through a 7100 km-long broadband network. Utfors employs approximately 360 people in Sweden, Norway and Finland. Its principal owners are Norsk Vekst and Litorina Kapital as well as a number of institutional investors. Further information is available at [www.utfors.com](http://www.utfors.com).*