



## **Press release**

Stockholm November 11, 2002

# **General meeting of shareholders in Song Networks approved the proposed restructuring**

The extraordinary general meeting of shareholders in Song Networks Holding AB (publ) (*Stockholmsbörsen: SONW*) held on November 11, 2002 adopted, among others, the following resolutions.

## **Restructuring of Song Networks**

The general meeting resolved on a financial restructuring of Song Networks in accordance with the board's proposal. These resolutions include amendments to the articles of association and issuances of shares and convertible notes as described below.

In case of full participation in the issuances, the company will receive approximately SEK 495 million in cash, before issuance costs. Following completion of the restructuring, the outstanding debt under the senior notes issued by the subsidiary Song Networks N.V., amounting to approximately SEK 5.3 billion as of September 30, 2002<sup>1</sup> in the balance sheet, will be eliminated.

All resolutions on issuances set out below, and consequently the restructuring, are conditional on that final confirmation of a plan of composition (*Akkoord*) in respect of the subsidiary Song Networks N.V. will be issued by the District Court of Amsterdam and that such confirmation will become non-appealable not later than at the expiry of the subscription periods for the issuances. The company expects that the confirmation will be issued on or about December 4, 2002 and that it can become non-appealable on December 13, 2002.

## **Reverse stock split**

The general meeting resolved in accordance with the board's proposal to amend the articles of association to the effect that the nominal value of the share is increased from SEK 0.05 to SEK 5, which entails a reverse stock split in the ratio 100:1. An external guarantor will contribute and provide to VPC AB's disposal the necessary number of shares for settlement of holdings which are not evenly divisible by 100. *In this press release, numbers of shares and subscription prices are stated as if the 100:1 reverse stock split has been completed.* The reverse stock split is expected to be completed before the end of November 2002.

## **Introduction of a new class of shares**

The general meeting resolved in accordance with the board's proposal to amend the articles of association to the effect that preference shares are introduced as a new class of shares. The original shares are hereinafter referred to as ordinary shares. The preference share will be subordinated to the ordinary share in several aspects. A preference share gives one vote and does not entitle to dividends or participation in a bonus issue. Following the introduction of preference shares, an ordinary share gives ten votes. Preference shares may be converted into ordinary shares to the extent convertible notes are converted into ordinary shares. Under certain conditions, the company may redeem preference shares.

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<sup>1</sup> Including the Notes of approximately SEK 900 million already held by the Song Networks group.



### **Increase of share capital limits**

The general meeting resolved in accordance with the board's proposal to amend the articles of association to the effect that the company's authorized share capital shall be not less than SEK 80,000,000 (previously SEK 8,000,000) and not more than SEK 320,000,000 (previously SEK 32,000,000).

### **Issuances to noteholders against payment in kind**

The general meeting resolved in accordance with the board's proposal to increase the share capital by, in aggregate, not more than SEK 175,054,220 by issuing not more than 31,558,182 new ordinary shares and not more than 3,452,662 new preference shares, respectively, to holders of notes issued by the company's subsidiary Song Networks N.V. in the series

- USD 150,000,000 13.0% Senior Notes due May 15, 2009,
- EUR 100,000,000 13.0% Senior Notes due May 15, 2009,
- EUR 150,000,000 11 7/8% Senior Notes due December 1, 2009 and
- EUR 175,000,000 12 3/8 % Senior Notes due February 1, 2009

The subscription price is SEK 26 for one ordinary share and SEK 5 for one preference share. Payment shall be made by way of transferring of notes during any of the subscription periods open between December 4, 2002 and May 2, 2003.

### **Issuances with preferential rights for the shareholders**

The general meeting resolved in accordance with the board's proposal to increase the share capital by, in aggregate, not more than SEK 18,662,085 by issuing not more than 3,732,417 new ordinary shares. The right to subscribe for the new shares is granted to the company's shareholders, where four old shares shall entitle the holder to subscription for nine new ordinary shares. The record date for allocation of subscription rights is December 16, 2002 and subscription can be made from December 20, 2002 through January 17, 2003. The subscription price is SEK 26 per share. Trading in subscription rights will take place from December 20, 2002 through January 14, 2003.

The general meeting resolved in accordance with the board's proposal on issuance of convertible notes by raising a convertible loan in the nominal amount of not more than SEK 82,942,000. The right to subscribe for the convertible notes is granted to the company's shareholders, where 20 old shares will entitle the holder to subscription for one convertible note with the nominal amount SEK 1,000. The subscription price is 100 per cent of the nominal amount of the convertible note. The record date for allocation of subscription rights is December 16, 2002 and subscription can be made from December 20, 2002 through January 17, 2003. Trading in subscription rights will take place from December 20, 2002 through January 14, 2003. The convertible loan will accrue interest corresponding to seven per cent per annum and will mature on December 30, 2007. The conversion price is SEK 39 and conversion into new ordinary shares may take place from March 1, 2003 through November 30, 2007.

In case of full participation in these issuances, the company will receive approximately SEK 180 million in cash, before issuance costs.

### **Issuances directed to Vattenfall and Stena**

The general meeting resolved in accordance with the board's proposal to increase the share capital by SEK 57,692,310 by issuing 7,692,308 new ordinary shares to Vattenfall AB and 3,846,154 new ordinary shares to Stena Adactum AB. The subscription price is SEK 26 per share and payment shall be made not later than on January 9, 2003.

The general meeting resolved in accordance with the board's proposal on issuance of convertible notes by raising a convertible loan from Stena Adactum AB in the nominal amount of SEK 15,000,000. The subscription price is 100 per cent of the nominal amount of the convertible note and payment shall



be made not later than on January 9, 2003. The convertible loan will accrue interest corresponding to seven per cent per annum and will mature on December 30, 2007. The conversion price is SEK 39 and conversion into new ordinary shares may take place from March 1, 2003 through November 30, 2007.

Through the above issuances to Vattenfall AB and Stena Adactum AB, the company will receive approximately SEK 315 million in cash, before issuance costs.

In addition hereto, the general meeting resolved in accordance with the board's proposal to increase the share capital by not more than SEK 19,230,770 by issuing not more than 3,846,154 new ordinary shares to Vattenfall AB. The subscription price is SEK 26 per share and payment shall be made in cash at subscription, but not later than on January 15, 2003. The total price for full subscription, SEK 100 million corresponds to the purchase price to be paid by Song Networks pursuant to its undertaking to acquire Arrowhead AB from its owner Vattenfall AB.

The reason for the deviation from the preferential rights of the shareholders is that the board of directors wishes to secure the capital needs of the company. The terms and conditions for the issuances have been established through negotiations.

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