

**BENEFON RELEASES TERMS OF 8TH TRANCHE OF FINANCING AND RAISES FIRST PART THEREOF**

Benefon today announced that the company and Octagon Solutions Limited have agreed to the terms of the 8<sup>th</sup> tranche of financing to be provided under the extended Financing Agreement entered into with Octagon Solutions Limited and disclosed on September 28th 2006. The 8<sup>th</sup> tranche may amount up to 5 million euros and is to be raised in several parts as separately agreed. Accordingly the Board of Directors has decided to raise the first part of 400,000 euros.

According to the financing agreement, Octagon Solutions shall have the first right to make the investments in tranche 8, or, at its option, to assign the investment right to third party investors in accordance with the extended Financing Agreement and to the maximum amount of the tranche 8.

The Board has approved the terms for the tranche 8 investments and agreed to receive such investments as offered by the investors according to the approved terms. The approved terms are as follows. The share subscription price for the directed share issues under tranche 8 shall be EUR 0.15 per share. In addition to new investment series shares the company shall issue convertible bond loan at share subscription price of EUR 0,025 per share. Each investment is also combined with issuance of agreed number of option rights at share subscription price of EUR 0.15. The maximum number of new investment series shares that may be issued under the tranche 8 is 50,000,000 along with 10,500,000 option rights. In connection with agreeing to the above terms the Board has also decided to balance the pricing of previous investments made by Ashland Partners LP as described below.

**1. Raising the first part of tranche 8 financing**

The Board of Directors has according to the above terms decided to call the first part of the eighth tranche as follows.

The Board decided to issue shares and convertible bond loan for a total amount of EUR 400,000 to Killarney Partners ("directed offering"). The maximum number of new investment series shares offered for subscription is 2,400,000 and subscription price is EUR 0.15 per share. The principal amount of convertible bond loan, which includes a specific right to use the loan to set off subscription price of shares as according to Chapter 10, Clause 1 of the Finnish Companies Act, is EUR 40.000 and each EUR 0.025 of the loan principal entitles its holder to subscribe for one new investment series share. The maximum number of shares that can be subscribed for by virtue of the loan is 1,600,000. As a part of the directed offering Killarney Partners is also offered for subscription at maximum 666,667 option rights entitling to subscribe for corresponding amount of new investment series shares at share subscription price of EUR 0.15 per share during the share subscription period from May 18, 2007 to May 31, 2011.

Of the share subscription price EUR 0.01 is booked to share capital and the remainder in invested unrestricted equity fund. As a result of share issue company's share capital may increase by a maximum of

EUR 24,000.00 and as a result of convertible bond loan by a maximum of EUR 16,000.00.

Subscription period for the directed offering, forming the first part of the 8<sup>th</sup> tranche investments, begins on May 7, 2007 and ends on May 11, 2007. The shares offered for subscription in the directed offering represent at maximum 0.82 %, the convertible bond loan at maximum 0.55 % and option rights 0.23 % of the company's registered shares. The new shares subscribed for are equivalent of their right with company's existing investment series shares and will be applied for listing as soon as the respective share subscriptions have been made and shares registered in trade register. Listing of the shares subscribed for in the directed offering of shares is estimated to take place approximately on May 18th, 2007.

## 2. Balancing the pricing of certain investments

To balance the pricing of previous investments by Ashland Partners LP to correspond the pricing agreed to with the group of investors participating the investments under the extended Financing Agreement the Board also decided to issue a maximum of 1,111,111 new investment series shares for subscription by Ashland Partners LP without charge ("issue"). At the same the company's share capital shall be increased by EUR 0.01 for each share issued by transferring a correspondent amount from the premium fund to share capital. As a result company's share capital may increase by a maximum of EUR 11,111.11 and the premium fund may correspondingly decrease by a maximum of EUR 11,111.11.

Subscription period for the issue begins on May 7, 2007 and ends on May 11<sup>th</sup>, 2007. The shares offered for subscription in the directed share issue represent at maximum 0.38 % of the company's registered shares prior the respective increase in share capital. The new shares subscribed for are equivalent of their right with company's existing investment series shares and will be applied for listing as soon as the respective share subscriptions have been made and shares registered in trade register. Listing of the shares subscribed for in the issue is estimated to take place approximately on May 18th, 2007.

May 8th 2007

BENEFON OYJ

Tomi Raita  
CEO

For more information, please contact:  
Tomi Raita, CEO, tel. +358-2-77400  
[www.benefon.com](http://www.benefon.com)

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