

TELESTE CORPORATION STOCK OPTIONS 2007

The Board of Directors of Teleste Corporation (Board of Directors) has at its meeting on 14 March 2007 resolved to propose to the Annual General Meeting of Shareholders of Teleste Corporation to be held on 3 April 2007 that stock options be issued to the key personnel of Teleste Corporation (Company) and its subsidiaries (Group), on the following terms and conditions:

I STOCK OPTION TERMS AND CONDITIONS**1. Number of Stock Options**

The maximum total number of stock options issued shall be 840,000, and they entitle their owners to subscribe for a maximum total of 840,000 shares in the Company.

2. Stock Options

Of the stock options, 280,000 shall be marked with the symbol 2007A, 280,000 shall be marked with the symbol 2007B and 280,000 shall be marked with the symbol 2007C.

The people, to whom stock options are issued, shall be notified in writing by the Board of Directors about the offer of stock options. The stock options shall be delivered to the recipient when he/she has accepted the offer of the Board of Directors.

3. Right to Stock Options

The stock options shall be issued gratuitously to the Group key personnel. The Company has a weighty financial reason for the issue of stock options, since the stock options are intended to form part of the Group's incentive and commitment program for the Group key personnel.

4. Distribution of Stock Options

The Board of Directors shall decide upon the distribution of the stock options to the key personnel employed by or to be recruited by the Group. The Board of Directors shall also decide upon the further distribution of the stock options returned later to the Company.

The stock options shall not constitute a part of employment or service contract of a stock option recipient, and they shall not be regarded as salary or fringe benefit. Stock option recipients shall have no right to receive compensation on any grounds, on the basis of stock options, during employment or service or thereafter. Stock option recipients shall be liable for all taxes and tax-related consequences arising from receiving or exercising stock options.

5. Transfer and Forfeiture of Stock Options

The Company shall hold the stock options on behalf of the stock option owner until the beginning of the share subscription period. The stock options can freely be transferred and pledged, when the relevant share subscription period has begun. The Board of Directors may, however, permit the transfer of stock options also before such date. Should the stock option owner transfer his/her stock options, such person shall be obliged to inform the Company about the transfer in writing, without delay.

Should a stock option owner cease to be employed by or in the service of the Group, for any reason other than the death or the statutory retirement of a stock option owner, such person shall, without delay, forfeit to the Company or its order, free of charge, such stock options for which the share subscription period specified in Section II.2 has not begun, on the last day of such person's employment or service. The Board of Directors can, however, in the above-mentioned cases, decide that the stock option owner is entitled to keep such stock options, or a part of them.

Should the stock options be transferred to the book-entry securities system, the Company shall have the right to request and get transferred all forfeited stock options from the stock option owner's book-entry account to the book-entry account appointed by the Company, without the consent of the stock option owner. In addition, the Company shall be entitled to register transfer restrictions and other respective restrictions concerning the stock options to the stock option owner's book-entry account, without the consent of the stock option owner.

II SHARE SUBSCRIPTION TERMS AND CONDITIONS

1. Right to subscribe for Shares

Each stock option entitles its owner to subscribe for one (1) share in the Company. As long as the Company's share has a nominal value, the amount of the share subscription price corresponding to the nominal value shall be entered as an increase in the share capital. Otherwise, the share subscription price of a new share and an existing share held by the Company, shall be entered into the invested non-restricted equity fund.

2. Share Subscription and Payment

The share subscription period shall be

- for stock option 2007A 1 April 2010—30 April 2012
- for stock option 2007B 1 April 2011—30 April 2013
- for stock option 2007C 1 April 2012—30 April 2014.

Share subscriptions shall take place at the head office of the Company or possibly at another location and in the manner determined later. Upon subscription, payment for the shares subscribed for, shall be made to the bank account appointed by the Company. The Board of Directors shall decide on all measures concerning the share subscription.

3. Share Subscription Price

The share subscription price shall be:

- for stock option 2007A, the trade volume weighted average quotation of the share on the Helsinki Stock Exchange during 1 April—30 April 2007 with an addition of ten (10) per cent
- for stock option 2007B, the trade volume weighted average quotation of the share on the Helsinki Stock Exchange during 1 April—30 April 2008 with an addition of ten (10) per cent
- for stock option 2007C, the trade volume weighted average quotation of the share on the Helsinki Stock Exchange during 1 April—30 April 2009 with an addition of ten (10) per cent.

If the dividend ex date falls on the period for determination of the share subscription price, such dividend shall be added to the trading prices of the share trading made after the dividend ex date, when calculating the trade volume weighted average quotation of the share. The proceedings shall be similar, if the Company distributes funds from the non-restricted equity fund or distributes share capital to the shareholders.

The share subscription price of the stock options may be decreased in certain cases mentioned in Section 7 below. The share subscription price shall, nevertheless, always amount to at least the nominal value of the share. If the share has no nominal value, the share subscription price shall, nevertheless, always amount to at least EUR 0.01.

4. Registration of Shares

Shares subscribed for and fully paid shall be registered in the book-entry account of the subscriber.

5. Shareholder Rights

The dividend rights of the new shares and other shareholder rights shall commence when the shares have been entered in the Trade Register.

If existing shares, held by the Company, are given to the subscriber of shares, the subscriber shall be given the right to dividend and other shareholder rights when the shares have been subscribed and paid.

6. Share Issues, Stock Options and other special Rights entitling to Shares before Share Subscription

If the Company, before the share subscription, decides on an issue of shares or an issue of new stock options or other special rights entitling to shares, a stock option owner shall have the same right as, or an equal right to, that of a shareholder. Equality is reached in the manner determined by the Board of Directors by adjusting the number of shares available for subscription, the share subscription prices or both of these.

7. Rights in Certain Cases

If the Company distributes dividends or funds from the non-restricted equity fund, from the share subscription price of the stock options, shall be deducted the amount of the dividend or the amount of the distributable non-restricted equity decided after the beginning of the period for determination of the share subscription price but before share subscription, as per the dividend record date or the record date of the repayment of equity.

If the Company reduces its share capital by distributing share capital to the shareholders, from the share subscription price of the stock options, shall be deducted the amount of the distributable share capital decided after the beginning of the period for determination of the share subscription price but before share subscription, as per the record date of the repayment of share capital.

If the Company is placed in liquidation before the share subscription, the stock option owner shall be given an opportunity to exercise his/her share subscription right, within a period of time determined by the Board of Directors. If the Company is deleted from the register, before the share subscription, the stock option owner shall have the same right as, or an equal right to, that of a shareholder.

If the Company resolves to merge with another company as a merging company or merge with a company to be formed in a combination merger, or if the Company resolves to be demerged entirely, the stock option owners shall, prior to the merger or demerger, be given the right to subscribe for shares with their stock options, within a period of time determined by the Board of Directors. Alternatively, the Board of Directors can give a stock option owner the right to convert the stock options into stock options issued by the other company, in the manner determined in the draft terms of merger or demerger, or in the manner otherwise determined by the Board of Directors, or the right to sell stock options prior to the merger or demerger. After such period, no share subscription right shall exist. The same proceeding applies to cross-border mergers or demergers, or if the Company, after having registered itself as an European Company, or otherwise registers a transfer of its domicile from Finland into another member state. The Board of Directors shall decide on the impact of potential partial demerger on the stock options. In the above situations, the stock option owners shall have no right to require that the Company redeem the stock options from them at their market value.

Repurchase or redemption of the Company's own shares or acquisition of stock options or other special rights entitling to shares shall have no impact on the status of the stock option owner. If the Company, however, resolves to repurchase or redeem its own shares from all shareholders, the stock option owners shall be made an equivalent offer.

If a redemption right and obligation to all of the Company's shares, as referred to in Chapter 18 Section 1 of the Finnish Companies Act, arises to any of the shareholders, before the end of the share subscription period, on the basis that a shareholder possesses over 90% of the shares and the votes of the shares of the Company, the stock option owners shall be given a possibility to use their right of share subscription by virtue of the stock options, within a period of time determined by the Board of Directors, or the stock option owners shall have an equal obligation to that of shareholders to transfer their stock options to the redeemer, irrespective of the transfer restriction defined in Section I.5 above.

III OTHER MATTERS

These terms and conditions shall be governed by Finnish law. Disputes arising in relation to the stock options shall be settled by arbitration in accordance with the Arbitration Rules of the Central Chamber of Commerce.

The Board of Directors may decide on the transfer of the stock options to the book-entry securities system at a later date and on the resulting technical amendments to these terms and conditions, as well as on other amendments and specifications to these terms and conditions which are not considered essential. Other matters related to the stock options shall be decided on by the Board of Directors.

The Company shall be entitled to withdraw the stock options which have not been transferred, or with which shares have not been subscribed for, free of charge, if the stock option owner acts against these terms and conditions, or against the instructions given by the Company on the basis of these terms and conditions, or against applicable law, or against the regulations of the authorities.

The Company can keep stock option owners on register including stock option owners' personal data. The Company can send information on the stock options to the stock option owners by e-mail.

These terms and conditions have been made in Finnish and in English. In the case of any discrepancy between the Finnish and English terms and conditions, the Finnish terms and conditions shall decide.