

Item 16 - The Board of Directors' complete proposal on resolution regarding: I. amendment of the articles of association and reduction of the share capital, II. amendment of the articles of association and to approve the Board of Directors' resolution on a rights issue of shares and III. a bonus issue and reduction of the share capital

As stated below, the Board of Directors of Eltel proposes, among other things, that the Annual General Meeting resolves to approve the resolution by the Board of Directors made on 2 May 2017 regarding a share issue with preferential rights for the shareholders (item 16 II B below). The intention is that the rights issue shall raise an issue proceed of approximately EUR 150 million, prior to issue costs, assuming that the rights issue is fully subscribed.

To enable the implementation of the rights issue, it is proposed that the Annual General Meeting also resolves to approve the Board of Directors' proposal on a reduction of the share capital and thereto related amendment of the articles of association (item 16 I below), an amendment of the articles of association in relation to the rights issue (item 16 II A below), a bonus issue (item 16 III A below) and a reduction of the share capital (item 16 III B below).

Item 16 I –The Board of Directors' proposal for resolution on amendment of the articles of association and reduction of the share capital

A. Proposal on resolution on amendment of the articles of association

In order to facilitate the reduction of the company's share capital as proposed according to item 16 I B below, the Board of Directors proposes that the Annual General Meeting resolves to change the limits of the share capital in the articles of association from the current minimum of EUR 86,363,579 and maximum of EUR 345,454,316 to the minimum of EUR 63,161,238 and maximum of EUR 252,644,952. Section 4 of the articles of association shall thereby have the following wording:

"The company's share capital shall amount to not less than EUR 63,161,238 and not more than EUR 252,644,952."

B. Proposal on resolution on reduction of the share capital

In order to facilitate the Board of Directors' resolution, subject to approval by the Annual General Meeting, on a rights issue in accordance with item 16 II B, the Board of Directors proposes that the Annual General Meeting resolves that the company's share capital shall be reduced by EUR 62,624,238, without withdrawal of shares, for provisions for a fund to be utilized according to a resolution by the Annual General Meeting. The share capital will, through the reduction, be reduced from EUR 126,322,477.45001 to EUR 63,698,239.45001.

Item 16 II – The Board of Directors' proposal for resolution on amendment of the articles of association and to approve the Board of Directors' resolution on a rights issue of shares

A. Proposal on resolution on amendment of the articles of association

In order to facilitate the rights issue resolved by the Board of Directors according to item 16 II B below, subject to approval by the Annual General Meeting, the Board of Directors proposes that the

limits of the number of shares (Section 5) are changed to minimum 63,161,238 shares and maximum 252,644,952 shares. Section 5 second paragraph of the articles of association shall thereby have the following wording:

"The minimum number of shares shall be 63,161,238 and the maximum number shall be 252,644,952." (Section 5 second paragraph)

B. Resolution on new issue of shares

The Board of Directors proposes that the Annual General Meeting approves the resolution by the Board of Directors made on 2 May 2017 on a new share issue of ordinary shares with preferential rights for the shareholders of approximately EUR 150 million on the following terms:

1. The Board of Directors, or whomever the Board of Directors may appoint among its members, is authorized to resolve, no later than five business days before the record date, on the maximum amount by which the share capital shall be increased, the maximum number of ordinary shares to be issued, the number of existing ordinary shares that shall entitle to subscription for a certain number of new shares and the subscription price per new ordinary share.
2. The company's shareholders shall have pre-emptive rights to subscribe for the new ordinary shares in proportion to the shares previously owned.
3. The record date for entitlement to participate in the rights issue with pre-emptive right shall be 5 June 2017.
4. If not all of the shares are subscribed for by exercise of subscription rights, the Board of Directors shall, up to the maximum amount of the share issue, resolve on allotment of ordinary shares subscribed for without the exercise of subscription rights where in such case, allotment shall be made in the following order:
 - a. Those who have subscribed for new ordinary shares by the exercise of subscription rights (irrespective of whether or not they were shareholders on the record date) pro rata in relation to the number of new ordinary shares subscribed for by exercise of subscription rights.
 - b. Others who have notified the company of their interest in subscribing for ordinary shares without the exercise of subscription rights, pro rata in relation to such declared interest (the general public in Sweden and qualified investors).
 - c. Those who have made an underwriting guarantee regarding subscription of new ordinary shares.

To the extent allotment according to the above cannot be made pro rata, allotment shall be made by drawing of lots.

5. Subscription of shares shall be made during the period as from 8 June up to and including 22 June 2017, or, as regards those who have guaranteed the rights issue, up to and including 7 July 2017. The Board of Directors shall be entitled to extend the period for subscription.
6. Subscription for ordinary shares by exercise of subscription rights shall be made by simultaneous cash payment. Subscription for ordinary shares without subscription rights shall be submitted on a separate subscription list where allotted ordinary shares shall be paid in cash no later than three banking days from dispatch of the contract note to the subscriber setting forth the allotment of shares.
7. The new ordinary shares shall entitle to dividend as from the first record date for dividend to occur after the registration of the new share issue with the Swedish Companies Registration Office.

The Board of Directors, or whomever the Board of Directors may appoint, shall be authorized to make such minor adjustments of the above resolution as may prove necessary in connection with the registration with the Swedish Companies Registration Office or Euroclear Sweden AB.

Item 16 III – The Board of Directors’ proposal for resolution on a bonus issue and reduction of the share capital

A. Proposal on resolution on bonus issue

In order to facilitate the Board of Directors’ resolution, subject to approval by the Annual General Meeting, on a rights issue in accordance with item 16 II B, the Board of Directors proposes that the Annual General Meeting resolves on a bonus issue whereby the company’s share capital is increased by EUR 62,624,238 through transfer from the company’s unrestricted equity. The bonus issue is carried out without issuing any new shares.

B. Proposal on resolution on reduction of the share capital

The Board of Directors proposes that the Annual General Meeting resolves to reduce the company’s share capital with not more than EUR 62,624,238, without cancelation of shares without withdrawal of shares, for provisions for a fund to be utilized according to a resolution by the Annual General Meeting. The reduction of the share capital shall be set to an amount in EUR corresponding to the increase of the share capital in accordance with the resolutions on rights issue in accordance with item 16 II B and bonus issue in accordance with item 16 III A minus the size of the reduction amount in accordance with item 16 I B, however not more than EUR 62,624,238.

If the reduction of the share capital in accordance with item 16 III B corresponds to the amount the share capital shall be raised with through the bonus issue in accordance with item 16 III A, the resolutions according to items 16 III A and 16 III B shall not be submitted for registration with the Swedish Companies Registration Office.

Majority requirement

The resolution of the Annual General Meeting in accordance items 16 I-III above shall be adopted as a joint resolution. A valid resolution according to the above require approval of shareholders representing at least two-thirds of the votes cast and the shares represented at the meeting.

The Board of Directors further proposes that the Annual General Meeting resolves to authorize the Board of Directors, or whomever the Board of Directors may appoint, to make such minor adjustments of the above resolution as may prove necessary in connection with the registration with the Swedish Companies Registration Office or Euroclear Sweden AB.

11 May 2017

Eltel AB (publ)

The Board of Directors