

Proposal to Transfer Domicile

ELCOTEQ SE

Under this Transfer Proposal no Elcoteq SE shares will be offered to persons whose participation would require a separate prospectus or listing particulars or the registration thereof or other action.

The undersigned European Company has today made the following proposal to transfer its domicile pursuant to Article 8 of Council Regulation (EC) No. 2157/2001 and Article 9 of the Finnish European Company Act (742/2004):

1 COMPANY TRANSFERRING DOMICILE

Company: Elcoteq SE (hereunder "the Company" or "Elcoteq")

Corporate ID-code: 0861051-6

Address: Sinimäentie 8B, 02630 Espoo, Finland

Domicile: Lohja, Finland

2 BACKGROUND AND REQUIREMENTS FOR TRANSFERRING DOMICILE

Elcoteq is a public limited company listed on the OMX Helsinki Stock Exchange, established under the laws of Finland on September 4, 1991, and whose domicile is Lohja, Finland. The Group's head office is located in the city of Espoo, Finland, at Sinimäentie 8B, 02630 Espoo. Elcoteq was converted into a European Company (SE) on October 1, 2005. A European Company may, at the decision of a general meeting of its shareholders, transfer its domicile from Finland to another country in the EEA.

The main purpose underlying the transfer of domicile is to create an effective structural basis for ensuring continuous improvement of the Company's competitiveness. Elcoteq's Board of Directors has drawn up a separate report explaining and justifying the legal and economic aspects of the transfer and explaining the implications of the transfer for shareholders, creditors and employees. The report is appended as Enclosure 1 of this Transfer Proposal.

3 COMPANY'S PROPOSED NEW DOMICILE

It is proposed that Elcoteq's new domicile be located in the city of Luxembourg in the Grand Duchy of Luxembourg.

4 COMPANY NAME AND NEW ARTICLES OF ASSOCIATION OF ELCOTEQ SE

The Company's name will remain Elcoteq SE during and after the transfer of its domicile.

The Company's new articles of association in English and their translation into Finnish are appended as Enclosures 2 and 3 respectively of this Transfer Proposal. The registered share capital and number of A shares set out in §13 of the new articles of association have been determined based on share capital and number of shares as of the date of this transfer proposal. The amount of registered share capital and the number of shares may be increased before the transfer of domicile as a result of increase of share capital, share issues or share subscriptions based on special rights entitling to shares.

The transfer of the domicile requires that the Company's articles of association (statutes) be drawn up in English and German. The English version of the articles shall rule in relations between the shareholders and the Company and between the shareholders themselves. However, the German version shall rule in relations with public authorities and third parties.

5 IMPLICATIONS FOR EMPLOYEES AND PERSONNEL REPRESENTATION

The rights and responsibilities concerning Elcoteq's employment conditions based on national legislation, practice and personal employment contracts and employment relationships in force on the date of registration of the transfer will remain unchanged. The Company's employees will continue to be employed by the Company as "old employees" with their existing rights and accrued benefits.

Employee involvement has been organized in compliance with the Finnish Act on Employee Involvement in a European Company (13.8.2004/758) and Council Directive (EC) 86/2001. Elcoteq has a Representative Body (RB), the task of which is to engage in regular dialogue with the Company's management on the Company's situation and development prospects. The employees of Elcoteq SE and all its subsidiaries registered in the EEA are represented on the RB.

The transfer of the domicile does not affect employee involvement.

6 PROPOSED TRANSFER TIMETABLE

The Company's Board of Directors proposes that the transfer of the domicile be decided by the Company's Annual General Meeting on March 22, 2007. Should the meeting approve the Board's proposal, the transfer could take effect on January 1, 2008.

7 PROTECTION OF SHAREHOLDERS AND CREDITORS

7.1 Protection of shareholders

Under the Finnish Companies Act (21.7.2006/624) an Elcoteq shareholder who votes to oppose the transfer of the domicile at the general meeting deciding on the transfer, and who at this meeting reserves the right to demand the redemption of their shares, can require Elcoteq to redeem their shares at the market price. Abstaining from voting at the Elcoteq general meeting or voting in favour of the transfer does not confer the right to demand the redemption of shares. Only those shares may be redeemed that are recorded in the Company's shareholder register ten days before the general meeting.

A holder of option rights and other specific rights entitling to shares can demand the redemption of their rights at the general meeting deciding on the transfer or by presenting their demand to Elcoteq concerning the matter at the general meeting or verifiably before the meeting. Before a decision on the transfer is made, the general meeting will be told how many option or other rights entitling to shares are subject to a redemption demand.

Should Elcoteq and its shareholders or holders of option rights or other specific rights entitling to shares not reach agreement on the redemption right or the conditions for redemption, the matter shall be decided by a court of arbitration. In order to secure the re-

demption of their shares or option rights or other specific rights entitling to shares, the shareholder or rights holder shall institute arbitration proceedings in accordance with the Companies Act no later than one month from the general meeting. After the proceedings are instituted the shareholder and rights holder shall be entitled only to the redemption price. Should it later be confirmed in the redemption proceedings that the person who has submitted the redemption demand is not entitled to the redemption, or if the transfer of the domicile be cancelled, the person who has submitted the redemption demand shall have the right to reobtain the Elcoteq securities that he disposed of.

7.2 Protection of creditors

Elcoteq's creditors shall have the right to oppose the transfer of the domicile. The Trade Register shall give Elcoteq's creditors public notice of the transfer that will be recorded in the Trade Register and published in the Trade Register Gazette. Furthermore, the Company shall send all known creditors an announcement of the transfer of its domicile. The Trade Register will register the transfer of domicile if a creditor has not opposed the transfer, or if the creditor has, according to judgment of a court, obtained payment or a safeguarding surety to cover its receivable.

8 REGISTRATION OF TRANSFER PROPOSAL

The transfer proposal will be submitted for recording in the Trade Register without delay after it is signed.

9 APPROVAL OF TRANSFER PROPOSAL AND COMPANY'S NEW ARTICLES OF ASSOCIATION

Approval of the transfer proposal and the Company's new articles of association will be decided by a general meeting of the Company's shareholders.

10 DATE ON WHICH TRANSFER OF DOMICILE TAKES EFFECT

The transfer of the domicile and the new articles of association will take effect on the date on which the Company registers its new domicile in the Trade Register, which will be on or about January 1, 2008.

11 GOVERNING LAW

In addition to Council Regulation (EC) No. 2157/2001 of the European Council on the statute for a European Company (SE), the laws of Finland shall be applied to this transfer proposal.

This proposal has been prepared in two (2) identical copies, one (1) for the Company and one (1) for the Trade Register authorities.

Espoo, Finland

December 21, 2006

ELCOTEQ SE'S BOARD OF DIRECTORS

Antti Piippo

Martti Ahtisaari

Heikki Horstia

Eero Kasanen

Henry Sjöman

Juha Toivola

Jorma Vanhanen

ENCLOSURES:

1. Report by the Board of Directors, pursuant to Paragraph 3, Article 8 of Council Regulation (EC) No. 2157/2001, on the implications of the transfer of domicile
2. Elcoteq SE's new articles of association
3. Finnish translation of Elcoteq SE's new articles of association