



Press release  
Gothenburg, Sweden, September 29, 2006

## **FlyMe: Swedish prospectus made public at [www.flymeeurope.com](http://www.flymeeurope.com) and new information**

- **Prospectus in Swedish is made public in accordance with decision adopted by the AGM. English translation will follow shortly.**
- **Extension of subscription period from October 2 to November 2, 2006**
- **Information on change in Company ownership**
- **Mats Jacobsson is new Commercial Director of FlyMe**
- **Information on acquisition projects not completed**
- **Supplementary semi-annual figures**
- **Information on issue and issue guarantee procedure**

### Prospectus made public

In accordance with the decision adopted by the AGM on August 31, 2006, the prospectus is hereby made public with an offer to existing shareholders to subscribe for 3 new shares for each old share up to settlement date September 29, 2006 at a share price of SEK 0.65 which comprises the registered share price "nominal value" at the Swedish Companies Registration Office.

Trade with subscription rights will be done during the period October 2 to October 30, 2006.

### Extension of subscription period for new share issue

Since the first day for subscribing in accordance with the decision adopted by the AGM is on a Saturday, the Board has decided that for practical reasons, to extend the subscription period so that it begins to run on October 2, 2006 and in order not to restrict the period of time during which subscription can be done, the Company's Board has decided to extend the subscription period to November 2, 2006.

### Information on change in Company ownership

During the most recent extraordinary AGM for the company held on August 31, 2006 it became known that Talden Holding SA voted for 14.92 % of the Company's total number of shares through the control of 1 244 461 series A shares and 5 766 087 series B shares. In the VPC list of shareholders in this prospectus Talden Holding SA's shares are in deposits designated Kaupthing Bank Luxemburg SA which was previously confirmed by Kaupthing Bank Luxemburg.

Of the most recent VPC list of the Company's shareholders ordered by the Company, it can be seen that the Norwegian investment company Cognition AS held 1 244 460 series A shares and 1 282 498 series B shares, i.e. 11.24%

In light of this, the Company draws the conclusion that Talden Holding SA and Cognition AS together control approximately 26.16 % of the Company's votes.

In the Swedish daily newspaper Dagens Industri on September 27, 2006 there was a quote from the Icelandic financier Palmi Haraldsson who in media through the Icelandic investment

company Fons Heraldsefelag has been said to represent either directly or indirectly owners of Talden Holding SA, i.e. the company that according to the article is to have sold its shares in FlyMe to "Cognition." FlyMe assumes that the quote pertains to Cognition AS which means that Cognition AS in that case, currently owns approximately 26.16% of the votes in Fly Me Europe AB. Cognition AS has stated to FlyMe that its subsidiary, Cognition Capital AS, has acquired all of Talden Holding SA's A and B shares in Fly Me Europe AB.

Neither Cognition AS nor Cognition Capital AS are in bankruptcy. Neither have any of these companies according to information received from the companies have any claims against them or any threat of bankruptcy. The information in media that the principal owners of Fly Me Europe AB are in bankruptcy is consequently incorrect and unfounded.

On September 29, 2006 Dow Jones Newswires reported that the British investor John Robert Porter, who is a major shareholder in the cargo airline Global Supply Systems, is together with the Norwegian investor Christen Ager-Hanssen taking control of the airline company Fly Me Europe AB. It was stated that Porter is investing in a joint venture company, Cognition Capital, which currently has 26.1 percent of the votes in FlyMe

#### Mats Jacobsson is new Commercial Director of FlyMe

Mats Jacobsson has been appointed as the new Commercial Director of FlyMe and will take his post on October 2, 2006. Mats Jacobsson has vast experience of and competence in the airline industry.

Mats Jacobsson is 42 years old and comes most recently from the global travel distribution company Travelport, formerly Cendant TDS. Mats Jacobsson began his airline career at Transwede as business controller and also worked for SAS for 13 years. At SAS Mats Jacobsson held a number of different positions in Marketing & Sales, and Network and Route Management. When he left SAS in the spring of 2004 his title was Vice President for Network Planning accountable for the entire SAS route system.

"I look forward to starting at FlyMe, and being in the airline industry once again. My ambition is to continue developing the low-fare model that FlyMe works with, and to continue working to establish FlyMe's position on the market. I feel that FlyMe has built a good platform for additional growth on the Nordic market," Mats Jacobsson says.

"Mats has vast experience of the airline industry's commercial side and we are convinced that he is the right person to establish FlyMe's position on the low-fare market. Mat's expertise will be a great asset for us in many areas," says Finn Thaulow, Group CEO.

Mats Jacobsson will be replacing Johannes Georgsson who has other assignments in the airline industry.

#### Information on acquisition projects not completed

As announced in earlier press releases FlyMe had begun negotiating two different business deals, which for various reasons will not be carried out. The information that has prevailed in different media indicates that media have either entirely misjudged or misunderstood the content of the agreements that FlyMe entered into and actual events from an objective point of view. For this reason, FlyMe wishes to provide the following information on both business deals:

In the first deal, FlyMe entered into an agreement similar to an option agreement with the owners of the Lithuanian company Lithuanian Airlines, which gave FlyMe the right but not any duty to gradually acquire more shares in the company. FlyMe has in this case resolved not to exercise its right to acquire shares in the company. Instead, FlyMe has chosen to enter

into a dry-lease agreement for an aircraft of the model Boeing 700-500, which is an aircraft type that is highly suitable for FlyMe's operations with low-fare flights.

The other deal that has prevailed in media is FlyMe's agreement on the acquisition of shares in Astraerus. This agreement, in contrast to the one above, is an acquisition agreement that is binding for both parties. There are no provisions in the agreement for cancellation of the agreement that any of the parties can use to "crawl out" of the agreement. The agreement is objectively binding for both parties. It can be noted that the agreement concerning Astraerus was never cancelled by any of the parties to the agreement.

However, the acquisition presumed, as customary, that the British Civil Aviation Authority ("CAA"), provided its approval of FlyMe's acquisition. Such an approval is the result of an exercise of government authority and consequently an objective circumstance beyond the control of any of the parties to the agreement.

The parties to the agreement had, in the agreement, provided the CAA with generous deadlines for its approval, which according to the English seller would entail that the CAA would have plenty of time to approve the acquisition before the time limit expired. At the time of the first press release, there was no reason to assume that the CAA would not have time to approve FlyMe as a new owner.

For FlyMe the agreement has been binding to the highest degree, and FlyMe therefore focused on the company's previous press release on September 1, 2006 informing the market that FlyMe had entered into an agreement on the acquisition of those particular shares in Astraerus.

The last day for CAA's approval as stated in the agreement was September 22, 2006. The approval had not come at that time. The reason for this is unknown to FlyMe and the parties to the agreement have not agreed on a date for an extended deadline for obtaining the CAA's approval. The fact that the CAA approval was not obtained in time was an entirely objective event beyond the control of FlyMe. FlyMe informed the market of this new event in the Company's press release on September 25, 2006. FlyMe has in addition through its operating subsidiary Fly Me Sweden AB, entered into a dry-lease agreement for the two aircraft mentioned in FlyMe's press release. Even these aircraft are of a type that is very suitable for FlyMe's operations with low-fare flights.

Supplementary semi-annual figures

The Company wishes to clarify that historical data on domestic flights and international flights are reported in a new way. Domestic and international regularly scheduled flights are reported separately as two different items, which the Company has not done previously. See below.

The figures in the table published in the interim report for January to June 2006 under the headings ASK and RPK, are supplemented in the table below to show correct figures.

The correct and complete reported information on the number of passengers and the total cabin factor in the interim report remain unchanged.

FlyMe wishes to clarify that under the headings ASK and RPK for the period January to June of the current year figures are distributed in a different way than previously between domestic and international flights, respectively. See the tables below.

**Information published in the interim report:**

	Jan-June	Jan-June	Jan-Dec
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	2006	2005	2005
<b>KEY RATIOS</b>			
<b>Domestic</b>			
ASK (millions)	281.1	236.1	433.7
RPK (millions)	177.7	133.2	256.2
Cabin factor (%)	63.2%	56.4%	59.1%
No. of passengers	320 814	268 635	507 472
<b>International</b>			
ASK (millions)	276.7	0	0
RPK (millions)	163.3	0	0
Cabin factor (%)	59.0	0	0
No. of passengers	125 952	0	0

### Supplementary information:

	Jan-June 2006	Jan-June 2005	Jan-Dec 2005
<b>KEY RATIOS</b>			
<b>Domestic</b>			
ASK (millions)	249.1	193.7	342.9
RPK (millions)	162.7	111.7	209.1
Cabin factor (%)	65.3%	57.7%	61.0%
No. of passengers	320 814	219 979	408 097
<b>International</b>			
ASK (millions)	248.8	42.4	90.8
RPK (millions)	141.4	21.5	47.1
Cabin factor(%)	56.8%	50.7%	51.9%
No. of passengers	125 952	48 656	99 375

Previously published interim report, page 8, (August 31, 2006), has hereby been supplemented as above.

### Information on issue and issue guarantee procedure

#### Agreement for executing preferential issue

For the execution of the new issue process and/or assistance in underwriting guarantees, the Company has agreements with the following advisors: Setterwalls advokatbyrå i Göteborg AB, (advisory capacity, drawing up of legal documentation for the new issue, and advisory capacity concerning the new issue in preparation for the AGM), Öhrlings PriceWaterhouseCoopers AB, (advisory capacity pertaining to the financial overview), Hamilton Advokatbyrå Göteborg AB, (advisory capacity concerning contract law matters), Frejs Revisionsbyrå AB, (has assisted the company in checking the financial part of the prospectus), Cognition Management AS, (advisory capacity pertaining to joint venture matters for pledging guarantees), and Thenberg & Kinde Fondkommission AB, (the advisory issue institute). Upon fully subscribed issue, the Company's issue expenses including guarantee fees, are estimated to amount to approximately 11% (11% for the previous new issue) of the issue amount.

To underwrite issue expenses, the Company has decided that up to October 16, 2006 to continue negotiations with a number of interested parties for subscribing and pledging issue guarantees. The ambition is that the expense for the entire issue shall be underwritten not

later than October 16, 2006. The Company will make public the outcome of these negotiations not later than October 16, 2006. The Company intends to pay not more than approximately 5% of the amount (not more than approximately MSEK 9.5) in commission for pledged guarantees, and not more than approximately 5% (not more than approximately MSEK 9.5) for participation in organizing a joint venture for pledging guarantees (for non-pledged guarantees, no commission will be disbursed for participation in organizing a joint venture for guarantees), and the remaining part for other assistance (not more than approximately MSEK 1.9). The estimated net income of the entire issue is estimated to be not lower than approximately MSEK 173.

#### Issue guarantees

The principal owner Cognition AS, Postbox 1716, Vika, 0121 Oslo, Norway, has in accordance with two binding written agreements dated August 31, 2006 and September 28, 2006, respectively, issued guarantees amounting to MSEK 130. The guarantees are not pledged through, for instance, bank guarantees, security, liquid funds or in any other way. The signed guarantee agreement states that Cognition AS obtains a 1% commission for this guarantee. If the guarantee is pledged, the guarantee commission instead increases to 5% of the amount pledged.

For more information on the share issue, etc. please contact:

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