

## **Item 17: Proposal regarding a performance based share program 2013 (PSP 2013)**

### ***Background***

The Board of Directors finds it essential and in all shareholders' interest that key employees in the Group have a long-term interest of a good value development of the share in the Company and therefore proposes the Annual General Meeting the below long-term incentive program for key employees.

The purpose of the long-term incentive program is to stimulate employees to continued and long-term good performance. Furthermore, it is the Board of Directors' view that the incentive program increases the Group's attractiveness as an employer. To participate in the program the employee is required to invest his/her own money. Thereafter, the participants will, after a three-year vesting period commencing on the day when the Performance Share Program 2013 (PSP 2013) agreement is entered into and ending at the earliest in conjunction with the publication of the Company's interim report for the first quarter 2016, will be allotted free of charge warrants which entitles to subscription of shares in the Company at a price equal to the quota value, provided that certain conditions are fulfilled.

In order to ensure the delivery of shares under PSP 2013, the Board of Directors proposes that a maximum of 480 000 warrants, which entitles to 480 000 shares of series B, are issued to a wholly-owned subsidiary in the Group. In addition the Board of Directors proposes that maximum 150 800 shares of Series B will be able to be acquired and transferred on NASDAQ OMX Stockholm in order to cover social security fees under PSP 2013.

The Company's on-going share-related incentive programs are described in the Company's Annual Report for 2012 in note 6.

### ***Proposal***

The Board of Directors proposes that the Annual General Meeting resolves on a Performance Share Program 2013 (PSP 2013) which includes in total a maximum of 630 800 shares of series B according to the principal guidelines below.

#### ***1. Participants in PSP 2013, allotment and personal investment***

PSP 2013 comprises a total of maximum 17 employees divided into three categories.

Category 1 consists of CEO and can at maximum be allotted 180 000 shares of series B.

Category 2 consists of CSO and CFO can at maximum be allotted 120 000 shares of series B per person.

Category 3 consists of other participants and can at maximum be allotted 60 000 shares of series B per person.

To participate in PSP 2013, the participants must acquire shares of series B in the Company at market price on NASDAQ OMX Stockholm ("Saving Shares").

Participant in Category 1 must in order to be able to receive maximum allotment acquire 30 000 Savings Shares.

Participant in Category 2 must in order to be able to receive maximum allotment acquire 20 000 Savings Shares.

Participant in Category 3 must in order to be able to receive maximum allotment acquire the number of Savings Shares that corresponds to 1/6 of the maximum allotment that is offered to each participant.

Acquisition of Savings Shares shall take place on June 14, 2013 at the latest, with a right for the Board of Directors to extend this period if there is any impediment regarding a participant's acquisition. As an employee is considered an individual who has signed a contract on permanent employment no later than the day for the Annual General Meeting 2013.

For each Saving Share that the participant acquires and holds, the participant will, free of charge, be allotted one (1) matching share right ("Matching Share Right") and five (5) performance share rights ("Performance Share Rights") (together referred to as "Share Rights"). Provided that the conditions set out below in item 2) and item 3) respectively, are fulfilled, the Share Rights entitle to allotment of warrants in the Company for conversion into shares of series B as described below. Allotment of warrants, on basis of the held Share Rights, is made after the publication of the Company's interim report for the first quarter 2016, however not earlier than three years after the PSP 2013 agreement is entered into ("Vesting Period").

## **2. Matching Share Rights**

For each Saving Share that the participant acquires and holds, the participant is, free of charge, allotted one (1) Matching Share Right, which entitles the participant to, free of charge, receive one (1) warrant, based on the conditions set out below:

- i. that the participant remain employed within the Group during the Vesting Period; and
- ii. that the participant has not disposed of the Saving Shares held during the Vesting Period.

## **3. Performance Share Rights**

For each Saving Share that the participant acquires and holds, the participant is, free of charge, allotted five (5) Performance Share Rights that give right to five (5) warrants. In order for Performance Share Rights to entitle to allotment of warrants, it is required that the conditions for the Matching Share Rights are fulfilled. In addition, fulfillment of certain performance conditions is required in order for Performance Share Rights respectively to entitle to allotment of warrants. The Board of Directors intends to present whether the conditions have been fulfilled in the annual report of 2016.

The performance conditions for the Performance Share Rights are dependent on the Company share price development. For allotment of warrants the average price paid for a share of series B on NASDAQ OMX Stockholm during a period of ten (10) trading days beginning 2 May 2016 ("End Price") must at least exceed the average price paid for a share of series B on NASDAQ OMX Stockholm after the Annual General Meeting 2013 ("Start Price"). The Start Price is determined by the Board of Directors and shall cover a continuous measure period of ten (10) trading days that shall be no later than within six (6) months after the Annual General Meeting 2013. For maximum allotment of warrants the share must be traded at a level that corresponds to an average yearly share price growth of 30 percent from the Start Price. If the End Price is between the Start Price adjusted upwards by 6 percent yearly and the share price that triggers maximum allotment, the participants will receive a linear allotment of warrants. If the End Price is lower than the Start Price adjusted upwards by 6 percent yearly, no allotment will be made.

## **4. Shared terms and conditions for Share Rights**

In addition to what has been stated above, the following terms and conditions apply for both the Share Matching Rights and the Performance Share Rights:

- The Share Rights are allotted free of charge.
- The participants are not entitled to transfer, pledge, or dispose the Share Rights or perform any shareholder's rights regarding the Share Rights during the Vesting Period.
- Allotment, free of charge, of warrants in the Company on the basis of held Share Rights will take place after the publication of the Company's interim report for the first quarter 2016, however not earlier than three years after the PSP 2013 agreement is entered into.

- Each warrant entitled the holder to acquire a share of series B in the Company for a subscription price corresponding to the quota value of the share and requires that the option is exercised as soon as possible after receipt of warrant.
- The Company will, through a cash payment, compensate the participants in PSP 2013 for dividends distributed in respect of the shares that the respective warrants entitle to.
- The value that a participant can receive at allotment of warrants in the program is maximized at an amount per share that corresponds to twenty (20) times the Starting Price.

#### **5. Detailed terms and administration**

The Board of Directors, or a certain committee appointed by the Board of Directors, shall be responsible for the determining the detailed terms and the administration of PSP 2013, within the scope of the given terms and guidelines. The Board of Directors shall be authorized to make adjustments to fulfill certain rules or market pre-requisites in other jurisdictions. If delivery of warrants/shares cannot be accomplished at reasonable costs and with reasonable administrative effort to individuals outside Sweden, the Board of Directors shall be entitled to decide that the participating individual may instead be offered a cash-based settlement. The Board of Directors shall also be entitled to decide on other adjustments in the event that major changes in the Group, the market or otherwise in the industry would occur, which would entail that resolved conditions for allotment and the possibility to use the Share Rights under PSP 2013 would no longer be appropriate

#### **6. Hedging of commitments according to PSP 2012 and PSP 2013**

##### *Issue of warrants and approval of transfer of warrants*

In order to secure delivery of shares at exercise of Share Rights, an issue of warrants ("Warrants") to a wholly owned subsidiary in the Group is proposed to be made. The subsidiary shall be authorized to dispose over and without consideration transfer the warrants with the purpose to fulfill commitments according to PSP 2013.

No more than 480 000 Warrants shall be issued. Each Warrant shall entitle to subscription of one share of series B in the Company during the period from 15 June 2013 up to and including 31 August 2016 at a subscription price corresponding to the quota value of the share. Detailed terms and conditions are evident from Appendix A.

The share capital can increase at maximum SEK 240 000, with reservation for the increase that can be caused by a re-calculation following new share issues etc.

The reasons for the deviation from the shareholders' preferential rights are stated under 8 below under heading The objectives of the proposal and reasons for deviations from the shareholders' preferential rights.

##### *Acquisition and transfer of own shares*

The Board of Directors are proposed to be authorized to decide, on one or several occasions and until the next Annual General Meeting, to acquire maximum 150 800 shares of series B and transfer these and earlier acquired shares of series B amounting to 150 600, i.e. in total maximum 301 400 shares of series B to cover charges in the form of social security fees in PSP 2012 and PSP 2013. Acquisitions and transfer shall be made on NASDAQ OMX Stockholm. Acquisitions and transfer can only be made at a price within the price interval registered at each time for the share.

#### **7. Dilution effects and costs for the program**

At exercise of the proposed Share Rights the number of shares increases. These new shares will constitute, at full exercise, approximately 1 percent of the outstanding shares and approximately 0.8 percent of the votes. At full exercise of the now proposed Share Rights and outstanding warrants the

number of new shares constitutes approximately 2.3 percent of outstanding shares and approximately 1.8 percent of the votes calculated after full exercise of outstanding warrants and proposed Share Rights. In addition 150 800 shares of series B are required to cover social security fees, which corresponds to approximately 0.3 percent of the outstanding shares and approximately 0.2 percent of the votes.

The Board's proposal does give rise to a dilution effects, in accordance with IAS 33 and does, therefore, result in an effect on reported earnings per share. At maximum allotment and average yearly growth in share price by 30 percent from an assumed share price of SEK 22, the dilution effect will be approximately 0.97 percent.

The Share Rights can cause costs for the Group in the form of social security fees at exercise. Social security fees shall be expensed, allocated to the periods during which services were performed. Expenses shall be calculated by applying the same valuation model as utilized when the Share Rights were issued. The provision that arises shall be revalued in conjunction with each financial report. Social security fees fall due to payment when the Share Rights are exercised. The social security fees are expected to amount to approximately 31 percent of the value of the Share Rights.

The Board has proposed that the effect on cash flow that may arise as a result of social security fees when Share Rights are exercised shall be hedged by acquisitions and transfer of own shares on NASDAQ OMX Stockholm.

The Share Rights will in addition give rise to accounting costs in accordance with IFRS 2. These costs shall be determined on the allotment date and be allocated over the vesting period. In accordance with IFRS 2, the theoretical value of the Share Rights shall form the basis of the calculation of these costs. The theoretical value shall not be re-valued in subsequent reporting periods, although adjustments shall be made for the Share Rights that have not been earned in conjunction with every financial report. In this manner, the accumulated costs at the end of the vesting period will correspond to the number of Share Rights that fulfilled the conditions.

#### ***8. The objectives of the proposal and reasons for deviations from the shareholders' preferential rights***

The Board of Directors considers the existence of effective share-related incentive programs for senior executives of the Company to be of material importance for the development of the Company. The proposed program creates a common group focus for involved employees in the different parts of the Group. By linking the employees' remuneration to the Company's earnings and value trend, the long-term increase in value is rewarded and thus an alignment of interest of involved employees and shareholders.

Incentive programs are also considered to facilitate recruitment and retention of key employees in the Group who are considered to be important for the Company's continued development. In light of these circumstances, the Board of Directors consider, that the proposed incentive program, with regard to the terms and conditions, the size of the allotment, the existence of other incentive programs and other circumstances, is reasonable and advantageous for the Company and its shareholders.

#### ***Preparation of proposal***

This proposal has been drawn up by the Board of Directors and has been assisted by representatives from the Company management.

*N.B. The English text is an in-house translation*

**Majority vote requirement**

A resolution in accordance with the board's proposal requires support from shareholders with not less than 9/10 of votes cast as well as shares represented at the meeting.