

## **Gunnebo AB Annual General Meeting 28 April 2011**

### **The proposal of the Board regarding establishment of Incentive Programme 2011/2015 through a directed issue of warrants and authorization to transfer warrants (item 15 in the proposed agenda)**

The Board of Directors proposes that the Annual General Meeting resolves to establish Incentive Programme 2011/2015 for senior executives and key employees within the Gunnebo Group through an issue of warrants which entitles the holder to subscribe for new shares in Gunnebo AB in accordance with what is stated below. Incentive Programme 2011/2015 is the second part of a “rolling” programme. The Annual General Meeting 2010 decided upon the implementation of Incentive Programme 2010/2014. This proposal is based on the same principles.

The Board’s assessment is that Incentive Programme 2011/2015 will contribute to motivate and keep important executives and other key employees in the Group and that it thereby will benefit the shareholders. An incentive programme which gives the employees a long term possibility to have a share in the growth in value of the company maintains confidence in the company and increases the value of the shares. The fact that the warrants will be acquired at market price means that the participants will take a personal economic risk.

The Board proposes that Incentive Programme 2011/2015 is offered to 49 senior executives and key employees in 20 different countries (“the Participants”) and that the Annual General Meeting in order to execute the programme resolves to issue a maximum of totally 575,000 warrants (“the Warrants”) directed to Gunnebo Service AB (“GSAB”) which shall be transferable to GSAB free of charge entitling the holder to subscribe for a total maximum of the same number of newly issued shares in Gunnebo AB.

Since the Participants are proposed to be offered the opportunity to acquire the Warrants at market price, it is the Board’s assessment that the proposed programme neither entails in the accounts salary costs nor any corresponding costs according to IFRS 2. Costs in the form of social security contributions may however be charged in some participating countries.

Incentive Programme 2011/15 comprises a maximum of totally 575,000 Warrants which may result in subscription for the same number of shares, corresponding to an increase in the total number of issued shares of a maximum 0.8 percent. The subsequent dilution and the costs related to the establishment and administration of Incentive Programme 2011/15 are expected to have a marginal effect on the Group’s key ratio.

An Extraordinary General Meeting in 2007 resolved to establish two long term incentive programmes directed partly to senior executives and other key employees and partly to Board members. Within the framework of these programmes there are a total of 535,460 outstanding warrants and employee stock options. Each warrant and employee stock option entitles the holder to acquire 1.28 Gunnebo shares during certain periods of time in 2011 at a share price of SEK 63.80. If all 535,460 outstanding warrants and employee stock options are exercised the resulting increase of the company’s total number of issued shares would be at a maximum 0.9 percent.

The abovementioned Incentive Programme 2010/2014 comprises 34 senior executives and key employees within the Group. There are a total of 381,500 warrants outstanding within the programme. Each warrant entitles the holder to acquire one Gunnebo share during certain periods of time in 2013 and 2014 at a share price of SEK 32. If all 381,500 outstanding warrants are exercised the resulting increase of the company's total number of issued shares would be at a maximum 0.5 percent.

**Principal terms for directed issue of Warrants (series 2011/2015)**

The Board proposes that the company, with deviation from the shareholders' preferential right, issues a maximum of totally 575,000 Warrants Series 2011/2015 whereby the company's share capital may increase by SEK 2,875,000.

The following terms shall moreover apply to the issuance:

1. Each Warrant will entitle the holder to subscribe for one (1) newly issued share in the company.
2. Entitled to subscribe is, with deviation from the shareholders' preferential right, the wholly owned subsidiary GSAB.
3. Subscription for the Warrants shall be done no later than 18 May 2011. Subscription shall be done through the use of a special subscription list and over-subscription is not allowed.
4. The Warrants will be transferred free of charge.
5. Subscription for shares on the basis of the Warrants can, at the earliest, take place from and including 19 May 2014, however not at any other time than during the period of 14 days which begin with the said day and during the periods of 14 days each that follows the day of publication of the company's interim report concerning the third quarter of 2014, first quarter of 2015 and the third quarter of 2015 respectively. In no case will subscription for shares on the basis of warrants be allowed after 30 November 2015.
6. Each Warrant entitles the holder to subscribe for one share in the company at a subscription price amounting to 110 percent of an average of the for each trading day calculated, weighted average price paid for the company's share at NASDAQ OMX Stockholm during the period from and including 29 April 2011 until and including 12 May 2011. If a quotation of a price paid for any of the days in question is unavailable the buying-price quoted as closing price shall instead be included in the calculation. A day without a quotation of either a price paid or a buying-price shall not be included in the calculation. The subscription price calculated in this manner shall be rounded off to the closest SEK 0.10, whereas SEK 0.04 is rounded off downwards and SEK 0.05 is rounded upwards. The subscription price is not allowed to be set below the quotient value of the company's shares.
7. Shares that are issued on the basis of preceding subscription shall carry rights to dividends as of the first record date for dividend that occurs after subscription is executed.

The complete terms and conditions for Warrants Series 2011/2015 are set out in Appendix 1. As appears from Appendix 1 the subscription price as well as the number of shares which

may be subscribed for pursuant to a Warrant, may be recalculated in the event of a bonus issue, new issue of shares, issue of warrants or convertibles and in certain other cases.

As grounds for deviation from the shareholders' preferential right to subscribe for Warrants, the Board states the grounds set out above.

The Board further proposes that the Annual General Meeting resolves to approve that the wholly owned subsidiary GSAB, within the framework of Incentive Programme 2011/2015, shall transfer Warrants to participants in Incentive Programme 2011/2015 and otherwise dispose of the Warrants in order to fulfil the company's obligations pursuant to Incentive Programme 2011/2015.

For such a disposal the following terms and conditions shall moreover apply:

1. Senior executives and key employees are, in accordance with the following chart, participants in Incentive Programme 2011/2015 and thereby entitled to acquire Warrants from GSAB.

	<b>Category</b>	<b>Number of employees</b>	<b>Number of warrants offered to purchase</b>	<b>Total</b>
Category 1	CEO	1	30,000	30,000
Category 2	Group Management	8	20,000	160,000
Category 3	Sales Company Managers	17	12,500	212,500
Category 4	Other Key Employees	23	7,500	172,500
<b>Total</b>		<b>49</b>		<b>575,000</b>

2. Such an acquisition shall be made at the market value of the Warrant, calculated through implementation of the customary valuation formula (Black & Scholes) on the basis of share price and other market conditions at the time of the acquisition. The calculation of the market value of the Warrant is carried out by an independent financial institution.
3. Each person who is entitled to acquire Warrants is, at a maximum, allowed to acquire the number of Warrants that follows from their assigned category in the chart above. To the extent that a person who is entitled to acquire Warrants does not exercise this right, the right to acquire Warrants will expire and thus not be transferable to another party.
4. Transfer of a Warrant to persons who are entitled to acquire Warrants is not allowed after 31 August 2011.
5. A pre-condition in order to be entitled to acquire Warrants from GSAB is that the entitled person at the time when the Warrants are acquired is employed within the Group and neither has resigned his or her employment nor have had their employment terminated.

**Special authorizations**

The Board further proposes that the CEO of the company, is entitled to make the minor adjustments in the above mentioned proposition which may appear necessary in connection with the registration of the decision at the Swedish Companies Registration Office (Sw. “Bolagsverket”) and Euroclear Sweden AB.

**Majority requirement**

The decision of the Annual General Meeting on account of the above presented proposition concerning a directed issue of warrants shall be made in accordance with the majority rules stated in Chapter 16 Section 8 of the Companies Act, meaning that the resolution must be supported by shareholders representing at least nine tenths of the votes cast as well as of the shares represented at the meeting.

**TERMS AND CONDITIONS FOR WARRANTS SERIES 2011/2015  
TO SUBSCRIBE FOR NEW SHARES IN  
GUNNEBO AB (publ)**

**Section 1. Definitions**

As used in these terms and conditions, the following terms shall have the meanings set forth below:

“banking day”	a day, which is not a Sunday, or other public holiday, or with respect to payment of debt instruments, is not deemed to be the equivalent of a public holiday in Sweden;
“bank”	Nordea Bank AB (publ), 516406-0120;
“company”	Gunnebo AB (publ), 556438-2629;
“Euroclear”	Euroclear Sweden AB;
“holder”	the holder of warrants;
“NASDAQ OMX”	NASDAQ OMX Stockholm AB;
“subscription”	such subscription of new shares in the company as referred to in the Swedish Companies Act (2005:551), Chapter 14;
“subscription price”	the price at which subscription for new shares may be made;
“warrant”	undertaking by the company regarding the right to subscribe for shares in the company in exchange for payment in cash in accordance with the terms and conditions stated below, whereby each warrant entitles the holder to subscribe for one new share.

**Section 2. Warrants, registrations, account operating institute and undertaking**

The number of warrants shall at a maximum be five hundred and seventy five thousand (575,000).

The warrants shall be registered by Euroclear in a securities register according to the Swedish Financial Instruments Accounts Act (1998:1479), Chapter 4, and consequently no physical securities will be issued.

The warrants shall be registered in a securities account in the securities register of the company on behalf of the holder. Registrations regarding the warrants as a result of measures pursuant to sections 4, 5, 6, 7, 9 and 11 below shall be carried out by the bank. Other registration measures regarding the account may be taken by the bank or another account-operating institute.

The company undertakes, in respect of each holder, that the holder is granted the right to subscribe for shares in the company in exchange for payment in cash according to the terms and conditions set forth below.

### **Section 3. Right to subscribe for new shares, subscription price**

Each warrant entitles the holder to subscribe for one (1) new share in the company.

The subscription price shall correspond to one hundred ten (110) per cent of the average of the official quotation of the last price paid for the company's share on NASDAQ OMX during the period from and including April 29, 2011 up to and including 12 May 2011. In the absence of a quotation of price paid during these days, the bid price quoted as closing price shall be included in the calculation instead. If neither a price paid nor a bid price is quoted on a given day, that day shall be excluded from the calculation. The resulting calculated subscription price shall be rounded off to the nearest SEK 0.10, whereupon SEK 0.04 shall be rounded off downwards and SEK 0.05 shall be rounded upwards. The subscription price may not be below the quotient value of the company's shares.

Adjustment of the subscription price as well as the number of new shares which each warrant entitles the holder to subscribe for may take place under those circumstances set forth in section 7 below. Subscription may only be made for the whole number of shares to which the total number of warrants entitles to, that are registered on a certain securities account and that one and the same holder wants to use at the same time. Any excess warrant or excess part thereof, which is not possible to utilize at such subscription, shall expire.

### **Section 4. Application for subscription and payment**

Applications for subscription for shares on the basis of warrants can, at the earliest, be made from and including 19 May 2014, however not at any other time than during the period of 14 days which begin with the said day and during the periods of 14 days each that follows the day of publication of the company's interim report concerning the third quarter of 2014, first quarter of 2015 and the third quarter of 2015 respectively. In no case will subscription for shares on the basis of warrants be allowed after 30 November 2015. The time period when applications for subscription for shares on the basis of warrants can be made may change pursuant to section 7 below.

When making an application of the kind mentioned in the paragraph above, for the purpose of registration, a completed specified form shall be submitted to the bank or another account-operating institute to be forwarded to the bank.

Applications for subscription which are binding and may not be revoked by the subscriber, shall be received by the bank at the latest at 4 pm (CET) on the day of exercise, however at the latest at 4 pm (CET) on the final day of the warrants as stated above. Exercise after 4 pm a certain day, shall be considered received by the bank the following day.

When an application for subscription is made, payment shall be made at the time of the application in a lump sum in cash in respect of the number of shares covered by the application for subscription.

In the event subscriptions for application are not made within the time set forth in paragraph one, all rights according to the warrants cease to exist.

#### **Section 5. Recording in share register etc.**

Following payment of subscribed shares allotment will be effected through recording the new shares in the share register of the company as interim shares. Following registration of a raise of the share capital at the Swedish Companies Registration Office, registration on the securities accounts becomes final. As set forth in sections 6 and 7 below, the time for such final registration may be postponed under certain circumstances.

#### **Section 6. Dividends in respect of new shares**

Shares that are issued upon subscription shall carry rights to dividends as of the first record date for dividends which has been established after subscription is executed or the day when the shareholder is registered in the share register and thereby entitled to receive dividend that occurs next to subscription has been executed.

#### **Section 7. Adjustment of subscription price etc.**

The following shall apply with respect to the rights vested in holders in the event of the circumstances listed below.

- A. Where the Company carries out a bonus issue of shares, subscription shall be effected where an application for subscription is made at such time that it cannot be effected on or before the seventeenth calendar day prior to the general meeting of shareholders that resolves to carry out the share issue – after a resolution has been adopted by the shareholders’ meeting in respect thereof. Shares which are issued as a result of subscriptions effected after adoption of a resolution to carry out the share issue shall be recorded on an interim basis on the securities account, which means that the holders of such shares are not entitled to participate in the issue. Final registration on a securities account shall take place after the record date for the bonus issue.

In connection with subscriptions that are effected after the adoption of the resolution to carry out the bonus issue, an adjusted subscription price and an adjusted number of shares to which each warrant entitles the holder to purchase shall be applied. The adjustments shall be made in accordance with the following formulas:

$$\text{adjusted subscription price} = \frac{\text{previous subscription price} \times \text{number of shares prior to the bonus issue}}{\text{number of shares after the bonus issue}}$$

$$\text{adjusted number of shares that each warrant entitles the holder to subscribe for} = \frac{\text{previous number of shares that each warrant entitles the holder to subscribe for} \times \text{number of shares after the bonus issue}}{\text{number of shares prior to the bonus issue}}$$

The adjusted subscription price and number of shares in accordance with the above, shall be determined by the bank as soon as possible following the adoption by the

general meeting of shareholders of the resolution to carry out the bonus issue, but shall apply only after the record date for the bonus issue.

- B. Where the company carries out a share consolidation or a share split, subsection A above shall apply correspondingly, whereupon the record date shall be deemed to be the day on which a share consolidation or a share split is effected by Euroclear at the request of the company.
- C. Where the company carries out a new issue of shares – subject to the pre-emptive rights for shareholders to subscribe for new shares in exchange for cash payment, or payment through set-off of claims against the company – the following shall apply with respect to the right to participate in the issue held by shareholders whose shares were issued as a consequence of subscription pursuant to the exercise of a warrant:
1. Where the board of directors resolves to carry out the share issue subject to approval of the general meeting of shareholders or pursuant to authorization of the shareholders' meeting, the resolution of the share issue shall set forth the last date on which shares issued pursuant to subscription entitle the holders to participate in the share issue. Such a date may not come earlier than ten calendar days after the decision.
  2. Where the general meeting of shareholders resolves to carry out the share issue, subscription shall be effected, where application for subscription is made at such time that it cannot be effected on or before the seventeenth calendar day prior to the general meeting of shareholders that resolves to carry out the share issue, after adjustment by the company in accordance with the penultimate paragraph of this subsection C. Shares which are issued based upon such subscriptions shall be recorded on an interim basis on the securities account which means that the holders of such shares are not entitled to participate in the issue.

In connection with subscriptions which are effected at such time that no right to participate in the issue of new shares arises, an adjusted subscription price and an adjusted number of shares that each warrant entitles the holder to subscribe for shall be applied. The adjustments shall be made in accordance with the following formulas:

$$\text{adjusted subscription price} = \frac{\text{previous subscription price} \times \text{average market price of the share during the subscription period set forth in the resolution approving the issue (average share price)}}{\text{average share price increased by the theoretical value of the subscription right calculated on the basis thereof}}$$

$$\text{adjusted number of shares that each warrant entitles the holder to subscribe for} = \frac{\text{previous number of shares which each warrant entitles the holder to subscribe for} \times (\text{average share price increased by the theoretical value of the subscription right calculated on the basis thereof})}{\text{average share price}}$$

The average share price shall be deemed to be equivalent to the average of the mean of the highest and lowest prices paid for each trading day during the subscription period in transactions according to NASDAQ OMX official price list. In absence of a quotation of paid price, the last bid price quoted for such date shall be used in the calculation

instead. If neither a paid price nor a bid price is quoted on a given day, that day shall be excluded from the calculation.

The theoretical value of the subscription right shall be calculated in accordance with the following formula:

$$\text{value of subscription right} = \frac{\text{maximum number of new shares that may be issued according to the resolution approving the issue} \times (\text{average share price reduced by the subscription price for the new share})}{\text{number of shares prior to the adoption of the resolution approving the issue}}$$

In the event a negative value is arrived at in connection with the above stated calculation, the theoretical value of the subscription right shall be deemed to be zero.

The adjusted subscription price and adjusted number of shares calculated as set forth above shall be determined by the bank two banking days following the expiration of the subscription period and shall apply to purchases made after such time.

During the period prior to the determination of the adjusted subscription price and the adjusted number of shares that each warrant entitles the holder to subscribe for, subscription shall only be effected on a preliminary basis, whereupon the number of shares that each warrant entitled the holder to subscribe for prior to adjustment shall be recorded on the securities account on an interim basis. In addition, a separate note shall be made that each warrant, after adjustment pursuant to section 3 above, may entitle the holder to subscribe for additional shares and/or an amount in cash. Final registration on the securities account shall be effected following adjustment.

- D. Where the company carries out an issue of warrants according to the Swedish Companies Act, Chapter 14, or issue of convertible bonds according to the Swedish Companies Act, Chapter 15 – in both cases subject to pre-emption rights for shareholders, for payment in cash or for payment through set-off of claims against the company, or, in case of warrants, without consideration – the provisions contained in subsection C, first paragraph, subsections 1 and 2, shall apply correspondingly, with respect to the rights to participate in the issue as a result of subscription pursuant to the exercise of a warrant.

In connection with subscriptions effected at such time that no right to participate in the share issue arises, an adjusted subscription price and an adjusted number of shares that each warrant entitles the holder to subscribe for shall be applied. The adjustments shall be made in accordance with the following formulas:

$$\text{adjusted subscription price} = \frac{\text{previous subscription price} \times \text{average market price of the share during the subscription period specified in the resolution approving the issue (average share price)}}{\text{average share price increased by the value of the subscription right}}$$

$$\text{adjusted number of shares which the warrant entitles the holder to subscribe for} = \frac{\text{previous number of shares which each warrant entitled the holder to subscribe for} \times (\text{the average share price increased by the value of the subscription right})}{\text{average share price}}$$

The average share price shall be calculated in accordance with subsection C set forth above.

The value of a subscription right shall be deemed to be equal to the average mean of the highest and lowest prices paid for the subscription right each trading day during the subscription period in transactions quoted on NASDAQ OMX official price list. In the absence of a quotation of paid price, the last bid price quoted for such date shall be used in the calculation. If neither a selling price nor a bid price is quoted on a given day, that day shall be excluded from the calculation. If the subscription right is not listed, the value of the subscription right shall, to the extent that it is possible, be established with guidance from the change in market value of the company's shares which can be considered to have followed as a result of the issue.

The adjusted subscription price and adjusted number of shares set forth above shall be determined by the bank two banking days following expiration of the subscription period and shall be applied to subscriptions made after such time.

Where applications for subscription are made during the period prior to the determination of the adjusted subscription price and adjusted number of shares, the provisions set forth in subsection C last paragraph above, shall apply correspondingly.

- E. In the event the company, under other circumstances than those set forth in subsections A – D above, directs an offer to shareholders based on pre-emptive rights in accordance with the principles set forth in the Swedish Companies Act, Chapter 13, section 1, to purchase securities or rights of any sort from the company or where the company resolves, in accordance with the above stated provisions, to distribute such securities or rights without consideration (the offer), an adjusted subscription price and an adjusted number of shares that each warrant entitles the holder to subscribe for shall be applied in connection with subscriptions which are effected at such time that the shares subscribe for as a consequence thereof do not entitle the holder to participate in the offer. Adjustments shall be made in accordance with the following formulas:

$$\text{adjusted subscription price} = \frac{\text{previous subscription price} \times \text{average market price of the share during the application period specified in the offer}}{\text{average share price increased by the value of right to participation in the offer (value of the right to purchase)}}$$

$$\text{adjusted number of shares which each warrant entitles the holder to subscribe for} = \frac{\text{previous number of shares which each warrant entitled the holder to subscribe for} \times (\text{average share price increased by the value of the purchase right})}{\text{average share price}}$$

The average share price shall be calculated in accordance with the provisions set forth in subsection C above.

In the event the shareholders have received purchase rights and trading of such rights has taken place, the value of the right to participate in the offer shall be deemed to be equal to the value of the purchase right. In such context, the value of the purchase right

shall be deemed to be the average mean of the highest and lowest prices paid each trading day during the application period in transactions quoted on NASDAQ OMX official price list. In the absence of a quotation of paid price, the last bid price quoted for such date shall be used in the calculation instead. If neither a selling price nor a bid price is quoted on a given day, that day shall be excluded from the calculation.

In the event the shareholders have not received purchase rights or such trading in purchase rights as referred to in the preceding paragraph has otherwise not taken place, an adjustment of the subscription price and the number of shares shall be calculated upon the application, to the extent possible, of the principles set forth above in this subsection E, whereupon the following shall apply. Where a listing is carried out in respect of the securities or rights that are offered to the shareholders, the value of the right to participate in the offer shall be deemed to be the average of the prices paid on each trading day during 25 trading days from and including the first day of listing calculated as the average mean of the highest and lowest paid prices in these securities or rights on the NASDAQ OMX, where applicable reduced by any consideration that has been paid for these in connection with the offer. In the absence of a quotation of paid price, the last bid price quoted shall be used in the calculation instead. If neither a selling price nor a bid price is quoted on certain given day or days, such day shall be excluded from calculation of the value of the right to participate in the offer. When adjustment of the subscription price and number of shares is made according to this paragraph, the above mentioned period of 25 trading days shall be deemed to correspond to the application period determined in the offer.

In the event such listing of the securities and rights offered to the shareholders should not occur, the value of the right to participate in the offer shall as far as possible be determined based upon the change in the market price of the company's shares that is deemed to have arisen as a consequence of the offer. The adjusted subscription price and adjusted number of shares in accordance with the above shall be determined by the bank as soon as possible following expiration of the offer and shall be applied to subscriptions effected after such determination has been made.

In the event applications for subscription are made during the period prior to the time at which the adjusted subscription price and adjusted number of shares have been determined, the provisions above set forth in subsection C last paragraph, shall apply correspondingly.

- F. In the event the company conducts a new share issue or an issue according to the Swedish Companies Act, Chapter 14 or 15 – subject to pre-emptive rights for shareholders to subscribe for new shares in exchange for payment in cash or for payment through set-off of claims against the company, or, in case of warrants, without consideration – the company shall be entitled to grant all holders the same pre-emptive rights which vest in the shareholders according to the resolution. In this connection, each holder, thus irrespective of whether subscription has been effected, shall be deemed to be the owner of the number of shares that the holder would have received, if subscription had been effected in respect of the number of shares which each warrant entitled the holder to subscribe for at the time of the resolution to carry out the share issue. The fact that the holder also may have been entitled to receive an amount in cash in accordance with section 3 above shall not result in any right as far as now concerned.

In the event the company resolves to direct an offer to the shareholders such as specified in subsection E above, the provisions of the preceding paragraph shall apply correspondingly. However, the number of shares of which each holder shall be deemed to be the owner of shall, in such circumstances, be determined on the basis of the number of shares that the warrants would have entitled the holder to subscribe for at the time of the resolution to carry out the offer.

In the event the company resolves to grant the holders pre-emptive rights in accordance with the provisions set forth in this subsection F, no adjustment as set out above in subsections C, D or E shall be carried out.

- G. In the event it is decided to pay a cash dividend to shareholders such that the shareholders receive, combined with other dividends paid during the same fiscal year, a total dividend exceeding five (5) per cent of the average price of the share during a period of 25 trading days immediately preceding the day on which the company's board of directors announced its intention to propose that the general meeting of shareholders shall approve such a dividend, an adjusted subscription price and an adjusted number of shares which each warrant entitles the holder to subscribe for shall be applied for subscriptions requested at such time where the shares received in such event do not carry rights to receive such dividend. The adjustments shall be based upon such part of the total dividend that exceeds three (3) per cent of the average price of the shares during the above period (extraordinary dividend). Adjustments shall be made in accordance with the following formulas:

$$\text{adjusted subscription price} = \frac{\text{previous subscription price} \times \text{the average market price of the share during a period of 25 trading days calculated from and including the day the share is listed ex rights to the extraordinary dividend (average share price)}}{\text{average share price increased by the extraordinary dividend paid per share}}$$

$$\text{adjusted number of shares which each warrant entitles the holder to subscribe for} = \frac{\text{previous number of shares which each warrant entitles the holder to subscribe for} \times (\text{the average share price increased by the extraordinary dividend paid per share})}{\text{average share price}}$$

The average price of the share shall be considered to correspond to the average of the mean of the highest and lowest prices paid each trading day during the above stated period of 25 trading days in accordance with NASDAQ OMX official price list. In the absence of a quotation of paid price, the last bid price quoted for such date shall be used in the calculation instead. If neither a paid price nor a bid price is quoted on a given day, that day shall be excluded from the calculation.

The adjusted subscription price and number of shares calculated in accordance with the above shall be determined by the bank two banking days after the expiration of such period of 25 trading days calculated from the date on which the shares are listed without a right to extraordinary dividend and shall apply to subscriptions effected after such time.

In the event an application for subscription has been made but final registration on a securities account has not occurred as a result of the rules in section 6 above, it shall be specifically noted that each warrant, after adjustments, may entitle to further shares and/or an amount in cash according to section 3 above. Final registration on a securities account shall be made after the adjustments have been determined, however, at the earliest at the time specified in section 6 above.

- H. In the event the company's share capital is reduced through a repayment to shareholders, and the reduction is compulsory, an adjusted subscription price and an adjusted number of shares which each warrant entitles the holder to subscribe for shall be applied.

The adjustments shall be made in accordance with the following formulas:

$$\text{adjusted subscription price} = \frac{\text{previous subscription price} \times \text{average market price of the shares during a period of 25 trading days calculated from and including the day on which the share was listed without any right to participate in the distribution (average share price)}}{\text{average share price increased by the amount repaid for each share}}$$

$$\text{adjusted number of shares which each warrant entitles the holder to subscribe for} = \frac{\text{previous number of shares which each warrant entitled the holder to subscribe for} \times (\text{average share price increased by the amount repaid for each share})}{\text{average share price}}$$

The average share price shall be calculated in accordance with the provisions set forth in subsection C above.

In carrying out the adjustments according to the above, where the reduction is carried out through a redemption of shares, instead of using the actual amount which is repaid for each share, an amount calculated as follows shall be applied:

$$\text{calculated amount to be repaid for each share} = \frac{\text{the actual amount repaid for each redeemed share reduced by the average market price of the share during a period of 25 trading days immediately prior to the day on which the share is listed without any right to participate in the reduction (average share price)}}{\text{the number of shares of the company that entitles to the redemption of one share, reduced by 1}}$$

The average share price shall be calculated in accordance with the provisions set forth in subsection C above.

The adjusted subscription price and adjusted number of shares pursuant to the above shall be determined by the bank two banking days after the expiration of the above-stated period of 25 trading days, and shall apply to subscriptions effected after such time.

Subscriptions shall not be effected during the period from the date of the resolution to reduce the share capital up to and including the date on which the adjusted subscription

price and the adjusted number of shares are determined in accordance with what has been set forth above.

In case the company's share capital is reduced through redemption of shares with repayment to the shareholders, where such reduction is not compulsory, or in case the company – without reducing the share capital - should carry out a repurchase of its own shares but where, in the company's opinion, the measure due to its technical structure and financial effects, is equivalent to a compulsory reduction, the adjustments of the subscription price and the number of shares that each warrant entitles the holder to subscribe for shall be made in accordance with, to the extent possible, the principles stated above in this subsection H.

- I. In the event the company carries out measures set forth in this section 7, or another measure with similar effect, and if the application of the intended adjustment formula, according to the bank's opinion, with regard to the technical structure or for another reason, may not be possible or result in the economic compensation the holders shall receive becoming unreasonable in relation to the shareholders, the bank shall, provided that the Board of Directors of the company consents in writing, make the adjustments of the subscription price and number of shares that each warrant entitles the holder to subscribe for in a way the bank finds appropriate for the purpose of the adjustments of the subscription price and number of shares leading to a reasonable result.
- J. In conjunction with adjustments in accordance with the above, the subscription price shall be rounded to the nearest SEK 0.10, whereupon SEK 0.04 shall be rounded off downwards and SEK 0.05 shall be rounded upwards, and the number of shares shall be rounded to two decimal places.
- K. In the event it is resolved to place the company in liquidation according to the Swedish Companies Act, Chapter 25, regardless of the grounds for liquidation, applications for subscription may not thereafter be made. The right to make applications for subscription shall terminate in conjunction with the resolution to place the company in liquidation regardless of whether such resolution has entered into effect.

Not later than two months prior to a determination by the general meeting of shareholders as to whether the company shall be placed into voluntary liquidation according to the Swedish Companies Act, Chapter 25, section 1, notice shall be given to holders in accordance with section 10 below in respect of the intended liquidation. The notice shall state that applications for subscription may not be made following the adoption of a resolution by the general meeting of shareholders to place the company in liquidation.

In the event the company gives notice of an intended liquidation in accordance with the above, each holder – irrespective of what is set forth in section 4 above regarding the earliest time at which applications for subscription may be made – shall be entitled to apply for subscription from the day on which notice is given, provided it is possible to effect subscription not later than the tenth calendar day prior to the general meeting of shareholders at which the issue of the company's liquidation shall be addressed.

- L. In the event the general meeting of shareholders approves a merger plan, in accordance with the Swedish Companies Act, Chapter 23, section 15, pursuant to which the

company is to be merged into another company, applications for subscription may not thereafter be made.

Not later than two months prior to a final determination by the company in respect of a merger as set forth above, notice shall be given to holders in accordance with section 10 below in respect of the intended merger. The notice shall set forth the principal contents of the intended merger plan and each holder shall be notified that subscription may not be made following a final decision regarding the merger in accordance with the provisions set forth in the preceding paragraph.

In the event the company gives notice regarding a planned merger in accordance with the above, each holder – irrespective of what is set forth in section 4 above regarding the earliest time at which applications for subscription may be made – shall be entitled to apply for subscription from the date on which notice is given regarding the intended merger, provided that it is possible to effect subscription not later than five weeks prior to the general meeting of shareholders at which the merger plan, pursuant to which the company is to be merged into another company, is to be approved.

- M. Where the company's board of directors prepares a merger plan in accordance with the Swedish Companies Act, Chapter 23, section 28, pursuant to which the company is to be merged into another company, or where the company's shares are subject to compulsory purchase procedures according to the above stated act, Chapter 22, the following shall apply.

Where a Swedish limited company owns all shares outstanding in the company, and where the board of directors publishes its intention to prepare a merger plan in accordance with the legislation referred to in the preceding paragraph, the company shall, provided that the final day for application for subscription pursuant to section 4 above occurs after such publication, determine a new final day for application for subscription (expiration date). The expiration date must occur within 60 days of the publication.

Where a shareholder (the majority holder), alone or together with its subsidiaries, owns such a proportion of the company's shares that the majority holder, in accordance with the from time to time applicable legislation, may invoke a compulsory purchase of the company's shares, and where the majority holder publishes its intention to invoke compulsory purchase procedures, the provisions set forth in the preceding paragraph regarding the expiration date shall apply correspondingly. In the event a new expiration date should be determined in accordance with this paragraph, the company shall determine an adjusted subscription price pursuant to Black & Scholes' valuation method for warrants or an equivalent accepted valuation method, whereby the holders shall be compensated for the value of the shortened duration of the warrant. If publication has been made in accordance with the above set forth in this subsection M, each holder – irrespective of what is set forth in section 4 above regarding the earliest time at which applications for subscription may be made – shall be entitled to such application to and including the expiration date. Not later than four weeks prior to the expiration date, the company shall notify the holders pursuant to section 10 below in respect of such right and that applications for subscription may not be made after the expiration date.

- N. Notwithstanding the provisions set forth in subsections K, L and M above that applications for subscription may not be made following the adoption of a resolution to place the company in liquidation, the approval of a merger plan, or the expiry of a new expiration date in conjunction with a merger, the right to make an application for subscription shall apply in circumstances where the liquidation is terminated or the merger is not carried out.
- O. In the event the company is placed in insolvent liquidation, applications for subscription may not thereafter be made. Where, however, the decision to place the company in insolvent liquidation is revoked by a court of higher instance, applications for subscription may be made.
- P. Where the general meeting adopts a resolution to approve a division plan pursuant to the Swedish Companies Act Chapter 24, section 17, pursuant to which a proportion of the assets and liabilities of the company are taken over by one or more other companies, adjustments of the subscription price and the number of shares that each warrant entitles the holder to subscribe for shall be made. The provisions of sub section G above shall then apply correspondingly as far as possible.

Where all assets and liabilities of the companies are taken over by two or more other companies, on paying consideration to the shareholders of the company, the provisions of sub section K below shall apply accordingly as far as possible. This means, *inter alia*, that the right to demand subscription shall terminate simultaneously with the registration in accordance with the Swedish Companies Act Chapter 24, section 27 and that notice shall be given to holders in accordance with section 10 below not later than two months prior to a determination by the general meeting of shareholders on the division plan.

### **Section 8. Special undertaking by the company**

The company undertakes not to take any measures set forth in section 7 above that would result in an adjustment of the subscription price to an amount less than the from time to time prevailing ratio value of the share.

### **Section 9. Custodian**

The person who has been approved, according to the Swedish Companies Act, Chapter 5, Section 14 second paragraph to be registered in the share register in the owner's place, shall be entitled to be registered on the account as holder. Such custodian shall be regarded as holder where these terms and conditions are applied.

### **Section 10. Notices**

Notices concerning warrants shall be given to each registered holder and other holders of rights that are registered on an account in the company's share register.

### **Section 11. Amendments of terms and conditions**

The company is entitled to change these terms and conditions for the purpose of clarifying, revising and amending provisions in these terms and conditions in a way that the company

finds necessary or desirable if it does not entail financial damages, for the holder, which is significant. The company may furthermore, disregarding potential financial damage for the holder, change these terms and conditions if such changes would be necessitated by legislation, court decision or decisions by the authorities. The bank is entitled to represent holders in relation to the company when making changes which do not entail financial damage, for the holders, which is significant and when making changes which are necessitated by legislation, court decisions or decisions by the authorities.

## **Section 12. Confidentiality**

Unless so authorized, the company, the bank or Euroclear may not provide information on holders to third parties. The company shall be entitled to the following information from Euroclear about the holder's account in the share register of the company:

1. the holder's name, personal identity number or other identity number and address,
2. the number of warrants.

## **Section 13. Taxes and fees**

The company is not responsible or otherwise obliged to pay taxes, fees or any other costs which can arise for a holder as a consequence of purchase, holding, selling or subscription for shares.

## **Section 14. Limitation of liability**

With respect to the actions incumbent on the company, bank and Euroclear respectively – regarding Euroclear observing the provisions in the Financial Instruments Act (*Sw. lag (1998:1479) om kontoföring av finansiella instrument*) – liability cannot be asserted regarding damage, which is due to Swedish or foreign legislative provision, action by a Swedish or foreign authority, acts of war, strike, blockade, boycott, lockout or other similar circumstance. The reservation regarding strike, blockade, boycott or lockout shall apply even if the company, the bank or Euroclear undertakes, or is the object, of such actions.

The company, bank or Euroclear shall not be obligated to provide compensation for loss arising in other situations if the company, bank or Euroclear has exercised normal prudence. The company and the bank shall not in any case be liable for indirect damages. In the event the company, bank or Euroclear shall be hindered from making payment or taking any other action by circumstances such as those described in the first paragraph, such action may be deferred until the hindrance has ceased to exist.

## **Section 15. Applicable law and jurisdiction**

These terms and conditions and any related legal matters shall be governed by Swedish law. Any legal proceedings relating to the terms and conditions shall be instituted in the District Court of Gothenburg (*Sw: Göteborgs tingsrätt*) or in such other forum whose competence the company has accepted in writing.