

## **Proposal by the Board of Directors of Nobia AB (publ), Reg. No. 556528-2752, regarding the performance share plan and transfer of own shares under the plan**

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The Board of Directors proposes that the Annual General Meeting resolves on the performance share plan ("Performance Share Plan 2013") for Nobia AB (publ) ("Nobia") and on the transfer of own shares as a part of Performance Share Plan 2013, according to item A) and B) below.

### **A) PERFORMANCE SHARE PLAN 2013**

#### **1.1 Background**

Based on resolutions of Annual General Meetings in Nobia during 2005-2011 approximately 100-200 senior managers have annually been offered the opportunity to participate in long term incentive plans based on employee share options. The Annual General Meeting 2012 resolved to introduce a new long term incentive plan based on shares instead of employee share options, including a requirement for the participant to acquire Nobia shares. The Board of Directors now proposes a new long term incentive plan based on the same principles as those governing the share based incentive plan that was adopted by the Annual General Meeting 2012.

#### **1.2 Performance Share Plan 2013 in brief**

The fundamental reasons for Performance Share Plan 2013 are the same as for the previous incentive plans of Nobia. By way of a share based incentive plan, the employees' reward can be linked to the company's future earnings and value growth. The long-term value growth is thereby rewarded and shareholders and the employees concerned will have the same objective. Share based incentive plans create a long term group-wide focus on value growth for the concerned employees. It is also considered that incentive plans facilitate the company's recruitment and retention of senior managers, particularly outside of Sweden, where approximately 90 percent of the Nobia Group's staff are employed.

The Performance Share Plan 2013 comprises of approximately 100 employees consisting of senior managers and employees with senior positions within the Nobia Group. To participate in the plan, a personal investment in Nobia shares is required. After the vesting period, the participants will be allocated shares in Nobia free of charge, provided that certain conditions are fulfilled. In order for so-called matching share rights to entitle the participant to receive shares in Nobia, continued employment in Nobia is required during the vesting period and the entire investment in Nobia shares must be retained in the same period. In addition, the allocation of shares under the so-called performance share rights requires that a financial performance target related to accumulated profits per share for Nobia in the financial years 2013-2014 has been achieved. The maximum number of shares in Nobia which may be granted under the plan shall be limited to 1,500,000<sup>1</sup>, representing approximately 0.9 per cent of the outstanding shares and votes.

#### **1.3 Participants in Performance Share Plan 2013**

Performance Share Plan 2013 comprises of approximately 100 employees consisting of senior managers and employees with senior positions within the Nobia Group, divided into four categories. The first category includes the CEO, the second category comprises of approximately ten members of the Group Management, the third category comprises of approximately five employees who report to the CEO but does not form part of the Group Management, and the fourth category comprises about 85 other employees in senior positions within the Nobia Group.

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<sup>1</sup> Subject to possible recalculation.

#### **1.4 Personal investment and allocation of share rights**

To participate in the plan, the participants must purchase Nobia shares at market price ("Saving Shares") at a value corresponding to 25, 50, 75 or 100 per cent of the participant's monthly salary for March 2013, before tax.

For category 1, i.e. the CEO of the company, each Saving Share gives entitlement to one matching share right ("Matching Share Right") and four performance share rights ("Performance Share Right") (together referred to as "Share Rights"). For category 2, i.e. the other approximately ten members of the Group Management, each Saving Share gives entitlement to one Matching Share Right and three Performance Share Rights. For category 3, i.e. the approximately five employees who report to the CEO but does not form part of the Group Management, each Saving Share gives entitlement to one Matching Share Right and two Performance Share Rights. For category 4, i.e. other employees in senior positions, each Saving Share gives entitlement to one Matching Share Right and one Performance Share Right. Allocation of Nobia shares shall normally take place within two weeks after announcement of Nobia's interim report for the first quarter during year 2016("Vesting Period").

#### **1.5 Terms for all Share Rights**

For all Share Rights the following conditions apply:

- The Share Rights are allocated free of charge.
- Each Matching Share Right entitles the participant to receive, free of charge, one Nobia share on condition that the participant remains employed within the Nobia Group and that all Saving Shares held are retained during the Vesting Period. Allocation of shares on the basis of Performance Share Rights requires, in addition, fulfilment of a financial performance target condition.
- The participants are not entitled to transfer, pledge or dispose of the Share Rights or perform any shareholders' rights regarding the Share Rights during the Vesting Period.
- Nobia will not compensate the participants in the plan for dividends made in respect of the shares that the respective Share Right qualifies for.

#### **1.6 Performance Share Rights**

The number of Nobia shares that will be awarded on the basis of the Performance Share Rights depends on the degree of fulfilment of a range established by the Board of Directors in relation to Nobia's cumulative earnings per share in the fiscal years 2013 and 2014.<sup>2</sup> The level of fulfilment will be measured linearly, whereby if the minimum required level has been reached, 25 per cent of the Performance Share Rights will give entitlement to shares. If the minimum level in the range is not achieved the Performance Share Rights will not give entitlement to any shares and if the maximum level in the range is achieved, each Performance Share Right gives entitlement to one share.

#### **1.7 Formulation and administration**

The Board of Directors, or a specific committee appointed by the Board of Directors, shall be responsible for the formulation and administration of Performance Share Plan 2013, and the terms that will apply between Nobia and the participants in the plan, within the scope of the terms and directions set out herein. In connection therewith, the Board of Directors shall be authorised to establish divergent terms for the plan regarding inter alia the Vesting Period and allocation of Nobia shares in

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<sup>2</sup> The range has been adjusted to exclude structural non-recurring costs and structural non-recurring revenues during the same period. The established range will be adjusted for any share splits, reverse share splits, bonus issues or other measures affecting the number of shares in Nobia AB. Furthermore, adjustments will be made for any changes in accounting principles.

the event of termination of employment during the Vesting Period as a result of e.g. early retirement. The Board of Directors shall be authorised to make adjustments to fulfil specific rules or market prerequisites in other jurisdictions. In the event that the delivery of shares to persons outside of Sweden cannot be achieved at reasonable cost and with reasonable administrative efforts, the Board of Directors may decide that the participating person may instead be offered cash based settlement. The Board of Directors shall, in certain circumstances, be entitled to reduce the final allocation of Nobia shares or, in whole or in part, terminate the plan prematurely without compensation to the participants if significant changes occur in the company or on the market.

## **1.8 Scope**

The number of Saving Shares depends on the amount the participant invests and the price of the Nobia share at the time of acquisition. The maximum number of shares in Nobia that can be allocated under Performance Share Plan 2013 shall be limited to 1,500,000, which represents approximately 0.9 per cent of the outstanding shares and votes. The number of shares included in Performance Share Plan 2013 shall, under conditions that the Board of Directors stipulates, be subject to recalculation where Nobia implements a bonus issue, a share split or a reverse share split, a rights issue or similar measures, with regard to customary practice for similar incentive plans.

## **1.9 Hedging**

In order to secure the delivery of Nobia shares under Performance Share Plan 2013, the Board of Directors proposes that the Board of Directors shall have the right to decide on alternative methods for transfer of Nobia shares under the plan. The Board of Directors therefore proposes that it will have the right to transfer own Nobia shares to the participants or to enter into so-called equity swap agreements with third parties in order to fulfil its obligations under the plan (under item B) below). In the event that delivery of Nobia shares is secured by an equity swap agreement, the Board of Directors proposes that it shall be entitled to transfer own Nobia shares on NASDAQ OMX Stockholm to fund potential costs related to the agreement and the plan. The Board of Directors regards the first alternative, i.e. the transfer of own Nobia shares to the participants, to be the most cost efficient and flexible arrangement for the delivery of Nobia shares and for covering certain cost, mainly social security cost.

## **1.10 Estimated costs and values of Performance Share Plan 2013**

The Share Rights cannot be pledged or transferred to others, but an estimated value for each right can be calculated. The Board of Directors has estimated that the average value of each Share Right is SEK 33.60. This estimate is based on generally accepted valuation models using the closing price for the Nobia share on 1 March 2013, with a deduction for the present value of the estimated dividend for the financial years 2013-2015. Based on the assumption that all persons who have been offered participation in the plan participate, that they make the maximum investment and that there is a 100 per cent fulfilment of the financial performance target condition as well as estimates regarding employee turnover, the aggregate estimated value of the Share Rights is approximately MSEK 20.7. This value is equivalent to approximately 0.3 per cent of the market capitalisation for Nobia as of 1 March 2013.

The costs are treated as staff costs in the profit and loss accounts during the Vesting Period, in accordance with IFRS 2 on share-based payments. In the profit and loss accounts, social security costs will accrue in accordance with UFR 7 over the Vesting Period. The size of these costs will be calculated on the Nobia share price development during the Vesting Period and allocation of the Share Rights. Based on a constant share price during the plan, and a Vesting Period of approximately three (3) years, the cost of Performance Share Plan 2013 including social security costs amounts to approximately MSEK 26.4, which on an annual basis is approximately 0.3 per cent of Nobia's total staff costs during the financial year 2012. The plan has no limitation on maximum profits per Share Right for the participants and therefore no maximum social security costs can be calculated.

### **1.11 Effects on key ratios**

In the event of full participation in Performance Share Plan 2013, Nobia's staff costs are expected to increase with approximately MSEK 9.1 annually. On a pro-forma basis for 2012, these costs are equal to a negative effect on Nobia's operating margin of approximately 0.06 percentage units and a decrease of earnings per share of approximately SEK 0.03.

Nevertheless, the Board of Directors considers that the positive effects on results which are expected to arise from an increased shareholding by senior managers and persons in senior positions and which may, in addition, further be increased as a result of Performance Share Plan 2013, outweigh the costs related to Performance Share Plan 2013.

### **1.12 The preparation of the proposal**

Performance Share Plan 2013 has been initiated by the Board of Directors and prepared together with external advisors based on an evaluation of previous incentive plans. The plan has been prepared by the Remuneration Committee and dealt with at Board meetings during the first months of 2013.

### **1.13 Other incentive plans in Nobia**

Please refer to Nobia's annual report for 2012 for a description of all Nobia's other share based incentive plans. Nobia has no share based incentive plans other than those described therein.

### **1.14 The proposal by the Board of Directors**

Referring to the description above, the Board of Directors proposes that the Annual General Meeting resolves to introduce Performance Share Plan 2013.

### **1.15 Majority requirement**

A resolution to introduce Performance Share Plan 2013, in accordance with the Board of Directors' proposal, is valid where supported by shareholders holding more than half of the votes cast at the Annual General Meeting.

## **B) TRANSFER OF SHARES WITH REFERENCE TO PERFORMANCE SHARE PLAN 2013**

### **1.1 Background**

In order to implement Performance Share Plan 2013 in a cost efficient and flexible manner, the Board of Directors has considered different methods for the transfer of shares under the plan. Based on these considerations, the Board of Directors intends to secure delivery of Nobia shares under Performance Share Plan 2013 by transferring shares held by Nobia to the participants. A transfer of Nobia's own shares in this way requires a particularly high majority requirement to be met. In the event that the Board of Directors' proposal regarding the transfer of its own shares to the participants does not receive the required majority decision, the Board of Directors intends to enter into an equity swap agreement with a third party to secure that delivery of Nobia shares can be made to the participants.

To the extent that delivery of Nobia shares is secured by an equity swap agreement, it is proposed that the Board of Directors shall be entitled to transfer own Nobia shares on NASDAQ OMX Stockholm to finance potential costs related to the agreement and the plan. A transfer of Nobia's own shares in this way requires a qualified majority decision. If no such majority decision is reached, the Board of Directors intends to enter into an equity swap agreement and to finance the agreement in other ways than by way of transfer of own shares.

### **1.2 The Board of Directors proposal of transfer of own shares to participants**

The Board of Directors therefore proposes, as the main alternative, that the Annual General Meeting resolves on the transfer of shares in accordance with the terms set out below:

- (i) A transfer of a maximum of 1,500,000 Nobia shares to be transferred to participants in Performance Share Plan 2013 may be made (or a higher number of shares that may result from a recalculation due to changes resulting from a bonus issue, a share split or a reverse share split, a new issue of shares or similar actions carried out by Nobia, according to customary practice for corresponding incentive plans).
- (ii) The transfer of shares shall be made free of charge at the relevant time and in accordance with the conditions under which the participants in Performance Share Plan 2013 are entitled to receive allocation of shares.

The reason for the deviation from shareholders' preferential rights is that the transfer of the shares is part of executing Performance Share Plan 2013. Therefore, and in light of the above, the Board of Directors considers it to be to the benefit of Nobia to transfer shares in accordance with the proposal.

The Board of Directors intends to propose to the Annual General Meeting 2016 that the Annual General Meeting resolves that a maximum of 300,000 shares of Nobia's total equity holding in the company may be transferred on NASDAQ OMX Stockholm, to the extent that the shares in question will not be required for the completion of Nobia's obligation to deliver shares to the participants in accordance with the terms of Performance Share Plan 2013. Such a transfer will be made to cover costs such as social security costs for Performance Share Plan 2013.

### **1.3 The Board of Directors' proposal for a resolution on the transfer of own shares on NASDAQ OMX Stockholm**

To the extent that the main alternative in item 1.2 does not receive the required majority decision, the Board of Directors proposes that the Annual General Meeting resolves on the transfer of own shares as follows. Until the next Annual General Meeting, a transfer may be made on one or more occasions, of maximum 1,500,000 Nobia shares on NASDAQ OMX Stockholm to cover potential costs related to the equity swap agreement or to Performance Share Plan 2013 (or a higher number of Nobia shares that may result from a recalculation due to Nobia implementing a bonus issue, a share split or a reverse share split, a rights issue or similar measures, in accordance with what is customary practice for corresponding incentive plans). The transfer shall take place at the registered spread at the given time.

The reason for the deviation from shareholders' preferential rights is that the transfer of the shares is a step in executing Performance Share Plan 2013. Therefore, and in light of the above, the Board of Directors considers it to be to the benefit of Nobia to transfer the shares in accordance with the proposal.

### **1.4 Majority Requirement**

A resolution to approve the Board of Directors' proposal under item 1.2 above is valid where supported by shareholders holding no less than nine tenths of both the votes cast and the shares represented at the Annual General Meeting. A resolution to approve the Board of Directors' proposal pursuant to item 1.3 above, which will apply only to the extent that the proposal in item 1.2 has not received the required majority, is valid where supported by shareholders holding no less than two third of both the votes cast and the shares represented at the Annual General Meeting. The Board of Directors' proposal pursuant to this item B is conditional on the Board of Directors' proposal regarding the introduction of Performance Share Plan 2013 being approved by the Annual General Meeting (see item A above).

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*The Board of Directors in March 2013*