

## **15 Decision on the Board of Directors' proposal on a long-term share saving program**

### **Long-term share saving program**

#### *Background*

The Board of Directors proposes that the 2012 Annual General Meeting resolves on the implementation of a long-term share saving program for no more than 25 employees of the Industrivärden Group (the "Share Saving Program" or the "Program").

The Share Saving Program shall be an annual event and is intended to form a new type of long-term variable salary, and thereby replace previous cash-based incentive programs. The intention is that the Program will be part of a competitive total compensation, where the employee receives so called matching shares after three years, subject to an investment of part of the employee's fixed salary in Industrivärden shares and subject to the employee remaining employed when matching occurs. The purpose of the Program is to encourage the employees of Industrivärden to an increased shareholding and thereby further emphasize long-term shareholder value. The Share Saving Program is deemed to increase Industrivärden's prospects for retaining and recruiting employees with key competencies to Industrivärden as well as the employees' interest and involvement in Industrivärden's business and development. In light of the above, the Program is deemed to have a positive effect on Industrivärden's future development and therefore be advantageous both to the shareholders and to the employees of Industrivärden.

#### *The Board of Directors' proposal for resolution*

The Board of Directors proposes that the Annual General Meeting resolves to implement the Program based on the terms and conditions set out below.

- a. The Program is open to no more than 6 members of Industrivärden's management ("Management"), to no more than 7 key persons employed within the Industrivärden Group ("Key Persons"), and to no more than 12 other permanent employees within the Industrivärden Group ("Employees").
- b. The Program means that Management, Key Persons and Employees are offered the possibility to, provided an investment of their own in Series C shares in Industrivärden ("Saving Shares") during the period 15 May – 15 October 2012 ("Acquirement Period"), from a designated third party be allotted Series C shares in Industrivärden free of charge ("Matching Shares"). For each Saving Share, Management may be allotted three (3) Matching Shares, Key Persons two (2) Matching Shares and Employees one (1) Matching Share. Due to that allotment of Matching Shares will be pensionable for some program participants in the Key Persons and Employees categories, such program participants may be allotted less than two (2) Matching Shares and one (1) Matching Share, respectively, for each Saving Share.
- c. Matching Shares may normally be allotted to program participants only after the expiration of a three year period, such period commencing on the last day of the Acquirement Period ("the Lock-up Period"). Accordingly, allotment of Matching Shares is estimated to occur shortly after the publication of Industrivärden's interim report of the third quarter 2015.
- d. The maximum number of Saving Shares that each program participant may acquire is limited such that Saving Shares may be acquired for an amount corresponding to no more than ten (10) per cent of the participant's annual base gross salary for 2012.
- e. In order for a program participant to be allotted Matching Shares it is required that, with certain specific exemptions, he or she is permanently employed within Industrivärden Group for the duration of the whole Lock-up Period and that the participant, throughout this Lock-up Period, has retained the Saving Shares. Saving Shares disposed of prior to the expiration of the Lock-up Period will therefore not entitle to any allotment of Matching Shares. Should a program participant retire during the Lock-up Period, the entitlement to receive allotment of Matching Shares shall be reduced in proportion to the time remaining of the Lock-up Period.
- f. The Program shall comprise no more than 125,000 Series C shares in Industrivärden (Matching Shares). Should Saving Shares be acquired at a share price such that the total number of Matching Shares exceeds 125,000 Matching Shares, the number of Matching Shares that may be transferred to the program participants will be proportionally reduced.
- g. The Board of Directors shall be authorised to establish the detailed terms and conditions for the Program.
- h. If significant changes in Industrivärden or in the market would occur, or if the costs for the Program significantly would exceed the estimated costs, and this, in the opinion of the Board of Directors, would result in a situation where the conditions for allotment of Matching Shares under the Program become unreasonable, the Board of Directors shall be entitled to make adjustments to the Program, including, among other things, resolve on a reduced allotment of Matching Shares, or that no Matching Shares shall be allotted at all. For the Management and for Key Persons, who may be allotted three (3) and two (2) Matching Shares, respectively, the following shall apply for allotment in excess of one (1) Matching Share. If Industrivärden's development during the Lock-up Period is not line with Industrivärden's long-term financial objectives, the Board of Directors shall be entitled to resolve on a reduced allotment or that no allotment at all shall take place of the said Matching Shares.

- i. The number of Matching Shares shall be subject to recalculation as a result of intervening bonus issues, splits, rights issues and/or other similar corporate events.

*Preparation of the proposal*

The proposal regarding the Program to the 2012 Annual General Meeting has been prepared by the Compensation Committee and resolved by the Board of Directors after consultation with major shareholders.

*Hedging, etc.*

The Board of Directors intends to hedge the expected financial exposure of the Program by, on behalf of Industrivärden, entering into an equity swap agreement with a third party on terms in accordance with market practice, whereby the third party in its own name shall be entitled to acquire and transfer Series C shares in Industrivärden to the program participants.

The Program may in total comprise no more than 125,000 Series C shares in Industrivärden, representing approximately 0.03 per cent of all outstanding shares in Industrivärden and approximately 0.11 per cent of all outstanding Series C shares in Industrivärden.

In accordance with the scope of the Program as described above, the costs are estimated to total approximately SEK 13 million, under the assumption that 25 employees participate in the Program and that all program participants acquire the maximum number of Saving Shares.

The Program is expected to have only marginal effects on Industrivärden's and the Industrivärden Group's key figures.

*Majority requirements*

The shareholders' meeting's resolution in accordance with the above requires a majority of more than half of the votes cast.

*Miscellaneous*

For a description of the outstanding share-related incentive program in Industrivärden, reference is made to note 8 in the 2011 annual report and to Industrivärden's website [www.industrivarden.net](http://www.industrivarden.net).