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## PROPOSAL FOR RESOLUTION ON CONVERTIBLE BASED INCENTIVE PROGRAM

The board of directors of Semcon AB (publ), reg. no. 556539-9549, proposes that the extraordinary shareholders' meeting on 7 February 2007 resolves (i) to approve the implementation of a convertible based incentive program for key employees within the Semcon group (the "Convertible program") and (ii) to raise a convertible subordinated loan on the following terms and conditions.

### General description of the program, reasons for the proposal, etc.

At present there are no outstanding share related incentive programs within the Semcon group. Simultaneously with this proposal, the board of directors proposes that the shareholders' meeting shall resolve on a long term share matching program for all employees within the Semcon group.

In short, the Convertible program entails that not more than 165 key employees and Semcon Förvaltnings AB are offered to extend a subordinated convertible loan to the company. The convertibles may during the period 28 February 2010 – 28 February 2011 be converted to new shares in the company at a conversion rate equal to 125 percent of the average mean of the highest and the lowest prices paid for the company's share each trading day during the period 31 January 2008 – 14 February 2008. However, the conversion rate shall not fall below SEK 75.

The key employees embraced by the program are divided into three groups subject to position and title. How many convertibles a person is assured to be allotted and the number of convertibles he or she at the highest may be allotted depends on the group he or she belongs to.

The convertibles allotted to Semcon Förvaltnings AB may, on corresponding terms and conditions, be offered and transferred to certain key employees that have been employed after the day the above-mentioned key employees were offered to subscribe for convertibles.

If the lowest possible conversion rate is applied, the program will comprise not more than 666,666 shares, corresponding to approx. 3.7 percent of the total number of outstanding shares.

At present, the board of directors does not intend the convertible program to be repeated annually. First when the board of directors has been able to evaluate the accession to and initial effects of the program, the board of directors may decide whether or not new convertible incentive programs shall be proposed.

The reasons for the proposal, and the reasons for the deviation from the shareholders' preferential rights, are that the board of directors want to create conditions facilitating the keeping and recruitment of key employees within the Semcon group and also to spread and increase the shareholding among such employees, which can be expected to stimulate an increased interest for the business and the earnings trend, increase the motivation, increase the affinity with the company (with subsidiaries) and to create a overall intra-group focus. In the light of

the aforementioned, a resolution according to the proposal is deemed to have a positive impact on the future development of the Semcon group and thereby benefit both shareholders and the employees of the Semcon group.

### Costs and hedge

Since the subscription price for the convertibles has been determined so that it at least equal the estimated fair market value of each convertible, the company is not expected to become liable to any social security costs due to any benefit arising in connection with the offer to participate in the issue/the Convertible program and/or upon conversion. The company is neither expected to become liable for other costs in connection with the issue/the Convertible program due to the future trend in the share price, besides the cost of repaying the loan if it, due to the trend in the share price, becomes unfavourable to exercise the conversion rights. In view of the aforementioned, the company will not take any special measures to hedge the program.

### Dilution and effect on key figures

There are 17,782,534 outstanding shares in the company and the company does not hold any own shares. If all convertibles are converted at the lowest possible conversion rate, SEK 75, the number of shares and votes in the company will increase by 666,666, corresponding to a dilution of approx. 3.7 percent of the current number of shares and votes, and the same dilutive effect on the key figures for the share that the company reports. The dilution has been calculated through dividing 666,666 new shares by the current 17,782,534 shares. The above-mentioned long term share matching program comprises 330,000 shares, corresponding to approx. 1.9 percent of the total number of outstanding shares.

### Preparation of the proposal

This proposal has been prepared, on behalf of the board of directors, by the corporate legal counsel of the company Pierre Dicksson in consultation with external advisers, and by the board of directors, provided that the chairman of the board Kjell Nilsson has not participated in the preparation of or the resolution on this proposal due to conflict of interests.

### Resolution

In view of the above, the board of directors proposes that the shareholders' meeting resolves to approve the implementation of the Convertible program and at the same time resolves to raise a convertible subordinated loan of not more than SEK 50 million through an issue of not more than 50,000 convertibles, each of a nominal value of SEK 1,000, and on the following terms and conditions:

1. As per 19 February 2008, Magnus Norin, Ernst & Young AB, shall, by applying the Black & Scholes model, calculate each convertible's estimated fair market value. Such fair market value, however not less than SEK 1,000 (equal to the nominal value of the convertible), shall be paid for each convertible. The subscription price has therewith been determined so that it is as low as reasonably may be required for

a broad participation in the program and at the same time at least equals the estimated fair market value. Notwithstanding the aforementioned, only SEK 1,000, equal to the nominal value of each convertible, shall be paid for each convertible that is allotted Semcon Förvaltnings AB.

2. During the period 28 February 2010 – 28 February 2011, the convertibles may be converted to new shares in the company at a conversion rate equal to 125 percent of the average of the mean of the highest and the lowest price paid for the company's share each trading day during the period 31 January 2008 – 14 February 2008 according to the exchange list of the OMX Nordic Exchange Stockholm. In the absence of quoted price paid, the latest quoted bid price shall be included in the calculation instead. If neither paid price nor bid price is quoted on a given day, that day shall be excluded from the calculation. The conversion rate shall be rounded off to the nearest whole multiple of SEK 0.10, where any SEK 0.05 shall be rounded upwards. However, the conversion rate shall not fall below SEK 75.
3. The convertibles shall carry three percent annual interest from and including 20 March 2008.
4. The convertibles shall fall due on 31 March 2011, insofar as conversion has not been made prior thereto.
5. With deviation from the shareholders' preferential rights, the convertibles shall at one and the same occasion be offered to and may only be subscribed for (i) by the new group CEO and managing director of the company Kjell Nilsson, the CFO of the company Björn Strömberg, and those not more than 163 other key employees within the Swedish and German companies within the Semcon group, Zipper AB, Systems Solutions by Semcon AB, Zuite AB, Zingle by Semcon AB and Semcon Innovation AB excluded (which companies are in the course of being disposed of), who the board of directors designates by taking performance, position and importance for the Semcon group into account, provided that no other board member or deputy board member of the company than Kjell Nilsson may be offered or subscribe for convertibles and that those who are offered to subscribe for convertibles must be indefinite term employees with the company or any of the above-mentioned Swedish or German subsidiaries on the day of subscription or at that day have contracted to become such an employment, provided however that he or she has then not terminated his or her employment nor been terminated or dismissed, and (ii) Semcon Förvaltnings AB. The key employees according to (i) are divided into three groups. The group a person belongs to determines how many convertibles he or she is assured to be allotted and how many convertibles he or she at the highest may be allotted. Each person in group A, which group consists of the new group CEO and managing director of the company Kjell Nilsson, the CFO of the company Björn Strömberg, and three business area managers (five persons in total), shall be assured to be allotted 1,000 convertibles and may not be allotted more than 3,000 convertibles. Each person in group B, which group consists of region managers, employees in charge of group functions, and similar (not more than 20 persons in total), shall be assured to be allotted 500 convertibles and may not be

allotted more than 1,500 convertibles. Each person in group C, which group consists of department managers and other key employees (not more than 140 persons in total), shall be assured to be allotted 250 convertibles and may not be allotted more than 750 convertibles. Semcon Förvaltnings AB shall not be assured to be allotted any convertibles and may be allotted all convertibles. A person who is entitled to subscribe for convertibles may subscribe for the convertibles in person or through a company which he or she controls on his or her own or together with another such person.

6. Subscription shall be made on 6 March 2008 at the latest. Semcon Förvaltnings AB may however subscribe for convertibles until the 7 March 2008. The board of directors shall have the right to prolong the subscription period.
7. In case of over-subscription, first, the persons who are entitled to subscribe for convertibles shall receive their respective assured allotment, secondly, Semcon Förvaltnings AB shall be allotted 3 000 convertibles, thirdly, the persons who are entitled to subscribe for convertibles according to (i) under Clause 5 above shall be allotted convertibles *pro rata* to the number of convertibles that the respective subscription concerns and, fourthly, Semcon Förvaltnings AB shall be allotted any remaining convertibles (provided, however, that no one may be allotted more convertibles than he or she may be allotted according to Clause 5 above nor no more convertibles than his or her subscription concerns). To the extent the convertibles can not be distributed as aforementioned, they shall be distributed by drawing of lots carried out by the board of directors.
8. In case of under-subscription, convertibles not subscribed for may not be offered to or subscribed for by anyone.
9. Payment for convertibles subscribed for shall be made in cash upon notice of allotment – which notices are expected to given on or about 12 March 2008 – however not later than 20 March 2008, through transfer to the bank account designated by the company. The board of directors may not accept payment through set-off.
10. Semcon Förvaltnings AB shall have the right and be obliged, in accordance with the instructions issued by the board of directors of the company from time to time, to offer and transfer the convertibles allotted to Semcon Förvaltnings AB to such key employees within the Semcon group's companies mentioned in Clause 5 above who have been employed after 6 March 2008 (and therefore are not entitled to subscribe for convertibles pursuant to Clause 5), however not later than on the day before the annual shareholders' meeting in the company 2009. For such offer/transfer, the provisions in Clauses 5 and 7 above shall apply analogous (and the key employees in question shall, *inter alia*, depending on position be considered to belong to one of the three groups that determine assured allotment and maximum allotment of convertibles). As consideration for each such convertible, the acquirer shall pay an amount equal to the convertible's estimated fair market value at that time, calculated by applying the Black & Scholes model. No offer/transfer may be made under this Clause 10 if the costs or administrative efforts for such offer/transfer substantially exceed the costs and administrative efforts for the offer pursuant to Clause 5

above. Semcon Förvaltnings AB is not allowed to offer or transfer allotted convertibles in any other way than as set forth in this Clause 10.

11. The terms and conditions set out in *Semcon AB (publ) – Terms and conditions for convertible subordinated loan 2008/2011, Schedule A*, (“the convertible terms and conditions”) shall apply to the convertibles and the right to conversion. The convertible terms and conditions, *inter alia*, provides for:
  - (a) that the conversion rate may be subject to recalculations pursuant to Clause 9 of the convertible terms and conditions;
  - (b) that the period for giving notice of conversion can be brought forward or be prolonged in accordance with the provisions in Clause 9 of the convertible terms and conditions;
  - (c) that some persons, according to the provisions in Clause 6 of the convertible terms and conditions, are not allowed to give notice of conversion during the entire period mentioned in 2 above; and
  - (d) that the shares issued upon conversion convey right to dividends as provided for in Clause 8 of the convertible terms and conditions.
12. The company shall not see to any listing or organised trading with the convertibles.
13. Each one of the CFO of the company Björn Strömberg and the corporate legal counsel of the company Pierre Dicksson shall be authorised to make such minor formal adjustments to the issue resolution, which may be required for registration with the Swedish Companies Registration Office or VPC AB.

## Majority requirements

For a valid resolution, this proposal, which is subject to the provisions of Chap. 16 of the Swedish Companies Act, must be supported by shareholders holding at least nine-tenth of both the votes cast and the shares represented at the meeting.

## Miscellaneous

A copy of the annual report for the financial year 2006 with the auditor’s report and a note of the resolution of the shareholders’ meeting regarding the company’s profit, the report of the board of directors on events of material significance and the auditor’s statement in relation to the board’s report are set out in Schedule B-D.

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