

25 March 2013

## **ANNUAL GENERAL MEETING IN CONCENTRIC**

The Concentric AB board of directors has resolved to convene an annual general meeting of shareholders to be held 24 April 2013 with, among other things, a proposal on a performance based incentive program. Further details on this and other proposals are found in the notice convening the meeting which is found below.

The notice is expected to be published in the Swedish Official Gazette (*Post- och Inrikes Tidningar*) and on the company's website within the next few days.

For further information, please contact:

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*Unofficial English translation for information purposes only. In case of differences between the Swedish and the English versions, the Swedish version shall prevail.*

## **Annual general meeting in Concentric AB**

The shareholders of Concentric AB are hereby invited to attend the annual general meeting to be held at 3 p.m. CET on Wednesday 24 April 2013 at Grand Hotel, Södra Blasieholmshamnen 8, Stockholm.

### **NOTICE OF ATTENDANCE**

Shareholders who wish to attend the general meeting must

- i. be recorded in the share register maintained by Euroclear Sweden AB, as of Thursday 18 April 2013; and
- ii. notify Concentric of their intention to participate in the general meeting at the address Concentric AB, P.O. Box 95, SE-280 40 Skånes Fagerhult, Sweden, by telephone +46 (0)708 326 854 or by e-mail to [info@concentricab.com](mailto:info@concentricab.com), by Thursday 18 April 2013 at the latest. On giving notice of attendance, the shareholder should state the shareholder's name, address, telephone number, personal identity number or equivalent (corporate identity number) and shareholdings. Proxies and representatives of a legal person shall submit documents of authorisation prior to the general meeting. A proxy form will be available on the company's website, [www.concentricab.com](http://www.concentricab.com), and will be sent, immediately and free of charge to the recipient, to those shareholders who so request and state their postal address.

In order to participate in the annual general meeting, shareholders with nominee registered shares must request their bank or broker to have their shares temporarily owner-registered with Euroclear Sweden AB as of Thursday 18 April 2013 and the bank or broker should therefore be notified in due time before said date.

### **AGENDA**

#### **Proposal for agenda**

1. Opening of the meeting and election of chairman of the meeting
2. Drawing up and approval of the voting list
3. Approval of the agenda
4. Election of one or two persons to approve the minutes
5. Determination of whether the meeting was duly convened
6. The CEO's report
7. Presentation of the annual report and the auditor's report and the consolidated financial statements and the consolidated auditor's report
8. Resolutions on:
  - (a) adoption of the income statement and the balance sheet and the consolidated income statement and the consolidated balance sheet;
  - (b) appropriation of the company's profit according to the adopted balance sheet and on record date for dividend; and
  - (c) discharge of personal liability for the board of directors and the CEO for the financial year 2012
9. Resolution on the number of board members



10. Resolution on fees and other compensation to the board members and the auditor
11. Election of board members and auditor
12. Resolution on approval of guidelines for remuneration to senior executives
13. Resolution on a performance based incentive programme (LTI 2013)
14. Resolution on a directed issue of warrants and approval of transfer of warrants
15. Resolution on:
  - (a) authorisation for the board of directors to resolve on acquisitions of own shares;
  - (b) authorisation for the board of directors to resolve on transfers of own shares; and
  - (c) transfers of own shares to participants in LTI 2013
16. Closing of the meeting

**Proposal for election of chairman of the meeting (item 1 on the agenda)**

The nomination committee, which was appointed in accordance with what is set out below, proposes that Stefan Charette shall be elected chairman of the annual general meeting.

**Proposal for appropriation of the company's profit according to the adopted balance sheet and for record date for dividend (item 8 (b) on the agenda)**

The annual general meeting has at its disposal profits carried forward of SEK 476,637,499 plus a net profit for the year of SEK 18,248,689, less own shares repurchased in the amount of SEK 15,727,840. Thus, the annual general meeting has in total a non-restricted equity of SEK 479,158,348 at its disposal.

The board of directors proposes a dividend for the financial year 2012 of SEK 2.50 per share, totalling SEK 109,730,917.50, and that the balance SEK 369,427,430.50, is carried forward.

As record date for the dividend the board of directors proposes Monday 29 April 2013. Subject to the resolution by the general meeting in accordance with this proposal, the cash dividend is expected to be distributed by Euroclear Sweden AB on Friday 3 May 2013.

**Proposal for resolution on the number of board members, election of the board members and auditor and resolution on fees and other compensation for the board members and the auditor (items 9 - 11 on the agenda)**

In accordance with the resolution of the annual general meeting 2012, Göran Espelund, chairman (Lannebo Fonder), Stefan Charette, (Creades AB) Frank Larsson, (Svenska Handelsbanken) and Birger Gezelius (Swedbank Robur Fonder) were in October 2012 appointed members of the nomination committee before the annual general meeting 2013. The nomination committee, which represents approximately 36 per cent of the shares and votes in the company, proposes that the general meeting resolves in accordance with the following.

The number of directors is proposed to be six, with no deputy directors. The nomination committee proposes re-election of Stefan Charette, Marianne Brismar, Kenth Eriksson, Martin Lundstedt, Martin Sköld and Claes Magnus Åkesson. Stefan Charette is proposed to be re-elected chairman of the board.

The nomination committee proposes re-election of the registered accounting firm KPMG as the company's auditor until the end of the annual general meeting 2014.

Fees to the board members for the period up to and including the annual general meeting 2014 is proposed to be paid as follows: The chairman of the board of directors shall receive SEK 400,000 and each of the other directors shall receive SEK 200,000. Additional consideration shall be paid with SEK 25,000 to the chairman of the compensation committee and the chairman of the audit committee shall receive SEK 50,000. Fees to the auditor in respect of services performed are proposed to be paid against approved account.



**Proposal for resolution on approval of guidelines for remuneration to senior executives (item 12 on the agenda)**

The board of directors proposes that the annual general meeting resolves on guidelines for remuneration to senior executives mainly in accordance with the following.

The remuneration to the managing director and other senior executives shall consist of a balanced combination of fixed remuneration, annual bonus, long-term incentive program, pension and other benefits and conditions of termination of employment/severance payment. The total remuneration shall be in accordance with market practice and shall be based on performance. The fixed remuneration shall be individually determined and be based on each individual's responsibility, role, competence and position. The annual bonus shall be based on outcomes of predetermined financial and individual objectives and amount to a maximum of 50 per cent of the fixed annual salary. No bonus will be paid if a certain minimum performance level is not achieved. The board of directors may propose the general meeting to resolve on long-term incentive programs. In extraordinary situations a special compensation may be paid out to attract and retain key competence or to induce individuals to move to new locations of service or accept new positions. Such compensation may not be paid out for a period longer than 36 months and may not exceed a total maximum of two times the compensation the executive would otherwise have received. Pension benefits shall be based on defined contribution plans and shall (for Swedish employees) entitle to pension by the age of 65. Upon termination by the company, the notice period for the managing director is 12 months and for other senior executives up to 6 months. In addition hereto, when entering into new employment contracts, agreement may be made on severance pay up to a maximum amount corresponding to 12 months' fixed salary. The board of directors shall be entitled to deviate from the guidelines if there are specific reasons or needs in an individual case.

Under pre-existing employment contracts, there are on-going deviations from the variable pay guidelines outlined above in respect of the CEO and one other senior executive, whereby they continue to be entitled to an annual bonus of up to 80 per cent of their fixed salary at full goal achievement.

**Proposal for resolution on a performance based incentive programme (LTI 2013) (item 13 on the agenda)**

The board of directors believes that an incentive programme that is connected to the company's profits and at the same time its increase in value will award and foster the long-term growth of the company. Further, an incentive programme will contribute to the ability of Concentric to retain and recruit key employees within the group.

Considering the above, the board proposes a long-term performance based incentive programme ("LTI 2013") under which senior executives and key employees will be entitled to receive employee stock options that entitles the participants to acquire Concentric shares under the terms and conditions set out below. In order to ensure and maximize the management's engagement in Concentric, allocation of employee stock options under LTI 2013 will be conditional upon the participants becoming shareholders in Concentric by own investments in the Concentric share in the stock market. The board's intention is that the incentive programme will run over a long-term period, thus the board intends to propose the general meeting in the coming years to resolve upon similar incentive programmes.

To be able to implement LTI 2013 in a cost-efficient and flexible manner, the board of directors has considered various methods for transferring Concentric shares under LTI 2013, such as a share swap agreement with a third party, repurchase and transfer of own shares and transfer of warrants entitling to subscription of new shares. The board of directors has also considered that delivery of shares under LTI 2013 will be made no earlier than 2016. In order to retain full flexibility, the board proposes that shares can be delivered with any of the above three alternate methods (in accordance with the proposals below and the board's proposal on directed issue and transfer of warrants and the board's proposal on acquisition and transfer of own shares to participants in LTI 2013), with the right for the board to combine or chose any of the methods.



The board proposes that the annual general meeting resolves on the implementation of a long-term incentive programme, LTI 2013, principally based on the following conditions and principles.

1. LTI 2013 shall comprise up to 8 senior executives, including the CEO, and other key employees within the Concentric group.
2. In order to participate in LTI 2013, the participants must make own investments in Concentric shares in the stock market no later than 24 May 2013, with right for the board to, in respect of participants joining LTI 2013 thereafter, postpone the last day of acquisition to no later than 15 November 2013.
3. Within LTI 2013, investments in Concentric shares may be made by the CEO up to a value of 50 per cent of his annual base salary effective from 1 January 2013, and by other participants up to a value of 20 per cent of their respective annual base salary effective from 1 January 2013. The maximum number of shares that each participant is entitled to acquire under the LTI 2013 shall be calculated using a share price of SEK 70.10, equal to the average of each trading day's volume weighted average share price on NASDAQ OMX Stockholm during the period 8 March 2013 to 21 March 2013 (inclusive), rounded to the nearest ten öre.
4. Each Concentric share acquired under LTI 2013 will entitle the participants to two free employee stock options, where each, after a three year lock-up period, will entitle the participant to acquire one (1) Concentric share at a price of SEK 56.10 and SEK 84.20 respectively. This exercise price equals 80 and 120 per cent respectively of the average of each trading day's volume weighted average share price on NASDAQ OMX Stockholm during the period 8 March 2013 to 21 March 2013 (inclusive), rounded to the nearest ten öre.
5. Each Concentric share acquired under LTI 2013 will also entitle the participants to two free performance employee stock options, where each, if certain performance criteria specified below are met, will entitle the participant to acquire one (1) Concentric share at a price of SEK 56.10. This exercise price equals 80 per cent of the average of each trading day's volume weighted average share price on NASDAQ OMX Stockholm during the period 8 March 2013 to 21 March 2013 (inclusive), rounded to the nearest ten öre.
6. Each participant may receive no more than four (4) employee stock options and performance employee stock options in total for each acquired Concentric share. In all, a maximum of 190,000 employee stock options, each entitling to one (1) Concentric share, may be allocated under LTI 2013. Allocation of the employee stock options is to be decided by the board.
7. The employee stock options shall have a 39 months term (but never past 30 November 2016) and can be exercised to acquire Concentric shares during a three month period from the date of publication of Concentric's report for the first quarter 2016.
8. Exercising the employee stock options is subject to the participant remaining employed in the Concentric group (with certain exceptions decided by the board) and retaining the Concentric shares acquired under LTI 2013 throughout the three year lock-up period, thus up to and including the date of exercising the employee stock options.
9. The board of directors shall be authorised to resolve on a premature exercise of the employee stock options (i) if a person, alone or together with related parties, acquires such number of shares in Concentric that, in accordance with applicable rules, gives rise to an obligation to announce a mandatory offer to acquire all outstanding shares in the company or (ii) for individual participants based on individual circumstances, or (iii) if premature exercise is otherwise deemed to be suitable or appropriate, taking into account performance achieved to the date of premature exercise.



10. The number of Concentric shares that the employee stock options entitles the participants to acquire may be recalculated due to a bonus issue, share split or consolidation, rights issue and/or any similar event, by applying the customary recalculation principles applicable on the warrants proposed under the board's proposal on directed issue of warrants.
11. The board of directors shall decide on the detailed terms and conditions of LTI 2013. The board shall be entitled to deviate from or adjust the terms and conditions as a result of local regulations and practice.

#### *Performance criteria*

The conditional right to exercise the performance employee stock options is subject to the fulfilment of the following performance criteria.

The first performance employee stock option will entitle the participant to acquire one (1) Concentric share per option if Concentric's reported earnings per share of the financial year 2015 reach or exceed SEK 6.20.

The second performance employee stock option will entitle the participant to acquire one (1) Concentric share per option if Concentric's reported return on equity (taking into account the new IAS pension accounting rules) reaches or exceeds 20 per cent per year in average over the financial years 2013, 2014 and 2015.

No partial exercising of performance employee stock options will be allowed if the performance criteria are not fully met.

#### *Authorisation to enter into a swap agreement*

Concentric's supply of shares to the participants under LTI 2013 may be made by instructing a third party to deliver Concentric shares under a swap agreement.

In accordance with this, the board proposes that the annual general meeting resolves to authorise the board to enter into a swap agreement regarding own shares. Thus, it is proposed that the financial exposure of LTI 2013 may be hedged by Concentric entering into a share swap agreement with a third party, whereby the third party in its own name shall acquire and transfer Concentric shares to employees participating in LTI 2013.

#### *Costs*

The LTI 2013 is expected to result in costs of MSEK 0.8 annually for Concentric if participants invest to their individual limits, and full vesting and annual 15% share price growth is assumed. In addition to this, social security charges will apply in the year of vesting, 2016. Social security charges are expected to be expensed to an amount of MSEK 0.3 annually based on the same assumptions.

#### *Preparation of the matter*

The board's proposal has on LTI 2013 been prepared by the board of directors, after consultation with Towers Watson.

#### *Voting majority*

The annual general meeting's resolution on this proposal is valid only if it is supported by shareholders representing at least half of the votes cast



## **Proposal for resolution on a directed issue of warrants and approval of transfer of warrants (item 14 on the agenda)**

The board of directors proposes that the annual general meeting resolves on a directed issue of warrants with the right to subscribe for new shares in Concentric AB, in accordance with the below proposal.

The board's proposal entails the annual general meeting shall decide on a directed issue of 190,000 warrants with the right to subscription of new shares in the company, principally in accordance with the following conditions.

1. The warrants are issued free of charge. Each warrant will give the right to subscribe for one new share in Concentric, thus the share capital of the company can increase with a maximum of SEK 418,000 if the warrants are fully utilised.
2. The right to subscribe for warrants shall, with a deviation from the shareholders' preferential rights, be granted Concentric's fully owned subsidiary Concentric Skånes Fagerhult AB.
3. Subscription to the warrants shall be made no later than 31 August 2013, with the board reserving the right to extend this time limit.
4. The warrants can be exercised to acquire shares in Concentric from the registration of the warrants with the Swedish Companies Registration Office and up to and including 31 December 2016.
5. The warrants shall have an exercise price corresponding the share's nominal value; SEK 2.20.
6. The new shares issued under the warrants shall entitle to dividend as from the first record date for dividend to occur after the registration of the new shares with the Swedish Companies Registration Office.
7. The number of shares issued under each warrant may be recalculated in accordance with customary recalculation principles due to a bonus issue, share split or consolidation, rights issue and/or any similar event.

### *Reason for the deviation from the shareholders' preferential right*

The reason for deviating from the shareholders' preferential rights is that Concentric wishes to implement an incentive programme for senior executives and key employees within the group, by which they can be offered the opportunity to take part in an increase in the company's share value.

### *Dilution*

At full utilisation of the warrants, the number of outstanding shares in the company will increase by 190,000. These shares constitute 0.4 per cent of the number of shares and votes after full dilution, calculated as the number of new shares in relation to the number of existing and new shares in the company. Together with outstanding warrants under previous incentive programs, the warrants will result in a combined dilution of approximately 0.8 per cent of the outstanding shares and votes in the company.

If the warrants had been fully utilised during 2012, Concentric's result per share for the financial year 2012 had been SEK 3.50 per share pro forma, instead of to SEK 3.51 per share (before and after dilution).

In the event that repurchased shares, or shares acquired under a swap agreement, (in accordance with the board's proposal for acquisition and transfer of own shares to participants of LTI 2013 and LTI 2013, respectively) are fully or partly transferred to the participants in LTI 2013 instead of warrants, the dilution will be reduced.



#### *Transfer of the warrants*

Furthermore, the board of directors proposes that the annual general meeting resolves to approve that Concentric Skånes Fagerhult AB, on one or more occasions, may transfer warrants to the participants in LTI 2013 in accordance with the terms and conditions of LTI 2013, and otherwise dispose of the warrants in order to cover costs related to, and fulfil obligations occurring under, LTI 2013.

#### *Preparation of the matter*

The board's proposal has been prepared by the board of directors.

#### *Special authority*

The board of directors proposes that the board, or anyone appointed by the board, shall be entitled to make the minor adjustments to the above proposed resolution that may be necessary upon registration of the resolution with the Swedish Companies Registration Office.

#### *Voting majority and condition for resolution*

The annual general meeting's resolution under proposal is valid only if it is supported by shareholders representing at least nine tenths of both the votes cast and the shares represented at the annual general meeting.

The board proposes that a resolution under this proposal is to be subject to the annual general meeting having resolved to pass the board's proposal on LTI 2013 under item 13 on the agenda.

### **Proposals concerning authorisation of acquisition and transfer of own shares and transfer of own shares to participants in LTI 2013 (items 15 (a) - (c) on the agenda)**

#### Proposal for resolution on authorisation for the board of directors to resolve on acquisitions of own shares (item 14 (a) on the agenda)

The board of directors proposes that the annual general meeting authorises the board to resolve on repurchase of own shares on one or several occasions during the period up to the annual general meeting 2014 mainly in accordance with the following.

1. Acquisition of own shares must be made on NASDAQ OMX Stockholm.
2. Own shares may be acquired to the extent the company's holdings of own shares in total amounts to no more than one tenth of all shares in the company.
3. Acquisition of own shares on NASDAQ OMX Stockholm shall be made in cash and at a price within the stock market price interval registered at any given time, such interval being the interval between the highest purchase price and the lowest sales price.

The reasons for the proposed authorisation to repurchase own shares are to enable share transfers in accordance with the board's proposals under 15 (b) and (c) on the agenda and to increase the flexibility for the board in connection to potential future corporate acquisitions, as well as to be able to improve the company's capital structure and to cover costs for, and enable delivery of shares in accordance with, LTI 2013.

#### Proposal for resolution on authorisation for the board of directors to resolve on transfers of own shares (item 15 (b) on the agenda)

The board of directors proposes that the annual general meeting authorises the board to resolve on transfer of own shares on one or several occasions during the period up to the annual general meeting 2014 mainly in accordance with the following.



1. Transfer of own shares must be made either on NASDAQ OMX Stockholm or in another manner.
2. Transfer of own shares may be made with deviation from the shareholders' preferential rights.
3. The maximum number of shares that may be transferred is the total number of own shares held by the company at the time of the board's resolution to transfer the shares.
4. Transfer of own shares on NASDAQ OMX Stockholm shall be made at a price within the stock market price interval registered at any given time, such interval being the interval between the highest purchase price and the lowest sales price; transfer of own shares in another manner shall be made at a price that shall be determined in close connection with the shares' quoted price at the time of the board's resolution to transfer the shares.
5. Payment for the transferred shares may be made in cash, by contribution in kind or by set-off.
6. The board is entitled to determine the other terms and conditions of the transfer which, however, shall be in accordance with the market.

The reasons for the proposed authorisation to transfer own shares and for the deviation from the shareholders' preferential rights are to increase the flexibility of the board in connection to potential future corporate acquisitions, by facilitating a fast and efficient financing by divesting holdings of own shares, as well as to be able to improve the company's capital structure and to cover costs relating to LTI 2013.

Proposal for resolution on transfer of own shares to participants in LTI 2013 (item 15 (c) on the agenda)

The board of directors proposes that the annual general meeting resolves on transfer of own shares in accordance with the following.

1. The maximum number of shares that may be transferred is 190,000.
2. The participants in LTI 2013 are, with deviation from the shareholders' preferential rights, entitled to acquire the shares with right for each of the participants to acquire no more than the maximum number of shares allowed under the terms and conditions for LTI 2013.
3. The participants' right to acquire shares are conditional upon the fulfilment of all of the conditions set up in LTI 2013.
4. The shares must be transferred within the time period set out in the terms and conditions of LTI 2013.
5. The shares must be transferred at a price equivalent to price established for acquisition of shares under the terms and conditions of LTI 2013.
6. Payment for the shares must be made in cash and within ten banking days from the participants' exercise of the employee stock options that entitle the participants to acquire shares under LTI 2013.
7. The number of shares that may be transferred to the participants in LTI 2013 may be recalculated due to bonus issue, share split, rights issue and similar events in accordance with the terms and conditions of LTI 2013.

The reason for the proposed transfer and for the deviation from the shareholders' preferential rights is to enable delivery of shares under LTI 2013.



The board proposes that a resolution under this proposal is to be subject to the annual general meeting having resolved to pass the board's proposal on LTI 2013 under item 13 on the agenda.

#### *Voting majority*

Resolutions passed by the annual general meeting in accordance with the board's proposals under items 15 (a) and (b) on the agenda are valid only when supported by shareholders holding at least two thirds of the votes cast as well as of the shares represented at the meeting.

Resolution passed by the annual general meeting in accordance with the board's proposal under item 15 (c) on the agenda is valid only when supported by shareholders holding at least nine tenths of the votes cast as well as of the shares represented at the annual general meeting.

## **MISCELLANEOUS**

### **Documents**

Copies of the board's and the nomination committee's complete proposals including the board's and the auditor's statements, the accounts and the auditor's report regarding 2012 will be available at the company and on the company's website [www.concentricab.com](http://www.concentricab.com) as from Wednesday 3 April 2013 and will be sent, immediately and free of charge to the recipient, to those shareholders who so request and state their postal address. The board's complete proposal on LTI 2013 will be sent to all shareholders having notified the company their intention to attend the annual general meeting. The board's and the nomination committee's complete proposals including the board's and the auditor's statements, the accounts and the auditor's report regarding 2012 will also be available at the general meeting.

### **Information at the annual general meeting**

The board of directors and the CEO shall, if any shareholder so requests and the board of directors believes that it can be done without material harm to the company, provide information regarding circumstances that may affect the assessment of an item on the agenda, circumstances that can affect the assessment of the company's or its subsidiaries' financial situation and the company's relation to other companies within the group. Shareholders requiring to submit questions in advance may send them to Lena Olofsdotter, Concentric AB, P.O. Box 95, SE-280 40 Skånes Fagerhult, Sweden.

### **Shares and votes**

As per the day of this notice, the number of shares and votes in Concentric totals 44,215,970 respectively of which Concentric holds 323,603 own shares.

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Stockholm in March 2013  
**Concentric AB (publ)**  
The board of directors