

THE BOARD OF DIRECTORS IN ELTEL AB'S (PUBL) COMPLETE PROPOSALS TO THE ANNUAL GENERAL MEETING ON 9 MAY 2018 (ITEMS 9, 15-18)

Item 9: Resolution regarding appropriation of the company's result according to the adopted balance sheet

The Board of Directors proposes that no dividend is paid for the financial year 2017.

Item 15: Resolution regarding guidelines for remuneration of the Senior Management of the company

The Board of Directors proposes the following guidelines for remuneration of the Senior Management of Eltel.

Eltel's overall objective is to offer Senior Management a competitive and market-based level of remuneration consisting of fixed and variable salary, pension and other remuneration components. Remuneration shall be determined in relation to area of responsibility, duties, expertise and performance.

The fixed salary component equals and compensates for an engaged work of management at a high professional level, creating value to Eltel. The short-term variable salary component is based on predetermined and measurable financial targets recommended by the Remuneration Committee and ultimately decided by the Board of Directors.

The pension terms of senior executives should be market-based in relation to those that generally apply for comparable executives. Being an international team with members from Sweden, Finland, Denmark and Germany, the pension terms of Eltel's Senior Management reflect some national differences.

In addition, senior executives may be offered long-term incentive schemes on market terms.

The Board of Directors shall have the right to deviate from the guidelines in individual cases if there are particular grounds for such deviation.

Item 16: Resolution regarding: A.) authorisation to transfer the company's own shares in Eltel's long-term incentive program (LTIP 2015), and B.) approval of change of performance targets in Eltel's long-term incentive program (LTIP 2016)

Item 16 A.) – Authorisation to transfer the company's own shares in Eltel's long-term incentive program (LTIP 2015)

The Annual General Meeting on 19 May 2015 decided on a share savings program comprising a maximum of 537,000 shares ("LTIP 2015"). The Annual General Meeting resolved to issue series C-shares which can be converted to ordinary shares. These ordinary shares are intended to (i) be transferred free of charge to the participants in LTIP 2015, and (ii) be disposed on the stock market in order to hedge the cash-flow related to the Company's payments of social security contributions in connection with the allotment of shares to the participants in LTIP 2015. The Board of director's decision of disposal in accordance with item (ii) requires an authorization from the General Meeting. Such authorizations have a limited term up to the next Annual General Meeting. In accordance with the LTIP 2015 decision, the disposal in accordance with item (ii) therefore requires a renewal of the authorisation.

The reason for deviation from the shareholders' preferential rights is to, in a cost-effective way, fulfil the company's commitments under LTIP 2015.

The Board of Directors proposes that the Annual General Meeting authorises the Board of Directors to, at one or several occasions, up until the next Annual General Meeting to dispose of maximum 19,000 ordinary shares

at market price on the stock market in order to hedge the cash-flow related to the Company's payments of social security contributions in connection with the allotment of shares to the participants in LTIP 2015. The terms for these transfers, the number of shares in each transaction and the timing for the transactions shall be as stipulated in the terms and conditions of LTIP 2015.

The proposed authorisation is not expected to give rise to any increased costs or additional dilution in LTIP 2015.

For a valid resolution under item 16 A.), the resolution must be supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the Annual General Meeting.

Item 16 B.) – Approval of change of performance targets in Eltel's long-term incentive program (LTIP 2016)

At the Extraordinary General Meeting on June 20, 2016 it was resolved to implement a share savings program of a maximum of 622,000 shares ("LTIP 2016"). The performance target in LTIP 2016 was determined to be based on Eltel's earnings development, i.e. earnings per share (EPS), as defined in LTIP 2016. The Board of Directors established the detailed performance target level on February 18, 2016 (subject to the approval of the General Meeting). The Board of Directors has now come to the conclusion that the company's development since the establishment of the performance target level and the current situation in the Eltel Group entails that the set target level has become irrelevant. This entails that LTIP 2016 is ineffective and potentially negative as an incentive for the participants and thereby for an increased shareholder value. The Board of Directors therefore proposes that the Annual General Meeting resolves to change the performance target of LTIP 2016, including to postpone the date of allocation of performance shares, and instructs the Board of Directors to establish a new performance target level.

The company has during 2017 carried out a rights issue. In accordance with the decision of the Extraordinary General Meeting 20 June 2016 and the terms of LTIP this requires a recalculation. The company has assigned to an independent expert to assess the dilution effects of the rights issue which has resulted in a recalculation multiple of 1.68. The Board of Directors has decided to apply the multiple on the matching shares in LTIP 2015 and LTIP 2016. The Board of Directors proposes that the multiple should also be applied on the performance shares in LTIP 2016.

The Board of Directors of Eltel proposes that the Annual General Meeting resolves to change the performance target of the existing LTIP 2016 share savings program, as follows.

- The performance target for performance shares under the share savings plan LTIP 2016 shall be amended from Eltel's EPS (Earnings Per Share) for the financial year 2018 to instead be based on Eltel's EBITDA for the financial year 2019.
- The Board of Directors is instructed to establish a new performance target level for LTIP 2016 based on the new performance target.
- The new performance target shall be established based on the purpose of providing an effective incentive for the participants in LTIP 2016 to promote increased shareholder value.
- The performance shares shall be allocated after the disclosure of the first quarterly report of 2020.
- The maximum number of potential performance shares for each category of participants in LTIP 2016 shall be recalculated with the multiple 1.68.
- Other terms for LTIP 2016, including the date of allocation of matching shares, shall not be affected by the change of the performance target.

The proposed change of performance target is not expected to entail any increased costs or additional dilution in LTIP 2016, except for limited costs related to external advisors and the administration of LTIP 2016. After the adjustment due to the 2017 rights issue with the 1.68 multiple, LTIP 2016 comprises a maximum of 496,832 shares to 47 participants. Aggregated with the additional maximum of 124,208 shares to cover the cash flow effects associated with social security contributions for LTIP 2016 this comprise a total of 621,040 shares which correspond to a dilution of 0.4 per cent. The original decision at the Extraordinary General Meeting on June, 20 2016 comprised a total of 622,000 shares which corresponded to a dilution of 1.0 per cent. The Board of Directors intends to disclose the performance targets after LTIP 2016 has been completed.

For a valid resolution under item 16 B.), the resolution must be supported by shareholders representing more than half of the votes cast at the meeting.

Item 17: Authorisation for the Board of Directors to resolve to issue new shares

The Board of Directors proposes that the Annual General Meeting authorises the Board of Directors, on one or more occasions during the period until the next Annual General Meeting, with or without deviation from the shareholders' preferential rights, against cash payment, for payment in kind or by way of set-off, to resolve on share issue corresponding to a dilution of maximum 10 per cent of the registered share capital.

The purpose of the authorisation and the reason for the deviation from the shareholders' preferential rights is to enable the company in a time efficient way to use its own shares to make payments in connection with acquisitions of companies or businesses which the company may undertake, or to settle any deferred payments related to such acquisitions, or to raise capital for such acquisitions or deferred payments. The basis for the issue price shall be in accordance with current market conditions at the time of the share issue.

For a valid resolution under item 17, the resolution must be supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the Annual General Meeting.

Item 18: Authorisation for the Board of Directors to resolve on repurchase and transfer of the company's own shares

The Board of Directors proposes that the Annual General Meeting authorises the Board of Directors to resolve to repurchase, on one or more occasions during the period until the next Annual General Meeting, as many shares as may be purchased without the company's holding at any time exceeding 10 per cent of the total number of shares in the company. The shares shall be acquired on Nasdaq Stockholm where shares in the company are listed and only at a price within the price range registered at any given time, i.e. the range between the highest bid price and the lowest offer price.

It is also proposed that the Board of Directors shall be authorised to resolve on the transfer of the company's own shares, on one or several occasions prior to the next Annual General Meeting, with or without deviation from the shareholders' preferential rights, against cash payment, for payment in kind or by way of set-off.

The purpose of the authorisations and the reason for the deviation from the shareholders' preferential rights is to enable the company in a time efficient way to use its own shares to make payments in connection with acquisitions of companies or businesses which the company may undertake, or to settle any deferred payments related to such acquisitions, or to raise capital for such acquisitions or deferred payments. The purpose of the authorisation to repurchase shares is also to enable a continuous adjustment of the company's capital structure, thus contributing to increased shareholder value. The basis for the issue price shall be in accordance with current market conditions at the time of the transfer.



For a valid resolution under item 18, the resolution must be supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the Annual General Meeting.