

Notice to attend Transmode Holding AB's Annual General Meeting

Stockholm, Sweden – 16 March

The shareholders of Transmode Holding AB, reg. no. 556588-9101, are hereby invited to attend the Annual General Meeting to be held on Monday 16 April 2012, at 3 p.m. at the offices of the Company, at Fredsborgsgatan 24, Stockholm, Sweden. Registration for the meeting will commence at 2.15 p.m.

After the Annual General Meeting we invite you to our training and demo rooms where those who are interested will have the opportunity to learn more about our technology and products.

Registration

Shareholders who wish to participate at the Annual General Meeting must

- be registered in the shareholders' register maintained by Euroclear Sweden AB ("Euroclear") on Tuesday 10 April 2012, and
- notify Transmode at:
 - the Company's web page www.transmode.com (not available for legal persons)
 - Transmode Holding AB, Årsstämman, Box 42114, 126 14 Stockholm,
 - or by phone, +46 8 410 881 01

no later than on Tuesday 10 April 2012 at 4 p.m. The application shall include the shareholder's name, personal or corporate identity number, number of shares held, address, telephone number and information regarding assistants and, where applicable, representatives, wishing to attend the Meeting.

Any personal record data from powers of attorney and the register of shareholders maintained by Euroclear will be used for necessary registration and preparation of the voting list for the Annual General Meeting.

Authorised representatives etc.

A shareholder who will be represented by a proxy at the Meeting shall issue a dated power of attorney for such proxy. A power of attorney issued by a legal entity shall be accompanied by a certified copy of a certificate of registration or similar document ("Registration Certificate") for such legal entity. The Registration Certificate and the power of attorney cannot be older than one year, however not when the power of attorney according to its wording is valid for a longer period, maximum five years. The proxy form is available on Transmodes' web page: www.transmode.com.

Original powers of attorney, Registration Certificates and other documents of authorization should be received by the company at the address mentioned above not later than on Tuesday 10 April 2012.

Nominee-registered shares

Shareholders whose shares have been registered in the name of a nominee must, in order to be entitled to exercise voting rights at the Annual General Meeting, temporarily register their shares with Euroclear in their own name. A shareholder who wishes to be recorded in the share register in his/her own name, must notify his/her nominee thereof in due time before Tuesday 10 April 2012, at which day such registration shall be effected.

Number of shares and votes

Transmode has on the date of this notice 27,551,607 issued shares. Each share represents one vote. The Company holds no own shares.

Shareholders' right to request information

The shareholders present at the Annual General Meeting have a right to request information regarding the matters on the agenda or the Company's financial situation in accordance with Chapter 7 Section 32 of the Swedish Companies Act (2005:551).

Proposed agenda

1. Opening of the Meeting.
2. Election of Chairman of the Meeting.
3. Drawing up and approval of the voting list.
4. Approval of the agenda.
5. Election of one or two persons to verify the minutes.
6. Determination of whether the Meeting has been duly convened.
7. Presentation by the Chief Executive Officer.
8. Presentation of the Annual Report and Auditor's Report and of the Group Annual Report and the Group Auditor's Report.
9. Resolution on the adoption of the Profit and Loss Statement and the Balance Sheet and of the Group Profit and Loss Statement and the Group Balance Sheet.
10. Resolution on allocation of the company's result in accordance with the adopted Balance Sheet.
11. Resolution regarding discharge from liability of the members of the Board of Directors and the Chief Executive Officer.
12. Decision on the number of members of the Board of Directors.
13. Election of members of the Board of Directors and the Chairman of the Board of Directors.
14. Decisions on the compensation that shall be paid to the Board of Directors and the auditors.
15. Resolution on the Nomination Committee for the Annual General Meeting 2013.
16. Resolution regarding guidelines for remuneration to the senior executives.
17. Conclusion of the Meeting.

Proposed resolutions:

Item 2, Chairman of the Meeting

The Nomination Committee proposes that Kent Sander is appointed Chairman of the Meeting.

Item 10, Proposal concerning distribution of dividends

The following funds are at the disposal of the Annual General Meeting (SEK):

| | |
|------------------------|-------------------|
| Share premium reserve | 123,543,840 |
| Retained profits | -37,258,251 |
| <u>Net profit/loss</u> | <u>36,314,594</u> |
| Total | 122,600,183 |

The Board of Directors proposes that the funds at the disposal of the Annual General Meeting are appropriated as follows:

| | |
|---|-------------------|
| - dividend of SEK 1.50 per share, maximum total | 41,685,266 |
| <u>- carried forward</u> | <u>80,914,917</u> |
| Total | 122,600,183 |

As record day for the dividend, the Board of Directors proposes Thursday 19 April 2012. If the Annual General Meeting resolves in accordance with the proposal, the dividend is estimated to be paid out via Euroclear on Tuesday 24 April 2012.

Item 12, Decision on the number of members of the Board of Directors

The Nomination Committee proposes that the Board of Directors consists of seven ordinary members with no deputy.

Item 13, Election of members of the Board of Directors and the Chairman of the Board of Directors

The Nomination Committee proposes that Kent Sander, Eva Lindqvist, Torbjörn Nilsson, Tom Nyman, Gerd Tenzer and Axel Roos are re-elected as members of the Board of Directors.

The Nomination Committee proposes that Kevin Taylor is elected as new member of the Board of Directors.

The Nomination Committee proposes that Kent Sander is re-elected as Chairman of the Board of Directors.

At the Annual General Meeting 2009 the audit firm PwC was appointed as auditor with Ulf Pettersson as auditor in charge for a term up till the close of the Annual General Meeting 2013, which is the Annual General Meeting held during the fourth financial year following the election of the auditor. Election of auditors is thus not relevant.

Item 14, Remuneration to the Board of Directors and auditor

The Nomination Committee proposes that the Chairman of the Board of Directors shall receive a remuneration amounting to SEK 325,000 (SEK 200,000 for 2011), that Eva Lindqvist, Torbjörn Nilsson, Tom Nyman and Axel Roos, each receives a remuneration amounting to SEK 200,000 (SEK 200,000 for 2011), that Gerd Tenzer receives a remuneration amounting to SEK 250,000¹ (SEK 200,000 for 2011) and that Kevin Taylor receives a remuneration amounting SEK 300,000². Total remuneration to the Board of Directors is thereby proposed to amount to SEK 1,675,000 (SEK 800,000 for 2011).

In addition, it is proposed that the chairman shall be authorised to allocate SEK 180,000 (SEK 100,000 for 2011) for committee work if deemed appropriate. In the event that the chairman participates in committee work, the chairman shall be entitled to the same remuneration as other members of such committee.

A member of the Board of Directors may, if tax purpose conditions exist and on condition that it is cost neutral for the company, invoice the remuneration.

The auditor shall be entitled to a fee in accordance with the amount invoiced.

Item 15, Resolution on the Nomination Committee for the Annual General Meeting 2013

The Nomination Committee proposes that the Annual General Meeting resolves upon the adoption of the following guidelines for appointment of the Nominating Committee. The Company shall have a Nomination Committee consisting of four members; one to be appointed by each of the three shareholders controlling the greatest number of votes and the Chairman of the Board of Directors. The Chairman of the Nomination Committee shall be the member who has been appointed by the shareholder controlling the greatest number of votes, unless the members decide differently.

¹ The higher remuneration is motivated by a greater amount of time since Gerd Tenzer lives in Germany.

² The higher remuneration is motivated by a greater amount of time since Kevin Taylor lives in Hong Kong.

The Nomination Committee shall be formed based on shareholding statistics from Euroclear as per the last banking day in August 2012, and other information of shareholding which is available to the company at that point in time.

The names of the members and the names of the shareholders they have been appointed by shall be announced as soon as they have been appointed.

If, during the Nomination Committee's term of office, one or more shareholders who have appointed a member/members to the Nomination Committee no longer are among the three shareholders controlling the greatest number of votes, the members appointed by such shareholder(s) shall resign and be replaced by a new member/members appointed by the shareholder(s) that at that time is/are among the three shareholder(s) controlling the greatest number of votes who not already have appointed a member to the Nomination Committee. Unless specific reasons are at hand, no changes shall occur in the Nomination Committee's composition if merely marginal changes in the number of votes have occurred, or if the changes have occurred later than three months prior to the Annual General Meeting.

The nomination committee shall draw up proposals, on the issues mentioned below, for presentation to and decision by the Annual General Meeting 2013:

- a) proposal for the Chairman of the Annual General Meeting;
- b) proposal for Board of Directors;
- c) proposal for Chairman of the Board of Directors;
- d) proposal for remuneration and other compensation to each member of the Board of Directors for work of the Board of Directors and compensation for committee work;
- e) proposal for auditor;
- f) proposal for remuneration to the Company's auditor; and
- g) proposal for nomination procedure for the Nomination Committee for the Annual General Meeting 2014.

Item 16, Resolution regarding guidelines for remuneration to the senior executives

The Board of Directors has prepared a proposal regarding principles for remuneration and other employment terms of the senior executives.

Remuneration and other benefits for the senior executives consist of base salary, a variable part, pension, other customary benefits and the possibility to participate in possible future long term incentive programmes of Transmode Holding. The total remuneration shall be in accordance with market practice and be competitive and reflect the officers' areas of responsibility, the complexity of the position and the individual's competence and performance.

For the Chief Executive Officer and the sales director, the variable remuneration shall be maximised and never exceed 120 percent of the base salary. For other members of the management group, the variable part shall not exceed half of the base salary.

The variable remuneration shall be based on the achievement of various targets determined by the board of directors, and will primarily be connected to the Company's overall financial targets and to a certain extent include the individual performance by the officer.

The variable remuneration shall be conditional upon that the Company does not show any loss for the year the remuneration refers to. The variable remuneration shall not entitle to pension benefits but entitles to holiday pay.

The annual report, the auditor's report and complete proposals and other documentation in accordance with the Companies Act will be available at the Company's head office no later than on Monday 26 March 2012 and in electronic format at the Company's web page, www.transmode.com. The documentation will also be sent free of charge to the shareholder who so requests and states its address.

The Board of Directors
Stockholm March 2012
TRANSMODE HOLDING AB (PUBL)

The information in this announcement is required to be disclosed by Transmode Holding AB under the Swedish Securities Markets Act (Sw. lagen om värdepappersmarknaden). This information was released for publication at 09:00 AM CET on 16th March 2012.

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About Transmode

Transmode is a global provider of packet-optical networking solutions that enable fixed line and mobile network operators to cost effectively address the capacity needs created by the rapid growth in video and data traffic. These solutions are important building blocks in next-generation high-speed optical networks that support services such as broadband backhaul, mobile data backhaul, video delivery services and cloud computing. Transmode's solutions are based on Wavelength Division Multiplexing (WDM) and packet optical transport technologies, which are designed to increase the capacity, flexibility and functionality of optical metro core and metro access networks. Transmode's Intelligent WDM (iWDM™) approach gives key advantages to customers, such as ultra-low latency, low power consumption and innovative network design.

Transmode is headquartered in Stockholm, Sweden and is listed on the NASDAQ OMX Stockholm Exchange (TRMO). Since 2000 the company has installed more than 30,000 systems for over 400 fixed and mobile network operators, service providers, large enterprises and public institutions in over 40 countries across the globe.

For additional information about Transmode, please visit www.transmode.com.