

Press Release

## **Notice to attend Transmode Holding AB's Annual General Meeting**

**Stockholm, Sweden – 15 March 2013**

The shareholders of Transmode Holding AB, reg. no. 556588-9101, are hereby invited to attend the Annual General Meeting to be held on Monday 15 April 2013, at 4 p.m. at the offices of the Company, at Fredsborgsgatan 24, Stockholm, Sweden. Registration for the meeting will commence at 3.15 p.m.

### **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 9 April 2013, and
- notify Transmode at:
  - the Company's web page [www.transmode.com](http://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 9 April 2013 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](http://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 9 April 2013.

### **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 9 April 2013, at which day such registration shall be effected.

## Number of shares and votes

Transmode has on the date of this notice 27,788,676 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. Election of auditors.
15. Decisions on the compensation that shall be paid to the Board of Directors and the auditors.
16. Resolution on the Nomination Committee for the Annual General Meeting 2014.
17. Resolution regarding guidelines for remuneration to the senior executives.
18. Resolution on incentive programme.
19. Resolution on change of the name of the Company.
20. 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:

Share premium reserve	SEK 126,990,122
Retained profits	SEK -42,621,420
Net profit/loss	SEK 619,766
Total	SEK 84,988,468

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

- dividend of SEK 1.80 per share, total	SEK 50,019,617
- carried forward	SEK 34,968,851
Total	SEK 84,988,468

As record day for the dividend, the Board of Directors proposes Thursday 18 April 2013. If the Annual General Meeting resolves in accordance with the proposal, the dividend is estimated to be paid out via Euroclear on Tuesday 23 April 2013.

#### **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 Torbjörn Nilsson, Tom Nyman, Kevin Taylor, Gerd Tenzer and Axel Roos are re-elected as members of the Board of Directors.

The Nomination Committee proposes that Roland Thornton and Helena Nordman-Knutson are elected as new members of the Board of Directors.

The Nomination Committee proposes that Tom Nyman is elected as Chairman of the Board of Directors.

#### **Item 14, Election of auditors**

The Nomination Committee proposes that PwC, with the authorised public accountant Johan Engstam as auditor in charge, is appointed as auditor for a term up till the close of the Annual General Meeting 2014.

#### **Item 15, 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 325,000 for 2012), that Torbjörn Nilsson, Helena Nordman-Knutson and Axel Roos each receives a remuneration amounting to SEK 200,000 (SEK 200,000 for 2012), that Gerd Tenzer receives a remuneration amounting to SEK 250,000<sup>1</sup> (SEK 250,000 for 2012), that Kevin Taylor receives a remuneration amounting to SEK 300,000<sup>2</sup> (SEK 300,000 for 2012) and that Roland Thornton receives a remuneration amounting to SEK 300,000<sup>3</sup>. Total remuneration to the Board of Directors is thereby proposed to amount to SEK 1,775,000 (SEK 1,675,000 for 2012).

In addition, it is proposed that the chairman shall be authorised to allocate SEK 180,000 (SEK 180,000 for 2012) 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 16, Resolution on the Nomination Committee for the Annual General Meeting 2014**

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

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

<sup>3</sup> The higher remuneration is motivated by a greater amount of time since Roland Thornton lives in the USA.

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.

The Nomination Committee shall be formed based on shareholding statistics from Euroclear as per the last banking day in August 2013, 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 2014:

- 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 2015.

#### **Item 17, 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 the share savings program that is proposed to the annual general meeting and possible other future long term incentive programmes of Transmode. 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 not 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.

## **Item 18, Resolution on incentive programme**

### **A Implementation of share savings program**

The Board proposes that the Annual General Meeting resolves to implement a long term incentive program ("LTIP") in the form of a share savings program for all employees in the Company. The principal objectives of the Board's proposal for the LTIP is to strengthen the Company's ability to attract and retain key employees, motivate personnel on all levels and markets, create a long-term focus on the Company's profitability and growth and further align the participants' interest with the interest of the shareholders. The LTIP comprises all approximately 270 employees within Transmode, divided into the following five categories: (i) chief executive officer, (ii) senior executives, (iii) senior management and specialists, (iv) key employees, and (v) other employees.

Each participant is expected to invest a maximum of 2 to 5 percent, depending on category, of his/her monthly gross base salary for purchase of savings shares.

Employees who choose to participate in the LTIP will, provided they make a personal investment in shares in Transmode (so-called saving shares), be allotted, free of charge, shares in Transmode (by so-called matching share rights and performance share rights) approximately three years after their investment (the vesting period). In order for matching share rights to vest and give the participant a right to receive shares in Transmode, the participant must have been continuously employed by Transmode during the vesting period and not having divested any saving shares during the vesting period and Transmode shall in average during 2013 - 2015 have achieved an operating margin at least above the threshold of eight percent.

In addition to the above, performance share rights can be allotted to the employees. For these performance share rights to vest and give right to shares in Transmode, certain challenging financial performance conditions for Earning Per Share (EPS), as specified by the Board, must have been fulfilled and the participant must have been continuously employed by Transmode during the vesting period and not having divested any saving shares during the vesting period. Provided that the conditions for receiving matching share rights are fulfilled, and subject to the certain performance conditions based on Transmode's financial objectives during 2013-2015 each saving share that the participants have invested in entitles the participants to receive, free of charge, performance share rights in accordance with the following: (i) the chief executive officer is entitled to receive a maximum of four performance share rights, (ii) senior executives are entitled to receive a maximum of three performance share rights, (iii) senior management and specialists are entitled to receive a maximum of two performance share rights, (iv) key employees are entitled to receive a maximum of one performance share right, and (v) other employees are entitled to receive a maximum of one half performance share right.

The LTIP involves a maximum allotment of 125,220 shares in Transmode (of which a maximum of 54,890 shares as a result of matching share rights and a maximum of 70,330 shares as a result of performance share rights), corresponding to approximately 0.45 percent of the total number of outstanding shares and votes in Transmode at the time of the proposal.

To ensure delivery of shares in Transmode under the LTIP, the Board proposes in accordance with item B below that the Board shall be authorised to decide on repurchase of shares on NASDAQ OMX Stockholm or another regulated market. The Board proposes that delivery of shares can also instead be arranged for by Transmode entering into a share swap agreement with a third party, whereby such third party shall in its own name acquire and transfer shares in Transmode to employees that participate in the LTIP, as determined by the Board.

The preliminary total cost for the LTIP, based on certain assumptions set out in the Board's complete proposal, equals approximately SEK 5.1 m at 0 percent of performance shares and approximately SEK 11.6 m at 100 percent of performance shares, including SEK 1.6 m and SEK 3.6 m respectively in social security costs.

A resolution to introduce the LTIP, in accordance with the Board's proposal, is valid where supported by shareholders with at least nine-tenths of the votes cast as well as the shares represented at the Annual General Meeting.

## **B Authorisation for the Board to repurchase the Company's own shares**

In order to ensure delivery of shares under the LTIP, the Board of Directors proposes that the Annual General Meeting authorises the Board to pass a resolution on repurchasing the Company's own shares in accordance with the following conditions:

1. The repurchase of shares shall take place on NASDAQ OMX Stockholm or another regulated market in accordance with the rules regarding purchase and sale of own shares as set out in the NASDAQ OMX Stockholm Rule Book for Issuers
2. Repurchase of shares may take place on one or more occasions during the period up until the next Annual General Meeting in the Company
3. So many shares may be repurchased up to an amount where the Company's holding does not at any time exceed 0.5 percent of the total number of shares and votes in the Company
4. Repurchase of shares at NASDAQ OMX Stockholm may occur at a price within the share price interval registered at that time, where the share price interval means the difference between the highest buying price and the lowest selling price
5. Payment for the shares shall be made in cash

A valid resolution requires approval of shareholders representing at least two-thirds of the votes cast as well as the shares represented at the Annual General Meeting.

## **C Transfer of shares**

The Board proposes that the Annual General Meeting resolves on the transfer of a maximum number of 125,220 shares in the Company, corresponding to 0.45 percent of the total number of shares and votes in the Company at the time of the proposal, to employees in the Company participating in the LTIP, in accordance with the above. It is proposed that the shares to be transferred shall consist of treasury shares.

Transfer may take place during the period until the next Annual General Meeting, to a maximum number of approximately 270 employees in the Company. The transfer is related to the LTIP as described above under item A.

The Board is of the opinion that it is to the advantage of the Company and the shareholders that the employees in this way have an opportunity to become shareholders in the Company. A shareholding creates an increased common interest between employees and owners and is expected to have a performance enhancing effect.

A valid resolution requires approval of shareholders representing at least nine-tenths of the votes cast as well as the shares represented at the Annual General Meeting.

## **Item 19, Resolution on change of the name of the Company**

The Board of Directors proposes that the Annual General Meeting resolves to change the name of the Company to Transmode AB by adopting new articles of association.

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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 25 March 2013 and in electronic format at the Company's web page, [www.transmode.com](http://www.transmode.com). The documentation will also be sent free of charge to the shareholder who so requests and states its address.

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Stockholm, March 2013  
**Transmode Holding AB (PUBL)**  
The Board of Directors

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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](http://www.transmode.com).

*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 08:00 AM CET on 15 March 2013.*