

Proposal by the Board of Directors of B&B TOOLS AB (publ) to the Annual General Meeting on 21 August 2014 concerning a resolution on the issue of call options on repurchased shares and the conveyance of repurchased shares to executives (“2014 Share-related Incentive Programme”) (item 15).

The Board proposes that the Annual General Meeting should pass a resolution to adopt a long-term incentive programme, the 2014 Share-related Incentive Programme (“the Programme”). The Programme, which is proposed to encompass a total of 13 executives in the B&B TOOLS Group, will give its participants the opportunity to acquire call options at market price for class B shares in B&B TOOLS AB (publ) (“the Company”) that have been repurchased by the Company, and allow the participants to receive a certain subsidy on the premium paid for the options after two years.

Under the Board’s proposal, the Annual General Meeting would also allow the Company, in deviation from the shareholders’ preferential rights, to convey up to 169,000 of the Company’s repurchased class B shares to the holders of the call options at the established redemption price in conjunction with any exercise of the call options (subject to any recalculations). Finally, the Board’s proposal entails that the Annual General Meeting would also allow the conveyance of class B shares that the Company has acquired in accordance with previous authorisation in order to ensure the delivery of shares under the proposed Programme.

The Company currently holds a total of 340,000 class B shares in the Company.

The proposal has been prepared by the Company’s Compensation Committee in consultation with the Company’s Board. The decision to propose the Programme to the Annual General Meeting was made by the Board.

The Programme has the following principal terms:

- a) The number of call options to be issued shall not exceed 169,000, corresponding to approximately 0.6 percent of the total number of shares and approximately 0.4 percent of the total number of votes in the Company. Each call option entitles its holder to acquire one (1) repurchased class B share in the Company during the period from 11 September 2017 to 8 June 2018, inclusive. However, no shares can be purchased during any periods in which the trading of the Company’s shares is forbidden under section 15 of the Swedish Reporting Duty for Certain Holdings of Financial Instruments Act (2000:1087) (or any other equivalent legislation prevailing at any given time).
- b) The acquisition price of shares when exercising call options shall correspond to 120 percent of the volume-weighted average price paid for the Company’s class B shares on the NASDAQ OMX Stockholm during the period from 22 August 2014 to 4 September 2014, inclusive.
- c) The right to acquire call options will be assigned to the Group management and another two senior executives in the B&B TOOLS Group, who are in a capacity to have a direct impact on the Group’s earnings. Each individual will be offered a maximum of 13,000 call options.
- d) If an individual entitled to acquire call options decides to refrain in full or in part from acquiring the offered call options, said call options shall be distributed pro rata among the other individuals entitled to acquire call options who have given written notice of their interest in acquiring additional call options.
- e) The Board shall adopt with final effect the distribution of call options that adheres to the principles stipulated in clauses c) and d) above.
- f) Notices to acquire call options must be given not later than 8 September 2014.
- g) The premium for the call options shall correspond to the call option’s market value in accordance with an independent, external valuation, applying the Black & Scholes model. The measurement period for the calculation of the option premium shall be based on the volume-weighted average price paid for the Company’s class B shares on the NASDAQ OMX Stockholm during the period from 29 August 2014 to 4 September 2014, inclusive. The calculation will be performed by Nordea Bank AB (publ).

- h) Based on a price for the Company's share of SEK 164.00, and on other market conditions on 7 July 2014 and the Board's proposal for dividend for the 2013/2014 financial year, the value per option has been estimated to SEK 18.90 by the above mentioned valuation institution, which gives a total value for all the options of approximately MSEK 3.2.
- i) The issue of call options to employees outside Sweden is contingent on tax implications, a lack of legal obstacles and that the Board deems that such an allocation can be made with reasonable administrative and financial resources. The Board shall be entitled to make any minor adjustments to the Programme that are caused by the prevailing foreign laws and regulations.
- j) The call options are freely transferable.
- k) The number of shares that the call options entitle the acquisition of, and the redemption price, may be recalculated due to such factors as bonus issues, a reverse stock split or a stock split, a new share issue or a reduction of share capital or similar action. The timing of the conveyance of shares may be brought forward due to a merger or similar actions.
- l) In order to encourage participation in the Programme, a subsidy in the form of a cash remuneration equivalent to the premium paid for each call option shall be paid to the option holder. The subsidy will be paid in September 2016 provided that the option holder's employment with the Group has not been terminated or that the call options acquired from the Company have not been divested before this date.
- m) Within the framework of the terms and guidelines above, the Board will be responsible for the detailed design and administration of the Programme.
- n) Refer to Appendix 1 for the complete terms for the options on the Company's website www.bbtools.com.*

The costs of the Programme comprise the subsidy to be paid in September 2016 as above, and the social security fees that will accrue on this subsidy. The total cost of the subsidy, including social security fees, is estimated at MSEK 3.2 after corporate tax (based on the market conditions on 7 July 2014). Offsetting the subsidy is the option premium totalling approximately MSEK 3.2, which the Company will receive when conveying the call options, as a result of which the Programme does not entail any net charge to the Company's equity.

The reasons for the deviation from the shareholders' preferential rights and the Board's motive for implementing the Programme is to allow senior executives of the B&B TOOLS Group to capitalise on and pursue, through their own investment, a positive development for the value of the Company's shares, and thus more closely aligning the interest of senior executives and the Company's shareholders. The Programme also aims to contribute to senior executives increasing their shareholding in B&B TOOLS in the long term. The Programme is also expected to create additional means to retain and recruit skilled personnel to the B&B TOOLS Group, provide competitive compensation and to align the interests of shareholders and senior executives. The senior executives that the Programme will encompass is the group that, in an otherwise decentralised organisation, has the capacity to create a positive impact on earnings through cooperation and efficiency enhancements. In light of this, the Board believes that the implementation of the Programme will have a positive impact on the B&B TOOLS Group's continued progress and that the Programme will benefit both shareholders and the Company.

The Company has one share-related incentive programme in effect, "The 2013 Share-related Incentive Programme". Under this programme, 13 executives in the Group acquired a total of 169,000 call options, entitling the holders to acquire an equal number of class B shares in the Company. The redemption price for these call options is set at SEK 101.90 per share, and the redemption period is from 12 September 2016 to 9 June 2017, inclusive. If all these options were to be exercised, the number of shares outstanding would increase by 169,000. The total of these 169,000 shares are represented by class B shares already repurchased by the Company.

A resolution on the Board's proposal in accordance with item 15 requires the support of shareholders representing at least nine-tenths of the votes cast and the shares represented at the Annual General Meeting.

* Please note that the complete terms for the options are only available in Swedish since all participants of the Programme are based in the Nordic region.