

Item 18 – The Board's proposal regarding a long-term share savings incentive program 2015 (LTIP 2015), including transfer of shares under the program

The Board proposes that the AGM resolves on the implementation of a long-term share savings incentive program (LTIP 2015). This proposal is divided into four items:

Item A: Terms of the long-term share savings incentive program (LTIP 2015).

Item B: Transfer of treasury shares as hedge for delivery of shares in LTIP 2015.

Item C: If item B is not approved, the Board proposes that delivery of shares in LTIP 2015 shall take place via an equity swap agreement with a third party.

Item D: Other matters and reasons for the proposal etc.

A. Share Savings Program 2015 (LTIP 2015)**A.1 Introduction**

The Board would like to launch a new incentive program in order to increase and strengthen the potential for recruiting and retaining key individuals. The Board therefore proposes that the AGM approves the implementation of a long-term share savings incentive program 2015 (the "LTIP 2015") for senior managers and certain other key employees within the Com Hem Group. The aim is also to use LTIP 2015 to create an individual long-term ownership of Com Hem shares among the participants. Participants will, after a qualifying period and assuming an investment of their own in Com Hem shares, receive allotments of additional Com Hem shares without consideration. The number of allotted shares will depend on the number of Com Hem shares they have purchased themselves and on the fulfilment of certain performance targets. The term of LTIP 2015 is proposed to be three years.

A.2 Basic features of LTIP 2015

LTIP 2015 will be directed towards senior managers and other key employees in the Com Hem Group primarily based in Sweden. Participation in LTIP 2015 assumes that the participant acquires and locks Com Hem shares into LTIP 2015 ("Savings Shares"). The Board can in certain cases which the Board deems appropriate, allow Com Hem shares already owned by the participant to qualify as Savings Shares, on condition that they are locked into LTIP 2015 and are not included in any other similar incentive program.

For each acquired Savings Share, the participant shall be entitled, after a certain qualification period (defined below), to receive an allotment of one Com Hem share ("Matching Share"). Dependent on the fulfilment of certain performance targets, the participant may also be entitled, to receive allotment of additional Com Hem shares ("Performance Shares"). The participant shall not pay any consideration for the allotted Matching Shares and Performance Shares.

A.3 Participation in the 2015 Program

The Board will decide during Q2 2015 on participation in LTIP 2015 and the assignment of participants to a certain category.

LTIP 2015 is directed towards four categories of participants:

Category	Savings Shares maximum	Matching Shares max per Savings share	Performance Shares max per Savings share
A (CEO)	3,200	1.0x	6.0x
B (CFO, COO and CTIO)	4,320	1.0x	5.0x
C (other senior managers, maximum 13 persons)	4,320	1.0x	4.0x
D (other key employees, maximum 11 persons)	4,320	1.0x	2.0x

The maximum number of Savings Shares for each participant shall be decided by the Board within the above maximum amounts. On average for the entire group of participants, the investment in Savings Shares shall not exceed 10 percent of the annual base salary for the participants.

Any resolution on participation or implementation of LTIP 2015 shall be conditional on that it, in the Board's judgement, can be offered with reasonable administrative costs and financial effects.

A.4 Allotment of Matching Shares and Performance Shares

Allotment of Matching Shares and Performance Shares within LTIP 2015 will be made during a limited period of time following presentation of the first quarterly statement 2018. The period up to this date is referred to as the qualification period (vesting period). A condition for the participant to receive allotment of Matching Shares and Performance Shares, is that the participant remains an employee of the Com Hem Group (and has not resigned) during the full qualification period up until allotment and that

the participant, during this period, has kept all Savings Shares. Allotment of Matching Shares also requires that the TSR (defined below) for the period has been positive in absolute terms. In addition hereto, allotment of Performance Shares requires that the performance targets for relative TSR and free cash flow are fulfilled.

The TSR (total shareholder return) shall be calculated as the return in Com Hem shares with reinvested dividends during the qualification period. For the Performance Shares, the target shall be set in relation to the TSR performance in a peer group of relevant companies. In order to have any allotment of Performance Shares, Com Hem must reach the median value in the peer group. Maximum allotment assumes performance that is better than 90 percent of the peer group. Allotment will be linear for performance in-between these values. Establishment and, if necessary, adjustments of the peer group and calculation of TSR performance shall be carried out by the Board after consultation with external experts.

Free cash flow shall be measured on cumulative basis for the consolidated Com Hem Group during the term of LTIP 2015. The Board shall establish appropriate target levels in order to make the targets relevant and challenging.

When assessing the fulfillment of the performance targets for allotment of Performance Shares, the Board shall allocate 60 percent to relative TSR and 40 percent to free cash flow.

Prior to the allotment of Matching Shares and Performance Shares, the Board shall assess whether the allotment is reasonable in relation to the Company's financial results, position and performance, as well as other factors.

A.5 Implementation and administration etc.

The Board, or a committee established by the Board, shall in accordance with the AGM decision:

- (a) be responsible for the detailed design and implementation of LTIP 2015;
- (b) prepare and execute the necessary full-text documentation to the participants; and
- (c) otherwise manage and administer LTIP 2015.

The Board may also decide on the implementation of an alternative cash based incentive program for participants in countries where the acquisition of Savings Shares or allotment of Matching and/or Performance Shares is not appropriate, as well as if otherwise considered appropriate. Such alternative incentive program shall to the extent practically possible be designed to correspond to the terms of LTIP 2015.

The intention is that the Board shall launch LTIP 2015 before the end of the second quarter of 2015.

B. Transfer of treasury shares in LTIP 2015**B.1 Number of shares**

The Board proposes that the AGM resolves that the transfer of up to 343,000 Com Hem shares under LTIP 2015 may take place in accordance with the conditions stated herein. The number is calculated on the basis of maximum participation and fulfilment of performance targets and is further based on current levels of social security contributions.

B.2 Other terms for transfer of Com Hem shares

Transfer may be made of Com Hem shares to the participants in LTIP 2015 and, to the extent of financing social security contributions, in the stock market.

Transfers of shares to participants in LTIP 2015 shall be made without consideration on the date and on the other conditions on which participants in LTIP 2015 are entitled to acquire shares.

Sale of shares in the stock market shall be made at market price. It should be noted that the authorization to sell shares in the stock market will be proposed to be repeated as a new annual decision by each AGM during the term of LTIP 2015.

The number of Com Hem shares that may be transferred within the framework of LTIP 2015 may be subject to customary recalculations as a result of bonus issue, split, rights issue and/or similar events.

B.3 Reasons for Board proposal etc

Since the Board considers that the most cost-effective and flexible method of transferring Com Hem shares under LTIP 2015 is to transfer treasury shares (the Company's own holding of acquired shares), the Board proposes that the transfer is hedged in accordance with this item B.

The reason for the deviation from the shareholders' pre-emptive rights to acquire the treasury shares is for the Company to hedge the delivery of shares and the costs for social security contributions under LTIP 2015.

C. Equity swap agreement with a third party

The Board proposes that the AGM, should the necessary majority not be obtained for item B above, resolves to hedge the financial exposure of LTIP 2015, by the Company entering into a share swap agreement with a third party, whereby the third party in its own name shall acquire and transfer shares in the Company. The relevant number of shares shall correspond to the number of shares proposed under item B above.

D. Other matters**D.1 Majority requirements etc.**

The resolution by the AGM regarding the implementation of LTIP 2015 according to item A above shall be conditional on the AGM resolving either in accordance with the Board's proposal under item B above or in accordance with the Board's proposal under item C above.

The resolution according to item A above will require a majority of more than half of the votes cast at the AGM. A valid resolution under item B above requires that shareholders representing not less than nine-tenths of the votes cast as well as the shares represented at the AGM approve the resolution. A valid resolution under item C above will require a majority of more than half of the votes cast at the AGM.

D.2 Estimated costs, expenses and financial effects of LTIP 2015

LTIP 2015 will be accounted for in accordance with "IFRS 2 – Share-based payments". IFRS 2 stipulates that the share awards should be expensed as personnel costs over the qualification period and will be accounted for directly against equity. Personnel costs in accordance with IFRS 2 do not affect the Company's cash flow. Social security costs will be expensed in the income statement according to UFR 7 during the qualification period.

Assuming a share price at the time of implementation of SEK 75, that 50 percent of the maximum number of Performance Shares is allotted and an annual share price increase of 10 percent during the qualification period, the total cost for LTIP 2015, including social security costs, is estimated to approximately SEK 13.0 million before tax. The corresponding total cost with full achievement of the performance targets is estimated to approximately SEK 18.6 million before tax.

LTIP 2015 will comprise maximum 260,000 shares in total which corresponds to approximately 0.1 percent of the total outstanding shares and votes in the Company. Aggregated with the 83,000 shares that may be transferred in order to cover the cash flow effects associated with social security charges for LTIP 2015, this corresponds to approximately 0.2 percent of the total outstanding shares and votes in the Company.

The above calculations are based on a decision in accordance with item B, i.e. transfer of treasury shares. To the extent that a share swap agreement in accordance with item C is entered into to hedge the obligations under LTIP 2015, other accounting principles may apply.

In the view of the Board, the positive effects expected to arise from LTIP 2015, outweigh the costs associated with LTIP 2015.

D.3 Impact on key ratios

If LTIP 2015 had been implemented in 2014 and if the performance targets had been fully achieved in accordance with the example in the paragraph above, the earnings per share for the financial year 2014 had decreased with approximately SEK 0.02 on a pro forma basis.

D.4 Preparation of the proposal

This proposal to the AGM on LTIP 2015 has been designed by Com Hem's Remuneration Committee and the Board with the help of external advisors. With the exception of members of staff who prepared the material on instructions from the remuneration committee, no employee who may be a participant in LTIP 2015 has participated in preparing the terms for LTIP 2015.

D.5 The Board's explanatory statement

The Board wishes to increase the ability of the Company to recruit and retain key employees. Moreover, an individual long-term ownership commitment among the participants in LTIP 2015 is expected to stimulate greater interest and motivation in the Company's business operations, results and strategy. The Board believes that the implementation of LTIP 2015 will benefit the Company and its shareholders. LTIP 2015 will provide a competitive and motivation-improving incentive for senior managers and other key employees within the Group.

LTIP 2015 has been designed to reward the participants for increased shareholder value by allotting shares, based on the fulfilment of conditions in respect of results and operations. Allotments shall also require a private investment by each respective participant through the acquisition of shares by them at market price. By linking the employees' remuneration to an improvement in the Company's results and value, the long-term value growth of the Company is rewarded. Based on these circumstances, the Board considers that the implementation of LTIP 2015 will have a positive effect on the Com Hem Group's continued development, and will thus be beneficial to the shareholders and the Company.

Stockholm in April 2015

Com Hem Holding AB (publ)

The Board of Directors

Summary of other share-related incentive programs

At an extraordinary general meeting on 3 June 2014, a decision was made regarding the issue of warrants within the framework of two incentive programmes for executive managers and key management personnel, as well as Board members. The incentive programmes include a total of 4,949,092 warrants, corresponding to an original market value of SEK 10m. The warrants have been issued in two series of 2,474,546 options with two different maturities and subscription prices. The programmes expire in June 2017 and June 2018 and according to the terms can be utilised for subscription over three months before the end of the term at a subscription price of SEK 73,08/share and SEK 78,94/share respectively. Com Hem has reserved the right to repurchase warrants should the participant's employment or assignment for the company come to an end, or if the participant wishes to transfer the options.

Further details, see Note 6 in the annual report for the financial year 2014.