

Item 18 – Resolution on the Board's proposal regarding a long-term share savings incentive program 2017 (LTIP 2017) and transfer of shares under LTIP 2017 and amendment to terms of LTIP 2016 and LTIP 2015 respectively

The Board hereby proposes that the AGM resolves on the implementation of a long-term share savings incentive program (LTIP 2017). The program corresponds to the long-term share savings incentive programs adopted by the AGM 2016 (LTIP 2016) and the AGM 2015 (LTIP 2015) respectively.

For a description of LTIP 2015 and LTIP 2016 and the other share related incentive programs, reference is made to note 7 in Com Hem's Annual Report for 2016.

This proposal is divided into five items:

Item A: Terms of the long-term share savings incentive program (LTIP 2017).

Item B: Transfer of treasury shares as hedge for delivery of shares under LTIP 2017.

Item C: If item B is not approved, the Board proposes that delivery of shares under LTIP 2017 shall take place by the Company ensuring delivery via a third party.

Item D: Amendment to terms of LTIP 2016 and LTIP 2015

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

A. Share Savings Program 2017 (LTIP 2017)

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 2017 (the "**LTIP 2017**") for senior managers and certain other key employees within the Com Hem Group. The aim is also to use LTIP 2017 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 2017 is proposed to be three years.

A.2 Basic features of LTIP 2017

LTIP 2017 will be directed towards senior managers and other key employees in the Com Hem Group primarily based in Sweden. Participation in LTIP 2017 assumes that the participant acquires and locks Com Hem shares into LTIP 2017 ("**Saving Shares**"). The Board can in certain cases, which the Board deems appropriate, allow Com Hem shares already owned by the participant to qualify as Saving Shares, on condition that they are locked into LTIP 2017 and are not included in LTIP 2015, LTIP 2016 or any other similar incentive program.

For each acquired Saving Share, the participant shall be entitled to, after a certain qualification period (defined below), 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 LTIP 2017

The Board will decide during Q2 2017 on participation in LTIP 2017 and the assignment of participants to a certain category.

LTIP 2017 is directed towards four categories of participants:

Category	Saving Shares, average number at investment corresponding to 10% of base salary	Matching Shares max per Saving share	Performance Shares max per Saving share
A (CEO)	5,884	1.0x	6.0x
B (CFO)	3,918	1.0x	5.0x
C (other senior managers of the Company management, maximum 16 persons)	1,887	1.0x	4.0x
D (other key employees, maximum 30 persons)	990	1.0x	2.0x

The above is based on a share price of SEK 91.89 (volume weighted average share price during the ten trading days, 31 January – 13 February 2017, following publication of the year-end report for 2016). The maximum number of Saving Shares for each participant shall be decided by the Board within the program’s maximum amount of shares. For the respective participant, the investment in Saving Shares shall not exceed 10 percent of the participant’s annual base salary.

Any resolution on participation in or implementation of LTIP 2017 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 2017 will be made during a limited period of time following presentation of the Interim Report for the first quarter 2020. 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 Saving 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 on 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. The Board intends to include the following companies in the peer group but may adjust the companies included if any of the companies become delisted or undergo other significant changes that disqualify them from being part of the peer group: Altice, Charter Communications, Comcast, Euskaltel, Liberty Global, MTG, TDC, Tele2, Tele Columbus, Telenet and Telia Company. 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 2017. The Board shall establish appropriate target levels in order to make the targets relevant and challenging. Allotment is contingent on Com Hem achieving 90 percent of the target level. The maximum allotment will be made upon achieving 110 percent of the target level. The target level for 2017 is set ensuring that it will only be achieved if the Company delivers in accordance with the financial guidance made by the Company in connection with the Year-end report for 2016.

When assessing the fulfilment 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.

The Matching Shares and the Performing Shares do not entitle the holder to receive dividends, but in order to align the participants' and the shareholders' interests, the Company will compensate the participants for any dividends paid on the underlying share during the qualification period by increasing the number of shares that each Matching Share and Performing Share entitles to at the end of the vesting period. It should be noted that the participants in LTIP 2017 will not be compensated for dividend resolved upon at the Annual General Meeting 2017.

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 2017;
- (b) prepare and execute the necessary full-text documentation to the participants; and
- (c) otherwise manage and administer LTIP 2017.

In connection with the delivery of shares to the participants in LTIP 2017, the Board shall furthermore be entitled to offer cash-settlement in order to cover the participant's taxation costs. The Board may also resolve on the implementation of an alternative cash based incentive program for participants in countries where the acquisition of Saving 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 2017.

The intention is that the Board shall launch LTIP 2017 before the end of the second quarter of 2017.

B. Transfer of treasury shares in LTIP 2017

The Board proposes that the AGM resolves that the transfer of up to 360,000 Com Hem shares under LTIP 2017 (includes a 20 percent buffer to compensate for any dividends paid on the underlying share during the qualification period) 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. Transfers of shares to participants in LTIP 2017 shall be made without consideration on the date and under the other conditions on which participants in LTIP 2017 are entitled to acquire shares. The number of Com Hem shares that may be transferred under LTIP 2017 may be subject to customary recalculations as a result of bonus issue, split, rights issue and/or similar events.

Since the Board considers that the most cost-effective and flexible method of transferring Com Hem shares under LTIP 2017 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 under LTIP 2017.

C. Agreement on delivery via a third party

The Board proposes that the AGM, should the necessary majority not be obtained for item B above, resolves to instruct the Board to ensure that delivery of shares to the participants in LTIP 2017 is made via a third party.

In order to cover the costs for a potential delivery of shares via a third party, the Board will at the AGM 2019 request an authorization to resolve on transfer of up to 360,000 shares on Nasdaq Stockholm.

D. Amendment to terms of LTIP 2016 and LTIP 2015

The Board proposes that the AGM resolves to adopt a detail amendment of the terms for the long-term share savings incentive programs that were adopted at the AGM 2016 (LTIP 2016) and the AGM 2015 (LTIP 2015) respectively.

The Board proposes that the provision in A5 “Implementation and administration etc” for LTIP 2016 is amended so that the following sentence is added in the beginning of the second paragraph for the program:

In connection with the delivery of shares to the participants in LTIP 2016, the Board shall furthermore be entitled to offer cash-settlement in order to cover the participant’s taxation costs.

The Board furthermore proposes that the provision in A5 “Implementation and administration etc” for LTIP 2015 is amended so that the following sentence is added in the beginning of the second paragraph for the program:

In connection with the delivery of shares to the participants in LTIP 2015, the Board shall furthermore be entitled to offer cash-settlement in order to cover the participant’s taxation costs.

E. Other matters

E.1 Majority requirements etc.

The resolution by the AGM regarding the implementation of LTIP 2017 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 items A and C above will require a majority of more than half of the votes cast at the AGM. A valid resolution under item B and D 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.

E.2 Estimated costs, expenses and financial effects of LTIP 2017

LTIP 2017 will be accounted for in accordance with “IFRS 2 – Share-based payments”. IFRS 2 stipulates that the share allotment shall be expensed as personnel costs during the qualification period and recognition is made 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 91.50 (closing share price on 13 February 2017), 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 2017, including social security costs, is estimated to approximately SEK 14.5 million before tax. The

corresponding total cost with full achievement of the performance targets is estimated to approximately SEK 22.3 million before tax.

LTIP 2017 will in total comprise of maximum 360,000 shares, which corresponds to approximately 0.19 percent of the total outstanding shares and votes in the Company. The number of shares that are included in previous and outstanding incentive programs amounts to 176,850 shares as regards LTIP 2015, 256,887 shares as regards LTIP 2016 and 4,578,612 shares under the outstanding warrant programs, corresponding to approximately an additional 2.7 percent of the total outstanding shares as at 31 December 2016.

The above calculations are based on a resolution in accordance with item B, i.e. transfer of treasury shares. To the extent that a transfer is made in accordance with item C in order to hedge the obligations under LTIP 2017, other accounting principles may apply.

In the view of the Board, the positive effects expected to arise from LTIP 2017, outweigh the costs associated with LTIP 2017.

E.3 Impact on key ratios

If LTIP 2017 had been implemented in 2016 and if the performance targets had been fully achieved in accordance with the example set out in the paragraph above, the earnings per share for the financial year 2016 should have decreased with SEK 0.02 on a pro forma basis.

E.4 Preparation of the proposal

This proposal to the AGM on LTIP 2017 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 2017 has participated in preparing the terms for LTIP 2017.

E.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 among the participants in LTIP 2017 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 2017 will benefit the Company and its shareholders. LTIP 2017 will provide a competitive and motivation-improving incentive for senior managers and other key employees within the Group.

LTIP 2017 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 2017 will have a positive effect on the Com Hem Group's continued development, and will thus be beneficial to the shareholders and the Company.