

*This is a non-official translation of the Swedish original wording. In case of differences between the English translation and the Swedish original, the Swedish text shall prevail.*

## **The Board of Directors' of Lindab International AB proposal for resolution regarding a performance based share saving program (LTIP 2011)**

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### **Background and motive**

In Lindab International AB (publ) ("Lindab") there are currently three ongoing subscription warrant programs (Incentive Program 2008/2011, 2009/2012 and 2010/2013) resolved at the annual general meetings 2008, 2009 and 2010. In all two million three hundred fifty-two thousand (2,352,000 subscription warrants) have been issued. The subscription warrants have been transferred to senior executives and key employees in the Lindab Group at market price, and each subscription warrant will entitle the holder to subscribe for one share in Lindab at a fixed subscription price in accordance with the conditions of the program.

The ambition of the board of directors is to ensure a long term commitment for the current senior executives and key employees in the group, and to improve Lindab's possibilities for future recruitments. Utilizing shares in the company as an essential instrument in the incentive program will encourage shareholding and long-term increase of value in Lindab, creating mutual objectives for current shareholders and participants in the incentive program. In the light of the above, the board of directors proposes that the annual general meeting 2011 shall resolve on a long term incentive program in the form of a performance based share saving program ("LTIP 2011").

### **Description of LTIP 2011**

LTIP 2011 is based on the following principles, which reflect some of the Company's continuous principles of remuneration:

- (i) the participants are required to acquire shares in Lindab at market price by private funding,
- (ii) the participants must stay employed in the group during a specified period of time in order to obtain the benefit, and
- (iii) the outcome of LTIP 2011 is related to EBIT and organic and acquired growth of the company.

The specified contents of the proposed LTIP 2011 are described below. In light of the result of the board of director's evaluation, proposed conditions, the size of the allocation and other circumstances, the board of directors assess that the proposed LTIP 2011 is well balanced and beneficial to Lindab and its shareholders.

The board of directors intends to revert with a proposal for a long term incentive program in accordance with the principles here proposed before the annual general meeting 2012.

### **Implementation of LTIP 2011**

The board of directors proposes that the annual general meeting resolves on the implementation of LTIP 2011 in Lindab in accordance with the main principles set forth below.

1. Approximately 95 senior executives and key employees will be offered to participate in LTIP 2011.
2. The duration of the program is approximately three years.

Senior executives and key employees who participate in LTIP 2011 individually acquire shares in Lindab (“Saving Shares”) at market price on NASDAQ OMX Stockholm. Existing shareholdings in Lindab will also be viewed as investment in Saving Shares in accordance with the above. The participants are divided into five categories.

Each participant may only count a certain maximum number of Saving Shares towards LTIP 2011, such amount not exceeding a certain value in percent of the participant’s fixed annual salary for 2010, divided by the closing price for the Lindab share on NASDAQ OMX Stockholm on 2 March 2011 of SEK 75.00. Such percentage shall be 3-7.4% of the participant’s fixed annual salary depending on which category in the program the participant belongs to, equivalent to the maximum number of Saving Shares per participant category as set forth in the table below.

Category	Maximum number of Saving Shares per person	Number of Matching Shares per Saving Share	Maximum number of Performance Shares per Saving Share			Total
			EBIT	Organic growth	Acquired growth	
<b>President och CEO</b>	4,500	1.0	3.0	1.8	1.2	7.0
<b>Group Management</b>	2,000	1.0	2.5	1.5	1.0	6.0
<b>Department Managers and Business Area Management</b>	1,000	1.0	1.8	1.2	0	4.0
<b>Managing Directors in larger foreign subsidiaries</b>	500	1.0	1.8	1.2	0	4.0
<b>Other subsidiary managers and key employees</b>	250	1.0	1.8	1.2	0	4.0

3. Acquisition of Saving Shares shall take place on 15 June 2011 at the latest, with a right for the board of directors to prolong this period if there is any impediment regarding a participant’s acquisition.
4. Provided that the participant (i) holds the Saving Shares during a minimum period of three years from the acquisition date, however including the day of the disclosure of Lindab’s first quarterly report for 2014 (the “Investment Period”), and (ii) is still employed in Lindab Group during the entire Investment Period, each Saving Share will thereafter entitle to the receipt of one (1) share in Lindab (“Matching Share”),

free of charge. Matching Shares will be allotted within 30 days after the end of the Investment Period.

5. Participants in LTIP 2011 may be entitled to receive up to six (6) additional shares in Lindab (“Performance Shares”) for each held Saving Share subject to the fulfillment of certain performance requirements according to the following:
- (i) if Lindab’s EBIT<sup>1</sup> for the financial year 2013 compared with the financial year 2010 amounts to a maximum level, determined by the board of directors, up to three (3) Performance Shares are to be allotted for each Saving Share. If Lindab’s EBIT for the financial year 2013 compared with the financial year 2010 amounts to a minimum level, determined by the board of directors, 20 percent of the allotment at the maximum level is received. If Lindab’s EBIT for the financial year 2013 compared with the financial year 2010 falls between the minimum and the maximum level, a linear proportion shall be made of the number of allotted Performance Shares.
  - (ii) if Lindab’s organic growth<sup>2</sup> for the financial year 2013 compared with the financial year 2010 amounts to a maximum level determined by the board of directors, up to 1.8 Performance Shares are to be allotted for each Saving Share. If Lindab’s organic growth for the financial year 2013 compared with the financial year 2010 amounts to a minimum level, determined by the board of directors, 20 percent of the allotment at the maximum level is received. If Lindab’s organic growth for the financial year 2013 compared with the financial year 2010 falls between the minimum and the maximum level, a linear proportioning shall be made of the number of the allotted Performance Shares.
  - (iii) if Lindab’s acquired growth<sup>3</sup> for the financial year 2013 compared with the financial year 2010 amounts to a maximum level determined by the board of directors, up to 1.2 Performance Shares are to be allotted for each Saving Share. If Lindab’s acquired growth for the financial year 2013 compared with the financial year 2010 amounts to a minimum level, determined by the board of directors, 20 percent of the allotment at the maximum level is received. If Lindab’s acquired growth for the financial year 2013 compared with the financial year 2010 falls between the minimum and the maximum level, a linear proportioning shall be made of the number of allotted Performance Shares.

The program is based on clear performance requirements as determined by the Remuneration Committee and the Board. The performance requirements are based upon the strategic plan and financial goals of the Company. The performance requirements are not in any way self-fulfilling and performance is required for allotment to the employees.

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<sup>1</sup> As defined in Lindab’s Annual Report 2010.

<sup>2</sup> The growth during the period adjusted for currency, using the average exchange rate that the company used when preparing the Annual Report 2010 and structure entailing addition and deduction with an amount corresponding to the sales revenue for acquired or divested businesses.

<sup>3</sup> The sales revenue at the time of the acquisition for acquired businesses during the period in comparison with the company’s sales revenue for 2010 adjusted for currency, using the average exchange rate that the company used when preparing the Annual Report 2010.

Lindab is not providing any financial information going forward. Therefore, the details of the performance requirements cannot be communicated. The details of the performance requirements and the fulfillment of these will be communicated after the end of the financial year 2013 in accordance with principles accepted at the market.

Performance Shares are allotted within 30 days after the end of the Investment Period.

The maximum value per Performance Share or Matching Share that a participant can be allotted in LTIP 2011 is limited to SEK two hundred fifty (250). If a share in Lindab has a market price which exceeds the limit of SEK 250 at the allotment of Matching Shares and Performance Shares under LTIP 2011, the number of shares which the participant is entitled to receive are reduced.

6. The number of Matching Shares and Performance Shares which can be allotted on the basis of Saving Shares may be subject to recalculation due to new share issues, share splits, reverse share splits and similar measures. No adjustments shall be made for dividends.
7. In order to secure the delivery of shares to the participants in LTIP 2011, the board of directors shall enter into an agreement with a third party, whereby the third party in its own name shall acquire and transfer shares in Lindab to the participants in accordance with LTIP 2011.
8. The board of directors shall have the possibility to decide on a reduction of the allotment of Matching Shares and Performance Shares if the board of directors is of the view that an allotment in accordance with the above terms – taking into account the financial result of the group and its financial position, the group's development in general and the prevailing conditions on the securities market, etc. – would be unreasonable.
9. Participation in LTIP 2011 presupposes that such participation is legal and that such participation, according to the assessment of Lindab, is reasonable due to administrative and financial costs.
10. The board of directors shall be responsible for the detailed framing and handling of LTIP 2011 within the scope of the main principles stated above and shall also be entitled to make such minor adjustments of these principles that may be required due to legal or administrative conditions.

### **Costs for LTIP 2011**

In accordance with IFRS 2 – Share based allowances, the value of the right to Matching Shares and Performance Shares according to LTIP 2011 shall be recorded as a personnel cost in the income statement during the Investment Period. The board of directors has performed a preliminary calculation of the value of the right to Matching Shares and Performance Shares in accordance with an established valuation model. Based on the assumption of a share price of SEK 82.30 (the closing price on 29 March 2011), the value of each Matching Share and Performance Share, respectively, is SEK 72.50 in average. The total estimated value of the Matching Shares and Performance Shares expected to be allotted during the program, based on a fifty percent fulfillment of the performance requirements and an annual employee turnover of

10%, is approximately MSEK 11, equivalent to approximately 0.2% of Lindab's market capitalization on 29 March 2011.

Social security costs will be recorded as costs in the income statement through current provisions in accordance with generally accepted auditing standards. The amount of these current provisions are re-valuated based on the development of the right to Matching Shares and Performance Shares and the expected costs at the allotment of these. The total costs for LTIP 2011 including social security costs has been estimated based on an assumption of an annual ten percent increase of the share price and a fifty percent fulfillment of the performance requirements. The company's maximum costs for LTIP 2011 are estimated at MSEK 14, based on the above stated assumptions.

### **Impact on key ratios**

At full participation in the share saving program, Lindab's personnel costs are expected to increase by approximately MSEK 5 annually, equivalent to 0.3% of Lindab's personnel costs for 2010. On pro forma basis for 2010, these costs are equivalent to a negative effect of approximately 0.07 percentage points on Lindab's operating margin and a reduction of profit per share of approximately SEK 0.05.

However, the Board of Directors assesses that the positive impacts on results expected to occur when senior executives and other employees increase their shareholding outweigh the costs related to LTIP 2011.

### **Scope**

The number of shares outstanding in Lindab amounts to 75,331,982 shares. According to LTIP 2011, a maximum number of 311,500 shares can be allotted to the participants free of charge, equivalent to approximately 0.4 percent of the total number of outstanding shares in Lindab. LTIP 2011 will not involve any dilution effect since the program is proposed to be secured through an arrangement with a third party, whereby the third party shall acquire and transfer shares in the company to the participants.

### **Hedging of costs for the program and delivery of shares under LTIP 2011**

In order to hedge costs related to the program and to secure the delivering of shares under LTIP 2011, Lindab shall enter into an equity swap agreement with a third party, whereby the third party in his own name shall acquire and transfer shares in Lindab to the participants in accordance with LTIP 2011. The costs for the equity swap will not exceed MSEK 1.9 at maximum allotment of Matching Shares and Performance Shares.

### **Processing of the proposal**

The above proposal for LTIP 2011 has been prepared by the board of directors with the assistance of external advisors, the remuneration committee and in consultation with major shareholders. No senior executives or key employees who may participate in the LTIP 2011 has participated in the preparation of the program.

### **Voting majority**

The resolution of the annual general meeting regarding LTIP 2011 must be supported by shareholders representing at least half of the votes cast at the Meeting in order to be valid.

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Båstad in April 2011  
THE BOARD OF  
DIRECTORS