

SECTRA

Documentation to be presented at the
Annual General Meeting of

Sectra AB (publ)

Thursday 28 June 2007

Agenda

for the Annual General Meeting with the shareholders in Sectra AB (publ) Thursday 28 June 2007 at 16.00 p.m. at Collegium, Teknikringen 7, Linköping.

1. Opening of the Annual General Meeting.
2. Election of Chairman of the Annual General Meeting.
3. Preparation and approval of the voting list.
4. Approval of the agenda.
5. Election of two persons to certify the minutes.
6. Establishment of whether the Annual General Meeting has been duly convened.
7. Presentation of the Annual Report and the Auditor's Report and the Consolidated Annual Report and Consolidated Auditor's Report.
8. Resolution
 - (a) regarding adoption of the Profit and Loss Statement and the Balance Sheet and the Consolidated Profit and Loss Statement and Consolidated Balance Sheet.
 - (b) regarding allocation of the company's profit according to the adopted Balance Sheet.
 - (c) regarding discharge from liability towards the company for the members of the Board of Directors and the Managing Director.
9. Resolution regarding the number of members of the Board of Directors and Auditors.
10. Resolution regarding the fees for the Board of Directors and the auditors.
11. Election of the members of the Board of Directors and the Chairman of the Board.
12. Election of the auditors.
13. Resolution regarding Nomination Committee.
14. Resolution regarding changes in the Articles of Association.
15. Resolution concerning the principles for remuneration and other terms of employment for senior executives of the company.
16. Resolution regarding authorisation for the Board of Directors to issue shares.
17. Resolution regarding authorisation for the Board of Directors to acquire and dispose of the company's own shares.
18. Resolution regarding the issue of convertibles to employees.
19. Resolution regarding the issue of convertibles to members of the Board of Directors.
20. Resolution regarding the grant of further stock options according the company's Global Share Option Plan and resolution regarding authorisation for the Board of Directors to issue warrants.
21. Other matters.

22. Closing of the Annual General Meeting.

The Board of Directors' proposals to be presented at the Annual General Meeting in Sectra AB (publ) on Thursday 28 June 2007

The following proposals have the same numbering as set forth in the Board of Directors' proposed agenda.

Election of Chairman of the Annual General Meeting (item 2)

The Nomination Committee, consisting of the Chairman of the Board of Directors Thomas Ericson, Jan-Olof Brüer representing the company's larger shareholders and Annika Andersson representing Fjärde AP-Fonden, proposes that lawyer Per Nyberg is elected Chairman of the Annual General Meeting.

Dividend (item 8)

The Board of Directors and the Managing Director proposes that a dividend of SEK 0.50 per share shall be distributed. The proposed record date is Tuesday 3 July 2007. Provided that the Meeting resolves in accordance with the proposal, the dividends will be paid through VPC AB on Friday, 6 July 2007. The Board of Directors' motivated statement in accordance with Chapter 18 § 4 of the Companies Act is set forth in **Appendix A**.

Board of Directors (items 9-12)

The Nomination Committee, consisting of Thomas Ericson, Jan-Olof Brüer and Annika Andersson, proposes that the Board of Directors shall comprise of five members without any deputy members. It is proposed that Torbjörn Kronander, Anders Persson, Gündör Rentsch and Carl-Erik Ridderstråle be re-elected as members of the Board of Directors, and that Erika Johnson be elected as new member of the Board. It is proposed that Carl-Erik Ridderstråle be elected Chairman of the Board. Information regarding the proposed members of the Board is available at www.sectra.se.

It is proposed that director fees amount to three base amounts for each of the external members of the Board and four base amounts for the Chairman of the Board. A base amount for 2007 corresponds to SEK 40,300, entailing total fees of SEK 523,900 for the Board of Directors. Furthermore, the Nomination Committee proposes that audit fees be paid pursuant to approved invoices.

The Nomination Committee's proposal is supported by shareholders representing more than 50 percent of the votes in the company.

The Nomination Committee proposes that Lindebergs Grant Thornton, with Ivar Verner as principal, be re-elected as auditor by the Annual General Meeting for a term of 4 years.

Resolution regarding Nomination Committee (item 13)

The Board of Directors proposes that a Nomination Committee is appointed during the period until a new Nomination Committee is elected and authorised from the next Annual General Meeting. The Nomination Committee shall consist of three members, whereof one member (the convenor) shall be the Chairman of the Board of Directors and two members shall represent the company's

larger shareholders. The members of the Nomination Committee shall be elected in consultation with the company's larger shareholders per 31 October 2007. Should major alterations of the shareholding occur among the largest shareholders or should a member for some other reason wish to resign from the Nomination Committee, the Nomination Committee shall in consultation with the company's 3 largest shareholders resolve on any necessary changes in the Nomination Committee's composition.

The Chairman of the Nomination Committee shall be the member representing the shareholder with the largest number of votes. The members of the Nomination Committee shall be announced no later than in connection with the half-year report for the 2007/2008 financial year. The Nomination Committee shall prior to the General Meeting prepare and propose the election of Chairman for the Annual General Meeting, Chairman of the Board of Directors, other Board members, as well as fee to the Board of Directors. When necessary, the Nomination Committee shall also prepare and propose the election of auditors and fee to the auditors. It is proposed that no fee shall be granted to the Nomination Committee.

Resolution regarding changes in the Articles of Association, (item 14)

The Board of Director proposes that the Annual General Meeting resolves to amend article 3 in the Articles of Association in order to include the company's business activity in customer finance to the company's field of activity. The wording of the proposed amendments are set forth below:

Current wording	Proposed wording
<i>§ 3 Operations</i>	<i>§ 3 Operations</i>
<i>The Company shall develop and deliver products and system solutions as well as utilize innovations in the areas of computer technology and telecommunications, own and manage shares in industrial companies and conduct trading in securities, and undertake other operations related to the above.</i>	<i>The Company shall develop and deliver products and system solutions as well as utilize innovations in the areas of computer technology and telecommunications, own and manage shares in industrial companies, conduct trading in securities and financing businesses (however, not such business that requires license according to the Swedish Securities Operations Act (Sw: lagen om värdepappersrörelse) or the Swedish Banking and Financing Act (Sw: lagen om bank- och finansieringsrörelse), and undertake other operations related to the above.</i>

A resolution in accordance with this proposal shall be supported by shareholders representing at least 2/3 of the shares and number of votes represented at the Annual General Meeting.

Resolution concerning the principles for remuneration and other terms of employment for senior executives of the company, item 15

The Board of Directors proposes that the 2007 Annual General Meeting resolves to adopt the principles below relating to remuneration and other conditions of employment for senior executives of the company with contracts that are signed or modified after the Annual General Meeting.

Senior executives of the company includes the President/CEO and other members of the senior management.

The Board of Directors proposes that remuneration to senior executives of the company be based on market terms and should support the interests of the company's owners. Remuneration shall, in the main, consist of a fixed salary element, a variable salary element, pension benefits and other benefits; for example, use of a company car. The pension benefits shall be in the form of premium. The fixed salary element shall be determined with regard to personal skills, scope of responsibility and achievements, and shall be based on market terms. The variable salary element shall be based on a performance-based programme and shall be set at a rate of not more than 100 percent of the individual's fixed annual salary. The period of notice shall be not more than 12 months on the employee's side. In the event that notice is issued by the company, the period of notice and the time during which severance pay is paid out shall not together exceed a total of 24 months.

The Board of Directors proposes that members of the Board of Directors with special competence shall receive remuneration on market terms for performed services outside his or her management assignment. Resolution regarding such remuneration shall be dealt with by the Board of Directors, in which case the party concerned may not take part in the dealing or the decision hereof.

The Board of Directors also proposes that the Annual General Meeting authorises the Board to deviate from the guidelines for remuneration drawn up by the Annual General Meeting, if there are special reasons for so doing in individual instances.

Resolution regarding authorisation for the Board of Directors to issue new shares (item 16)

The Board of Directors proposes that the Annual General Meeting resolves to authorise the Board of Directors to issue, on one or several occasions during the period until the next Annual General Meeting, not more than 3,600,000 Class B shares for payment in cash, payment by set-off of claims or payment in kind and to thereby disregard the shareholders' preferential rights. The issue price of the new shares shall be determined on the basis of the prevailing market price of the Class B shares at the time of the issue. The purpose of the authorisation is to facilitate the utilisation of newly issued shares in connection with the carry through or for the financing of acquisitions of companies or businesses or parts thereof and in connection with market investments.

A resolution in accordance with this proposal shall be supported by shareholders representing at least 2/3 of the shares and votes represented at the General Meeting.

Resolution regarding authorisation for the Board of Directors to acquire and dispose of the company's own shares (item 17)

The Board of Directors proposes that the Annual General Meeting resolves to authorise the Board of Directors, on one or several occasions during the period until the next Annual General Meeting, to resolve on the acquisition of Class B shares of the company. Such shares may be acquired up to a maximum amount not exceeding at any time 10 percent of the total number of shares issued in the company. Acquisitions of shares shall be made on Stockholm Stock Exchange at a purchase price within the range of share prices registered at any given time, meaning the spread between the maximum buying rate and the minimum selling rate, or by way of an offer to all holders of Class B shares.

The Board of Directors also proposes that the Board of Directors shall be authorised to resolve, on one or several occasions during the period until the next Annual General Meeting, to dispose of all Class B shares held by the Company, via Stockholm Stock Exchange or otherwise than via a marketplace. A disposal of shares via Stockholm Stock Exchange may only be made at a price within the range of share prices registered at any given time. The authorisation includes a right to disregard the preferential rights of the shareholders to acquire shares and that payment may be made in a form other than in cash.

The purpose of the authorisations is to facilitate the utilisation of re-purchased shares in connection with the acquisition of companies or businesses or parts thereof, in connection with market investments, for hedging costs that may arise relating to the company's incentive programmes and for a continuous adoption of the company's capital structure and thereby contributing to increased shareholders' value.

A resolution in accordance with this proposal shall be supported by shareholders representing at least 2/3 of the shares and votes represented at the General Meeting.

The Board of Directors' motivated statement in accordance with Chapter 19 § 22 of the Companies Act is set forth in **Appendix A**.

Proposal regarding the issue of convertible to employees or members of the Board of Directors, (item 18)

The Board of Directors proposes that the Annual General Meeting resolves to issue convertibles at a nominal value not exceeding SEK 35,000,000, which the company's employees shall be able to subscribe for.

The following conditions shall apply to the resolution:

1. The issue price for the convertibles shall correspond to the convertibles' nominal value.
2. The convertibles shall, in deviation of the shareholders' preferential rights, be subscribed for by the group's employees according to **Appendix B**.
3. Subscription shall be made on a subscription list from the 1 – 12 October 2007.
4. Payment for the convertibles shall be made in cash no later than 31 October 2007.
5. The convertibles shall carry an annual interest of 4 percent, and shall mature for payment on 15 June 2010.
6. The convertibles entitle the holder to convert to Class B shares. The conversion rate shall correspond to 135 percent of the volume-weighted average of price paid for the company's shares on the Stockholm Stock Exchange during the period 29 August 2007 - 12 September 2007, however no less than SEK 40. Holders are entitled to request conversion of their convertibles into shares, during the period 24 - 28 May 2010.
7. Assuming full subscription and full conversion of the convertibles, the share capital may increase by no more than SEK 875,000.
8. No excess subscription shall take place.
9. The new shares shall yield a right to dividend from the financial year of 2010.

In addition hereto, the terms and conditions according to **Appendix C** shall apply.

Moreover, it is proposed to authorise the Board of Directors, or any person nominated by the Board of Directors, to undertake such minor adjustments as may be required for the registration of the issue by the Swedish Companies Registration Office and VPC AB.

The issue price of the convertibles shall correspond to market value according to established principles of valuation. The convertibles have been valued by Lindebergs Grant Thornton.

The convertibles may only be allocated so that the dilution effect assuming full conversion amounts to no more than 1 percent of the share capital at the date of the Annual General Meetings resolution, wherein the dilution due to the allocation of convertibles to external members of the Board of Directors according to the proposal by the shareholders shall be included.

Full conversion, will result in the key ratio equity per share and earnings per share for the fiscal year 2006/2007 are only insignificantly affected. These key ratios have therefore been excluded.

The proposal, which has the same scope as the convertible program decided on during the previous 8 years, has been drawn up by the management in consultation with external advisers according to guidelines from the Board of Directors and has been discussed at a meeting of the Board of Directors on 22 May 2007.

The purpose of the deviation of the shareholders' preferential rights is to further strengthen the motivation of the employees regarding the Group's long term business and financial development and to increase the motivation and the feeling of belonging to the Company. The Board of Directors considers it to be in favour of the company and for the company's shareholders to enable employees to be shareholders in Sectra AB (publ) through this convertible program.

The proposal set forth above implies that the company's Board members subscribe convertibles entitling the holder to acquire shares in the Company. According to Chapter 16 of the Companies Act referring to directed placements in stock market companies etc. (previously these rules were found in the so called Leo Act), a resolution regarding approval of the plan as set out above shall be supported by shareholders representing at least 90 percent of the shares and votes represented at the General Meeting.

A compilation of the company's incentive programmes is set forth in **Appendix D**.

Proposal regarding the issue of convertibles to members of the Board of Directors, item 19

Further, shareholders representing approximately 52 percent of the votes in the Company, propose that the Annual General Meeting resolves to issue convertibles with a nominal value not exceeding SEK 3,500,000. With disapplication of the shareholders' preferential rights, external members of the Board of Directors in Sectra AB (publ) may subscribe for the convertibles according to the same conditions as set forth in item 18 above.

The shareholders' proposal for resolution regarding issue of convertibles to external member of the Board of Directors is set forth in **Appendix E**.

Resolution regarding the grant of further stock options according to the Company's Global Share Option Plan and resolution regarding authorisation for the Board of Directors to issue warrants (item 20)

The Board of Directors proposes that the General Meeting resolves to issue not more than 100,000 additional call options to the Group's employees in the US according to the previously

adopted incentive programme, whereby the managing director shall be granted not more than 40,000 options and other employees not more than 10,000 options.

According to the incentive programme, call options ("stock options") may be granted by the company or any of its subsidiaries and each stock option entitles the holder to acquire one share of Class B in Sectra AB (publ). No premium is payable on grant of a stock option. The exercise price per share shall correspond to 135 percent of the volume-weighted average of price paid for the company's shares on the Stockholm Stock Exchange at the time of the issuing. The stock options may only be exercised three years from the date of grant and under the condition that the employee is still employed within the Group. The stock options shall lapse three years and two months from the date of grant.

The incentive programme is carried out in order to further strengthen the employees' interest in the Group's long term business and financial development and to increase the motivation and the feeling of belonging to Sectra AB (publ). The Board of Directors considers it to be in favour of the company and for the company's shareholders to enable employees in the US to be shareholders in Sectra AB (publ).

If all stock options are exercised, employees in the company will acquire shares corresponding to approximately 0.3 percent of the share capital and approximately 0.2 percent of the votes in the company. Considering previously granted stock options, the aggregate dilution effect corresponds to approximately 0.7 percent of the share capital and approximately 0.4 percent of the votes.

The proposal, which has increased the scope compared with the earlier decided incentive programme due to the fact that the number of employees in the US has increased dramatically the last financial year, has been drawn up by the management in consultation with external advisers according to guidelines from the Board of Directors and has been discussed at a meeting of the Board of Directors on 22 May 2007.

Further, the Board of Directors proposes that the Annual General Meeting resolves to authorise the Board of Directors to issue no more than 100,000 warrants, giving the right to subscribe for no more than 100,000 shares of Class B in the Company without preferential right for the shareholders, at one or several occasions during the period until the next Annual General Meeting. With disapplication of the shareholders' preferential rights, wholly owned subsidiaries in the Group shall be entitled to subscribe for the warrants.

The purpose of the disapplication of the shareholders' preferential rights is to ensure the option undertakings according to the incentive programme described above.

If all warrants according to the proposed authorisation are exercised, the key ratio equity per share and earnings per share for the 2006/2007 fiscal year are only insignificantly affected. These key ratios have therefore been excluded.

The incentive program implies that the employees within the group are granted call options entitling the holder to acquire shares in the company. According to Chapter 16 of the Companies Act referring to directed placements in stock market companies etc. , a resolution regarding approval of the plan as set forth above shall be supported by shareholders representing at least 90 percent of the shares and votes represented at the General Meeting.

A compilation of the company's incentive programmes is set forth in **Appendix D**.

The Board of Directors' statement in accordance with Chapter 18, Section 4, and Chapter 19, Section 22 of the Companies Act (2005:551)

The Board of Directors hereby presents the following statement in accordance with Chapter 18, Section 4 and Chapter 19, Section 22 of the Companies Act.

The Board of Directors' reasons for the proposed dividend and the authorisation to repurchase and transfer the Company's own Class B shares being in accordance with the provisions of Chapter 17, Section 3, paragraph 2 and 3 of the Companies Act are as follows:

The Company's objects, scope, and risks

The Company's objects and scope of business are set out in the Articles of Association and the annual reports provided. The business run by the Company does not entail any risks in excess of those that exist or may be deemed to exist in the industry or those risks which are generally associated with operating a business.

The financial position of the Company and the Group

The financial position of the Company and the Group as at 30 April 2007 is stated in the latest annual report. The annual report also states which accounting principles are applied in the valuation of assets, allocations and liabilities.

The proposal on dividend states that the Board of Directors proposes a dividend of SEK 0.50 per share, which corresponds to an amount less than of SEK 18.5 million. The proposed dividend constitutes 4.5 percent of the parent company's equity and 3.6 percent of the Group's equity. The non-restricted equity in the parent company and the Group's retained profits amounted to SEK 142.3 million and SEK 190.4 million respectively at the end of the 2006/2007 financial year. The Board of Directors proposes that the record day provision for the dividend is Tuesday 3 July 2007.

The annual report states that the equity-debt ratio is 60.8 percent. The proposed dividend and authorisation to purchase and transfer the Company's own Class B shares does not endanger the completion of any necessary investments.

The company's financial position does not give rise to any other conclusion than that the Company can continue its business and that the Company can be expected to fulfil its obligations on both a short and long-term basis.

Justification for dividend and repurchase

With reference to the above and to what has otherwise come to the knowledge of the Board of Directors, the Board of Directors is of the opinion that after a comprehensive review of the financial position of the Company and of the Group it follows that the proposed dividend and authorisation to repurchase and transfer the Company's own Class B shares is justified according to the provisions of Chapter 17, Section 3, paragraph 2 and 3 of the Companies Act, i.e. with reference to the requirements that the objects of the business, its scope and risks place on the size of the Company's and Group's equity and the Company's and the Group's consolidating requirements, liquidity and financing needs in general.

Linköping in May 2007

Sectra AB (publ)
The Board of Directors

Thomas Ericson, Chairman of
the Board of Directors

Torbjörn Kronander
Director

Gündor Rentsch
Director

Employees' right to subscribe and allotment guidelines for the Board of Directors

The convertibles shall, with disapplication of the shareholders' preferential rights, be subscribed for by all individuals who as of 30 September 2007 are permanent in the Sectra Group. At allotment the Board of Directors shall observe the following.

Each employee shall be allotted convertibles at a nominal value in total of no more than 1,000 times the conversion rate, which shall be calculated according to section 6 in the Board of Directors' proposal. In addition, employees with special competence or otherwise of special importance for the development of the Sectra Group (key persons), shall be allotted, according to resolutions by the Board of Directors, convertibles to an amount of no more than 25,000 times the calculated conversion rate.

If the new issue is not subscribed in full, each employee shall be allotted additional convertibles at a nominal value of a total of no more than 5,000 times the calculated conversion rate, first to the key persons.

**Terms and Conditions for Sectra AB's Convertibles
2007/2010 of SEK 35,000,000**

§ 1 Definitions

In the terms and conditions the following designations shall have the meaning presented below.

"ABL"	the Swedish Companies Act (2005:551);
"reconciliation account"	Securities account at VPC where each convertible holder's possession of convertibles or possession of shares acquired by convertibles are registered.
"share"	share of class B in the Company;
"banking day"	a day which is not a Sunday, or other public holiday or, with respect to the payment of promissory notes, is not equated with a public holiday in Sweden;
"the Bank"	a bank or a securities institute, which the Company from time to time shall contract with to perform the undertakings of the Bank under these terms and conditions;
"the Company"	Sectra AB (publ), Registration No. 556064-8304;
"conversion"	the exchange of a convertible for new shares in the Company;
"conversion price"	the price at which conversion may occur;
"convertible "	such convertible with conversion rights as referred to in Chapter 15 of the Swedish Companies Act (2005:551);
"Holder"	a holder of a convertible; and
"VPC"	VPC AB (the Swedish Central Securities Depository and Clearing Organisation).

§ 2 Loan amount, maturity and interest rate

The loan amount shall no exceed SEK thirty-five million (35,000,000). The loan matures on 15 June 2010, except to the extent of prior conversions. The loan carries an annual interest of four (4) percent. The interest runs from 31 October 2007 and is payable each year on 30 April, commencing on 30 April 2008, as well as on the maturity date of the loan.

If interest shall be calculated for a period of less than one year, such calculation shall be on the basis of a year consisting of twelve months of 30 days each.

The Company hereby assumes the loan note and undertakes to make payments in accordance with the conditions stated herein.

§ 3 Account operator, registration, etc.

The loan shall be registered on Securities Accounts in accordance with Chapter 4 of the Swedish Financial Instruments (Accounts) Act (SFS 1998:1479). No certificates will be issued.

Each convertible shall have a nominal value of SEK one (1) or multiples thereof.

The convertibles will be registered on behalf of each holder in the reconciliation account in the Company's securities account.

§ 4 Subordination

In the event the Company is placed in liquidation or insolvent liquidation, the convertibles shall entitle the holders thereof to payment from the Company's assets after the Company's non-prioritised creditors and shall be ranked *pari passu* with other subordinated obligations, which are not expressly subordinated to this loan.

The Company undertakes, for such time as any creditors hold convertibles pursuant to these terms and conditions, not to assume subordinated obligations which, in the event of the Company's liquidation or insolvent liquidation, shall entitle such creditors to payment from the Company's assets prior to payment pursuant this subordinated loan.

§ 5 Payment of interest and repayment of principal

The interest and principal will be paid by VPC to parties who, on the fifth banking day prior to the respective due date for payment or on the banking day more close to the due date for payment that may generally be applied on the Swedish securities market (the record date for payment) is registered in an account in the Company's VPC register as the holder or as otherwise entitled to receive interest and payment of principal.

If the holder, or a person who is registered in an account in the Company's VPC register as otherwise entitled to receive interest and payment of principal, has via an account-operating institute registered that the interest and payment of principal should be deposited in a specified bank account, such deposit will be made by VPC on the due date for payment. In the absence of such agreement, VPC will transmit the interest payment and payment of principal on that date to the address of the appropriate party as recorded at VPC on the record date for payment. If the due date for payment is a day that is not a banking day, the payment will not be deposited or transmitted until the immediately following banking day.

If VPC, due to delay on the part of the Company or to other hindrance, be unable to make the interest or principal payment when due, the payment will be made by VPC as soon as such hindrance has been removed to the party who, on the record date for payment, was registered as the holder or listed as entitled to receive interest and payment of principal.

Interest is payable only up to and including each respective due date for payment even if such day shall fall on a day that is not a banking day and even if the payment is delayed by such hindrances as are described in the conditions regarding limitation in responsibility of the bank and VPC below. In the event that the Company shall fail to make funds available to VPC in time for payment of the principal or interest due on the relevant due date for payment, whether or not there are hindrances in the liability of the bank or VPC as stated below, interest shall be payable on the past due date for payment, up to and including the banking day upon which, no later than 10:00 a.m., funds have been made available to VPC.

§ 6 Conversion

Holders shall have the right, during the period 24 – 28 May 2010, to request conversion of their convertibles into shares. The conversion price shall correspond to 135 percent of the volume-weighted average of price paid for the company's shares on the Stockholm Stock Exchange during the period 29 August 2007 – 12 September 2007, however no less than SEK 40. Request for conversion shall be made to the company on a registration form specified by the company or to the one that the company provides on an established registration form.

One new share will be received for each full amount equivalent to the conversion price of the total principal value of this convertible, registered in the applicable account for convertibles, which one and the same holder wishes to convert at the same time. If this amount is not evenly divisible by the conversion price, the surplus amount shall be paid in cash. The conversion price may be adjusted in the circumstances described below.

Conversion is effected by the new shares being registered in the Company's share register as interim. Any surplus cash amount as specified above shall thereafter be paid. After the registration has been made with the Swedish Companies Registration Office, the registration in the reconciliation account will become final.

§ 7 Interest and dividends in connection with conversion

At conversion right to accrued interest cease with respect to the period from the interest-payment date immediately prior to conversion.

Shares issued upon conversion carry rights to dividends commencing on the record date for dividends which falls immediately after the day on which conversion is effected.

§ 8 Adjustment of conversion price, etc.

The following shall apply with the respect to the rights of holders in the situations described below.

Subsection A. If the Company effects a bonus issue of shares conversion requested on such date that the thereby received share do not carry right to a bonus share, an adjusted conversion price shall be applicable in accordance with the following.

$$A = \frac{B * C}{D}$$

- A = adjusted conversion price
- B = preceding conversion price
- C = number of shares prior the bonus issue
- D = number of shares following the bonus issue

The Company has the right to wait with conversion until after the record date for the issue if it facilitates accomplishment of the issue.

Subsection B. If the Company effects a consolidation or a split of its shares, subsection A above shall apply. The date on which the consolidation or split is carried out shall in such case be considered to be on an equal footing with the record date of the bonus issue.

Subsection C. If the Company issues new shares – with preferential rights to its shareholders to subscribe for new shares for cash – an adjusted conversion price shall apply in accordance with the following if conversion is requested on such a date that rights to participate in the new issue do not accrue,

$$A = \frac{B * C}{D}$$

- A = adjusted conversion price
- B = preceding conversion price
- C = the average share price
- D = the average share price increased by the theoretical value of the subscription right

The average price of the share is the average of the mean of the highest and lowest prices paid each trading day in transactions as recorded on the Stockholm Stock Exchange during the subscription period. In the absence of a quotation of paid price, the last bid price quoted shall be used in the calculation. If neither a paid price nor a bid price is quoted on a given day, that day shall be excluded from calculation of the average share price.

The theoretical value of subscription rights is calculated in accordance with the following formula:

$$A = \frac{B * (C - D)}{E}$$

- A = the theoretical value of the subscription right
- B = maximum number of shares that can be issued according to the resolution approving the new issue
- C = average price of the share
- D = the price at which the shares are being issued
- E = number of shares outstanding prior to the resolution whereby new shares are issued

If the subscription right has a negative value, the theoretical value of the subscription rights shall be fixed at zero.

The Company has the right to wait with conversion until after the record date if it facilitates accomplishment of the issue.

The Company likewise has the right to give all holders the same preferential rights that according to the resolution belongs to the shareholders. Notwithstanding conversion has not been carried out holders shall be considered owners of the number of shares that the holder would have received if conversion had been carried out to the conversion price at the date of the resolution to issue. The fact that the holder would have been able to receive a cash sum in accordance with above, shall not result in any right now in question. Adjustment of the

conversion price shall not take place if the Company should decide to give the holders preferential right in accordance with these conditions.

Subsection D. If the Company effects an issue as referred to in Chapter 15 of the Swedish Companies Act – with preferential rights for the shareholders to subscribe for convertibles in return for cash payment - an adjusted conversion price shall apply in accordance with the following if conversion is requested on such date that right to participate in the new issue do not accrue,

$$A = \frac{B * C}{D}$$

- A = adjusted conversion price
- B = preceding conversion price
- C = average share price
- D = average share price increased by the value of subscription rights

The average share price is calculated as stated in subsection C. above.

The value of the subscription right shall be considered to correspond to the average of the mean of the highest and the lowest prices paid for such rights each trading day in transactions as recorded on the Stockholm Stock Exchange during the subscription period. In the absence of a quotation of a paid price, the last bid price quoted shall be included in the calculation. If neither a paid price nor a bid price is quoted on a given day, that day shall be excluded from calculation of the value of subscription rights.

The Company has the right to wait with carrying out conversion until after the record date for the issue if it facilitates accomplishment of the issue.

The Company likewise has the right to give all holders the same preferential rights that accrue to the shareholders according to the resolution. In this case every holder shall, notwithstanding conversion has not been carried out, be considered owner of the number of shares the holder would have received if conversion had been carried out at the existing conversion price at the time of the resolution to issue. The circumstance that the holder also could have been able to receive a cash sum in accordance with the above mentioned shall not result in any right now at hand. No adjustment of the conversion price shall take place if the Company should resolve to give the holders preferential rights in accordance with those conditions.

Subsection E. Should the Company, in cases other than those set forth in subsections A. through D. above, make an offer to its shareholders to acquire on a preferential basis securities or rights of any type from the Company in accordance with the principles stated in Chapter 13, § 1 of the Swedish Companies Act or decide to distribute, in accordance with the above mentioned principles, such securities or rights to shareholders without consideration, an adjusted conversion price according to below shall be applied in connection with conversions requested at any time such that the received do not carry rights to participate in the offer or distribution.

$$A = \frac{B * C}{D}$$

- A = adjusted conversion price
- B = preceding conversion price
- C = average share price
- D = average share price increased by the value of rights to participate in the offer or distribution

The average share price is calculated during the specified subscription period in the offer as stated in subsection C. above.

In the event that shareholders receive purchase rights and trading of such rights has occurred, the value of the right to participate in the offer shall be considered to correspond to the average of the mean of the highest and lowest prices paid for such rights each trading day in transactions as recorded on the Stockholm Exchange during the subscription period. In the absence of a quotation of a paid price, the last price quoted shall be included in the transaction. If neither a paid price nor a bid price is quoted on a given day, that day shall be excluded from the calculation of value of the purchase rights.

In the event that shareholders have not received purchase rights or if such trading in purchase rights as referred to in the preceding paragraph has not occurred, the adjustment of the conversion price shall be calculated by applying as far as possible the principles set forth in subsection E. herein. The following shall thereby apply.

If a listing occurs of the securities or rights offered to the shareholders, the value of the right to participate in the offer shall be considered to correspond to the average of the prices paid for such securities or rights on each trading day during 25 days from and including the first day for listing calculated as the mean of the highest and lowest paid prices recorded for transactions in these securities or rights on the Stockholm Stock Exchange, less any consideration that is paid for these in conjunction with the offer. In the absence of a quotation of price, the last bid price quoted shall be used in the calculation. If neither a paid price nor a bid price is quoted on a given day, that day shall be excluded from calculation of the average price. When a recalculation of the conversion price is made according to this paragraph, the above mentioned 25 trading days shall be considered to correspond to the application period in the offer according to above.

Should listing not occur, the value of the right to participate in the offer shall be determined as far as possible on the change in the market price of the Company's shares that can be considered to have arisen as a consequence of the offer.

The Company has the right to wait with conversion until after the record date for the offer if it facilitates accomplishment of the offer.

The Company likewise has the right to give all holders the same preferential rights, as according to the resolution is granted to the shareholders. In this case every holder, notwithstanding a conversion has not been carried out, shall be considered owner of the number of shares the holder would have had received if the conversion had been carried out at the existing conversion price at the time of the resolution of the offer. The fact that the holder also could have been able to receive a cash sum according to the above shall not result in any right now at hand. If the Company should resolve to give the holders preferential rights in accordance with those conditions, no adjustment of the conversion price shall be made.

Subsection F. If a cash dividend to shareholders is decided, such that the shareholders receive, combined with other dividends paid during the same fiscal year, a total dividend exceeding ten (10) percent of the average price of the share during a period of 25 trading days immediately preceding the day on which the Board of Directors announced its intention to propose that the General Meeting of the Shareholders should approve such dividend an adjusted conversion price shall be applied for conversions requested at such time that the shares received in such event do not carry rights to receive the such dividend. The adjustment shall be based on the extraordinary dividend, i.e. on such part of the total dividend that exceeds the above mentioned percentage of the average price of the shares during the mentioned period. The adjustment shall be made according to the following.

$$A = \frac{B * C}{D}$$

- A = adjusted conversion price
- B = preceding conversion price
- C = average share price
- D = average share price increased by the extraordinary dividend paid per share

The average price of the share shall be considered to correspond to the average of the mean of the highest and lowest prices paid each trading day during the above stated period of 25 trading days in accordance with the official price list of the Stockholm Stock Exchange. In the absence of a quotation of a paid price, the last bid price quoted shall be used in the calculation. If neither a paid price nor a bid price is quoted on a given day, that day shall be excluded from the calculation.

The Company has the right to wait with conversion until after the record date for the dividends if it facilitates accomplishment of the dividend.

Subsection G. If the Company's share capital is reduced through a repayment to its shareholders the following adjusted conversion price shall be applied.

$$A = \frac{B * C}{D}$$

- A = adjusted conversion price
- B = preceding conversion price
- C = average share price
- D = average share price increased by the amount being repaid per share

The average share price is calculated under a period of 25 trading days from and including the day the share is listed without right to repayment as stated in subsection C.

The Company has the right to wait with conversion until after the resolution of repayment of share capital to shareholders has been registered at the Companies Registration Office, if it facilitates the accomplishment of the resolution of repayment of share capital.

Subsection H. Should the Company take action in accordance with the above and should the application of the conversion formula established for such action with reference to technical design of such action or for any other reason, not be possible, or would it result in the holders receiving, in relation to the shareholders, economic compensation that is not reasonable, the Board of Directors of the Company has the right to make adjustment of the conversion price as the Board of Directors determines appropriate to ensure that the adjustment of the conversion price leads to a reasonable result.

Subsection I. In adjusting the conversion price as described above, the price shall be rounded to units of 10 öre, with 5 öre rounded upwards.

Subsection J. If it is decided that the Company is to enter into liquidation pursuant to Chapter 25 of the Swedish Companies Act, conversion may not be requested thereafter, regardless of the grounds for liquidation; the right to request conversion ceases simultaneously with the decision to liquidate, notwithstanding the fact that the decision may not have come into legal force. However, the holder has the right, in such cases, to demand immediate payment of the principal amount of the convertible plus accrued interest to the date of payment. If the decision to liquidate is made at a General Meeting of Shareholders, this right becomes effective on the day following the Meeting or otherwise on the day following the date on which the court order or liquidation has come into legal force. Within a week thereafter, the Company, as provided below, shall notify the holders in writing, advising them of their right to immediate payment.

Not later than two months before the General Meeting of the Shareholders determines whether the Company should enter into voluntary liquidation, as provided in Chapter 25 of the Swedish Companies Act, the holders shall be informed, as provided below, of the planned liquidation. The notice shall include a reminder that conversion may not be requested after the Meeting has voted to liquidate.

If the Company gives notice of a planned liquidation as stated above, holders are notwithstanding the provisions above regarding the earliest time for requesting conversion – entitled to request conversion from the date when the notice was issued, provided that conversion can be effected not later than the tenth calendar day prior to the General Meeting of Shareholders at which the issue of the Company's liquidation is to be considered.

Subsection K. If the General Meeting of Shareholders shall approve a merger agreement, in accordance with Chapter 23, § 15, of the Swedish Companies Act whereby the Company would be absorbed by another Company, conversion may not thereafter be requested.

However, the holder has the right during a period of two months from the date of such approval to demand immediate payment of the principal amount of the convertible, plus interest.

The Company shall notify holders, advising them of this right, not later than one week following the beginning of such period. Nothing contained herein shall impair rights that may legally accrue to the holders in their capacity as holders in conjunction with a merger.

Not later than two months prior to the time the Company takes a final decision on the matter of a merger as described above, the holders shall be informed by notice of such merger plans. The notice shall present a report on the principal terms of the planned merger agreement and shall remind the holders that conversion may not be requested once the merger has been fully approved in accordance with that stated in the first paragraph above.

Should the Company give notice of the planned merger as stated above, the holders shall, notwithstanding the provisions regarding the earliest time for requesting conversion, have the right to request conversion from the date when the notice of the merger plans was issued, provided that conversion can be effected not later than the tenth calendar day prior to the General Meeting of Shareholders at which the merger agreement, whereby the Company shall become part of another company, is to be approved.

Subsection L. Should the Board of Directors, in accordance with Chapter 23, § 28 of the Swedish Companies Act, conclude a merger agreement whereby the Company shall be absorbed by the parent company, or the Company's shares become subject to compulsory acquisition pursuant to Chapter 22, § 1 of the same act, the following shall apply.

If a Swedish limited liability stock company owns all shares outstanding in the Company, and the Board of Directors announces its intention of concluding a merger agreement in accordance with the stipulations in the Act cited in the preceding paragraph, the Company shall in the event that the final day for conversion pursuant to above occurs after such announcement, determine a new closing day, i.e. a new final day for requests for conversion. The closing date shall fall within 60 days from the date of the announcement.

If a Swedish parent company owns, solely or together with its subsidiaries, more than ninety (90) percent of the votes for all the shares in the Company and the parent company announces its intention to require such compulsory acquisition, the provisions set forth in the preceding paragraph regarding the closing date shall be applied correspondingly.

However, holders have the right during a period of 60 days from the date of such announcement stated above in this subsection to demand immediate payment of the nominal amount of the convertibles, plus interest accrued to and including the date of payment.

If public notice has been given in accordance with what has been stated above in this Subsection, notwithstanding the provisions of § 6 above with respect to the earliest date to request conversion, the holders shall have the right to request conversion up to and including the closing date. At least four weeks prior to the closing date, the Company shall, by giving notice in accordance with below, notify holders of such right and that conversion may not be requested after the closing date. In addition, the holders shall be notified of their right to request immediate payment in accordance with that stated in the preceding paragraph.

Subsection M. Notwithstanding the provisions above to the effect that conversion may not be requested after a decision is made to liquidate, approval is given for a merger agreement of the expiration of a new closing date upon merger, rights to request conversion shall be reinstated in cases when the liquidation is revoked or the agreement to merge is not implemented.

Subsection N. In the event the Company goes into bankruptcy, conversion may not be requested from that point onwards. If, however, the bankruptcy decision is revoked by a higher court of law, conversion may again be requested.

Subsection O. If the General Meeting would approve a demerger agreement pursuant to Chapter 24 § 17 of the Swedish Companies Act, whereby the Company shall demerge a part of the Company's assets and liabilities acquired by one or several other limited liability companies for a consideration for the shareholders of the Company, a recalculated conversion is applied in accordance with the principles for extraordinary dividend in section

G above. The recalculation shall be based on the part of the company's assets or liabilities which will be acquired by the transferor company.

If all the Company's assets and liabilities are acquired by one or several other limited liability companies for a consideration for the shareholders of the Company, the liquidation rules in section M above shall be applicable, meaning *inter alia* that the right to demand subscription expires at the same time as the registration pursuant to Chapter 24 § 27 of the Swedish Companies Act. The holder is therefore to be notified at the latest four weeks before the demerger plan is submitted to the General Meeting.

9 Special undertaking by the Company

The Company agrees not to undertake any measure that would result in an adjustment of the conversion price to an amount less than the quota of each share in the Company.

§ 10 Statute of limitations

All rights to payment of principal shall cease ten years after the maturity date of the convertibles. The right to receive interest payments shall cease three years after the respective interest payment due date. Funds allocated for payments for which rights cease to exist accrue to the Company.

§ 11 Notification

Notices concerning this loan shall be given to a holder, which address is known to the Company.

§ 12 Confidentiality

Unless so authorized the Company, the Bank or VPC may not provide information on holders to third parties. The Company has the right to obtain information on holders from the debt register kept by VPC.

§ 13 Limitation of liability

With respect to the actions incumbent on the VPC, the Bank and the Company - VPC, the Bank and the Company shall not be deemed liable for loss due to Swedish or foreign legal decrees, Swedish or foreign action by public authorities, acts of war, strikes, blockades, boycotts, lockouts or other similar causes. The reservations with respect to strikes, blockades, boycotts and lockouts apply even if the VPC, the Bank or the Company itself undertakes, or is the object of, such actions. Neither the VPC, the Bank nor the Company shall be obligated to provide compensation for loss arising in other situations if the VPC, the Bank or the Company respectively has exercised normal prudence and are not in any case liable for indirect damages.

If a payment or any other action is stopped by circumstances such as those described in the first paragraph, such action may be deferred until the hindrance has ceased to exist. In the event of deferred payment, the Company shall pay interest at the interest rate applicable on the due date.

§ 14 Governing law, etc.

These terms and conditions and any legal matters relating to the convertibles shall be governed by Swedish law. Any legal proceedings relating to the convertibles shall be instituted in the District Court of Linköping (Sw: Linköpings tingsrätt).

Sectra's stock option programme

At the Annual General Meeting of Sectra AB (publ) (the "**Company**") on 5 July 2000, it was resolved to implement a Global Share Option Plan for the US employees of the Group.

According to the incentive programme, call options ("stock options") may be granted by the Company or any of its subsidiaries and each stock option entitles the holder to acquire one Class B share in the Company. No premium is payable on grant of a stock option. The exercise price per share shall substantially correspond to the market value of the company's Class B share on the Stockholm Stock Exchange, at the time the stock option is granted. The right to acquire the shares may be exercised three years from the date of grant, under the condition that the employee is still employed within the Group. The granted stock option program may be exercised three years from the date of grant. The stock options shall lapse three years and two months from the date of grant.

The incentive programme is carried out in order to further strengthen the employees' interest for the Company's long term business and financial development and to increase the motivation and the feeling of belonging to the Company. The Board of Directors considers it to be in favour of the company and for the Company's shareholders to enable employees in the US to be shareholders in the Company.

The table below shows all stock options in incentive programmes held by the employees as of 31 May 2007.

No of underlying shares of series B	Exercise price (SEK)	Exercise periods
80,000	86,70	26-29 May 2009
40,000	71,10	26-30 May 2008
40,000	74,70	10 September 2005 – 14 September 2007

To ensure the Company's undertaking to deliver shares under the stock option programme, the Company has issued a total of 160,000 warrants (whereof 0 have been exercised), that each entitle the holder to subscribe for one Class B share in the Company, to the wholly-owned subsidiary Sectra Imtec AB. Warrants are outstanding according to the following:

- 80,000 warrants to be subscribed at the latest on 31 December 2009 at a subscription price of SEK 86,70 per share.
- 40,000 warrants to be subscribed at the latest on 31 December 2008 at a subscription price of SEK 71,10 per share.
- 40,000 warrants to be subscribed at the latest on 31 December 2007 at a subscription price of SEK 74,70 per share.

Sectra's convertibles programme

Since the Annual General Meeting of the Company 1999 it has every year been resolved to issue convertibles for the employees of the Group and external board members of the Company.

The convertibles entitle the holder to convert to Class B shares in the Company. The subscription price of the convertibles shall correspond to market value according to established principles of valuation. The convertibles carry an annual interest of four percent.

The purpose of the convertibles programme is to further strengthen the employees' interest for the Group's long term business and financial development and to increase the motivation and the feeling of belonging to the Company and to further strengthen the motivation of the external board members.

As per 31 May 2007, employees of the Group and external board members hold convertibles as follows.

No of underlying shares of series B	Conversion rate (SEK)	Conversion periods
266,800	86,70	26-29 May 2009
165,200	71,10	26-30 May 2008
154,800	74,70	10 September 2005 – 14 September 2007

Shareholders' proposal to be presented at the Annual General Meeting in Sectra AB (publ) on Thursday 28 June 2007

The following proposals have the same numbering as set forth in the Board of Directors' proposed agenda.

Proposal regarding the issue of convertibles to external members of the Board of Directors (item 19)

Shareholders representing 52 per cent of the votes in the company propose that the General Meeting resolves to issue convertibles at a nominal value not exceeding SEK 3,500,000, which the company's employees shall be able to subscribe for.

The following conditions shall apply to the resolution:

1. The issue price for the convertibles shall correspond to the convertibles' nominal value.
2. The convertibles shall, in deviation of the shareholders' preferential rights, be subscribed for by the company's external members of the Board of Directors according to **Appendix H**.
3. Subscription shall be made on a subscription list from the 1 – 12 October 2007.
4. Payment for the convertibles shall be made in cash no later than 31 October 2007.
5. The convertibles shall carry an annual interest of four (4) percent, and shall mature for payment on 15 June 2010.
6. The convertibles entitle the holder to convert to Class B shares. The conversion rate shall correspond to 135 percent of the volume-weighted average of price paid for the company's shares on the Stockholm Stock Exchange during the period 29 August 2007 - 12 September 2007, however no less than SEK forty (40). Holders are entitled to request conversion of their convertibles into shares, during the period 24 - 28 May 2010.
7. Assuming full subscription and full conversion of the convertibles, the share capital may increase by no more than SEK 87,500.
8. No excess subscription shall take place.
9. The new shares shall yield a right to dividend from the financial year of 2010.

In addition hereto, the terms and conditions according to **appendix F** shall apply.

Moreover, it is proposed to authorise the Board of Directors, or any person nominated by the Board of Directors, to undertake such minor adjustments as may be required for the registration of the issue by the Swedish Companies Registration Office and VPC AB.

The issue price of the convertibles shall correspond to market value according to established principles of valuation. The convertibles have been valued by Lindebergs Grant Thornton.

The convertibles may only be allocated so that the dilution effect assuming full conversion amounts to no more than one (1) per cent of the share capital at the date of the Annual General Meetings resolution, wherein the dilution due to the allocation of convertibles to employees according to the proposal by the Board of Directors shall be included.

Full conversion, will result in the key ratio equity per share and earnings per share for the fiscal year 2006/2007 are only insignificantly affected. These key ratios have therefore been excluded.

The purpose of the deviation of the shareholders' preferential rights is to further strengthen the motivation of the external members of the Board of Directors regarding the Group's long term business and financial development and to increase the motivation and the feeling of belonging to Sectra AB (publ).

The proposal set forth above implies that the company's Board members subscribe convertibles entitling the holder to acquire shares in the company. According to Chapter 16 of the Companies Act referring to directed placements in stock market companies etc., a resolution regarding approval of the plan as set out above shall be supported by shareholders representing at least ninety (90) percent of the shares and votes represented at the General Meeting.

A compilation of the company's incentive programmes is set forth in **appendix D**.

Terms and Conditions for Sectra AB's Convertibles 2007/2010 of SEK 3,500,000

§ 1 Definitions

In the terms and conditions the following designations shall have the meaning presented below.

"ABL"	the Swedish Companies Act (2005:551);
"reconciliation account"	Securities account at VPC where each convertible holder's possession of convertibles or possession of shares acquired by convertibles are registered.
"share"	share of class B in the Company;
"banking day"	a day which is not a Sunday, or other public holiday or, with respect to the payment of promissory notes, is not equated with a public holiday in Sweden;
"the Bank"	a bank or a securities institute, which the Company from time to time shall contract with to perform the undertakings of the Bank under these terms and conditions;
"the Company"	Sectra AB (publ), Registration No. 556064-8304;
"conversion"	the exchange of a convertible for new shares in the Company;
"conversion price"	the price at which conversion may occur;
"convertible "	such convertible with conversion rights as referred to in Chapter 15 of the Swedish Companies Act (2005:551);
"Holder"	a holder of a convertible; and
"VPC"	VPC AB (the Swedish Central Securities Depository and Clearing Organisation).

§ 2 Loan amount, maturity and interest rate

The loan amount shall not exceed SEK three million, five hundred thousand (3,500,000). The loan matures on 15 June 2010, except to the extent of prior conversions. The loan carries an annual interest of four (4) percent. The interest runs from 31 October 2007 and is payable each year on 30 April, commencing on 30 April 2008, as well as on the maturity date of the loan.

If interest shall be calculated for a period of less than one year, such calculation shall be on the basis of a year consisting of twelve months of 30 days each.

The Company hereby assumes the loan note and undertakes to make payments in accordance with the conditions stated herein.

§ 3 Account operator, registration, etc.

The loan shall be registered on Securities Accounts in accordance with Chapter 4 of the Swedish Financial Instruments (Accounts) Act (SFS 1998:1479). No certificates will be issued.

Each convertible shall have a nominal value of SEK one (1) or multiples thereof.

The convertibles will be registered on behalf of each holder in the reconciliation account in the Company's securities account.

§ 4 Subordination

In the event the Company is placed in liquidation or insolvent liquidation, the convertibles shall entitle the holders thereof to payment from the Company's assets after the Company's non-prioritised creditors and shall be ranked *pari passu* with other subordinated obligations, which are not expressly subordinated to this loan.

The Company undertakes, for such time as any creditors hold convertibles pursuant to these terms and conditions, not to assume subordinated obligations which, in the event of the Company's liquidation or insolvent liquidation, shall entitle such creditors to payment from the Company's assets prior to payment pursuant this subordinated loan.

§ 5 Payment of interest and repayment of principal

The interest and principal will be paid by VPC to parties who, on the fifth banking day prior to the respective due date for payment or on the banking day more close to the due date for payment that may generally be applied on the Swedish securities market (the record date for payment) is registered in an account in the Company's VPC register as the holder or as otherwise entitled to receive interest and payment of principal.

If the holder, or a person who is registered in an account in the Company's VPC register as otherwise entitled to receive interest and payment of principal, has via an account-operating institute registered that the interest and payment of principal should be deposited in a specified bank account, such deposit will be made by VPC on the due date for payment. In the absence of such agreement, VPC will transmit the interest payment and payment of principal on that date to the address of the appropriate party as recorded at VPC on the record date for payment. If the due date for payment is a day that is not a banking day, the payment will not be deposited or transmitted until the immediately following banking day.

If VPC, due to delay on the part of the Company or to other hindrance, be unable to make the interest or principal payment when due, the payment will be made by VPC as soon as such hindrance has been removed to the party who, on the record date for payment, was registered as the holder or listed as entitled to receive interest and payment of principal.

Interest is payable only up to and including each respective due date for payment even if such day shall fall on a day that is not a banking day and even if the payment is delayed by such hindrances as are described in the conditions regarding limitation in responsibility of the bank and VPC below. In the event that the Company shall fail to make funds available to VPC in time for payment of the principal or interest due on the relevant due date for payment, whether or not there are hindrances in the liability of the bank or VPC as stated below, interest shall be payable on the past due date for payment, up to and including the banking day upon which, no later than 10:00 a.m., funds have been made available to VPC.

§ 6 Conversion

Holders shall have the right, during the period 24 – 28 May 2010, to request conversion of their convertibles into shares. The conversion price shall correspond to 135 percent of the volume-weighted average of price paid for the company's shares on the Stockholm Stock Exchange during the period 29 August 2007 – 12 September 2007, however no less than SEK 40. Request for conversion shall be made to the company on a registration form specified by the company or to the one that the company provides on an established registration form.

One new share will be received for each full amount equivalent to the conversion price of the total principal value of this convertible, registered in the applicable account for convertibles, which one and the same holder wishes to convert at the same time. If this amount is not evenly divisible by the conversion price, the surplus amount shall be paid in cash. The conversion price may be adjusted in the circumstances described below.

Conversion is effected by the new shares being registered in the Company's share register as interim. Any surplus cash amount as specified above shall thereafter be paid. After the registration has been made with the Swedish Companies Registration Office, the registration in the reconciliation account will become final.

§ 7 Interest and dividends in connection with conversion

At conversion right to accrued interest cease with respect to the period from the interest-payment date immediately prior to conversion.

Shares issued upon conversion carry rights to dividends commencing on the record date for dividends which falls immediately after the day on which conversion is effected.

§ 8 Adjustment of conversion price, etc.

The following shall apply with the respect to the rights of holders in the situations described below.

Subsection A. If the Company effects a bonus issue of shares conversion requested on such date that the thereby received share do not carry right to a bonus share, an adjusted conversion price shall be applicable in accordance with the following.

$$A = \frac{B * C}{D}$$

- A = adjusted conversion price
- B = preceding conversion price
- C = number of shares prior the bonus issue
- D = number of shares following the bonus issue

The Company has the right to wait with conversion until after the record date for the issue if it facilitates accomplishment of the issue.

Subsection B. If the Company effects a consolidation or a split of its shares, subsection A above shall apply. The date on which the consolidation or split is carried out shall in such case be considered to be on an equal footing with the record date of the bonus issue.

Subsection C. If the Company issues new shares – with preferential rights to its shareholders to subscribe for new shares for cash – an adjusted conversion price shall apply in

accordance with the following if conversion is requested on such a date that rights to participate in the new issue do not accrue,

$$A = \frac{B * C}{D}$$

- A = adjusted conversion price
- B = preceding conversion price
- C = the average share price
- D = the average share price increased by the theoretical value of the subscription right

The average price of the share is the average of the mean of the highest and lowest prices paid each trading day in transactions as recorded on the Stockholm Stock Exchange during the subscription period. In the absence of a quotation of paid price, the last bid price quoted shall be used in the calculation. If neither a paid price nor a bid price is quoted on a given day, that day shall be excluded from calculation of the average share price.

The theoretical value of subscription rights is calculated in accordance with the following formula:

$$A = \frac{B * (C - D)}{E}$$

- A = the theoretical value of the subscription right
- B = maximum number of shares that can be issued according to the resolution approving the new issue
- C = average price of the share
- D = the price at which the shares are being issued
- E = number of shares outstanding prior to the resolution whereby new shares are issued

If the subscription right has a negative value, the theoretical value of the subscription rights shall be fixed at zero.

The Company has the right to wait with conversion until after the record date if it facilitates accomplishment of the issue.

The Company likewise has the right to give all holders the same preferential rights that according to the resolution belongs to the shareholders. Notwithstanding conversion has not been carried out holders shall be considered owners of the number of shares that the holder would have received if conversion had been carried out to the conversion price at the date of the resolution to issue. The fact that the holder would have been able to receive a cash sum in accordance with above, shall not result in any right now in question. Adjustment of the conversion price shall not take place if the Company should decide to give the holders preferential right in accordance with these conditions.

Subsection D. If the Company effects an issue as referred to in Chapter 15 of the Swedish Companies Act – with preferential rights for the shareholders to subscribe for convertibles in return for cash payment - an adjusted conversion price shall apply in accordance with the

following if conversion is requested on such a such date that right to participate in the new issue do not accrue,

$$A = \frac{B * C}{D}$$

- A = adjusted conversion price
- B = preceding conversion price
- C = average share price
- D = average share price increased by the value of subscription rights

The average share price is calculated as stated in subsection C. above.

The value of the subscription right shall be considered to correspond to the average of the mean of the highest and the lowest prices paid for such rights each trading day in transactions as recorded on the Stockholm Stock Exchange during the subscription period. In the absence of a quotation of a paid price, the last bid price quoted shall be included in the calculation. If neither a paid price nor a bid price is quoted on a given day, that day shall be excluded from calculation of the value of subscription rights.

The Company has the right to wait with carrying out conversion until after the record date for the issue if it facilitates accomplishment of the issue.

The Company likewise has the right to give all holders the same preferential rights that accrue to the shareholders according to the resolution. In this case every holder shall, notwithstanding conversion has not been carried out, be considered owner of the number of shares the holder would have received if conversion had been carried out at the existing conversion price at the time of the resolution to issue. The circumstance that the holder also could have been able to receive a cash sum in accordance with the above mentioned shall not result in any right now at hand. No adjustment of the conversion price shall take place if the Company should resolve to give the holders preferential rights in accordance with those conditions.

Subsection E. Should the Company, in cases other than those set forth in subsections A. through D. above, make an offer to its shareholders to acquire on a preferential basis securities or rights of any type from the Company in accordance with the principles stated in Chapter 13, § 1 of the Swedish Companies Act or decide to distribute, in accordance with the above mentioned principles, such securities or rights to shareholders without consideration, an adjusted conversion price according to below shall be applied in connection with conversions requested at any time such that the received do not carry rights to participate in the offer or distribution.

$$A = \frac{B * C}{D}$$

- A = adjusted conversion price
- B = preceding conversion price
- C = average share price
- D = average share price increased by the value of rights to participate in the offer or distribution

The average share price is calculated during the specified subscription period in the offer as stated in subsection C. above.

In the event that shareholders receive purchase rights and trading of such rights has occurred, the value of the right to participate in the offer shall be considered to correspond to the average of the mean of the highest and lowest prices paid for such rights each trading day in transactions as recorded on the Stockholm Exchange during the subscription period. In the absence of a quotation of a paid price, the last price quoted shall be included in the transaction. If neither a paid price nor a bid price is quoted on a given day, that day shall be excluded from the calculation of value of the purchase rights.

In the event that shareholders have not received purchase rights or if such trading in purchase rights as referred to in the preceding paragraph has not occurred, the adjustment of the conversion price shall be calculated by applying as far as possible the principles set forth in subsection E. herein. The following shall thereby apply.

If a listing occurs of the securities or rights offered to the shareholders, the value of the right to participate in the offer shall be considered to correspond to the average of the prices paid for such securities or rights on each trading day during 25 days from and including the first day for listing calculated as the mean of the highest and lowest paid prices recorded for transactions in these securities or rights on the Stockholm Stock Exchange, less any consideration that is paid for these in conjunction with the offer. In the absence of a quotation of price, the last bid price quoted shall be used in the calculation. If neither a paid price nor a bid price is quoted on a given day, that day shall be excluded from calculation of the average price. When a recalculation of the conversion price is made according to this paragraph, the above mentioned 25 trading days shall be considered to correspond to the application period in the offer according to above.

Should listing not occur, the value of the right to participate in the offer shall be determined as far as possible on the change in the market price of the Company's shares that can be considered to have arisen as a consequence of the offer.

The Company has the right to wait with conversion until after the record date for the offer if it facilitates accomplishment of the offer.

The Company likewise has the right to give all holders the same preferential rights, as according to the resolution is granted to the shareholders. In this case every holder, notwithstanding a conversion has not been carried out, shall be considered owner of the number of shares the holder would have had received if the conversion had been carried out at the existing conversion price at the time of the resolution of the offer. The fact that the holder also could have been able to receive a cash sum according to the above shall not result in any right now at hand. If the Company should resolve to give the holders preferential rights in accordance with those conditions, no adjustment of the conversion price shall be made.

Subsection F. If a cash dividend to shareholders is decided, such that the shareholders receive, combined with other dividends paid during the same fiscal year, a total dividend exceeding ten (10) percent of the average price of the share during a period of 25 trading days immediately preceding the day on which the Board of Directors announced its intention to propose that the General Meeting of the Shareholders should approve such dividend an adjusted conversion price shall be applied for conversions requested at such time that the shares received in such event do not carry rights to receive the such dividend. The adjustment shall be based on the extraordinary dividend, i.e. on such part of the total dividend that exceeds the above mentioned percentage of the average price of the shares during the mentioned period. The adjustment shall be made according to the following.

$$A = \frac{B * C}{D}$$

- A = adjusted conversion price
 B = preceding conversion price
 C = average share price
 D = average share price increased by the extraordinary dividend paid per share

The average price of the share shall be considered to correspond to the average of the mean of the highest and lowest prices paid each trading day during the above stated period of 25 trading days in accordance with the official price list of the Stockholm Stock Exchange. In the absence of a quotation of a paid price, the last bid price quoted shall be used in the calculation. If neither a paid price nor a bid price is quoted on a given day, that day shall be excluded from the calculation.

The Company has the right to wait with conversion until after the record date for the dividends if it facilitates accomplishment of the dividend.

Subsection G. If the Company's share capital is reduced through a repayment to its shareholders the following adjusted conversion price shall be applied.

$$A = \frac{B * C}{D}$$

- A = adjusted conversion price
 B = preceding conversion price
 C = average share price
 D = average share price increased by the amount being repaid per share

The average share price is calculated under a period of 25 trading days from and including the day the share is listed without right to repayment as stated in subsection C.

The Company has the right to wait with conversion until after the resolution of repayment of share capital to shareholders has been registered at the Companies Registration Office, if it facilitates the accomplishment of the resolution of repayment of share capital.

Subsection H. Should the Company take action in accordance with the above and should the application of the conversion formula established for such action with reference to technical design of such action or for any other reason, not be possible, or would it result in the holders receiving, in relation to the shareholders, economic compensation that is not reasonable, the Board of Directors of the Company has the right to make adjustment of the conversion price as the Board of Directors determines appropriate to ensure that the adjustment of the conversion price leads to a reasonable result.

Subsection I. In adjusting the conversion price as described above, the price shall be rounded to units of 10 öre, with 5 öre rounded upwards.

Subsection J. If it is decided that the Company is to enter into liquidation pursuant to Chapter 25 of the Swedish Companies Act, conversion may not be requested thereafter, regardless of the grounds for liquidation; the right to request conversion ceases simultaneously with the

decision to liquidate, notwithstanding the fact that the decision may not have come into legal force. However, the holder has the right, in such cases, to demand immediate payment of the principal amount of the convertible plus accrued interest to the date of payment. If the decision to liquidate is made at a General Meeting of Shareholders, this right becomes effective on the day following the Meeting or otherwise on the day following the date on which the court order or liquidation has come into legal force. Within a week thereafter, the Company, as provided below, shall notify the holders in writing, advising them of their right to immediate payment.

Not later than two months before the General Meeting of the Shareholders determines whether the Company should enter into voluntary liquidation, as provided in Chapter 25 of the Swedish Companies Act, the holders shall be informed, as provided below, of the planned liquidation. The notice shall include a reminder that conversion may not be requested after the Meeting has voted to liquidate.

If the Company gives notice of a planned liquidation as stated above, holders are notwithstanding the provisions above regarding the earliest time for requesting conversion – entitled to request conversion from the date when the notice was issued, provided that conversion can be effected not later than the tenth calendar day prior to the General Meeting of Shareholders at which the issue of the Company's liquidation is to be considered.

Subsection K. If the General Meeting of Shareholders shall approve a merger agreement, in accordance with Chapter 23, § 15, of the Swedish Companies Act whereby the Company would be absorbed by another Company, conversion may not thereafter be requested.

However, the holder has the right during a period of two months from the date of such approval to demand immediate payment of the principal amount of the convertible, plus interest.

The Company shall notify holders, advising them of this right, not later than one week following the beginning of such period. Nothing contained herein shall impair rights that may legally accrue to the holders in their capacity as holders in conjunction with a merger.

Not later than two months prior to the time the Company takes a final decision on the matter of a merger as described above, the holders shall be informed by notice of such merger plans. The notice shall present a report on the principal terms of the planned merger agreement and shall remind the holders that conversion may not be requested once the merger has been fully approved in accordance with that stated in the first paragraph above.

Should the Company give notice of the planned merger as stated above, the holders shall, notwithstanding the provisions regarding the earliest time for requesting conversion, have the right to request conversion from the date when the notice of the merger plans was issued, provided that conversion can be effected not later than the tenth calendar day prior to the General Meeting of Shareholders at which the merger agreement, whereby the Company shall become part of another company, is to be approved.

Subsection L. Should the Board of Directors, in accordance with Chapter 23, § 28 of the Swedish Companies Act, conclude a merger agreement whereby the Company shall be absorbed by the parent company, or the Company's shares become subject to compulsory acquisition pursuant to Chapter 22, § 1 of the same act, the following shall apply.

If a Swedish limited liability stock company owns all shares outstanding in the Company, and the Board of Directors announces its intention of concluding a merger agreement in accordance with the stipulations in the Act cited in the preceding paragraph, the Company shall in the event that the final day for conversion pursuant to above occurs after such

announcement, determine a new closing day, i.e. a new final day for requests for conversion. The closing date shall fall within 60 days from the date of the announcement.

If a Swedish parent company owns, solely or together with its subsidiaries, more than ninety (90) percent of the votes for all the shares in the Company and the parent company announces its intention to require such compulsory acquisition, the provisions set forth in the preceding paragraph regarding the closing date shall be applied correspondingly.

However, holders have the right during a period of 60 days from the date of such announcement stated above in this subsection to demand immediate payment of the nominal amount of the convertibles, plus interest accrued to and including the date of payment.

If public notice has been given in accordance with what has been stated above in this Subsection, notwithstanding the provisions of § 6 above with respect to the earliest date to request conversion, the holders shall have the right to request conversion up to and including the closing date. At least four weeks prior to the closing date, the Company shall, by giving notice in accordance with below, notify holders of such right and that conversion may not be requested after the closing date. In addition, the holders shall be notified of their right to request immediate payment in accordance with that stated in the preceding paragraph.

Subsection M. Notwithstanding the provisions above to the effect that conversion may not be requested after a decision is made to liquidate, approval is given for a merger agreement of the expiration of a new closing date upon merger, rights to request conversion shall be reinstated in cases when the liquidation is revoked or the agreement to merge is not implemented.

Subsection N. In the event the Company goes into bankruptcy, conversion may not be requested from that point onwards. If, however, the bankruptcy decision is revoked by a higher court of law, conversion may again be requested.

Subsection O. If the General Meeting would approve a demerger agreement pursuant to Chapter 24 § 17 of the Swedish Companies Act, whereby the Company shall demerge a part of the Company's assets and liabilities acquired by one or several other limited liability companies for a consideration for the shareholders of the Company, a recalculated conversion is applied in accordance with the principles for extraordinary dividend in section G above. The recalculation shall be based on the part of the company's assets or liabilities which will be acquired by the transferor company.

If all the Company's assets and liabilities are acquired by one or several other limited liability companies for a consideration for the shareholders of the Company, the liquidation rules in section M above shall be applicable, meaning *inter alia* that the right to demand subscription expires at the same time as the registration pursuant to Chapter 24 § 27 of the Swedish Companies Act. The holder is therefore to be notified at the latest four weeks before the demerger plan is submitted to the General Meeting.

9 Special undertaking by the Company

The Company agrees not to undertake any measure that would result in an adjustment of the conversion price to an amount less than the quota of each share in the Company.

§ 10 Statute of limitations

All rights to payment of principal shall cease ten years after the maturity date of the convertibles. The right to receive interest payments shall cease three years after the

respective interest payment due date. Funds allocated for payments for which rights cease to exist accrue to the Company.

§ 11 Notification

Notices concerning this loan shall be given to a holder, which address is known to the Company.

§ 12 Confidentiality

Unless so authorized the Company, the Bank or VPC may not provide information on holders to third parties. The Company has the right to obtain information on holders from the debt register kept by VPC.

§ 13 Limitation of liability

With respect to the actions incumbent on the VPC, the Bank and the Company - VPC, the Bank and the Company shall not be deemed liable for loss due to Swedish or foreign legal decrees, Swedish or foreign action by public authorities, acts of war, strikes, blockades, boycotts, lockouts or other similar causes. The reservations with respect to strikes, blockades, boycotts and lockouts apply even if the VPC, the Bank or the Company itself undertakes, or is the object of, such actions. Neither the VPC, the Bank nor the Company shall be obligated to provide compensation for loss arising in other situations if the VPC, the Bank or the Company respectively has exercised normal prudence and are not in any case liable for indirect damages.

If a payment or any other action is stopped by circumstances such as those described in the first paragraph, such action may be deferred until the hindrance has ceased to exist. In the event of deferred payment, the Company shall pay interest at the interest rate applicable on the due date.

§ 14 Governing law, etc.

These terms and conditions and any legal matters relating to the convertibles shall be governed by Swedish law. Any legal proceedings relating to the convertibles shall be instituted in the District Court of Linköping (Sw: Linköpings tingsrätt).

Articles of Association

§ 1 Registered name

The registered name of the Company is Sectra Aktiebolag (publ), corporate registration number 556064-8304.

§ 2 Registered office

The registered office of the Board of Directors shall be in the municipality of Linköping, Östergötland County, Sweden.

§ 3 Operations

The Company shall develop and deliver products and system solutions as well as utilize innovations in the areas of computer technology and telecommunications, own and manage shares in industrial companies, conduct trading in securities and financing businesses (however, not such business that requires license according to the Swedish Securities Operations Act (*Sw: lagen om värdepappersrörelse*) or the Swedish Banking and Financing Act (*Sw: lagen om bank- och finansieringsrörelse*), and undertake other operations related to the above.

§ 4 Share capital

The Company's share capital shall amount to not less than SEK 32,000,000 and not more than SEK 128,000,000.

Shares shall be issued in two series, designated Series A and Series B. Each Series A share entitles the holder to ten votes and each Series B share to one vote. Of the share capital, not more than SEK 128,000,000 shall be in Series A shares and not more than SEK 128,000,000 in Series B shares. Both types of share carry equal rights to shares in the company's assets and profit.

§ 5 Number of shares

The number of shares in the Company shall be not less than 32,000,000 and not more than 128,000,000.

§ 6 Preferential rights

In the event of an issue, against other payment than contribution in kind, of both new Series A or B shares, holders of Series A or B share shall have preferential rights to subscribe for new shares of the same series in relation to the number of shares already held (primary preferential right). Shares not subscribed for on the basis of primary preferential rights shall be offered for subscription to all shareholders (subsidiary preferential right). If the number of shares offered in this manner is insufficient for subscription based on subsidiary preferential rights, the shares shall be distributed among the subscribers in relation to the number of shares already held and, to the extent that this is not possible, by lottery.

In the event of an issue, against other payment than contribution in kind, of Series A or Series B shares alone, all shareholders, regardless of whether the shares held are of Series A or Series B, shall have preferential rights to the subscription of new shares in relation to the number of shares already held.

The stipulations above regarding shareholders' preferential right shall apply to issues of warrants and convertibles and shall not constitute any infringement on the possibility to make a decision regarding an issue in which the preferential rights of shareholders are waived.

§ 7 Board of Directors

The Board of Directors shall consist of not less than three directors and not more than nine directors, with not more than nine deputies.

§ 8 Auditors

The Company shall appoint not less than one and no more than two auditors, with or without deputies.

§ 9 Notice of Annual General Meeting

Notice of the Annual General Meeting, and of any other General Meeting that will be addressing proposed changes to the Articles of Association, shall be provided not earlier than six (6) weeks and not later than four (4) weeks prior to the meeting. Notice of any other General Meeting shall be provided not earlier than six (6) weeks and not later than two (2) weeks prior to the meeting. Notifications and other communications to shareholders shall be provided via an announcement in the Official Gazette (Post- och Inrikes Tidningar) and Svenska Dagbladet.

§ 10 Notification of attendance

Shareholders who wish to participate in a General Meeting of shareholders shall be recorded as a shareholder in a print-out or other manifestation of the share register five days before the meeting, as set out in Chapter 7 Section 28 third paragraph of the Companies Act (2005:551) and shall notify their names, and if applicable the names of any assistants who will be accompanying them, to the Company not later than the day stipulated in the notice convening the General Meeting. The latter mentioned day must not be a Sunday, any other public holiday, a Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve, and must not be earlier than five days before the Meeting.

§ 11 Fiscal year

The Company's fiscal year shall extend from May 1 to April 30.

§ 12 Record date

The shareholder or nominee who is registered on the record date in the share register and in a central securities depository register pursuant to Chapter 4 of the Financial Instruments Accounts Act (1998:1479) or any person who is registered in a central securities depository account

pursuant to Chapter 4, Section 18 first paragraph 6-8 of the mentioned Act, shall be deemed to be authorised to exercise the rights set out in Chapter 4, Section 39 of the Companies Act (2005:551).

§ 13 Right of first refusal

If a Series A share in Sectra AB has been transferred to a person who previously was not a shareholder in the Company, that share shall immediately be offered for redemption to the other holders of Series A shares in Sectra AB through written notice to the Company's Board of Directors.

Once the share has been offered for redemption in this manner, the Board of Directors shall inform other holders of Series A shares in the Company, inviting those wishing to exercise the right of redemption to so inform the Board of Directors, in writing, within two months of the date when notification of the ownership transfer reached the Board of Directors. If several shareholders give notice of their wish to exercise the right of redemption, the order of priority among them shall be determined by lottery. However, in the event of several shares being offered simultaneously for redemption, the shares shall in the first instance, as far as possible, be divided among the shareholders wishing to redeem the shares in proportion to their existing holdings of Series A shares.

The surcharge per share shall consist of the volume-weighted average of the price paid for the company's Series B shares on the O-list of Stockholmsbörsen five days before and five days after the date of the postmark when notification of the claim for pre-emption was made in writing according to article 2 above.

The surcharge shall be paid within a month from the expiration of the time in which the claim for pre-emption according to article 2 above, shall have been notified to the Board of Directors.

Should no shareholder, within the prescribed period, give notice of an intention to redeem a share offered for redemption, or if the share is not redeemed within a period of one month following determination of the redemption price for the share, the person who offered the share for redemption is entitled to be registered as a shareholder in the Company.

These Articles of Association were adopted at the Annual General Meeting on 28 June 2006.

Board members with the right to subscribe and guidelines for allotment for the Board of Directors

The convertible shall, with disapplication of the shareholders' preferential rights, be subscribed for by all individuals who as of 30 September 2007 are elected members of the Board of Directors in Sectra AB (publ) and who are not at the same time employed within the Sectra Group. At allotment each member of the Board shall be allotted convertibles at a nominal value in total of no more than 25,000 times the conversion rate, which shall be calculated according to item 6 in the proposal from the shareholders. If the new issue is not subscribed in full, each Board member shall be allotted additional convertibles at a nominal value of a total of no more than 5,000 times the calculated conversion rate.