

The Board's proposal to the Extraordinary General Meeting of Global Health Partner AB (publ) on 28 November 2012 for a resolution concerning the issue of convertible bonds and approval of the incentive programme (agenda item 7)

The Board of Global Health Partner AB (publ) ("the Company") proposes that the Extraordinary General Meeting resolves to issue convertible bonds as described below and also approves the measures described below to carry out an incentive programme for members of the senior management and key people ("the Participants") in the Company and its subsidiaries ("the Group").

1. Issue of convertible bonds

The Board proposes that the Extraordinary General Meeting resolves to issue convertible bonds (Series 2012/2016) as follows.

1. The convertible loan shall amount to a total amount of no less than SEK 9,060,000 and no more than SEK15,100,000.
2. The convertible bonds shall be issued at a subscription price corresponding to the nominal value of the convertible bonds, which shall correspond to the conversion rate.
3. The maximum number of convertible bonds that can be issued shall amount to 2,900,000. In the event that more convertible bonds have been subscribed for over and above this number, allotment shall be on a pro rata basis in relation to the number of convertible bonds subscribed for up to the maximum number.
4. A specially formed company for the purpose, jointly owned by the Participants, Sweden Lux Incentive 2012, a so-called SOPARFI (Société de Participations Financières) officially registered in Luxembourg ("InvestCo"), shall have the right to subscribe for the convertible bonds, deviating from the shareholders' pre-emptive rights.
5. The convertible bonds can be subscribed from 14 Dec 2012 until 21 Dec 2012 and payment shall be made no later than 21 Dec 2012. The Board has the right to extend both the subscription period and the payment period. There cannot be any over-subscription.
6. The convertible bonds carry an annual interest rate, as described in more detail in [Appendix A](#). The interest is based, amongst other things, on the conversion rate and the calculated market value of the convertible bonds at the time of their issue. The assumptions behind the calculations can be seen in Appendix A. The interest shall amount to STIBOR 12M (with regard to whole year periods) and STIBOR 3M (for the final interest period) for each interest period together with the interest margin and shall be determined by Swedbank two (2) banking days before the beginning of each interest period, in accordance with the calculation laid out in Appendix A. The annual interest amounts to 4.96 percent assuming an average share price of SEK 4.30 during the measurement period, a conversion rate of SEK 5.80 and a risk-free interest rate of 0.84 percent. The interest is paid once a year in arrears. When paying interest, the calculation method actual/360 is applied. Interest falls due for payment on 16 December each year, or the subsequent banking day if the due date should fall during a weekend or on a public holiday, and for the first time on 16 December 2013. The last interest payment will be made on the redemption date of the loan on 16 March 2016.
7. The loan runs from 17 Dec 2012 and falls due for redemption on 16 March 2016, to the extent that conversion has not already taken place.

8. It will be possible to convert the convertible bonds into new shares in the Company during the period from 21 Dec 2015 up until 24 Feb 2016.
9. The conversion rate shall correspond to a figure amounting to 135 percent of the listed average latest price paid for shares in the Company on NASDAQ OMX Stockholm's official price list during the period from 2 Nov 2012 until 21 Nov 2012. If there is no listed price paid on any of these days, the bid price listed as the closing price shall instead be included in the calculation. A day without a listed bid price or price paid shall not be included in the calculation. Swedbank will complete the calculations in accordance with current market standards. The conversion rate thus calculated shall be rounded off to the nearest five öre. However, the conversion rate shall not be less than five than the quota value of the share.
10. A share that has been obtained through conversion shall, with the exception of what is stated in Appendix B, carry dividend rights for the first time on the record day for dividend or on the day when a shareholder is recorded in the share register and thus entitled to receive dividend, and which falls after conversion has been carried out.
11. The total amount by which the share capital can be increased through conversion amounts to a maximum of SEK 2,900,000.
12. Otherwise, the terms and conditions stated in Appendix B apply to the convertible bonds (TERMS AND CONDITIONS FOR GLOBAL HEALTH PARTNER AB's CONVERTIBLE BONDS – SERIES 2012/2016).

It is proposed that the CEO, or the person designated by the Board for the purpose, shall have the right to make any minor adjustments to the resolution of the Extraordinary General Meeting regarding the issue of convertible bonds that may prove necessary in conjunction with registration at the Swedish Companies Registration Office and Euroclear Sweden AB.

The reason for deviating from the shareholders' pre-emptive rights is that the Board wishes to introduce an incentive programme for the Participants whereby an offer can be made to them to share in the growth in value of the Company's share. This is expected to lead to a strengthening of interest in the Company's profitability and share price development and to continued company loyalty being stimulated during the coming years.

It has been decided that the subscription price for the convertible bonds will be the estimated market value, in accordance with what is further specified below in section 3.

2. Incentive programme

The incentive programme shall be carried out mainly in accordance with what is described below.

The participants shall be offered the opportunity of acquiring shares ("Shares") in InvestCo, a so-called special purpose vehicle formed for the purpose. The offer comprises a total of approximately 55 people in four countries.

The allotment of Shares in InvestCo shall be determined by the Company Board of Directors in accordance with the following guidelines:

- a) The participants shall, providing that they are employees at the time of the offer of the Shares or have at this time signed a permanent employment contract with a company within the Group, with the exception of such people whose employment contract has been terminated before the above-mentioned point in time, be given an offer to subscribe for Shares in InvestCo. The above applies with the reservation that for Participants in other countries than Sweden it is presupposed that the transfer of Shares can be done legally and, in the assessment of the Board, at a reasonable administrative and financial cost. This may mean that Participants in certain countries may not be able to take part in the programme.
- b) No Participant may be allocated 25 percent or more of the Shares. There will be no guaranteed allotment.
- c) An offer will be made to the Participants to acquire the Shares in line with the following allotment:

Employee group (number of participants)	Maximum stake per person
CEO (1)	SEK 137,500
Senior management (5)	SEK 55,000
Other key persons (49)	SEK 22,000

Overallotment (over and above the maximum allotment in accordance with the above table) with regard to non-allotted scope for stakes within the maximum amount of the incentive programme shall be possible for anyone who has registered an interest in this respect, but for an amount corresponding to no more than 100 percent of the maximum individual stake. If registrations for overallotment exceed the total scope for stakes that is available for overallotment, allotment shall be carried out on a pro rata basis in relation to the initial allotment of those entitled to acquire the Shares.

It is estimated that Shares will be transferred no later than 7 Dec 2012.

The Shares shall be transferred at market value, which is expected to correspond to the net worth of the Shares. The valuation will be done in accordance with generally accepted valuation principles.

InvestCo intends to finance 75-90 percent of the subscription for the convertible bonds by raising a bank loan of no more than SEK 13,590,000 from Swedbank AB (publ) ("the Loan") and 10-25 percent through the capitalization that occurs through the employees' acquisition of Shares (in accordance with the stakes stated above). The participants in the incentive programme can choose to supplement their capital stake through individual guarantee commitments corresponding to no more than a maximum of 2.5 times the capital stake and thereby increase their degree of participation in the programme. This affects the investment rate in that the percentage borrowed increases and the percentage of equity decreases within the above-mentioned limits. In addition to the capitalization and these individual guarantee commitments Swedbank has collateral in the convertible bonds. It is thus estimated that InvestCo will have equity of no more than SEK 1,510,000. During 2016 InvestCo intends to sell its assets (convertible bonds and/or shares) and firstly repay the

Loan and thereafter all remaining liabilities, after which InvestCo's remaining return shall be paid to the employees who are participating in the incentive programme. The total interest received from the convertible bonds shall firstly cover the interest on the Loan and thereafter the administrative expenses. The Company will not participate in or have control of InvestCo, either through shareholdings or through Board membership.

Implementation of the above incentive programme is on condition that at least four Participants register interest in acquiring Shares for a minimum value of SEK 9,060,000 and that ownership of the Shares is spread so that no fewer than four Participants together own more than 50 percent of the Shares.

3. Other information

Preparation of the matter

This proposal has been drawn up and decided on by the Board, with the assistance of external advisors (Swedbank Large Corporates & Institutions as financial advisor and law firm Lindahl as legal advisor). The Board assesses that the incentive programme as a whole is reasonable, taking into account entitlement to subscribe, the terms and conditions, the size of the allotment, the existence of other share-related incentive programmes and other factors.

Outstanding incentive programmes

At present the company has an ongoing incentive programme. A resolution was adopted at the Extraordinary General Meeting of 27 November 2009 to introduce a warrants programme for employees within the Group by issuing 1,235,000 share warrants and 525,000 free-of-charge share warrants which entitle employees to subscribe for the same number of new shares in the Company. The programme means that employees have been given the opportunity to acquire share warrants at market price with a duration of three years and a strike price of SEK 16. Furthermore, a free-of-charge share warrant was allocated for every two share warrants acquired at market price. The free-of-charge subscription warrant may be used for the acquisition of shares after 3 years, at a strike price of SEK 16, provided that the person is still employed by the Company. Subscription for shares by means of share warrants can be done during the period 1 December 2011 until 30 November 2012, while subscription for shares by means of the free-of-charge share warrants can be done during the period 26 November 2012 until 30 November 2012.

At 31 December 2011 there were 1,025,000 outstanding share warrants under the incentive programme (of which 185,000 share warrants had been issued with the aim of being utilized as a hedge for any social security expenses ensuing from the programme). If the share warrants are fully utilized the share capital increases by SEK 1,025,000, corresponding to a dilution effect of approximately 1.6 percent.

Valuation of the convertible bonds

When drawing up the proposal for the terms and conditions, the Board let Swedbank Large Corporates & Institutions carry out calculations with regard to the value of the loan part of the convertible bond, and with regard to the value of the conversion option in accordance with the so-called Black & Scholes model based on a volatility of 45 percent in the listed share of the Company. In the valuation a risk-free interest rate of 0.84 percent and a present value of dividends of SEK 0 have been applied. The subscription rate for the convertible bonds is assessed on the basis of the above-mentioned valuation to correspond to the market value at the time of issue. The calculations are shown in their entirety in Appendix A.

Example figures

The table below shows the conversion rate and the coupon interest given different average share prices during the measurement period.

Average share price during measurement period, SEK	Conversion rate, SEK	Coupon interest, %
3.30	4.45	5.00
3.80	5.15	4.98
4.30	5.80	4.96
4.80	6.50	4.95
5.30	7.15	4.94

Dilution and effect on important key ratios

In the event of full subscription and conversion of all convertible bonds, based on a company share price of SEK 4.30 and a conversion rate, determined in accordance with the above, of SEK 5.80, the increase in the Company's share capital will be SEK 2,603,448 (maximum nominal loan amount of SEK 15,100,000 divided by conversion rate of SEK 5.80), which corresponds to a dilution of 3,8 percent of the share capital and the number of votes, but with a reservation for the adjustment that can arise due to a recalculation of the conversion rate in the event of a bonus share issue, new share issue and in certain other cases in accordance with Appendix B. The calculation of the dilution is based on the registered number of shares at 30 Sept 2012, amounting to 66,082,387 shares. This calculation does not take into consideration outstanding share warrants.

The incentive programme entails the earnings per share changing inversely proportionally to the change in the number of shares that full conversion (dilution) results in. As the dilution of capital, with reservation for the adjustment that can arise due to a recalculation of the conversion rate in accordance with Appendix B, cannot be greater than 4.2 percent, the earnings per share will thus never be able to decrease by more than 4.2 percent.

Expenses for the incentive programme

As the convertible bonds will be subscribed for by employees (through a company) at an estimated market value, it is not assessed that the convertible bond programme in itself will lead to any expenses apart from certain minor expenses in connection with the setting up and administration of the issue.

4. Voting majority

Adoption of the Board's proposal requires that at least nine tenths of both the votes cast and the votes represented at the Extraordinary General Meeting are in favour of the proposal.

APPENDIX A

Valuation of convertible bonds

The value of the convertible bonds is calculated as the sum of the values of a bond and an option, where the option's value is calculated by means of Black & Scholes' formula:

$$W = \left[S' N(d) - X e^{-rt} N(d - \sigma\sqrt{t}) \right] \frac{P\delta}{P + (M\delta)}$$

$$d = \frac{\ln \frac{S'}{X} + \left(r + \frac{\sigma^2}{2} \right) t}{\sigma\sqrt{t}}$$

$$S' = \left(S + \frac{M}{P} W \right) - D$$

W = The value of the option part of the convertible bond which is to be calculated according to the formula shown above

X = 135 percent of S (The conversion rate, which equals the nominal value of the convertible bond)

S = Average last price paid on each trading day for the Global Health Partner share during the time from 2 Nov 2012 until 21 Nov 2012.

M = 2,603,448 (the maximum number of new shares that can be issued when converting convertible bonds, at the proposed conversion rate)

P = 66,082,387 (number of registered shares including dilution)

δ = 1 (number of convertible bonds per newly issued share)

D = 0.0 (the present value of estimated dividends on GHP's share during the duration of the convertible bonds)

N = standardized variable according to normal distribution curve

e = 2.71828 (mathematical constant)

σ = 45 percent (assessed underlying volatility of GHP's share)

r = the average interest on government bonds (average of SO1049 and SO1050) during the measurement period for the share

t = 3.25 (duration in years)

Access to financial freedom of action is very important for the value of all kinds of securities. This is true not least of all for options, as these can fluctuate a great deal in value from one time to another. The options holder thus places particular value on being able to sell options when it is assessed to be most advantageous. The worse the liquidity in an option is, the lower the value of the option. Current option valuation models do not take this factor into account, so anyone valuing subscription options must also take this important liquidity factor into account.

The value of the bond is calculated according to the formula below:

$$B_0 = X * k * \left[\frac{1}{(\theta + r_b)} - \frac{1}{(\theta + r_b) * (1 + \theta + r_b)^t} \right] + \frac{X}{(1 + \theta + r_b)^t}$$

B_0 = The value of the bond part of the convertible bond

k = is the convertible bond's coupon interest which will be extracted from the formulas shown above so that $X = B_0 + W$

X = (The conversion rate which is equal to the nominal value of the convertible bond, see also the calculation of the option's value above)

θ = 9.5 (GHP's assessed company-specific risk premium in the bond market)

r_b = (STIBOR 12M for the interest period two (2) banking days before the first day of the duration of the loan)

t = 3.25 (duration in years, see above)

The interest margin to STIBOR 12M for two (2) banking days before the first day of the duration of the loan is calculated as follows: Interest margin = $k - r_b$
