

## MERGER PLAN

*This is a translation of the Swedish language version of the merger plan. In the event of any discrepancy between the English version of the merger plan and the Swedish language version of the merger plan, the Swedish language version shall prevail.*

*The Board of Directors of Tele2 AB (publ), a public limited liability company with corporate registration number 556410-8917, (“Tele2”), with its registered office in Stockholm, and the Board of Directors of Com Hem Holding AB (publ), a public limited liability company with corporate registration number 556858-6613, (“Com Hem”), with its registered office in Stockholm, have agreed on a merger between Tele2 and Com Hem pursuant to Chapter 23, Section 1 of the Swedish Companies Act (2005:551) (the “Companies Act”; Sw. aktieföretagslagen (2005:551)) (the “Merger”). The Merger shall be undertaken by way of absorption, with Tele2 as the absorbing company and Com Hem as the transferring company. The combined company which is the result of the Merger will be referred to as “Enlarged Tele2”. Com Hem shall automatically dissolve as a result of the Merger.*

*In conjunction with this, the Board of Directors of Tele2 and the Board of Directors of Com Hem (together the “Boards”) have prepared the following Merger plan (the “Merger Plan”).*

### 1. Rationale for the Merger

The Boards have investigated the consequences of a Merger between the two companies and the Boards each see a compelling strategic fit between Tele2 and Com Hem. The Merger is expected to be significantly value accretive for all stakeholders through:

**Combination of two highly complementary businesses:** Creating a leading integrated connectivity provider in the Swedish telecommunications market by merging an award-winning mobile network with the fastest national fixed network and the widest range of content in the market, with a combined customer base including 3.9 million mobile customers, 0.8 million broadband customers and 1.1 million digital TV customers in Sweden.<sup>1</sup>

**Enabling a superior customer offering meeting the demands of tomorrow:** Enlarged Tele2 will be positioned for enhanced growth capitalising on increased fixed and mobile data consumption underpinned by accelerated video demand, by offering a full range of complementary and ubiquitous high-quality connectivity and digital services.

**Greater scale and diversification:** The Merger will build strength through increased scale and product diversification.

**Unlocking significant synergies:** Tele2 and Com Hem see potential to unlock meaningful long-term value through opex, capex and revenue synergies.

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<sup>1</sup> Number of combined customers calculated as the sum of Tele2 customers and Com Hem consumer and Boxer segment RGUs as per the respective companies' Q3 2017 reports.

**Attractive financial profile:** Enlarged Tele2 will have a more diversified revenue and cash flow base through its broader and complementary product offering and is expected to have significant capacity for attractive shareholder remuneration and returns.

## **2. Determination of the Merger Consideration and circumstances of significance in the evaluation of the appropriateness of the Merger**

The Merger Consideration (as defined below) has been determined with the intention of achieving a fair distribution of the value in Enlarged Tele2 between the shareholders in both Tele2 and Com Hem. In determining a fair Merger Consideration for both Tele2's and Com Hem's shareholders, the Boards have taken a number of factors into consideration. The Boards have primarily considered the respective companies' current market capitalization, the observable relative market capitalization over time between the companies and the distribution of synergies between the shareholders.<sup>2</sup> The Boards have also considered a number of additional valuation methodologies such as relative valuation both vis-à-vis comparable companies and between the companies using EV/EBITDA, EV/OCF<sup>3</sup> multiples and yield metrics and discounted cash flow valuation.

The Boards have jointly stated that, by taking the above factors into account and applying the above valuation methods, the Merger Consideration has been determined so that one (1) Com Hem share will be exchanged for 1.0374 B shares in Tele2 and SEK 37.02 in cash (see further under section 3 "*Merger Consideration, etc.*" below).

The Boards are of the opinion that the Merger is beneficial to the companies and the shareholders. The Board of Directors of Tele2 considers the Merger Consideration to be fair from a financial point of view to Tele2 and has obtained a fairness opinion dated January 9, 2018 from N M Rothschild & Sons Limited reflecting their opinion as of that date that, on the basis of the considerations stated therein, the Merger Consideration to be paid by Tele2 is fair, from a financial point of view, to Tele2. The Board of Directors of Com Hem considers the Merger Consideration to be fair, from a financial point of view, to the holders of Com Hem common stock (other than Tele2 and its affiliates) and this view is supported by a fairness opinion from Bank of America Merrill Lynch, dated as of January 9, 2018, to the effect that, as of such date and based upon and subject to the assumptions and limitations set forth therein, the Merger Consideration to be received in the Merger by holders of shares of Com Hem common stock (other than Tele2 and its affiliates) is fair, from a financial point of view, to such holders.

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<sup>2</sup> Tele2 has A shares and B shares listed on Nasdaq Stockholm. Each A share carries ten (10) votes and each B share carries one (1) vote at general meetings of shareholders. Market capitalization for Tele2 has been determined as the number of outstanding A shares multiplied with the price for the A shares listed on Nasdaq Stockholm together with the number of outstanding B shares multiplied with the price for the B shares listed on Nasdaq Stockholm. On January 9, 2018, Tele2 had 22,793,523 outstanding A shares and 479,962,030 outstanding B shares (excluding shares held in treasury), with prices on Nasdaq Stockholm of SEK 105.50 and SEK 105.05, respectively. Com Hem's shares are listed on Nasdaq Stockholm. Market capitalization for Com Hem has been determined as the number of outstanding shares multiplied with the price for the shares listed on Nasdaq Stockholm. On January 9, 2018, Com Hem had 178,135,344 outstanding shares (excluding shares held in treasury) with a price on Nasdaq Stockholm of SEK 130.60.

<sup>3</sup> OCF is defined as adjusted EBITDA-Capex.

### **3. Merger Consideration, etc.**

Tele2 shall provide consideration for the Merger to the shareholders of Com Hem as described below.

#### *Merger Consideration*

One (1) share in Com Hem entitles the holder to receive 1.0374 new B shares in Tele2 (the “Non-Cash Consideration”) and SEK 37.02 in cash (the “Cash Consideration” and jointly with the Non-Cash Consideration, the “Merger Consideration”).

#### *Fractions*

Only whole shares in Tele2 will be paid to Com Hem’s shareholders as Non-Cash Consideration for the Merger. Tele2 and Com Hem will, therefore, retain Nordea Bank AB (publ) (“Nordea”) to aggregate all fractions of Tele2 B shares (“Fractions”) which do not entitle the holder to a whole new Tele2 B share as Non-Cash Consideration and the total number of Tele2 B shares corresponding to such Fractions will then be sold by Nordea on Nasdaq Stockholm. The sale shall be made as soon as possible after the registration of the Merger with the Swedish Companies Registration Office (Sw. *Bolagsverket*). The proceeds from the sale of Fractions will be settled by Nordea and then paid to those entitled to it in proportion to the value of Fractions held immediately prior to the sale. This payment shall take place no later than ten (10) banking days after the sale of Fractions.

#### *Share issue*

The issue of B shares to settle the Non-Cash Consideration shall be resolved upon by the shareholders of Tele2 at the general meeting which will resolve upon the Merger Plan.

The B shares in Tele2 issued to the shareholders of Com Hem as Non-Cash Consideration shall carry rights to dividends for the first time on the record date that occurs following Completion (as defined below). The shareholders of Com Hem will be entitled to receive dividends in Tele2 in accordance with the provisions of Tele2’s articles of association.

Shares in Com Hem held by or on behalf of Com Hem will be cancelled in accordance with the provisions in the Companies Act.

### **4. Settlement of the Merger Consideration**

Those entitled to receive Merger Consideration will be the shareholders registered in the share register of Com Hem on the date that the Swedish Companies Registration Office registers the Merger (see section 7 “*Completion of the Merger*” below).

Unless otherwise stated below, the Merger Consideration will be accounted for by Euroclear Sweden registering the number of shares in Tele2 in the securities account of each duly entitled party following registration of the Merger with the Swedish Companies Registration Office. Meanwhile, the shareholding in Com Hem of such parties will be deregistered from the same account. Thus, the Merger Consideration will be distributed automatically and no actions will be required from the shareholders of Com Hem in relation thereto. The new B shares in Tele2 distributed as Non-Cash Consideration shall carry full shareholder rights as from the date of their registration with the Swedish Companies Registration Office.

The proceeds from the sale of Fractions, as described above, will be settled by Nordea. This shall take place no later than ten (10) banking days after the sale of Fractions.

If the shares in Com Hem are pledged on the date of account of the Merger Consideration, as a result account shall be made to the pledge holder. If the shares in Com Hem are registered with a nominee, as a result account shall be made to the nominee.

The Merger is expected to be registered in the second half of 2018 (see section 7 “*Completion of the Merger*” below).

## **5. Pre-merger undertakings**

The parties undertake to take all necessary actions in order to complete the Merger on the terms set out herein.

Tele2 and Com Hem shall, during the period from the date of this Merger Plan and until Completion, carry on the business of their respective companies in the ordinary course of business and shall not, without the prior written consent of the other party, take any of the following actions:

- (a) declare or pay any dividend or other distribution to shareholders, except that (i) Tele2 may pay cash dividends of SEK 4 per share to Tele2’s shareholders, (ii) Com Hem may pay cash dividends of SEK 6 per share to Com Hem’s shareholders, (iii) Com Hem may buy back shares in Com Hem for a total amount of up to SEK 186,000,000 up until March 20, 2018 in accordance with the resolution of the Board of Directors of Com Hem on October 17, 2017, and (iv) Com Hem may buy back the Executive Warrants (as defined below under section 11 “*Holders of securities with special rights in Com Hem*”) in Com Hem in accordance with the resolution of the annual general meeting of Com Hem on March 23, 2017;
- (b) issue or create shares or other securities, except for (i) Tele2’s directed issues of class C shares carried out in the ordinary course of business consistent with past practices in order to secure Tele2’s undertakings to deliver shares to the participants in its long term incentive plans and (ii) except for any debt securities issued by Com Hem in connection with the refinancing of its existing debt;
- (c) acquire, sell or agree to acquire or sell, material shareholdings, businesses or assets;
- (d) enter into or amend any material contracts or arrangements, or incur any material additional indebtedness other than in the ordinary course of operating its business, except that Com Hem may refinance its existing debt; or
- (e) amend the articles of association or any other constitutional documents.

## 6. Conditions for the Merger

Completion is conditional upon:

1. that at a general meeting in Tele2, the shareholders of Tele2 approve the Merger Plan and resolve upon the Non-Cash Consideration shares for the Merger;
2. that at a general meeting in Com Hem, the shareholders of Com Hem approve the Merger Plan;
3. that Tele2's Registration Statement on Form F-4 in the United States becomes effective under the U.S. Securities Act of 1933, as amended, and not being the subject of any stop order or proceeding seeking a stop order by the Securities and Exchange Commission;
4. that Nasdaq Stockholm has admitted the Non-Cash Consideration shares to trading on Nasdaq Stockholm;
5. that all permits and approvals of the competition authorities that are necessary for the Merger have been obtained on terms containing no remedies, conditions or undertakings which in the opinion of the Boards, acting in good faith, would have a material adverse effect on the business, competitive or financial position of Enlarged Tele2 following Completion;
6. that the Merger is not in whole or in part made impossible or materially impeded as a result of legislation, court rulings, decisions by public authorities or anything similar;
7. that the pre-merger undertakings made by Tele2 and Com Hem as set out in section 5 "*Pre-merger undertakings*" in this Merger Plan are not breached before the day of the registration of the Merger with the Swedish Companies Registration Office in any such way which would result in a material adverse effect on the Merger or Enlarged Tele2; and
8. that no change, matter or event or series of changes, matters or events has occurred that has had or could reasonably be expected to have a material adverse effect on the financial position or operation, including sales, results, liquidity, equity ratio, equity or assets of Com Hem or Tele2 or Enlarged Tele2, and as a result of which the other party cannot reasonably be expected to complete the Merger.

If the conditions set out in this section have not been satisfied and Completion has not taken place on or before March 31, 2019, the Merger will not be implemented and this Merger Plan shall cease to have any further effect, however that the Merger will only be discontinued and the Merger Plan shall only cease to have any further effect, to the extent permitted by applicable law, if the non-satisfaction is of material importance to the Merger or Enlarged Tele2. The Boards reserve the right to jointly waive, in whole or in part, one, several or all of the conditions above.

The Boards shall, subject to applicable law, be entitled to jointly decide to postpone the last date for fulfilment of the conditions from March 31, 2019 to a later date.

## **7. Completion of the Merger**

### *Planned registration of the Merger*

Subject to fulfilment of the conditions for the Merger as set out in section 6 above, the Merger will take effect as of the date when the Swedish Companies Registration Office registers the Merger (the “Completion”). Taking into consideration the time required for the regulatory approval process, the date for such registration is expected to occur in the second half of 2018. Tele2 and Com Hem will announce the date on which the Swedish Companies Registration Office is expected to register the Merger at a later stage.

### *Com Hem’s dissolution*

Com Hem will be dissolved and all its assets and liabilities will be transferred to Tele2 at Completion.

The last day for trading in the Com Hem shares is expected to be the trading day that falls two (2) trading days prior to the date of Completion.

### *Listing of the issued Non-Cash Consideration shares*

Tele2 shall apply for the listing of the new shares to be issued by Tele2 as Non-Cash Consideration on Nasdaq Stockholm and the first day of trading of such shares is estimated to take place two (2) trading days following the date of Completion.

## **8. Financing**

Tele2 has obtained committed financing for the Merger in the form of a bridge facility from a group of three banks with conditions to drawdown that are usual and customary for this type of facility. The bridge facility has a tenor of up to twenty-four (24) months and is to be used to finance the Merger and will be replaced and/or refinanced by the issuance of capital markets debt or loans with longer tenors.

## **9. Due diligence**

When preparing for the Merger, the companies have conducted limited, customary due diligence reviews of certain business, financial, commercial and legal information relating to Tele2 and Com Hem, respectively. During such due diligence, each of Tele2 and Com Hem have confirmed that the results for FY 2017 are expected to meet market expectations. During the due diligence reviews, no other information that had not previously been disclosed and which would constitute inside information in Tele2 or Com Hem was shared.

## **10. Voting commitment**

Tele2’s and Com Hem’s major shareholder, Kinnevik AB (publ), holding 30.1 percent of the shares and 47.6 percent of the votes in Tele2<sup>4</sup> and 18.7 percent of the shares and votes in Com Hem<sup>5</sup>, has undertaken to vote in favor of the Merger at the respective general meetings.

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<sup>4</sup> Kinnevik AB (publ) holding based on shares issued

<sup>5</sup> Kinnevik AB (publ) holding based on shares issued

## **11. Holders of securities with special rights in Com Hem**

As part of an incentive program for executive management in Com Hem, key employees and Board members, Com Hem has issued in total 2,474,546 warrants according to a decision at the extraordinary general meeting held on June 3, 2014 (the “Executive Warrants”). As of the date of the Merger Plan, Com Hem has 2,289,306 outstanding Executive Warrants. The Executive Warrants have been offered to executive management, key employees and Board members at market terms.

Each of the Executive Warrants entitle the holder to subscribe for one (1) new share at a subscription price of SEK 78.94 during the period from April 1, 2018 through June 30, 2018.

Pursuant to a resolution by the annual general meeting of Com Hem on March 23, 2017, the warrant holders may elect at any time between April 17, 2018 and June 11, 2018 to accept an offer by Com Hem to buy back the Executive Warrants.

Pursuant to the terms and conditions of the Executive Warrants, the exercise period of the Executive Warrants will accelerate in case of a merger and subscription for shares through exercise of the warrants must be effected not later than the fifth weekday prior to the general meeting that resolves on the Merger. Following the accelerated exercise period, the Executive Warrants will lapse. This means that there will be no outstanding Executive Warrants at Completion.

The Remuneration Committee of the Board of Directors of Com Hem has, in accordance with the relevant plan rules and conditional upon the Swedish Companies Registration Office having registered its authorisation to implement the Merger Plan, resolved to accelerate the long term incentive plans LTIP 2016 and LTIP 2017 and to compensate the participants with a cash consideration in accordance with the plan rules.

Apart from the above, there are no other outstanding warrants, convertibles or other securities providing the holder with special rights in Com Hem.

Except from the above, there are no other incentive programs for the Board members, executive management or other employees that will be affected by the Merger.

## **12. Fees, etc. relating to the Merger**

Except as set forth below, no special fees or benefits, each within the meaning of the Swedish Companies Act, shall be granted in connection with the Merger to any members of the Boards of Directors, the managing directors (each a “CEO”) or the auditors of either Tele2 or Com Hem.

The CEO of Tele2 is entitled to a retention bonus equaling 18 months’ base salary payable upon Completion.

The auditors of Tele2 and Com Hem shall be paid as per invoice for, *inter alia*, their work with the audit of financial statements required for US federal securities filing purposes, their statement concerning the Merger Plan, their review of the merger document and any other work performed by the auditors with respect to the Merger.

## **13. Other**

The Chairman of the Board of Directors of Tele2 and the Chairman of the Board of Directors of Com Hem shall be entitled to jointly make any minor amendments to the Merger Plan that may prove necessary in connection with the registration of the Merger Plan or the Merger with the Swedish Companies Registration Office, or Euroclear Sweden in connection with the account of the Merger Consideration.

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Attached to the Merger Plan are the following documents:

1. Tele2's financial statements for the fiscal years 2014, 2015 and 2016.
2. Com Hem's financial statements for the fiscal years 2014, 2015 and 2016.
3. Tele2's financial statements for the nine month period ended September 30, 2017.
4. Com Hem's financial statements for the nine month period ended September 30, 2017.
5. Auditors' statement in accordance with Chapter 23, Section 11 of the Companies Act.



Stockholm, January 9, 2018

**Tele2 AB (publ)**

*The Board of Directors*

Mike Parton  
*Chairman*

Sofia Arhall Bergendorff

Anders Björkman

Irina Hemmers

Eamonn O'Hare

Carla Smits-Nusteling

Stockholm, January 9, 2018

**Com Hem Holding AB (publ)**

*The Board of Directors*

Andrew Barron  
*Chairman*

Anders Nilsson

Eva Lindqvist

Monica Caneman

Tomas Kadura

Mia Bohlin