



Elcoteq SE
Societas Europaea

Share Subscription Plan 2009
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A. PURPOSE OF THE PLAN

An important component of Elcoteq's philosophy is to recognize superior performance and to reward it accordingly. The Plan is intended to encourage ownership of Shares by key employees of the Company and its Affiliates at mid to senior management levels in order to attract high performers, to induce them to work for the benefit of the Company or an Affiliate, and to provide additional incentive for such key employees to promote the success of the Company or an Affiliate.

The Company notes that the Beneficiaries may be subject to insider trading rules and regulations and may also be subject to criminal liability if such insider rules and regulations are violated.

B. DEFINITIONS

Unless otherwise specified or unless the context otherwise requires, the following terms, as used in this Plan, have the following meanings:

Administrator shall mean the Board of Directors of the Company, except to the extent the Board of Directors delegates its authority to its Compensation Committee, in which case the Compensation Committee shall be the Administrator, provided however that the Compensation Committee's task is to advise the Board of Directors on the Plan.

Affiliate shall mean any corporation, company or other entity such that the Company directly or indirectly, through one or more intermediaries, owns or controls more than fifty per cent (50%) of the voting power or outstanding securities and shares of such corporation, company or other entity.

Allocation of the Shares shall mean the Administrator's determination on the number of Shares to be granted to each Beneficiary in accordance with Article 3 of the Plan.

Beneficiary shall mean individuals who are offered Shares under the Plan.

Board of Directors shall mean the Board of Directors of the Company as provided for in the current articles 29-31 of the Articles of Association of the Company.

Business Day shall mean a day (other than a Saturday or a Sunday) on which banks are open for business in Luxembourg and Finland.

Company shall mean Elcoteq SE, a Societas Europaea having its registered office in Luxembourg.

Compensation Committee shall mean a committee which has been delegated the authority over the administration of the Plan by the Board of Directors of the Company.

Employee shall mean any individual employed by the Company or an Affiliate.

Heirs shall mean the legal heirs of a deceased Beneficiary, as applicable in the relevant jurisdiction.



Issue of Shares shall mean the actual transfer of the Shares to the Beneficiaries in accordance with the Plan, whereafter the Beneficiary will become the owner of the Shares.

Issue Date shall mean the actual date when the Shares are issued in accordance with Article 6.

Plan shall mean this Elcoteq SE Share Subscription Plan 2009.

Profit Before Taxes shall mean Income before taxes in Elcoteq's consolidated income statement.

Share shall mean an ordinary series A share of the Company to be issued in accordance with the Plan, which, if duly accepted, entitles a Beneficiary to ordinary series A shares of the Company.

C. TERMS AND CONDITIONS OF THE PLAN

Article 1: Term of the Plan

1.1. The term of the Plan is from February 10, 2009 until January 2011. The Administrator may terminate the Plan at any time, provided, however, that any such termination will be made in accordance with the Beneficiary's rights provided for in Article 9.2. of the Plan.

Article 2: Beneficiaries of the Plan

2.1. The Administrator will, in its sole discretion, name the Beneficiaries of the Plan, provided, however, that each Beneficiary must be an Employee of the Company or of an Affiliate at the time a Share is granted.

2.2. Beneficiaries will be eligible to receive a percentage of 1,500,000 Shares based on the amount of Profit Before Taxes and cashflow achieved on the first and second year half of 2009 (the "2009 Shares"). Shares earned within 1.1. - 30.6.2009 shall be issued during June 2010 and the Shares earned within 1.7. - 31.12.2009 shall be issued during January 2011.

2.3. New and promoted Employees shall be granted Shares on a pro rata basis.

2.4. Beneficiaries on long-term justified leaves such as parental leave, student leave, as the case may be, and who retire will be prorated based on the time they have actually worked.

2.5. A Beneficiary's rights to receive the earned Shares to be issued expire and are forfeit if his/her relationship as an Employee with the Company or an Affiliate has terminated for any reason other than as a result of death or disability to work or retirement of the Beneficiary.

2.6. In the event a Beneficiary leaves the Company or an Affiliate due to death or inability to work, he/she (in the case of death, his/her Heirs) retains the rights under the Plan on a pro rata basis. The Heirs are required to notify the Company of their position, and if the Company deems it necessary, to prove such position through a certificate or document acceptable to the Company which confirms the details of the Beneficiary's Heirs and their respective rights in the inheritance.



Article 3: Allocation of Shares

3.1. The Administrator determines, in its sole discretion and without justification, taking into account IPE rating, Hay Points and the Group's Profit Before Taxes and cashflow targets, the number of Shares that shall be granted to a Beneficiary. Each Beneficiary shall be informed on the Allocation of the Shares by way of a letter from the President and CEO of the Company.

3.2. No Beneficiary to whom a Share has been granted shall have rights as a shareholder of the Company with respect to any Shares covered by such Share before the Issue Date.

Article 4: Acceptance of Shares

4.1. Each Share, if duly accepted, entitles a Beneficiary, upon issuance, to one ordinary series A share of the Company.

4.2. Participation to the Plan shall be accepted or rejected by the Beneficiary giving irrevocable written communication to the Company, by way of returning a prefilled acceptance notice that will be received by each Beneficiary. Participation to the Plan is deemed to be accepted upon receipt by the Company of the Beneficiary's acceptance notice. The burden of proof with regard to the receipt by the Company of the acceptance notice rests with the Beneficiary. The Beneficiary is to complete and personally sign the acceptance notice. Acceptance notices that are not fully filled in are void.

4.3. The acceptance notice must be returned to the Company within 30 days of the date of the acceptance notice. Acceptance notices received after more than 30 days of the acceptance notice date are void and the Beneficiary's rights under the Plan with regard to such Shares forfeit without restitution or indemnification, notwithstanding the Administrator's right to dispose freely of such Shares subsequently under the Plan.

Article 5: Adjustments to Allocation of Shares

5.1. Allocation of Shares shall be adjusted if a spin-off, split-up, combination or exchange of Company's shares or the like results in a change in the number or kind of shares before the Issue of Shares. The Administrator may appropriately adjust the aggregate number and kind of Shares subject to the Plan or the aggregate number and kind of Shares subject to each earned outstanding Share. Such adjustments shall be conclusive and binding on all parties. The determination on the treatments set forth above shall be made by the Administrator and the determination shall be final, binding and conclusive.

Article 6: Issue of Shares

6.1. The Shares under the Plan shall be issued by the Company during June 2010 and January 2011 as set forth in Article 2.2. The Company undertakes to issue the Shares reasonably promptly, it being understood that the issuance of Shares may be delayed by the Company as the Company



deems necessary or appropriate in order to comply with any law or regulation which requires the Company to take any actions with respect to the Shares prior to their issuance. The Shares shall be issued at par value. The Company shall use its available reserves to cover the par value of the Shares and the Beneficiaries shall not be required to pay such par value of the Shares issued to them. The Company shall ask its shareholders to renew (or expand) the authorized capital of the Company, if necessary.

6.2. The Shares are issued and the Beneficiary becomes the legal owner of the Shares on the Issue Date which is resolved by the Board of Directors. The Shares are issued under the authorized share capital of the Company.

6.3. The Shares will be in book-entry form only.

Article 7: Transferability of Shares

7.1. A Share granted to a Beneficiary shall not be transferable in any way by the Beneficiary prior to the Issue Date, other than to his/her Heirs but are freely transferable thereafter.

Article 8: Administration of the Plan

8.1. Subject to the provisions of the Plan, the Administrator is authorized under the control and responsibility of the Board of Directors to:

- a. determine in its sole discretion, taking into account the Group's Profit Before Taxes and cashflow targets, the number of Shares which may be issued from time to time, provided that the maximum number of Shares that can be issued according to this Plan is one million five hundred thousand (1,500,000), or the equivalent of such number of Shares after the Administrator has interpreted the effect of any adjustment as provided for in Article 5 of the Plan;
- b. determine in its sole discretion, taking into account IPE rating and Hay Points, (i) which Employees of the Company or an Affiliate shall be designated as Beneficiaries and determine (ii) the number of Shares that shall be granted to each Beneficiary;
- c. interpret the provisions of the Plan and to make all rules and determinations which it deems necessary or advisable for the execution and administration of the Plan.

8.2. The Administrator's determinations under the Plan need not be uniform and may be made by it selectively among persons who receive, or are eligible to receive, Shares under the Plan (whether or not such persons are similarly situated). The Administrator shall not be liable for any action or determination made in good faith with respect to the Plan or any Share granted. The Administrator shall not be liable for any adverse tax consequences the Plan may have with regard to Beneficiaries.



Article 9: Amendments to the Plan

9.1 The Plan may be amended by the Administrator, including, without limitation, (i) to the extent necessary to qualify any or all outstanding Share(s) granted under the Plan for favorable tax treatment as may be afforded under applicable tax laws, (ii) to the extent necessary to comply with the laws of foreign countries in which the Company and its Affiliates have employees, (iii) to the extent necessary to change the shares that will be issued upon acceptance of the Shares to another class of stock, be it ordinary or preferred, of either the Company, an Affiliate or a corporation, company or other entity that controls the Company.

9.2 Any modification or amendment of the Plan shall not, without the consent of a Beneficiary, materially adversely affect his or her rights under a Share previously accepted except as required by applicable law. For the sake of clarity, this Article 9.2 does not apply to the adjustments provided for in Article 5.

Article 10: Change of Control; Dissolution or Liquidation of the Company

10.1 In case of a public tender offer for Company's shares, i) in year 2009, this Plan is amended by Administrator with the effect that all the Shares granted under this Plan before the amendment will be issued in advance in full to Beneficiaries in order to enable the granted Shares to participate to the public tender offer; ii) in year 2010, the granted Shares will be issued based on Company's Profit Before Taxes and cashflow actually achieved in 2009 and the Issue of Shares shall be advanced by the Board of Directors in order to enable the granted Shares to participate to the public tender offer.

10.2 Upon the dissolution or liquidation of the Company, all Shares granted under this Plan which as of such date shall not have been accepted will terminate and become null and void, provided that the rights of a Beneficiary have not otherwise terminated and expired.

Article 11: Withholding

11.1. In the event that any national or local income taxes, employment taxes, insurance contribution withholdings or other amounts are required by applicable law or governmental regulation to be withheld from the Beneficiary's salary, wages or other remuneration in connection with the grant or the exercise of a Share, the Company may withhold from the Beneficiary's compensation, if any, or may require that the Beneficiary advance in cash to the Company, or to any Affiliate of the Company which employs or employed the Beneficiary, the amount of such withholdings unless a different withholding arrangement is authorized by the Administrator and permitted by law.



Article 12: Share Properties

12.1. Nothing in this Plan shall be deemed to prevent the Company or an Affiliate from terminating the employment or directorship of a Beneficiary, nor to prevent a Beneficiary from terminating his or her own employment or directorship or to give any Beneficiary a right to be retained in employment, directorship or other service by the Company or any Affiliate for any period of time. The Plan is not intended to be, and shall not be deemed to be a substitute for any other deferred compensation, incentive compensation or bonus plans of the Company or any other plan, practice or arrangement for the payment of compensation, that may now or hereafter be in effect for Beneficiaries, and any such plan, practice or arrangement may be continued or authorized and payment thereunder made independently of the Plan. The Plan does not create any rights and shall not create any acquired rights for the Beneficiaries other than those expressly provided for. The Shares shall constitute a special incentive payment to the Beneficiary and shall not be taken into account in computing the amount of salary or compensation of the Beneficiary for the purpose of determining any benefits under any pension, retirement, profit-sharing, bonus, life insurance or other benefit plan of the Company or under any agreement between the Company and the Beneficiary.

12.2. The Shares shall carry no anti-dilution protection.

Article 13: Severability

13.1. The invalidation or non-enforceability of one or more provisions of the Plan shall not affect the validity or enforceability of any other provision of the Plan, which shall remain in full force and effect.

Article 14: Applicable Law

14.1. This Plan is governed by, and shall be construed and enforced in accordance with, the law of Luxembourg without giving effect to the conflict of law principles thereof. The courts of Luxembourg have exclusive jurisdiction in respect of the Plan.

Article 15: Order of Priority of Language Versions of the Plan

15.1. In a case the different language versions of this Plan contradict with each other, the English version of the Plan shall prevail.