



**PROPOSALS TO  
THE EXTRAORDINARY GENERAL MEETING OF  
BITTIUM CORPORATION  
September 14, 2015**

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## 1 PROPOSAL OF THE BOARD OF DIRECTORS TO REPURCHASE OWN SHARES AND STOCK OPTIONS ENTITLING TO SHARES (ITEM 8 ON THE AGENDA OF THE GENERAL MEETING)

The Board of Directors proposes to the Extraordinary General Meeting that the Extraordinary General meeting would decide on repurchase of own shares ("Shares") and stock options 2008C entitling to Shares ("Stock Options") of Bittium Corporation ("Company") in a voluntary public tender offer ("Offer") directed to all shareholders and holders of Stock Options pursuant to the following terms and conditions.

Through the Offer, part of the funds received from the sale of the Automotive business of the Company would be distributed to the shareholders of the Company. The funds received from the sale of the Automotive business are not needed in the current business of the Company and distributing such funds to the shareholders is thus appropriate. As the amount of the funds to be distributed is exceptionally large in comparison with the size of the Company, the repurchase of Shares through the Offer is an appropriate way to execute the distribution. In the Offer, a large number of shareholders will have an opportunity to sell their Shares, which would not be possible in ordinary trading in the stock exchange due to a limited trading volume. The decrease in the number of Shares due to the Offer and the Shares becoming null and void as part of the Offer, will further contribute to maintaining the Company's share price on an appropriate level compared to a situation, where the profits to be used for the Offer would be distributed for the shareholders as dividends while the number of Shares in the Company would remain unchanged.

### **Object of the Offer**

The Offer would be made for a maximum of 124,747,351 Shares (the "Maximum Number of Shares") and in addition for a maximum of 252,648 Stock Options (the "Maximum Number of Stock Options" of the Company). The Maximum Number of Shares and the Maximum Number of Stock Options have been determined by the number of all the Shares and Stock Options of the Company so that the Offer covers the same proportional share of all the Shares and Stock Options, taking into account the 277,005 new shares that have been subscribed for pursuant to the Stock Options and that are expected to be registered with the Finnish trade register on or about September 1, 2015, the subscriptions of which the Company has accepted on August 20, 2015.

The Offer would be completed only for the part of the consideration payable for the Shares amounting up to EUR 593,797,392.67 in the aggregate (the "Maximum Consideration of the Shares") and the consideration payable for the Stock Options amounting up to EUR 1,202,607.33 in the aggregate (the "Maximum Consideration of the Stock Options"). The Offer does not cover the Shares or Stock Options that are in the ownership of the Company or its subsidiaries. On the date of this proposal of the Board of Directors, the Company or its subsidiaries do not own such Shares or Stock Options.

A shareholder or a holder of Stock Options would be able to accept the Offer for all the Shares and/or Stock Options owned by him/her or for a number of Shares and/or Stock Options of his/her choosing per book-entry account.

### **1. Offer Price**



The offer price for a Share would be paid in cash for each Share validly tendered in accordance with the terms and conditions of the Offer, and it would be equivalent to the volume weighted average price per Share based on transactions in the official list of Nasdaq OMX Helsinki Ltd ("Nasdaq OMX Helsinki") during the five trade days preceding the acceptance of the offer document (since the approval of the offer document is expected to take place on September 22, 2015, this period would be September 15, 2015 – September 21, 2015), rounded to the nearest full euro cent.

The offer price for each Stock Option would be paid in cash for each Stock Option validly tendered in accordance with the terms and conditions of the Offer, and it would be equivalent with the offer price of a Share subtracted with the subscription price of a Share pursuant to a Stock Option, which was EUR 0.55 per Share on August 20, 2015.

## **2. Offer Period**

The offer period of the Offer would commence on September 25, 2015 at 9.30 a.m. (Finnish time) and expire on October 16, 2015 at 4 p.m. (Finnish time), unless the Company's Board of Directors decides to extend the offer period as described below or unless these terms and conditions stipulate otherwise.

The Company's Board of Directors could extend the offer period by giving notice of the extension by a stock exchange release on October 19, 2015, at the latest. The Company's Board of Directors would give notice of a possible extension of an already extended offer period at the latest on the first Finnish banking day following the expiry of the extended offer period.

If the Company's Board of Directors extended the offer period, the offer period would expire on the date and at the time determined by the Board of Directors, unless the extended offer period would be discontinued as described below. The maximum length of the offer period (including the possible extended offer period and/or the Subsequent Offer Period, as defined later) would be ten (10) weeks starting from the commencement of the offer period.

The Company's Board of Directors could discontinue the extended offer period should all the Conditions to Completion (defined below) be fulfilled or waived by the Company before the expiry of the extended offer period and execute in accordance with section 8. the sale and purchase of the Shares and Stock Options validly tendered and for which the valid tender of such Shares and Stock Options not properly withdrawn. If the Board of Directors discontinued the extended offer period, the Board of Directors would give notice of the decision as soon as possible after making the decision, and in any case at least two (2) weeks before the expiration of the extended offer period. If the Board of Directors discontinued the extended offer period, the extended offer period would expire on the earlier date and at the earlier time announced by the Board of Directors.

The Company also reserves the right to extend the offer period in connection with the Company's announcement of the final result of the Offer (such extended offer period shall be referred to as "Subsequent Offer Period"). In the event of such Subsequent Offer Period, the Subsequent Offer Period would expire on the date and at the time determined by the Company in the final result announcement. The expiration of a Subsequent Offer Period would be announced at the latest two (2) weeks before the expiration of such Subsequent Offer Period.

## **3. Conditions for the Completion of the Offer**



The obligation of the Company to repurchase the Shares and Stock Options validly tendered and to complete the Offer would be subject to the satisfaction or, to the extent permitted by applicable law, a waiver by the Company of the following conditions ("Conditions to Completion") on or prior to the date of the Company's announcement of the final result of the Offer:

- 1) no Material Adverse Change (as defined below) having occurred after the Extraordinary General Meeting on September 14, 2015;
- 2) no court or regulatory authority of competent jurisdiction having given an order or issued any regulatory action preventing, postponing or materially challenging the completion of the Offer; and
- 3) The undertakings given by the seven largest shareholders presented in the Company's shareholders' register, dated on August 23, 2015, to accept the Offer in respect of certain Shares owned by them, remaining in force under their terms and conditions.

The possible decision to waive the above-mentioned Conditions to Completion would be made by the Company's Board of Directors.

"Material Adverse Change" would mean any event, condition, circumstance, development, occurrence, change, effect or fact (any such item referred to as an "Effect") that individually or jointly with other Effects has, results in or would reasonably be expected to have or result in a material adverse effect on the value of the Company's shares or on the business, assets, financial condition or results of operations of the Company and its material subsidiaries, considered as a whole. Such a Material Adverse Change would especially be an Effect that would result in the amount of distributable funds required for the repurchase of the Shares and Stock Options pursuant to the Offer no longer being fully available for the Company or which would cause a material risk thereto. However, Material Adverse Change would not include

- i. any Effect in political, financial, industry, economic or regulatory conditions generally, as long as such an Effect does not affect the ability of the Company to consummate in a timely manner the transactions contemplated in the offer document that will be published later; or
- ii. possible Effects caused by such actions that the Company has undertaken voluntarily through its own initiative.

The Company would reserve the right to waive, to the extent permitted by law, any Condition to Completion that has not been fulfilled before the announcement of the final result of the Offer.

#### **4. No Obligation to Raise or Compensate**

The provisions on the obligation to raise and the obligation to compensate referred to in chapter 11, section 25, of the Finnish Securities Markets Act would not, pursuant to chapter 11, section 4, of the Finnish Securities Markets Act, be applicable to the Offer.

#### **5. Acceptance Procedure of the Offer**



In connection with the acceptance of the Offer, a shareholder or a holder of Stock Options would have to announce the number of the Shares and/or Stock Options that the acceptance concerns and the book-entry account for such Shares and/or Option rights. The accepted number would be announced separately for Shares and Stock Options and for each book-entry account. Alternatively a shareholder or a holder of Stock Options could accept the offers in respect of all the Shares and Stock Options on a specified book-entry account. The acceptances relating to the same book-entry account would be combined separately for Shares and Stock Options. A shareholder and a holder of Stock Options of the Company giving an acceptance would be required to have a cash account in a financial institution operating in Finland or abroad. With regard to those shareholders and holders of Stock Options whose ownership is nominee registered, the account referred to in the acceptance form would correspondingly have to be in a financial institution operating either in Finland or abroad.

A shareholder and a holder of Stock Options could accept the Offer only unconditionally. An acceptance given during the offer period would remain valid also until the end of the possible extended offer period or the discontinued extended offer period. An acceptance given during the Subsequent Offer period would remain valid until the expiration of the Subsequent Offer Period.

More detailed terms and conditions for the acceptance of the Offer would be included in the offer document published later on and they would be decided upon by the Company's Board of Directors.

## **6. Withdrawal Rights**

In accordance with chapter 11, section 16, subsection 1 of the Finnish Securities Market Act, the Shares and/or Stock Options validly tendered in accordance with the terms and conditions of the Offer could be withdrawn at any time during the offer period or, if the offer period has been extended, during such extended offer period, until the Company would have announced that all the Conditions to Completion have been fulfilled or waived by the Company, thereby declaring the Offer unconditional. After such announcement, the Shares and/or Stock Options already tendered could no longer be withdrawn.

Withdrawn Shares and/or Stock Options could be re-tendered by following the acceptance procedures described in section 5. above the expiry of the offer period or, if the offer period would have been extended, the expiry of such extended offer period.

In the event of a Subsequent Offer Period, the acceptance of the Offer would be binding and could not be withdrawn, unless otherwise provided under mandatory law.

## **7. Exceeding the Maximum Number or the Maximum Consideration of the Offer**

If the aggregate number of Shares for which the Offer has been accepted, exceeded the Maximum Number of Shares or if the offer prices of such Shares in the aggregate exceeded the Maximum Consideration of the Shares, the Offer would be reduced per book-entry account for the shareholders that have accepted the Offer in proportion to the number of Shares tendered by the shareholders so that the total number of Shares repurchased in the Offer does not exceed the Maximum Number of Shares and the aggregate offer price for the Shares paid in the Offer does not exceed the Maximum Consideration of the Shares. The accepted number of shares (the "Accepted Number of Shares") shall be rounded down for each book-entry account to the previous whole Share.



If the aggregate number of Stock Options for which the Offer has been accepted, exceeded the Maximum Number of Stock Options or if the offer prices of such Stock Options in the aggregate exceeded the Maximum Consideration of the Stock Options, the Offer would be reduced per book entry-account for the holders of Stock Options that have accepted the Offer in proportion to the number of Stock Options tendered by the holders of Stock Options so that the total number of Stock Options repurchased in the Offer does not exceed the Maximum Number of Stock Options and the aggregate offer price for the Stock Options paid in the Offer does not exceed the Maximum Consideration of the Stock Options. The accepted number of Stock Options (the "Accepted Number of Stock Options") shall be rounded down for each book-entry account to the previous whole Stock Option.

The Accepted Number of Shares and the Accepted Number of Stock Options with regard to nominee registered shareholders and holders of Stock Options would be calculated for each shareholder or holder of Stock Options separately insofar as the Company would receive a reliable account on the division of the acceptances of the Offer between different nominee registered shareholders or holders of Stock Options.

If the Maximum Number of Shares or the Maximum Consideration of Shares in accordance with the Offer would be exceeded during the Subsequent Offer Period, the provisions of this section regarding the reduction of the number of Shares to be repurchased would be applied only to the Shares offered during the Subsequent Offer Period with regard to the shareholder that has accepted the Offer during the Subsequent Offer Period for each book-entry account in proportion to those Shares for which the shareholders have accepted the Offer during the Subsequent Offer Period in a way that the aggregate number of Shares to be repurchased in the Offer does not exceed the Maximum Number of Shares, and the aggregate offer price paid for the Shares in the Offer does not exceed the Maximum Consideration for Shares.

If the Maximum Number of Stock Options or the Maximum Consideration of Stock Options in accordance with the Offer would be exceeded during the Subsequent Offer Period, the provisions of this section regarding the reduction of the number of the Stock Options to be repurchased would be applied only to the Stock Options offered during the Subsequent Offer Period with regard to the holder of Stock Options that has accepted the Offer during the Subsequent Offer Period for each book-entry account in proportion to those Stock Options for which the holders of Stock Options have accepted the Offer during the Subsequent Offer Period, in a way that the aggregate number of Stock Options to be repurchased in the Offer does not exceed the Maximum Number of Stock Options, and the aggregate offer price paid for the Stock Options in the Offer does not exceed the Maximum Consideration for Stock Options.

## **8. Terms of Payment and Settlement of Shares**

The sale and purchase of the Shares and Stock Options validly tendered and not properly withdrawn in accordance with the terms and conditions of the Offer would be executed no later than on the tenth (10.) Finnish banking day following the expiry of the offer period, or if the offer period has been extended or discontinued, the expiry of the extended or discontinued offer period. The sale and purchase of the Shares and Stock Options would take place on NASDAQ OMX Helsinki subject to the rules applicable to securities trading on NASDAQ OMX Helsinki. Otherwise the sale and purchase of the Shares would take place outside of NASDAQ OMX Helsinki.

Settlement would be effected on or about the second (2.) Finnish banking day following the above completion trades (the "Settlement Date"). The payment of the offer price of the Shares and Stock Options would be paid on the Settlement Date into the bank account connected to the shareholder's and holder's of Stock Options book-



entry account or, in the case of shareholders or holders of Stock Options whose holdings are registered in the name of a nominee, into the bank account specified in the acceptance form. If the bank account of a tendering Shareholder or a holder of Stock Options is with a different banking institution than such holder's book-entry account, the offer price of a Share and/or a Stock Option would be paid to the shareholder's and/or holder's of Stock Options bank account, or in the case of those shareholders or holders of Stock Options whose holdings are registered in the name of a nominee, into the bank account specified in the acceptance form, in accordance with the schedule, rules and potential restrictions of money transactions between banking institutions, so that it is on the bank account of the shareholder or the holder of Stock Options, or with regard to a holder whose holdings are registered in the name of a nominee, in the bank account specified in the acceptance form, approximately two (2) Finnish banking days following the Settlement Date, at the latest, if the account is in a financial institution operating in Finland, and in approximately five (5) days following the Settlement Date, at the latest, if the account is in a foreign financial institution. A bank account number for a bank account in a foreign financial institution shall be in the IBAN format.

In the event of a Subsequent Offer Period, the Company shall in connection with the announcement thereof announce the terms of payment and settlement for the Shares and Stock Options tendered during the Subsequent Offer Period. The sale and purchase of the Shares and Stock Options validly tendered in accordance with the terms and conditions of the Offer during the Subsequent Offer Period shall, however, be executed at least within two (2) weeks intervals.

The Company would reserve the right to postpone the payment of the offer price of a Share or a Stock Option if payment is prevented or suspended due to a force majeure event, but shall immediately effect such payment once the force majeure event preventing or suspending payment is resolved.

## **9. Shares becoming null and void**

All the Shares and Stock Options transferred in the Offer would become null and void as a part of settlement of the completion trades of the Offer, tentatively on the Settlement Date so that the Shares and Stock Options will not come to the Company's possession. The shareholder or the holder of Stock Options would by accepting the Offer accept that all the Shares and Stock Options, for which the Offer has validly been accepted, would become null and void as a part of settling the trades. The Shares and Stock Options would be transferred, when necessary, to a book-entry account and/or a technical issue account determined by the Company or Euroclear for becoming null and void.

## **10. Effects of the Offer on the Company's equity**

The profit and retained earnings evidenced by the Company's financial statement, dated on July 1, 2015, would be used for executing the Offer. As a consequence of the Offer the retained earnings would decrease by a maximum of EUR 595 million. In addition, the costs related to the Offer process will decrease the Company's result for the current financial period.

## **11. Using Stock Options during the Offer**

The previously released listing schedule of the shares that have been subscribed for with Stock Options regarding the end of the year 2015 is as follows:





- i. the shares that have been subscribed for by August 17, 2015, including this day, are expected to be registered and listed on September 1, 2015;
- ii. the shares that have been subscribed for by October 14, 2015, including this day, are expected to be registered and listed on October 29, 2015; and
- iii. the shares that have been subscribed for by November 30, 2015, including this day, are expected to be registered and listed on December 15, 2015.

If a holder of Stock Options has made a notification of exercise of Stock Options for subscribing the Shares of the Company, such holder of Stock Options may not accept the Offer with regard to such Stock Options. The Shares subscribed for with Stock Options shall be registered as usual in accordance with the schedule presented above, after which the Offer may be accepted with regard to the new shares registered in such registration in accordance with its terms provided that the offer period of the Offer or the Subsequent Offer Period is still ongoing. Shares that have been subscribed for pursuant to Stock Options shall not be registered continuously. Instead they shall be registered in tranches at the registration times set as above.

If a holder of Stock Options offers his/her Stock Options for a repurchase by the Company in the Offer, he/she may not use them for subscription of Shares. If a holder of Stock Options has offered his/her Stock Options for a repurchase in the Offer and the number of the offered Stock Options is reduced due to exceeding the Maximum Number of Stock Options or Maximum Consideration of Stock Options in accordance with section 7., the notification of exercise of a Stock Option with regard to such non-accepted Stock Options that are not repurchased in the Offer, may be made as usual after the completion of the Offer.

## **12. Other issues**

The Company would reserve the right to amend the terms and conditions of the Offer in accordance with chapter 11, section 15, subsection 2, of the Finnish Securities Markets Act.

The Company's Board of Directors would be authorized to decide at their discretion on all other issues concerning the Offer, to perform all the measures concerning the Offer within the limits set by applicable law and to make decisions on behalf of the Company in matters where the Company has been left discretion in accordance with this proposal.

The Company's Board of Directors could also decide on such amendments to the terms and conditions of the Offer that are technical in nature or necessary for the completion of the Offer, for example on delaying the commencement of the Offer, if the approval of the offer document is delayed.

This proposal has been prepared in the Finnish language and translated into English. In the interpretation of this proposal, the Finnish language version is decisive.

Oulu, 24 August 2015

The Board of Directors



## 2 PROPOSAL BY THE SHAREHOLDERS FOR COMPOSITION OF THE BOARD OF DIRECTORS (ITEM 9 ON THE AGENDA OF THE GENERAL MEETING)

Shareholders representing in the aggregate approximately 40.11 per cent of all the shares in the company propose to the Extraordinary General Meeting that for a term commencing on November 5, 2015 and continuing until the close of the next Annual General Meeting, Kirsi Komi, Juha Putkiranta and Seppo Mäkinen be elected as new members of the Board of Directors. The new members of the Board of Directors would replace current members of the Board of Directors, Jorma Halonen, Juha Hulkko and Seppo Laine, who have notified that they will leave the Board of Directors when the term of the new members commences. No other changes are proposed to the composition of the Board of Directors.

The new members of the Board of Directors would be paid remuneration on the basis of the decision of the Annual General Meeting held on April 15, 2015 and in proportion to the remaining term of the current Board of Directors after the commencement of the term of the new members of the Board of Directors.

Oulu, 24 August 2015