

Proposal Regarding Change of Existing Incentive Programme

Background

A new employee stock option programme for the period 2009–2013 was approved at the SinterCast AB (publ) (“SinterCast”) Extraordinary General Meeting of 20 August 2009. The employee stock options were allocated to all staff employed in the SinterCast Group at the time of issue. The Managing Director received 150,000 options. Each stock option entitles the employee to acquire one (1) share in the Company. The number of stock options allotted was 285,000. The options will run for a period of approximately four (4) years, where 15 % of the allotted options were subscribed for shares during the period of 1 November to 15 December 2010. Further, 20% of the allotted options can be used to subscribe for shares during the period of 1 November to 15 December after two (2) years, 25% during the period of 1 November to 15 December after three (3) years and the remaining 40% during the period of 1 November to 15 December after four (4) years, provided that the employee is still employed by the Group during each exercise window. The subscription of shares via the options can take place annually over the above mentioned four year period, with the subscription price being equivalent to a compounded annual increase of 10% of SEK 36.6. The annual increase of 10% corresponds to a 46.5% increase over the four year term of the programme. The employee stock options are subject to a ceiling such that any profit, at exercise, cannot exceed SEK 50 per option.

As surety for SinterCast’s undertakings to deliver shares under the incentive programme, the company issued 300,000 share warrants to SinterCast Personnel AB, a wholly owned subsidiary of SinterCast, of which 15,000 share warrants are reserved by the Company to cover the social costs associated with the programme.

The maximum dilution effect at the time of the implementation of the programme was estimated to approximately 4.2 percent of the total number of shares and votes in SinterCast.

The incentive programme was drawn up by the Board of Directors in consultation with external advisers.

Proposal to change the incentive programme

Due to the relatively complicated process to administrate the option exercise including up-front financing with borrowed shares, share registration, tax matters etc. the Board of Directors proposes that the General Meeting decides to authorise the Board of Directors to, in respect of such option holders who prefer to receive cash instead of shares, enter into agreements with such option holders, meaning that an option holder who wishes to exercise a stock option will receive an amount in cash corresponding to the value of the stock option from SinterCast instead of receiving a share in SinterCast, conditioned to that the Company’s cash position is secure. This requires that an agreement is entered into with the respective option holders. Hence, there is no obligation for the options holders to receive an amount in cash instead of shares in SinterCast.

The Board of Directors estimates that the costs for the incentive programme will be lower if the proposed change is implemented.

A resolution requires the support of shareholders with at least nine tenths of both the votes cast and the shares represented at the General Meeting.

April 2011
SinterCast Aktiebolag (publ)
The Board of Directors

N.B. The English text is an unofficial translation. In case any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.