

## **NAPATECH SHARE OPTION PROGRAM 2016 TERMS AND CONDITIONS**

This employee share option program has been established in accordance with Clause 7.2 of the Articles of Association of Napatech A/S to serve as a force in developing Napatech A/S and create additional shareholder value, and intends to award and incentivize outstanding performance and attract and retain strong talent in business critical functions.

### **1 THE EXTENT OF THE PROGRAM (Scope)**

- 1.1 The extent of the Share Option Program 2016 (the program) is a maximum number of options equivalent to 100,000.00 shares of nominally DKK 1.00 of Napatech A/S.
- 1.2 The options shall be awarded to recently employed employees, new employees (and key employees not previously being part of existing warrant programmes (or with a level of warrants not reflecting their current key position within Napatech) of companies within the Napatech Group.

### **2 THE OPTIONS**

- 2.1 The options entitle the option holders to subscribe for a number of Napatech A/S ("Napatech") shares at a certain strike price. Napatech may instead of issuing new shares elect to sell secondary shares to the option holders at the same price. The number of shares and the strike price are specified in the option award letter to the individual share option holders.
- 2.2 Alternatively, Napatech has the right to pay out a cash amount equivalent to difference between the strike price and the trading price at the close of business at the OSE of the Napatech share on the date of exercise, multiplied with the number of shares to be issued.
- 2.3 The options are not transferable.
- 2.4 The award of options shall normally take place once for each option holder. The strike price shall be calculated as the trading price at the close of business at the OSE 5 working days (including the day of the quarterly presentation) after the relevant announcement of the quarterly results of Napatech to the OSE. The strike price is specified in the option award letter.

### **3 EXERCISE**

- 3.1 The program is a five year program. The first two years from the date of issue of an option is a lock-up period during which the options may not be exercised. Exercising of the options can take place in the third, fourth and fifth year, in equal parts per such year, and with four exercising periods of 5 working days after presentations of the quarterly interim results per year. Options that are not exercised in a year can be exercised in the following years until the end of the fifth year from the date of issue of an option. Napatech may by notice to the option holders amend the exercising periods at its discretion.
- 3.2 The number of awarded options that can be exercised shall always be limited to a maximum profit gain in each calendar year equal to 4 times the base annual salary of the option holder (employee) on January 1<sup>st</sup> in the year of exercise. For option holders who are no longer employed with Napatech or a company within the Napatech Group the base annual salary shall be calculated on the basis of the base salary of the option holder at the time of resignation.
- 3.3 When calculating the maximum applicable profit gain in an individual year, only gains realized in that particular year from the 2014 program, this and any future Napatech share option program (not warrant programs 2006, 2007, 2008, 2010 and 2013 or other employee incentive program awarded) shall be included.
- 3.4 The options shall be exercised by giving written notification to Napatech, using the standard form provided by Napatech for such purpose and transferring the strike price in full to Natatech. The terms for exercising the options are specified in the option award letter.
- 3.5 An option lapses automatically if it has not been exercised by the last date of the last exercise period stated in the option award letter.
- 3.6 Exercising of the option must take place under due consideration of the insider trading provisions, and the mandatory notification of trade provision, as well as the Napatech insider trading rules. If a situation should occur meaning that the option holder due to insider trading provisions and rules cannot trade Napatech shares on the last date of the last exercise period and the options would otherwise be lost under clause 3.5, ordinary exercise of the options may take place at a later date specified by Napatech.

### **4 SETTLEMENT AND TAXES**

- 4.1 Napatech shall use its best efforts to issue and transfer shares to the employee in accordance with ordinary settlement rules, normally within a period of five days.
- 4.2 Upon exercising an option, the option holder shall transfer the purchase or subscription price to Napatech as further described in the standard form provided by Napatech. The purchase or subscription price is equivalent to the number of options exercised multiplied by the strike price. The option holder acknowledges that it must have a VPS account in order to receive the shares.
- 4.3 All taxes, charges and other transaction costs related to the option and its exercise shall be borne by the option holder.
- 4.4 Profit treated as wages shall not be included in the basis for calculating vacation pay, bonus or pension.
- 4.5 Withholding of taxes and notification to the tax authorities will be carried out in accordance with rules that apply at the relevant points in time.

## **5 THE OPTION HOLDERS ENTITLEMENT TO OPTIONS FOLLOWING CESSATION OF EMPLOYMENT**

- 5.1 The right of option holders to retain and exercise options following the option holders cessation of employment with Napatech or a company within the Napatech Group shall be governed by sec. 4 and 5 of the Danish Stock Options Act and this clause 5.
- 5.2 If the employment is terminated by the option holder without cause or if Napatech terminates the employment based on a breach of contract by the option holder, all options that are under lock-up cf. clause 3.1 or are not exercised prior to the date of resignation shall lapse automatically.
- 5.3 If Napatech terminates the employment of an option holder without cause, the employment is terminated by an option based on a material breach of contract by Napatech or an option holder retires due to old age cf. sec. 4.2 of the Danish Stock Options Act, the option holder is entitled to keep and exercise any options awarded under this program in accordance with the terms of the program. Napatech may within 30 days of the date of resignation demand that all options exercisable or under lock-up are exercised within 60 days. If such a demand is made the option holder is entitled to request cash settlement cf. clause 2.2. If the options are not exercised by issuance of shares or cash settlement within the 60 days period the options shall lapse automatically.
- 5.4 In the event of the death of an option holder, all options that are, or will during the calendar year of the death-day become, exercisable shall be deemed to have been exercised at the last exercising period of such calendar year. Settlement shall take place in cash in accordance with clause 2.2. Options which are not exercisable at the time of death, other than as described in this clause 5.4, shall lapse automatically.

## **6 SPECIAL MATTERS**

- 6.1 With regard to employees in subsidiaries of Napatech, if Napatech should come to own less than 50 % of the voting shares, directly or indirectly, in the subsidiary in which the option holder is employed, the lock-up period cf. clause 3.1 shall not apply and the period of exercise is shortened. The full option may be exercised within three months following the finalization of the mentioned transaction and will thereafter lapse automatically, unless otherwise agreed. All other restrictions mentioned in clause 2, 3 and 5 apply in this three month period, including the maximum profit gain.
- 6.2 If (1) it is decided to delist the Napatech share, or (2) an agreement or agreements are entered into which entail that all the shares in Napatech are owned or controlled by one shareholder or two or more shareholders who can be consolidated pursuant to section 6-5, first paragraph, of the Norwegian Securities Trading Act, all options (including options that according to clause 3.1. cannot yet be exercised) shall be deemed to have been exercised as a cash settlement cf. clause 2.2. In such a situation the maximum profit gain according to clause 3.2. does not apply.
- 6.3 If Napatech is the continuing company in a merger the strike price of the option and the number of options allocated shall not be adjusted. If Napatech is a part of a merger and is not the continuing company the options shall lapse automatically and be replaced by options in the continuing company. The number of options, the strike price and the terms of the options shall be based on this program and the valuation of the companies involved in the merger.
- 6.4 In case of a demerger the option holders shall be awarded options in (1) all, (2) some or (3) one of the companies of the demerger as decided by Napatech. The number of options, the strike price and the terms of the options shall be based on this program and the valuation of Napatech and the companies involved in the demerger.
- 6.5 If it is decided to liquidate Napatech the option holders have the right to exercise all options (including options that according to clause 3.1. cannot yet be exercised) at a time specified by Napatech and on the conditions set out in this program.
- 6.6 The strike price of the option and the number of options allocated shall be adjusted in the event of equity transactions, etc. that have a direct effect on the value of the share options, such as a share split or reverse split, an increase of the share capital for a share value other than the marked value, including the issuing of bonus shares or convertible bonds/warrants or a reduction of the share capital of the Company for a share value other than the marked value, including an annulment of shares. Payment of dividends, any new general employee share option programs, the issuance of shares under this or any other existing or future warrant or share option programs and Napatechs purchase, sale or annulment of its own shares shall not result in any adjustment of the strike price of the option or the number of options allocated. The Napatech Board of Directors decides in each case which transactions, etc. shall be adjusted for.

## **7 THE SHARES**

- 7.1 The shares subscribed by the option holders shall be registered in the name of the option holders and entered in the Company's register of shareholders. The shares shall be negotiable instruments.
- 7.2 The shares are registered with the Norwegian central securities depository Verdipapirsentralen ASA, and therefore the Company shall not issue any physical share certificates. All rights attaching to the shares shall be notified to Verdipapirsentralen ASA in accordance with the applicable rules.

## **8 GOVERNING LAW AND ARBITRATION**

- 8.1 This program shall be governed by and construed in accordance with the laws of the Kingdom of Denmark.
- 8.2 Any dispute arising out of or relating to this program that cannot be settled amicably shall be settled exclusively, finally and binding on the Parties by arbitration in Copenhagen administrated by The Danish Institute of Arbitration in accordance with the rules of arbitration procedure adopted by The Danish Institute of Arbitration and in force at the time when such proceedings are commenced.

## **9 PRACTICAL IMPLEMENTATION**

- 9.1 The Napatech Board of Directors may make such amendments to this program as is considered desirable or necessary due to new legislation or for other reasons.