

Minutes of the Annual General Meeting in **ASSA
ABLOY AB** held on 27 April 2016 in Stockholm

§ 1

The Meeting was opened by Lars Renström, Chairman of the Board, who welcomed the shareholders.

§ 2

The Meeting resolved, in accordance with the Nomination Committee's proposal, to elect Lars Renström as Chairman of the Meeting.

It was noted that lawyer Mikael Ekdahl was assigned to keep the minutes at the Meeting.

The Meeting resolved that certain persons present who were not shareholders were entitled to attend the Meeting as guests.

§ 3

The Meeting resolved to adopt the list of registered shareholders, adjusted with respect to those shareholders who had registered but did not attend the Meeting, as the voting register for the Meeting in accordance with Appendix 1.

§ 4

The Meeting resolved to adopt the proposed agenda which had been included in the notice of the Meeting.

§ 5

The Meeting resolved to appoint Elisabeth Ek (Nordea Fonder) and Anders Corneliusson (Tredje AP-fonden) to approve the minutes of the Meeting.

§ 6

The Chairman concluded that the notice of the Meeting had been in accordance with applicable law and the Articles of Association.

The Meeting resolved to declare the Meeting duly convened.

§ 7

The President and CEO Johan Molin held a speech regarding the financial year 2015.

§ 8

The Chairman concluded that following documents were presented:

The annual report, the auditor's report, the consolidated financial statements and the auditor's report on the consolidated financial statements for the financial year 2015, the auditor's statement regarding whether the guidelines for remuneration to senior management adopted at the previous Annual General Meeting have been complied with and the Board's and the CEO's proposal and motivated statement regarding the dividend.

The authorised auditor Bo Karlsson described the work with the audit and the content of the auditor's report and the auditor's report on the consolidated financial statements.

The Chairman and Johan Molin hereafter answered questions from Albin Rännar (Aktiespararna) and Nina Bönnelyche (Folksam).

§ 9

The Meeting resolved:

- (a) to adopt the income statement and balance sheet and the consolidated income statement and consolidated balance sheet for the financial year 2015
- (b) to in accordance with the proposal of the Board and the CEO to appropriate the profits at the disposal of the Meeting as follows:
 - a dividend of SEK 2.65 per share
 - be declared to the shareholders 2,944 MSEK
 - and to be carried forward 8,058 MSEK
- to establish 29 April 2016 as record day for the dividend
- (c) to discharge the Board members and the CEO from liability for the financial year 2015.

It was noted that those Board members and the CEO who own shares in the company did not participate in the resolution under item (c) in respect of their own part.

§ 10

The Meeting resolved, in accordance with the Nomination Committee's proposal, that the number of Board members elected by the Meeting should be nine without deputy members.

§ 11

The Meeting resolved, in accordance with the Nomination Committee's proposal, that fees to Board members appointed by the Meeting should amount to a total of SEK 5,950,000 (remuneration for committee work not included) to be distributed among the Board members as follows: SEK 1,850,000 to the Chairman of the Board, SEK 800,000 to the Vice Chairman of the Board and SEK 550,000 to each of the other Board members appointed by the Meeting and not employed by the company. As remuneration for committee work, the Chairman of the Audit Committee is to receive SEK 250,000, the Chairman of the Remuneration Committee SEK 150,000, members of the Audit Committee (the Chairman excluded) SEK 125,000 each, and members of the Remuneration Committee (the Chairman excluded) SEK 75,000 each. The Meeting further resolved, in accordance with the Nomination Committee's proposal that the auditors fees shall be paid according to contract.

§ 12

The Chairman informed about the Nomination Committee's proposal of Board members. Ulf Ewaldsson presented himself to the Meeting.

It was noted that the Meeting was informed about the proposed Board members and their positions held in other companies.

The Meeting re-elected, in accordance with the Nomination Committee's proposal, Lars Renström, Carl Douglas, Eva Karlsson, Birgitta Klasén, Eva Lindqvist, Johan Molin, Jan Svensson and Ulrik Svensson as Board members, and elected Ulf Ewaldsson as new member of the Board.

The Meeting re-elected, in accordance with the Nomination Committee's proposal, Lars Renström as Chairman of the Board and Carl Douglas as Vice Chairman of the Board.

It was noted that the labour organisations had appointed Mats Persson and Bert Arleros as Board members and Rune Hjälm and Bjarne Johansson as deputy employee representatives.

The Meeting re-elected, in accordance with Nomination Committee's proposal, the audit company PricewaterhouseCoopers AB as auditor until the end of the Annual General Meeting 2017.

The Chairman informed that PricewaterhouseCoopers AB had notified the company that the authorised auditor Bo Karlsson will continue to be the auditor in charge.

It was noted that foreign shareholders, represented by Svenska Handelsbanken, representing 0.32% of the represented votes voted against the proposals in item 12.

§ 13

The Meeting resolved, in accordance with the Nomination Committee's proposal that the Nomination Committee up to and including the Annual General Meeting 2017 shall have five members and consist of Carl Douglas (Investment AB Latour), Mikael Ekdahl (Melker Schörling AB), Liselott Ledin (Alecta), Marianne Nilsson (Swedbank Robur fonder) and Anders Oscarsson (AMF and AMF fonder) with Carl Douglas as Chariman of the Nomination Committee.

The Meeting resolved, in accordance with the Nomination Committee's proposal, to adopt the instruction for the Nomination Committee in accordance with Appendix 2. It was noted that foreign shareholders, represented by Svenska Handelsbanken, representing 0.01% of the represented votes voted against the proposal.

§ 14

The Chairman concluded that the proposal by the Board for guidelines for remuneration to senior management had been available for the shareholders before the Meeting.

The Meeting resolved, in accordance with the Board's proposal, to approve the guidelines for remuneration to senior management in accordance with Appendix 3. It was noted that foreign shareholders, represented by Svenska Handelsbanken, representing 0.12% of the represented votes voted against the proposal.

§ 15

The Chairman concluded that the proposal by the Board for authorization to repurchase and transfer Series B shares in the company had been available for the shareholders before the Meeting.

The Meeting resolved, in accordance with the proposal by the Board, to authorize the Board to repurchase and transfer Series B shares in the company, in accordance with Appendix 4.

It was noted that the resolution was supported by more than two-thirds of both represented votes and shares present at the Meeting.

§ 16

The Chairman concluded that the proposal by the Board for long term incentive programme had been available for the shareholders before the Meeting.

The Meeting resolved, in accordance with the proposal by the Board, on implementation of a long term incentive programme, in accordance with Appendix 5. It was noted that foreign shareholders, represented by Svenska Handelsbanken, representing 0.68% of the represented votes voted against the proposal.

§ 17

The Chairman declared the Meeting closed.

At the Minutes:

Mikael Ekdahl

Approved:

Lars Renström

Elisabeth Ek

Anders Corneliusson

The Nomination Committee's proposal for decisions, motivated statement and information on proposed members of the Board of Directors

The Nomination Committee prior to the 2016 Annual General Meeting comprises Chairman Carl Douglas (Investment AB Latour), Mikael Ekdahl (Melker Schörling AB), Liselott Ledin (Alecta), Marianne Nilsson (Swedbank Robur fonder) and Anders Oscarsson (AMF and AMF fonder). The five owner-representatives represent approximately 46 per cent of the votes of all shares in ASSA ABLOY AB. The Nomination Committee proposes the 2016 Annual General Meeting resolves as follows.

Items 10-12 – Determination of the number of members of the Board of Directors, determination of fees to the Board of Directors and the Auditor as well as election of the Board of Directors, Chairman of the Board of Directors, Vice Chairman of the Board of Directors and Auditor

- The number of members of the Board of Directors shall be nine.
- Fees to the Board of Directors shall amount to a total of SEK 5,950,000 (remuneration for committee work not included) to be distributed among the members of the Board of Directors as follows; SEK 1,850,000 to the Chairman, SEK 800,000 to the Vice Chairman and SEK 550,000 to each of the other members of the Board of Directors appointed by the Annual General Meeting and not employed by the company. As remuneration for the committee work, the Chairman of the Audit Committee is to receive SEK 250,000, the Chairman of the Remuneration Committee SEK 150,000, members of the Audit Committee (the Chairman excluded) SEK 125,000 each, and members of the Remuneration Committee (the Chairman excluded) SEK 75,000 each.
- Fees to the Auditor according to contract.
- Re-election of Lars Renström, Carl Douglas, Eva Karlsson, Birgitta Klasén, Eva Lindqvist, Johan Molin, Jan Svensson and Ulrik Svensson as members of the Board of Directors.
- Election of Ulf Ewaldsson as new member of the Board of Directors.
- Re-election of Lars Renström as Chairman of the Board of Directors and Carl Douglas as Vice Chairman.
- Re-election of the registered audit firm PriceWaterhouseCoopers AB as Auditor for the time period until the end of the 2017 Annual General Meeting. PriceWaterhouseCoopers AB has notified that, provided that the Nomination Committee's proposal is adopted by the Annual General Meeting, authorized public accountant Bo Karlsson will remain appointed as auditor in charge.

Motivated statement regarding the proposal of the Nomination Committee for the Board of Directors

Prior to the 2016 Annual General Meeting the Nomination Committee has held four meetings. As foundation for its proposal for the composition of the Board of Directors, the Nomination Committee has taken part of the full results of the evaluation of the Board of Directors and its work. The Nomination Committee has thoroughly discussed the requirements for qualification, experience and background that can be imposed on the Board of Directors of ASSA ABLOY AB, considering, among other things, the strategic development of the company, governance and control. Issues of independence have been highlighted, as well as the requirement of versatility and breadth of the Board of Directors and the issue of gender equality.

The Nomination Committee makes the assessment that the current Board of Directors with respect to the company's operations, stage of development and other circumstances essentially has an appropriate composition. Therefore all current members of the Board of Directors are proposed for re-election. In addition, Ulf Ewaldsson is proposed for election as new member of the Board of Directors. Ulf Ewaldsson has many years of experience from managerial positions in the Ericsson Group and he is since 2012 Senior Vice President and Chief Technology Officer. Though the election of Ulf Ewaldsson would lead to the proportion of women in the Board of Directors of ASSA ABLOY AB decreasing from 37.5 per cent to 33 per cent, which is slightly below the recommended level of 35 per cent which the Swedish Corporate Governance Board has stated as the level of ambition for large companies by the year of 2017, the Nomination Committee makes the assessment that Ulf Ewaldsson with his experience and qualifications would be a valuable asset to the Board of Directors of ASSA ABLOY AB, wherefore he is proposed for new election.

Information on all the members proposed for the Board of Directors of ASSA ABLOY AB

For presentation of the proposed members of the Board of Directors, please see [Appendix 1](#).

The proposed Board of Directors independence

Name	Independent of the company and its management	Independent of the company's major shareholders
Lars Renström	Yes	Yes
Carl Douglas	Yes	No
Ulf Ewaldsson	Yes	Yes
Eva Karlsson	Yes	Yes
Birgitta Klasén	Yes	Yes
Eva Lindqvist	Yes	Yes
Johan Molin	No	–
Jan Svensson	Yes	No
Ulrik Svensson	Yes	No

The proposed Board of Directors of ASSA ABLOY AB fulfils the demands of independence in accordance with the Swedish Code of Corporate Governance.

Item 13 – Election of members of the Nomination Committee and determination of the assignment of the Nomination Committee

- The Nomination Committee shall consist of five members, who, up to and including the Annual General Meeting 2017, shall be Carl Douglas (Investment AB Latour), Mikael Ekdahl (Melker Schörling AB), Liselott Ledin (Alecta), Marianne Nilsson (Swedbank Robur fonder) and Anders Oscarsson (AMF and AMF fonder). Carl Douglas shall be appointed Chairman of the Nomination Committee.
- If a shareholder represented by one of the members of the Nomination Committee ceases to be among the major shareholders of ASSA ABLOY AB, the Nomination Committee shall be entitled to appoint another representative of one of the major shareholders to replace such a member. The same applies if a member of the

Nomination Committee ceases to be employed by such a shareholder or leaves the Nomination Committee before the Annual General Meeting 2017 for any other reason.

- The Nomination Committee shall, before the Annual General Meeting 2017, prepare and submit proposals for; election of Chairman of the Annual General Meeting, election of Chairman, Vice Chairman, other members of the Board of Directors and Auditor as well as fees to the Auditor and the Board of Directors (including distribution of fees among the Chairman, Vice Chairman and the other members of the Board of Directors and remuneration for committee work).

March 2016
The Nomination Committee of
ASSA ABLOY AB (publ)

Appendix 1

Presentation of the proposed Board of Directors¹

Lars Renström

Chairman.

Board member since 2008.

Born 1951.

Master of Science in Engineering and Master of Science in Business and Economics.

President and CEO of Alfa Laval AB since 2004 through February 2016. President and

CEO of Seco Tools AB 2000–2004. President and Head of Division of Atlas Copco Rock Drilling Tools 1997–2000. Previously a number of senior positions at ABB and Ericsson.

Other appointments: Board member of Alfa Laval AB and Tetra Laval Group.

Shareholdings (including related parties and through companies): 30,000 Series B shares.

Carl Douglas

Vice Chairman.

Board member since 2004.

Born 1965.

BA (Bachelor of Arts) and D. Litt (h.c.) (Doctor of Letters).

Self-employed.

Other appointments: Vice Chairman of Securitas AB. Board member of Investment AB Latour.

Shareholdings (including related parties and through companies): 41,595,729 Series A shares and 63,900,000 Series B shares through Investment AB Latour.

Ulf Ewaldsson

Proposed member of the Board of Directors of ASSA ABLOY AB.

Born 1965.

Master of Science in Engineering and Business Management.

Senior Vice President and Chief Technology Officer at Ericsson since 2012. Various managerial positions within the Ericsson Group since 1990, including Head of Product Area Radio. Ulf has worked internationally for over 11 years (China, Japan and Eastern Europe).

Other appointments: Board member Lund University and Telecom Management Forum. Various telecom advisory assignments within EU, member of the Royal Swedish Academy of Engineering Sciences (IVA).

Shareholdings (including related parties and through companies): -

Eva Karlsson

Board member since 2015.

Born 1966.

Master of Science in Engineering.

President and CEO of Armatec AB since 2014. CEO of SKF Sverige AB and Global Manufacturing Manager 2011–2013, Director of Industrial Marketing & Product Development Industrial Market AB SKF 2005–2010, various positions in the SKF Group mainly in Manufacturing Management.

Other appointments: Board member of Bräcke diakoni.

Shareholdings (including related parties and through companies): -

¹ Shareholdings in ASSA ABLOY AB as at 31 December 2015.

Birgitta Klasén

Board member since 2008.

Born 1949.

Master of Science in Engineering.

Independent IT consultant (Senior IT Advisor). CIO and Head of Information

Management at EADS (European Aeronautics Defence and Space Company) 2004–2005.

CIO and Senior Vice President at Pharmacia 1996–2001 and previously CIO at Telia.

Various positions at IBM 1976–1994.

Other appointments: Board member of Acando AB, Avanza AB and IFS AB.

Shareholdings (including related parties and through companies): 21,000 Series B shares.

Eva Lindqvist

Board member since 2008.

Born 1958.

Master of Science in Engineering and Master of Science in Business and Economics.

Senior Vice President of Mobile Business at TeliaSonera AB 2006–2007. Previously several senior positions at Telia-Sonera AB, including President and Head of Business Operation International Carrier, and various positions in the Ericsson Group 1981–1999.

Other appointments: Board member of companies including Tieto Oy, Sweco AB and Bodycote plc. Member of the Royal Swedish Academy of Engineering Sciences (IVA).

Shareholdings (including related parties and through companies): 7,650 Series B shares.

Johan Molin

Board member since 2006.

Born 1959.

Master of Science in Business and Economics.

President and CEO of ASSA ABLOY AB since 2005. CEO of Nilfisk-Advance 2001–2005.

Various positions mainly in Finance and Marketing, later divisional head in the Atlas Copco Group 1983–2001.

Other appointments: Chairman of Sandvik AB.

Shareholdings (including related parties and through companies): 1,830,537 Series B shares.

Jan Svensson

Board member since 2012.

Born 1956.

Degree in Mechanical Engineering and Master of Science in Business and Economics.

President and CEO of Investment AB Latour since 2003. Previously CEO of AB Sigfrid Stenberg 1986–2002.

Other appointments: Chairman of AB Fagerhult, Nederman Holding AB, Oxeon AB and Tomra Systems ASA. Board member of Loomis AB, Investment AB Latour and Troax Group AB.

Shareholdings (including related parties and through companies): 6,000 Series B shares.

Ulrik Svensson

Board member since 2008.

Born 1961.

Master of Science in Business and Economics.

CEO of Melker Schörling AB since 2006. CFO of Swiss International Airlines Ltd. 2003–

2006. CFO of Esselte AB 2000–2003, and Controller/CFO of the Stenbeck Group's foreign telecoms ventures 1992–2000.

Other appointments: Board member of AAK AB, Loomis AB, Hexagon AB, Hexpol AB, Flughafen Zurich AG and Absolent

Group AB.

Shareholdings (including related parties and through companies): 9,000 Series B shares.

The Board of Directors' proposal of guidelines for remuneration to the senior management

The Board of Directors proposes that the Annual General Meeting adopts the following guidelines for the remuneration and other employment conditions of the President and CEO and other members of the ASSA ABLOY Executive Team (the Executive Team). The proposed guidelines below do not involve any material change, compared with the guidelines adopted by the 2015 Annual General Meeting.

The basic principle is that the remuneration and other employment conditions should be in line with market conditions and be competitive. ASSA ABLOY takes into account both global remuneration practice and practice in the home country of each member of the Executive Team.

The total remuneration of the Executive Team should consist of basic salary, variable components in the form of annual and long term variable remuneration, other benefits and pension.

The total remuneration of the Executive Team, including previous commitments not yet due for payment is reported in the Annual Report 2015 in Note 32.

Fixed and variable remuneration

The basic salary should be competitive and reflect responsibility and performance. The variable part consists of remuneration paid partly in cash, and partly in the form of shares.

The Executive Team should have the opportunity to receive variable cash remuneration based on the outcome in relation to financial targets and, when applicable, individual targets. This remuneration should be equivalent to a maximum 75 per cent of the basic salary (excluding social security costs).

In addition, the Executive Team should, within the framework of the Board of Directors' proposal for a long term incentive program, in Item 16, be able to receive variable remuneration in the form of shares based on the outcome in relation to a range determined by the Board of Directors for the performance of the company's earnings per share during 2016. This remuneration model also includes the right, when purchasing shares under certain conditions, to receive free matching shares from the company. This remuneration shall, if the share price is unchanged, be equivalent to maximum 75 per cent of the basic salary (excluding social security costs).

The annual cost of variable remuneration for the Executive Team as above, assuming maximum outcome, totals around SEK 57 million (excluding social security costs and financing cost). This calculation is made on the basis of the current members of the Executive Team.

Other benefits and pension

Other benefits, such as company car, extra health insurance or occupational healthcare, should be payable to the extent this is considered to be in line with market conditions in the market concerned. All members of the Executive Team should be covered by defined contribution pension plans, for which pension premiums are allocated from the executive's total remuneration and paid by the company during the period of employment.

Notice and severance pay

If the CEO is given notice, the company is liable to pay the equivalent of 24 months' basic salary and other employment benefits. If one of the other members of the

Executive Team is given notice, the company is liable to pay a maximum six months' basic salary and other employment benefits plus an additional 12 months' basic salary.

Deviation from the guidelines

The Board of Directors shall have the right to deviate from the guidelines for remuneration to senior management adopted by the Annual General Meeting if there are particular reasons for doing so in an individual case.

Stockholm in February 2016
The Board of Directors
ASSA ABLOY AB (publ)

The Board of Directors' proposal for authorization to repurchase and transfer Series B shares in the company

The Board of Directors proposes that the Annual General Meeting authorizes the Board of Directors to pass a resolution, on one or more occasions for the period up until the next Annual General Meeting, on repurchasing Series B shares in the company in accordance with the following.

- The repurchase shall maximum comprise so many Series B shares that the company after each repurchase holds a maximum of 10 per cent of the total number of shares in the company.
- The repurchase of Series B shares shall take place on Nasdaq Stockholm.
- The repurchase of Series B shares on Nasdaq Stockholm may only occur at a price within the share price interval registered at that time, where share price interval means the difference between the highest buying price and the lowest selling price.
- Payment of the Series B shares shall be made in cash.

Furthermore, the Board of Directors proposes that the Annual General Meeting authorizes the Board of Directors to pass a resolution, on one or more occasions for the period up until the next Annual General Meeting, on transferring Series B shares in the company accordance with the following.

- The maximum number of Series B shares to be transferred may not exceed the number of shares held by the company at the time of the Board of Directors resolution.
- Transfers of Series B shares shall take place:
 - (i) on Nasdaq Stockholm, or
 - (ii) in connection with acquisition of companies or businesses, on market terms.
- Transfers of Series B shares on Nasdaq Stockholm may only occur at a price within the share price interval registered at that time, where share price interval means the difference between the highest buying price and the lowest selling price.
- The authorization includes the right to resolve on deviation of the preferential rights of shareholders and that payment may be made in other forms than cash.

The purpose of the authorizations is to make possible the ability for the Board of Directors to continuously adapt the company's capital structure and thereby contribute to increased shareholder value, to be able to exploit attractive acquisition opportunities by fully or partly financing future acquisitions with the company's own shares, and to ensure the company's undertakings, including social security costs, in accordance with the Board of Directors' proposal for a long term incentive program under Item 16.

The Board of Directors has presented a motivated statement pursuant to Chapter 19, Section 22 of the Swedish Companies Act, the statement is available at the company and on the company's website www.assaabloy.com.

The proposal in this Item 15 requires an approval of shareholders representing at least two-thirds of both the shares and number of votes represented at the Annual General Meeting to be valid.

Stockholm in March 2016
The Board of Directors
ASSA ABLOY AB (publ)

The Board of Directors' proposal for long term incentive program

The Board of Directors proposes that the Annual General Meeting resolves to implement a new long term incentive program for senior executives and key employees within the ASSA ABLOY Group (LTI 2016). LTI 2016 is proposed to include approximately 90 senior executives and key employees within the ASSA ABLOY Group. LTI 2016 entails that the participants will invest in Series B shares in ASSA ABLOY at market price. Such personal investment will thereafter be matched by the company through granting of so called matching awards and performance awards, in accordance with the terms stipulated below.

The rationale for the proposal

The purpose of LTI 2016 is to retain and recruit competent employees to the Group, provide competitive remuneration and to align the interests of the senior executives and key employees with the interests of the shareholders. In light of the above, the Board of Directors believes that implementation of LTI 2016 will have a positive effect on the development of the Group and consequently that LTI 2016 is beneficial to both the shareholders and the company.

Preparation of the proposal

LTI 2016 has been initiated by the Board of Directors of ASSA ABLOY, and has been structured in consultation with external advisers based on an evaluation of prior incentive programs. LTI 2016 has been prepared by the Remuneration Committee and reviewed at meetings of the Board of Directors.

Personal investment

In order to participate in LTI 2016, the employees must purchase Series B shares in ASSA ABLOY at market price, in an amount corresponding to minimum 5 per cent (all participants) and maximum 15 per cent (CEO and other senior executives) or 10 per cent (other participants), respectively, of the participants basic salary.

The participation in LTI 2016 of employees who have not participated in previous LTI programs is subject to renunciation of customary salary review for the year 2016.

Allocation

For each Series B share the CEO purchases under LTI 2016, he will be granted one matching award and four performance awards. For each Series B share other senior executives (currently eight individuals) purchase under LTI 2016, each such individual will be awarded one matching award and three performance awards. For each Series B share other participants (approximately 80 individuals) purchase under LTI 2016, each such individual will be awarded one matching award and one performance award.

Conditions for awards

The following conditions shall apply for all awards.

- The awards shall be granted free of charge after the 2016 Annual General Meeting.
- Each award entitles the holder to receive one Series B share free of charge three years after allotment of the award (vesting period), provided that the holder, with some exceptions, at the time of the release of the interim report for the first quarter 2019 still is employed by the ASSA ABLOY Group and has maintained the shares purchased under LTI 2016.
- To make the participants' interest equal with the shareholders' the company will compensate the participants for distributed dividend during the vesting period by increasing the number of Series B shares that each award gives right to after the vesting period.

- The awards are non-transferable and may not be pledged.
- The awards can be granted by the company or any other company within the Group.

Conditions for the performance awards

The number of performance awards that gives right to receive Series B shares in the company depends on the fulfilment of target levels, as defined by the Board of Directors, in respect of increase of the company's earnings per share¹ during the financial year 2016 compared with the financial year 2015. The outcome will be measured lineally, meaning that none of the performance awards will give right to Series B shares unless the minimum level is achieved, and that each performance award will give right to one Series B share if the maximum level is achieved. The Board of Directors intends to present the fulfillment of the performance based condition in the Annual Report for the financial year 2016.

Preparation and administration

The Board of Directors shall be responsible for preparing the detailed terms and conditions of LTI 2016, in accordance with the mentioned terms and guidelines. To this end, the Board of Directors shall be entitled to make adjustments to meet foreign regulations or market conditions. The Board of Directors may also make other adjustments if significant changes in the ASSA ABLOY Group, or its operating environment, would result in a situation where the decided terms and conditions for LTI 2016 no longer are appropriate.

Scope and costs of the program

LTI 2016 may, if the share price for the company's Series B share remains the same during the program's term, result in a maximum amount corresponding to 75 per cent (CEO), 60 per cent (other senior executives) or 20 per cent (other participants), respectively, of the participants annual basic salary (excluding social security costs). Such outcome is subject to a maximum personal investment, meaning that the participant must purchase Series B shares in the company in an amount corresponding to 15 per cent (CEO and other senior executives) or 10 per cent (other participants), respectively, of the participants annual basic salary, maintain the initially purchased shares and that the participant, with some exceptions, still is employed during the vesting period, and that the performance based condition has been fully achieved.

The total amount of shares, which corresponds to the participant's total maximum personal investment, and thus the total amount of awards in LTI 2016, depends on the share price for the company's Series B share at the time of allotment of awards under LTI 2016. The total number of shares in the company amount to 1,112,576,334 shares. Provided that the share price for the company's Series B share is traded at around SEK 160 at the time of allotment of awards under LTI 2016, LTI 2016 will, in accordance with the above principles and assumptions, comprise maximum 400,000 Series B shares in total, which corresponds to approximately 0.1 per cent of the total outstanding shares and votes in the company.

LTI 2016 should be expensed as personnel costs over the vesting period. Provided that the performance based condition is fully achieved, the accounting cost for LTI 2016 before tax is, in accordance with the above principles and assumptions, estimated to approximately SEK 60 million, allocated over the vesting period. Estimated social security costs and financing cost are included in such amount.

The costs are expected to have marginal effect on key ratios of the ASSA ABLOY Group.

¹ Earnings per share is defined as the company's earnings per share excluding items affecting comparability and after tax and dilution.

Information on LTI 2013, LTI 2014 and LTI 2015 can be found in the Annual Report 2015, Note 32.

Delivery of shares under LTI 2016

To ensure the delivery of Series B shares under LTI 2016, the company intends to enter into an agreement with a third party, under which the third party shall, in its own name, buy and transfer Series B shares in the company to the participants in accordance with LTI 2016.

Stockholm in March 2016
The Board of Directors
ASSA ABLOY AB (publ)