

## **NOTICE OF THE ANNUAL GENERAL MEETING OF RATOS AB (publ)**

Shareholders of Ratos AB (publ) are hereby invited to the Annual General Meeting to be held at 16.30 CET on Thursday, 16 April 2015 at Stockholm Waterfront Congress Centre, Nils Ericsons Plan 4, Stockholm.

### **Notification**

To be entitled to participate in the business of the Meeting, shareholders must

- (i) be recorded in the register of shareholders maintained by Euroclear Sweden AB on 10 April 2015,
- (ii) notify the company of their intention to attend no later than 10 April 2015.

Notice of attendance may be made via [www.ratos.se](http://www.ratos.se), by writing to Ratos AB, Box 1661, SE-111 96 Stockholm, or by telephone +46 8 700 17 00.

In order to be entitled to participate in the Meeting and exercise their voting rights, shareholders whose shares are registered in the name of a nominee must temporarily re-register their shares in their own names. Such registration must be effected at Euroclear Sweden AB by Friday, 10 April 2015. Shareholders are requested to inform their nominees in good time prior to this date.

Powers of attorney, certificates of incorporation and other authorisation documents should be submitted to the company at the above address no later than 16.00 CET on 10 April 2015 in order to facilitate access to the Meeting. Power of attorney forms are available on the company's website [www.ratos.se](http://www.ratos.se).

### **Proposed agenda**

1. Opening of the Meeting and election of the Chairman of the Meeting.
2. Preparation and approval of the voting list.
3. Election of two persons to verify the minutes together with the Chairman.
4. Determination of whether the Meeting has been duly convened.
5. Approval of the Agenda for the Meeting.
6. The CEO's address.
7. Presentation of the annual report and the audit report as well as a statement by the auditors concerning guidelines for remuneration to senior executives.
8. Any questions regarding activities in the 2014 financial year.
9. Resolution on adoption of the income statement and balance sheet and the consolidated income statement and consolidated balance sheet.
10. Resolution on discharge from liability for the members of the Board of Directors and the CEO.
11. Resolution on distribution of the company's profit, according to the adopted balance sheet, and on record dates for dividends.
12. Determination of the number of directors and deputy directors.
13. Determination of fees to be paid to the Board of Directors and auditors.
14. Election of the Board of Directors and auditor.
15. Proposal for decision regarding the Nomination Committee.
16. The Board's proposal for decision on guidelines for remuneration to senior executives.
17. The Board's proposal for decision regarding issue of call options and transfer of treasury shares.
18. The Board's proposal for decision regarding transfer of treasury shares to administrative employees.
19. The Board's proposal for decision regarding issue of synthetic options to senior executives and other key people at Ratos.
20. The Board's proposal for decision on amendments to the Articles of Association.
21. The Board's proposal that the Board be authorised to decide on purchase of treasury shares.

22. The Board's proposal that the Board be authorised to decide on new issue of Class B shares in conjunction with company acquisitions.
23. The Board's proposal that the Board be authorised to decide on new issue of Class C and/or Class D preference shares in conjunction with company acquisitions.
24. Shareholder Thorwald Arvidsson's proposal for decision on amendments to the Articles of Association.
25. Shareholder Thorwald Arvidsson's proposal for decision that the Annual General Meeting shall instruct the Board:
  - to write to the government with a request that they urgently set up an enquiry with the directive to draft a proposal for an amendment to the Swedish Companies Act abolishing voting right differentiation, and
  - to take the necessary action in order – if possible – to establish a shareholders' association in the company.
26. Conclusion of the Meeting

## **NOMINATION COMMITTEE'S PROPOSALS**

### **Proposals by the Nomination Committee regarding Board of Directors, etc. (items 1, 12-14)**

The Nomination Committee has unanimously agreed that at the 2015 Annual General Meeting with regard to items 1 and 12-14 in the agenda, it will put forward the following proposals:

- Item 1: The Chairman of the Board, Arne Karlsson.
- Item 12: Seven directors. No deputy directors.
- Item 13: Remuneration to the Board is proposed to amount to a total of SEK 4,270,000 (previous year 4,070,000) to be allocated to the Chairman in the amount of SEK 1,050,000 (1,000,000) and to each other Board member with SEK 475,000 (450,000). For the members of the Audit Committee unchanged remuneration is proposed, i.e. SEK 100,000 to the chairman of the committee and SEK 65,000 to other members of the committee. Unchanged remuneration is also proposed for the Compensation Committee, i.e. SEK 50,000 to the chairman and SEK 30,000 to other members of the committee.
- Fees to auditors to be paid in accordance with approved accounts.
- Item 14: For the period until the next Annual General Meeting has been held, re-election is proposed of Board members Staffan Bohman, Arne Karlsson, Annette Sadolin, Charlotte Strömberg, Jan Söderberg and Per-Olof Söderberg. The Nomination Committee further proposes the election of a new Board member, Karsten Slotte. Lars Berg has declined re-election. A presentation of proposed Board members is provided on the company's website. Arne Karlsson is proposed to be re-elected as Chairman of the Board.
- For the period until the next Annual General Meeting has been held re-election is proposed of the audit firm PricewaterhouseCoopers AB. PricewaterhouseCoopers has announced that Peter Clemedtsen will act as Senior Auditor.

### **Proposal for decision regarding the Nomination Committee (item 15)**

The Nomination Committee proposes that the Chairman be assigned, in consultation with the company's major shareholders, to appoint a Nomination Committee ahead of the 2016 Annual General Meeting. The Nomination Committee shall comprise Ratos's Chairman and a minimum of four members of the in terms of voting rights largest shareholders registered with Euroclear Sweden AB at 31 August 2015. If a shareholder waives the entitlement to appoint a representative, the shareholder who is the next largest owner in terms of voting rights shall appoint a representative. The majority of the members of the Nomination Committee shall be independent from the company and company management. The Nomination Committee's mandate period extends until a new

Nomination Committee has been appointed. If an already appointed member resigns from the Nomination Committee, or the major shareholder whom the appointed member represents significantly reduces its shareholding in the company, the Nomination Committee may offer another shareholder to appoint a replacement. The duties of the Nomination Committee include:

- to evaluate the composition and work of the Board,
- to prepare a proposal to the Annual General Meeting regarding election of the Board and the Chairman of the Board,
- to prepare a proposal, in cooperation with the company's Audit Committee, to the Annual General Meeting regarding election of auditor,
- to prepare a proposal to the Annual General Meeting regarding fees to the Board, divided between the Chairman and other Board members as well as possible remuneration for committee work, and auditor,
- to prepare a proposal to the Annual General Meeting regarding a Chairman for the Meeting, and
- to prepare a proposal on principles for appointment of the next Nomination Committee.

The composition of the Nomination Committee shall be announced no later than six months prior to the 2016 Annual General Meeting. The Nomination Committee is entitled to receive reasonable remuneration from the company for expenditure incurred with regard to evaluation and recruitment. Members of the Nomination Committee do not receive any remuneration from the company.

## **BOARD'S PROPOSALS**

### **The Board's proposal regarding dividend and record dates (item 11)**

#### *Dividend on Class A and Class B shares*

The Board proposes a dividend for 2014 of SEK 3.25 per Class A share and SEK 3.25 per Class B share. The proposed record date for the dividend is 20 April 2015 and payments from Euroclear Sweden AB are expected to be made on 23 April 2015.

The total dividend to holders of shares of Class A and Class B as above amounts to SEK 1,037 million based on the number of shares outstanding on 19 February 2015. The number of treasury shares on that date was 5,131,107 and may change during the period until the record date for dividends.

#### *Dividend on outstanding Class C preference shares*

The Board proposes that a dividend on outstanding Class C preference shares before the 2016 Annual General Meeting shall be paid quarterly in an amount of SEK 25 per Class C preference share, although a maximum of SEK 100. Dividends to holders of Class C preference shares amount to a maximum of SEK 83 million based on 830,000 outstanding Class C preference shares at 19 February 2015.

The following dates are proposed as record dates for the quarterly dividends: 15 May 2015, 14 August 2015, 13 November 2015 and 15 February 2016. Payments are expected to be made by Euroclear Sweden AB on 20 May 2015, 19 August 2015, 18 November 2015 and 18 February 2016.

#### *Dividend on Class C and Class D preference shares which may be issued*

The Board has proposed that the 2015 Annual General Meeting resolves to authorise the Board to decide on a new issue of Class C and/or Class D preference shares in the Company (item 23). Provided the Company issues Class C and/or Class D preference shares during the period until the 2016 Annual General Meeting, the Board proposes that a dividend on all new Class C and/or Class D preference shares which may be issued by the Board pursuant to the Authorisation – a maximum total of 1,250,000 Class C and/or Class D preference shares – prior to the 2016 Annual General Meeting, shall be paid quarterly in an amount of SEK 25, although a maximum of SEK 100, with effect

from the date they are entered in the share register kept by Euroclear Sweden AB in accordance with the provisions in the Company's Articles of Association.

The following dates are proposed as record dates for the quarterly dividends: 15 May 2015, 14 August 2015, 13 November 2015 and 15 February 2016. Payments are expected to be made by Euroclear Sweden AB on 20 May 2015, 19 August 2015, 18 November 2015 and 18 February 2016.

The first time payment of a dividend on Class C and/or Class D preference shares that may be issued in the event of utilisation of the Authorisation may be made is on the payment date which occurs after the first record date after the shares have been registered with the Swedish Companies Registration Office.

Dividends on Class C and/or Class D preference shares that may be issued in the event of maximum utilisation of the Authorisation, may amount to a maximum of SEK 125 million.

Funds remaining after dividends on shares of Class A, Class B and, in the event of full utilisation of the Authorisation, Class C and/or Class D preference shares, at least SEK 8,851 million, will be carried forward to new account.

### **The Board's proposal for decision on guidelines for remuneration to senior executives (item 16)**

The Board proposes that the Annual General Meeting resolves, for the period until the 2016 Annual General Meeting, to adopt the following guidelines for remuneration to senior executives. The proposed guidelines are unchanged compared with the guidelines resolved at the 2014 Annual General Meeting.

The incentive system for the company's business organisation is of major strategic importance for Ratos. Against this background, a remuneration and incentive system has been drawn up designed to offer competitive terms at the same time as the company's employees are motivated to work in the interests of the shareholders.

The incentive system comprises a number of components – basic salary, variable salary, pension provisions, call options and synthetic options – and rests on five basic principles.

- Ratos's employees shall be offered competitive terms of employment in an industry where competition for qualified employees is intense and at the same time be encouraged to remain with Ratos.
- Both individual efforts and group performance must be linked to clear targets set by the Board.
- Variable salary paid shall be linked to the results development that benefits shareholders. Variable salary to senior executives does not fall due until certain conditions have been met with regard to return on the company's equity and is paid over a multi-year period. The cost of each year's variable salary, however, is booked in its entirety in the year the compensation is earned.
- Each year the Board sets a limit for the total variable salary, which shall amount to a maximum of approximately one per cent of the company's equity at the start of the financial year.
- Key people at Ratos shall be encouraged to have the same perspective as the company's shareholders which will be achieved through reasonably balanced option programmes where employees can share in price rises alternatively realised increases in value, but also take a personal risk by paying a market premium for the options.

With regard to the costs for the proposed option programmes, refer to the Board's proposal regarding call options (item 17) and synthetic options (item 19). Pension benefits are generally paid in accordance with the ITP Plan. For pension benefits that deviate from the ITP Plan, defined contribution pension benefits apply.

The Board shall be entitled to deviate from these guidelines if special circumstances should prevail in an individual case.

### **The Board's proposal for decision regarding issue of call options and transfer of treasury shares (item 17)**

The Board proposes that the Annual General Meeting decides on the issue of a maximum of 800,000 call options on treasury shares in the Company and that a transfer of a maximum of 800,000 Class B shares in the Company be made in connection with possible exercise of the call options. The call option programme conforms in all material respects with the call option programme decided by the 2014 Annual General Meeting.

The reason for deviation from the pre-emptive rights of shareholders and the Board's motivation for the proposal are as follows. The incentive system for the Company's business organisation is of major strategic importance for Ratos. Against this background, the Board is of the opinion that an effective share-based incentive for the company's key people is highly significant for the Company's development. The Board's aim is that all key people should be given an opportunity to participate in an option programme every year and acquire and hold options from five different series. The programme is deemed to be advantageous for the Company and its shareholders.

At 18 February 2015, the Company had the following share-based incentive programmes.

Call options with maturity	Exercise price SEK/share	Right to purchase no. of shares	Outstanding options	Corresponding no. of shares
2010-20 March 2015	124.20	2.03	529,500	1,074,885
2011-18 March 2016	156.40	1.02	640,000	652,800
2012-20 March 2017	74.40	1.00	1,149,200	1,149,200
2013-20 March 2018	72.00	1.00	585,900	585,900
2014-20 March 2019	66.50	1.00	574,500	574,500

The exercise period for call option series 2015 shall be 1 October 2018-20 March 2020. The price per share (exercise price) shall correspond to 125 per cent of the average of the for each trading day during the period 14-18 September 2015 calculated average volume-weighted price paid for Ratos B shares on Nasdaq Stockholm.

A market premium shall be paid for the options based on a market accepted valuation model (Black & Scholes) based on the average of the for each trading day during the period 14-18 September 2015 calculated average volume-weighted price paid for Ratos B shares on Nasdaq Stockholm, rounded to the nearest full ten öre whereby five öre shall be rounded up. The calculation will be performed by two independent valuation institutes whereby the average of the valuations, rounded off to the nearest full ten öre whereby five öre shall be rounded up, shall be regarded as the market premium. The purchase of options will be subsidised by the option purchaser receiving an extra cash compensation corresponding to a maximum of 50 per cent of the option premium after deduction for 55 per cent standard tax, whereby the compensation will be divided into equal components over five years and normally provided the person concerned is still working in the Ratos Group and still holds options acquired from Ratos or shares acquired through the options.

The right to purchase options shall apply to the CEO and other key people (investment managers and others) with a maximum of between 10,000 and 300,000 options per person. Members of the Board of Ratos are not included in this offer. A maximum total of approximately 30 people will be included in this offer. Allocation will be made by the Board in accordance with the principles adopted by the Annual General Meeting and based on position and experience. Notification of purchase of options shall be made during the period 14-21 September 2015.

Transfer of shares may only be made to holders of call options who during the period 1 October 2018-20 March 2020 backed by call options request such a transfer. Payment for shares acquired

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This document has been prepared in Swedish and translated into English. In the event of any discrepancies between the Swedish and the translation, the former shall take precedence.

backed by call options shall be made within ten banking days from the request to purchase. The number of shares and the exercise price for the shares included in the decision for transfer according to this item may be restated on the basis, among other things, of a dividend paid, bonus issue, reversed split or split of shares, new issue or reduction of share capital or similar measures. Complete terms and conditions for the options are provided in Appendix I of the proposal.

Based on a price for Ratos shares of SEK 58.60, and on other market conditions that prevailed on 27 February 2015 and the Board's proposal for a dividend for the 2014 financial year, the value per option has been estimated by Nordea Bank AB (publ) and Deloitte AB at SEK 7.10, which provides a value for all options of approximately SEK 5.7 million.

Subsidy of the option premium, calculated on the basis of the above-mentioned estimated option value, gives rise of a maximum cost of SEK 8 million including social security costs. The Board's proposal will result – applying IAS 33 – in a decrease in earnings per share of SEK 0.03 to SEK 3.19 per share and an unchanged equity per share of SEK 39 for 2014 pro forma.

In the event of exercise of the proposed options, the number of outstanding shares will increase. These new shares will comprise, in the event of full exercise of the options, 0.3 per cent of the number of shares and 0.1 per cent of voting rights, based on shares outstanding (i.e. total number of issued shares reduced by the Company's holding of treasury shares). In the event of full exercise of the options now proposed together with existing options, the number of shares will comprise 1.5 per cent of shares and 0.4 per cent of voting rights, based on shares outstanding.

The proposal was drafted by the Company's Compensation Committee and adopted by the Board. The Compensation Committee, comprising four Board members, has been assisted by representatives of the Company's management.

A decision under this item is only valid if it is supported by shareholders representing at least nine-tenths of both votes cast and shares represented at the Meeting.

### **The Board's proposal for decision regarding transfer of treasury shares to administrative employees (item 18)**

The Board proposes that the Annual General Meeting resolves on the transfer of a maximum total of 16,000 B shares in Ratos to administrative employees in the company. It is proposed that the shares to be transferred shall comprise treasury shares and correspond to less than 0.005 per cent of the total number of shares issued in Ratos. Transfer may take place during the period until the next Annual General Meeting, to a maximum total of approximately 20 employees in the company. Transfer of treasury shares in accordance with the proposal may only be made to employees who are not covered by Ratos's incentive systems for variable salary directed towards employees in the business organisation.

The transfer is related to the system decided by the Board for variable salary to administrative employees. Variable salary shall also be able to take the form of shares, whereby settlement is made at market price on the date of the transfer. Variable salary is linked to Ratos's reported profit for the 2015 financial year and individual performance.

The Board is of the opinion that it is to the advantage of Ratos and the shareholders that the administrative employees in this way have an opportunity to become shareholders in the company. A shareholding creates an increased common interest between employees and owners and is expected to have a performance enhancing effect.

The proposal has with assistance from the Company's management been drafted by the Company's Compensation Committee and adopted by the Board.

A decision under this item is only valid if it is supported by shareholders representing at least nine-tenths of both votes cast and shares represented at the Meeting.

**The Board's proposal for decision regarding the issue of synthetic options to senior executives and other key people at Ratos (item 19)**

The Board proposes that the Annual General Meeting resolves to introduce a cash-based option programme related to Ratos's investments in the portfolio companies. It is proposed that the programme is carried out through the issue of synthetic options ("2015 Option Programme"). The 2015 Option Programme is expected to lead to greater involvement and increased motivation for the participants in the programme and result in those included in the programme having stronger ties to Ratos. The 2015 Option Programme is intended to include approximately 30 present and future senior executives and key people at Ratos. Ratos's Board is of the opinion that the Programme will benefit Ratos's shareholders and that it will contribute to opportunities to recruit and retain competent employees.

The Board shall be responsible for the detailed design and management of the 2015 Option Programme within the framework of the following terms and conditions:

- The invitation to acquire options shall include the CEO and other key people (investment managers and others) currently working at Ratos or who may be employed during the period until the next Annual General Meeting, a total of approximately 30 people, with a maximum of between 10 and 140 options per person and investment. Members of Ratos's Board are not included in the invitation.
- The invitation to acquire and agreements regarding options shall include all the portfolio companies invested in by Ratos during the period from the 2015 Annual General Meeting (or where applicable, from the date after the 2015 Annual General Meeting when the participant is employed) and until the next Annual General Meeting. The total number of options attributable to a portfolio company shall amount to a maximum of 1,000 and represent three (3) per cent of Ratos's total investment in the portfolio company. However a maximum total of 8,000 synthetic options shall be issued in the 2015 Option Programme.
- Participants in the 2015 Option Programme shall no later than 6 May 2015 provide notification of participations. Participants employed after the 2015 Annual General Meeting shall be entitled to submit notification of participation at a later date. Notification to acquire shall relate to options in all portfolio companies invested in by Ratos during the period from the 2015 Annual General Meeting (or where applicable, from the date after the 2015 Annual General Meeting when the participant is employed) and until the next Annual General Meeting. Acquisition of options attributable to a specific portfolio company shall be made in conjunction with Ratos's investment in the company.
- Employees' option acquisitions shall be made at market value. The value will be calculated by two independent valuation institutes applying a standard valuation model (Black & Scholes).
- The issue of synthetic options shall take place by an agreement being concluded between Ratos and the employee containing principally the following terms and conditions:
  - One option shall give the option holder the right to receive from Ratos a sum of money calculated on the basis of the cash flow Ratos receives from its investment in the portfolio company, after Ratos has received a return of 10 per cent per year.
  - The term of the option shall correspond to Ratos's investment period in the portfolio company, although a maximum of ten years.
  - The option shall be freely transferable, but subject to a pre-emptive right for Ratos to acquire the option.

- The purchase of options will be subsidised by the option purchaser receiving an extra cash compensation corresponding to a maximum of 50 per cent of the option premium after deduction for 55 per cent standard tax, whereby the compensation will be divided into equal components over five years and normally provided the person concerned is still working in the Ratos Group and still holds options acquired from Ratos.

The options will be transferred at a market price. Ratos's initial cost for the programme corresponds therefore only to the cost of the subsidy including social security contributions. The future costs or revenue for Ratos attributable to issued options will depend on the value growth of Ratos's investment in the portfolio company concerned. If the value growth is less than 10 per cent per year, the options will be worthless and the paid-in premium will be revenue for Ratos. If the value growth on Ratos's investment in the portfolio company concerned exceeds 10 per cent per year, the options will have a value. The total value of the issued options at the closing date will be a maximum of three per cent of the difference between the actual realised value for Ratos's investment at the closing date and the acquisition value increased by 10 per cent per year. The value of the options on the closing date, with deduction of paid-in premium and addition of costs for the proposed subsidy, will be the total cost to Ratos. Any gains for option holders will be paid at Ratos's exit. Based on the average outcome of previous years' option programmes, the cost for the subsidy is estimated to amount to approximately SEK 4 million.

The proposal has been prepared together with external advisers and has been examined by the Compensation Committee and the Board. The proposal was adopted by the Board on 18 February 2015.

A decision under this item is only valid if it is supported by shareholders representing more than half of votes cast at the Meeting.

### **The Board's proposal for decision on amendments to the Articles of Association (item 20)**

In order to enable the issue of preference shares in accordance with the Authorisation proposed in item 23, the Board proposes that the Annual General Meeting resolves on changes in the Articles of Association's article 6, whereby it will contain the following wording:

*"Article 6: SHARE CLASSES*

1. Shares can be issued in four classes, Class A, Class B, Class C preference shares and Class D preference shares.
2. Each class A share entitles the holder to one vote. Each Class B share, each Class C preference share and each Class D preference share entitles the holder to one-tenth of a vote.
3. Class A shares may be issued in a maximum number that corresponds to 27 per cent of the share capital in the Company, Class B shares may be issued in a maximum number that corresponds to 100 per cent of the share capital in the company, Class C preference shares may be issued in a maximum number that corresponds to 10 per cent of the share capital in the company, and Class D preference shares may be issued in a maximum number that corresponds to 10 per cent of the share capital in the company.
4. *Dividend*  
If the Annual General Meeting resolves on a dividend, Class C preference shares shall carry preferential rights before Class A shares and B shares to an annual dividend as set out below.

Preferential rights to dividend per Class C preference share ("Preference Dividend C") shall:



- i. with effect from the first payment date (see below) immediately after Class C preference shares are registered with the Swedish Companies Registration Office until and including the final payment date prior to the 2017 Annual General Meeting amount to SEK 25 per quarter, although a maximum of SEK 100 per year with record dates as set out below.
- ii. with effect from the first payment date after the 2017 Annual General Meeting and for the subsequent period the annual Preference Dividend C shall increase by a total of SEK 20 evenly divided into quarterly payments. Adjustment shall be made in conjunction with the first payment after the 2017 Annual General Meeting.

If the Annual General Meeting resolves on a dividend, Class D preference shares shall carry the same preferential rights as Class C preference shares before Class A and Class B shares to an annual dividend as set out below.

Preferential rights to dividend per Class D preference share (“Preference Dividend D”) shall:

- i. with effect from the first payment date (see below) immediately after Class D preference shares are registered with the Swedish Companies Registration Office until and including the final payment date prior to the 2019 Annual General Meeting amount to SEK 25 per quarter, although a maximum of SEK 100 per year with record dates as set out below.
- ii. with effect from the first payment date after the 2019 Annual General Meeting and for the subsequent period the annual Preference Dividend D shall increase by a total of SEK 28 evenly divided into quarterly payments. Adjustment shall be made in conjunction with the first payment after the 2019 Annual General Meeting.

Payment of dividends on Class C and Class D preference shares shall be made quarterly. Record dates shall be 15 February, 15 May, 15 August and 15 November. In the event such day is not a banking day, i.e. a day that is not a Saturday, Sunday or a public holiday, the record date shall be the closest preceding banking day. Dividend payments will be made on the third banking day after the record date. The first time payment of dividends on Class D preference shares may be made is on the payment date that occurs after the first record date after the preference shares are registered with the Swedish Companies Registration Office.

If no dividend is paid on Class C or Class D preference shares, or if only a dividend lower than the Preference Dividend C and D is paid, Class C and Class D preference shares shall, provided the Annual General Meeting resolves on a dividend, carry entitlement to in addition to future Preference Dividends C and D to receive an amount, evenly distributed on each Class C and Class D preference share, corresponding to the difference between what would have been paid and the amount paid (“Outstanding Amount”) before dividends are paid on Class A or Class B shares. The Outstanding Amount shall be adjusted upwards by a factor corresponding to an annual interest rate of 10 per cent, whereby upward adjustment shall start from the quarterly date when payment of part of the dividend was made (or should have been made, in the event no dividend was paid at all).

Class C and Class D preference shares shall not otherwise carry entitlement to a dividend.

#### 5. *Redemption of Class C and Class D preference shares*

A reduction of the share capital, although not below the minimum capital, may be effected through redemption of a certain number or all Class C and/or Class D preference shares following a decision by the Board. When a decision on redemption is made, an amount corresponding to the reduction amount shall be placed in a reserve if requisite funds for this purpose are available.

The allocation of which Class C preference shares shall be redeemed shall be made pro rata in relation to the number of Class C preference shares which each preference shareholder owns on the date of the Board’s decision on redemption. If the allocation as set out above is not even, the Board shall decide on allocation of surplus Class C preference shares which shall be redeemed. If

the decision is approved by all holders of Class C preference shares the Board may decide, however, which Class C preference shares are to be redeemed.

The redemption amount for each redeemed Class C preference share shall be an amount as follows:

- i. Until the first quarterly record date for dividends after the 2017 Annual General Meeting, an amount corresponding to 115 per cent of the amount paid for each Class C preference share at the first issue of Class C preference shares ("Initial Subscription Price C") plus the Outstanding Amount adjusted upwards by an annual rate as set out in paragraph 4 above. The redemption amount for each redeemed Class C preference share shall, however, never be lower than the share's quota value.
- ii. With effect from the first quarterly record date for dividends after the 2017 Annual General Meeting and for the subsequent period, an amount corresponding to 105 per cent of the Initial Subscription Price C plus the Outstanding Amount adjusted upwards by an annual rate as set out in paragraph 4 above. The redemption amount for each redeemed Class C preference share shall, however, never be lower than the share's quota value.

The allocation of which Class D preference shares shall be redeemed shall be made pro rata in relation to the number of Class D preference shares which each preference shareholder owns on the date of the Board's decision on redemption. If the allocation as set out above is not even, the Board shall decide on allocation of surplus Class D preference shares which shall be redeemed. If the decision is approved by all holders of Class D preference shares the Board may decide, however, which Class D preference shares are to be redeemed.

The redemption amount for each redeemed Class D preference share shall be an amount as follows:

- i. Until the first quarterly record date for dividends after the 2019 Annual General Meeting, an amount corresponding to 115 per cent of the amount paid for each Class D preference share at the first issue of Class D preference shares ("Initial Subscription Price D") plus the Outstanding Amount adjusted upwards by an annual rate as set out in paragraph 4 above. The redemption amount for each redeemed Class D preference share shall, however, never be lower than the share's quota value.
- ii. With effect from the first quarterly record date for dividends after the 2019 Annual General Meeting and for the subsequent period, an amount corresponding to 100 per cent of the Initial Subscription Price D plus the Outstanding Amount adjusted upwards by an annual rate as set out in paragraph 4 above. The redemption amount for each redeemed Class D preference share shall, however, never be lower than the share's quota value.

Owners of Class C and Class D preference shares which shall be redeemed shall be obliged within three months of receipt of a written notification of the Board's decision on redemption to accept the redemption amount for the shares or, where permission for the reduction is required from the Swedish Companies Registration Office or the court, after receipt of notification that a decision on such permission has gained legal force.

#### 6. *Dissolution of the Company*

If the Company is liquidated Class C and Class D preference shares shall carry preferential rights before Class A and Class B shares to receive from the Company's assets an amount per Class C and Class D preference share corresponding to the redemption amount calculated in accordance with paragraph 5 above as per the liquidation date, prior to distribution to owners of Class A or Class B shares. Class C and Class D preference shares shall otherwise not carry any entitlement to a share of distribution.

#### 7. *Recalculation in the event of certain company events*

In the event the number of Class C or Class D preference shares is changed through a merger,

demerger or other similar company event, the amount to which Class C and Class D preference shares carry entitlement according to paragraphs 4-6 in this Article 6 of the Articles of Association shall be recalculated to reflect such change.

#### 8. *Conversion of Class A shares to Class B shares*

Owners of Class A shares shall be entitled to request conversion of Class A shares to Class B shares. Such request for conversion, which shall be made in writing and specify the number of shares to be converted, shall be made to the Company. The Company shall without delay notify the conversion to the Swedish Companies Registration Office for registration. The conversion is effected upon registration.

The Company will take the necessary measures for conversion free of charge for shareholders four times a year. Such measures will be taken at the end of each quarter for requests received by the Company no later than seven days prior to the end of the quarter. Shareholders are also entitled to have such conversion carried out at other times but in such case a charge will be made.

The Board of Directors, the CEO or the person appointed by one of them shall be entitled to make any minor adjustments to the above decision which might be required in conjunction with registration with the Swedish Companies Registration Office.

A decision under this item is only valid if it is supported by shareholders representing at least two-thirds of both votes cast and shares represented at the Meeting.

#### **The Board's proposal that the Board be authorised to decide on purchase of treasury shares (item 21)**

The Board proposes that the Annual General Meeting authorises the Board during the period before the next Annual General Meeting to decide on acquisition of treasury shares in accordance with the following conditions:

- Acquisition may be made of Class A shares, Class B shares, Class C preference shares and Class D preference shares which may be issued prior to the next Annual General Meeting.
- Acquisition must take place on Nasdaq Stockholm.
- Acquisition may take place on one or more occasions prior to the next Annual General Meeting.
- A maximum number of shares may be acquired so that the company's holding at any time does not exceed seven (7) per cent of all the shares issued in the company.
- Acquisition may be made at a price within the price band registered at any time on Nasdaq Stockholm.

The purpose of the purchase of treasury shares is to give the Board more alternatives in its work to create value for the company's shareholders. This includes hedging of call options issued within the framework of Ratos's incentive programme.

A decision under this item is only valid if it is supported by shareholders representing at least two-thirds of both votes cast and shares represented at the Meeting.

#### **The Board's proposal that the Board be authorised to decide on new issue of Class B shares in conjunction with company acquisitions (item 22)**

The Board proposes that the Annual General Meeting resolves, during the period until the next Annual General Meeting, to authorise the Board in conjunction with agreements on company acquisitions, on one or several occasions, with or without deviation from the pre-emptive rights of shareholders, for a cash payment, through set-off or non-cash, to make a decision on new issue of class B shares in the company. This authorisation shall comprise a maximum of 35 million class B shares. The new issue amount received may, for each individual agreement on company acquisition, amount to a maximum of Ratos's capital contribution for the acquisition.

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This document has been prepared in Swedish and translated into English. In the event of any discrepancies between the Swedish and the translation, the former shall take precedence.

The reason for deviation from pre-emptive rights is that the company shall be able to issue shares as payment in conjunction with company acquisitions, alternatively procure capital for such acquisitions. The issue price will be determined in accordance with current market conditions.

The Board of Directors, the CEO or the person appointed by one of them shall be entitled to make any minor adjustments to the above decision which might be required in conjunction with registration with the Swedish Companies Registration Office.

A decision under this item is only valid if it is supported by shareholders representing at least two-thirds of both votes cast and shares represented at the Meeting.

**The Board's proposal that the Board be authorised to decide on new issue of Class C and/or Class D preference shares in conjunction with company acquisitions (item 23)**

The Board proposes that the Annual General Meeting resolves, during the period until the next Annual General Meeting, to authorise the Board in conjunction with agreements on company acquisitions, on one or several occasions, with or without deviation from the pre-emptive rights of shareholders, for a cash payment, through set-off or non-cash, to make a decision on new issue of Class C and/or Class D preference shares in the company. This authorisation shall comprise a maximum total of 1,250,000 Class C and/or Class D preference shares. The new issue amount received may, for each individual new issue, amount to a maximum of Ratos's capital contribution for the acquisition.

The reason for deviation from pre-emptive rights is that the company shall be able to issue shares as payment in conjunction with company acquisitions, alternatively procure capital for such acquisitions. The issue price will be determined in accordance with current market conditions.

The Board of Directors, the CEO or the person appointed by one of them shall be entitled to make any minor adjustments to the above decision which might be required in conjunction with registration with the Swedish Companies Registration Office.

The Meeting's resolution on authorisation for the Board to decide on a new issue of Class D preference shares in accordance with this item 23 is conditional on the Meeting resolving in accordance with the Board's proposal for amendments to the Articles of Association in accordance with item 20 above.

A decision under this item is only valid if it is supported by shareholders representing at least two-thirds of both votes cast and shares represented at the Meeting.

**SHAREHOLDER PROPOSAL**

**Shareholder Thorwald Arvidsson's proposal for decision on amendment to the Articles of Association (item 24)**

Shareholder Thorwald Arvidsson proposes that article 6.2 in the Articles of Association be amended as follows: "All shares carry entitlement to one vote."

A decision according to this proposal is only valid if it is approved by all shareholders present at the Annual General Meeting and that these represent at least nine-tenths of all the shares in the company, alternatively if it is approved by shareholders with at least two-thirds of both votes cast and shares represented at the Meeting provided owners of half of all Class A shares and nine-tenths of the Class A shares represented at the Meeting agree to the amendment.

In the event the proposal set out above does not gain the approval of the Meeting, shareholder Thorwald Arvidsson proposes that article 6.2 of the Articles of Association should instead have the

following wording: "Class A and B shares carry entitlement to one vote and Class C and D preference shares carry entitlement to one-tenth of a vote."

A decision according to this alternative proposal is only valid if it is approved by all shareholders present at the Annual General Meeting and that these represent at least nine-tenths of all the shares in the company, alternatively if it is approved by shareholders with at least two-thirds of both votes cast and shares represented at the Meeting provided owners of half of all Class A shares and half of all Class C preference shares and nine-tenths of the Class A shares represented at the Meeting and nine-tenths of the Class C preference shares represented at the Meeting agree to the amendment.

## **OTHER INFORMATION**

### **Shares and votes**

On the date this notice was issued there are a total of 324,970,896 shares in the company, of which 84,637,060 are Class A shares with one vote each, 239,503,836 are Class B shares with one-tenth of a vote each, and 830,000 are Class C preference shares with one-tenth of a vote each, corresponding to a total of 108,670,443.6 votes. The Company's treasury shares on the same date amount to 5,131,107 Class B shares corresponding to 513,110.7 votes, which cannot be represented at the Meeting.

### **Disclosures at the Annual General Meeting**

The Board and CEO shall, if so requested by a shareholder, and the Board is of the opinion that this can be done without material damage to the company, make disclosures on (i) circumstances that might have an effect on assessment of an item on the agenda, (ii) circumstances that might affect assessment of the financial situation of the company or a subsidiary, (iii) the company's relations to another group company.

### **Documentation**

The Board's and Nomination Committee's complete proposals for decision, statement by the auditors, annual report, audit report, power of attorney forms and shareholder proposal will be available at the company at Drottninggatan 2, Stockholm, and on the company's website [www.ratos.se](http://www.ratos.se) from 6 March 2015. Documents will also be sent free of charge to shareholders who so request.

Stockholm, March 2015

Ratos AB (publ)

*Board of Directors*