

## **The Board's proposal for decision on approval regarding transfer of shares in the subsidiary HL Förvaltning i Stockholm AB to employees and others in the HL Förvaltning i Stockholm Group**

Ratos AB's Board proposes that the general meeting resolves to approve the transfer of a maximum of 3,000 ordinary shares in HL Förvaltning i Stockholm AB, representing a maximum of 2.0 per cent of the shares and votes of HL förvaltning i Stockholm AB, to employees and board members in the HL Förvaltning i Stockholm Group.

### **Background**

Ratos has been a minority owner in HL Display AB since 2001 when the holding in HL Display was included in the acquisition of Atle. At the end of 2010 Ratos was the second-largest owner in the company in terms of votes with 28.8 per cent of the capital and 20.1 per cent of the votes. During summer 2010, Ratos, in part through a public offering, acquired additional shares in HL Display and the holding currently amounts to 99.3 per cent of the capital and 99.7 per cent of the votes. The shares in HL Display are held by HL Förvaltning i Stockholm AB which in turn is owned by Ratos's wholly owned subsidiary HL Intressenter AB. Ratos (through HL Förvaltning i Stockholm AB) intends to initiate compulsory redemption of the remaining shares in HL Display. The board of HL Display AB has, as requested by Ratos, decided to apply for delisting of the shares from NASDAQ OMX Stockholm.

HL Förvaltning i Stockholm AB's assets comprise 99.3 per cent of all shares in HL Display AB as well as funds required, among other things, to redeem outstanding minority shares. Liabilities amount to SEK 396m.

Senior executives in HL Display were previously included in incentive programmes consisting of warrants and employee stock options. These programmes were terminated in conjunction with Ratos's acquisition of HL Display.

At present there are no incentive programmes related to HL Display shares for senior executives and others in HL Display. Ratos has therefore decided, subject to approval from the general meeting, that senior executives and board members should be invited to acquire ordinary shares in HL Förvaltning i Stockholm AB in accordance with the following.

### **Main terms**

1. Entitlement to acquire shares will apply to the CEO and board members in HL Förvaltning i Stockholm AB as well as other senior executives in the HL Förvaltning i Stockholm Group. A maximum total of approximately 30 people will be included in the offer, of whom 22 are currently working as senior executives or board members in the HL Display Group and an additional approximately 8 may be added through new recruitment.
2. The CEO shall be entitled to acquire a maximum of 650 ordinary shares. Other senior executives shall be entitled to acquire a maximum of 40-195 ordinary shares. Allocation will be made based on position. The chairman of the

board shall be entitled to acquire a maximum of 390 ordinary shares. Other board members will be entitled to acquire a maximum of 95 ordinary shares.

3. Notification of acquisition of shares shall be made during a notification period that ends no later than mid-November 2010. Additional people as a result of new recruitment shall notify any purchase when taking up their position.
4. A market price will be paid for the shares. The valuation will be performed by an independent valuation institute.
5. Transfer of shares may only be made to people who have entered into agreement with HL Intressenter AB regarding ownership in HL Förvaltning i Stockholm AB.

### **Rights attached to the shares**

HL Förvaltning i Stockholm AB has on the transfer date a share capital of SEK 147,000 divided among 51,450 ordinary shares and 95,550 preference shares. Total equity amounts to SEK 1,141m. All shares are currently held by HL Intressenter AB. Both ordinary shares and preference shares carry entitlement to one vote when voting at general meetings. Preference shares shall carry pre-emption rights over ordinary shares with an annual dividend of the company's distributable funds with 10 per cent of the invested amount for the preference shares. Amounts not distributed by the company shall be accumulated on a current basis to the total amount invested for the preference shares, whereby calculation of a dividend on preference shares for a subsequent year shall be calculated on the accumulated amount. In addition to this the preference shares do not carry any entitlement to dividends. In the event of liquidation of the company, preference shares shall take preference over ordinary shares for repayment from the company's assets with an amount that corresponds to the amount invested for the preference shares, including accumulated, non-paid, dividend entitlement.

At acquisition of shares the acquirer shall enter into an agreement with HL Intressenter AB concerning ownership of shares in HL Förvaltning i Stockholm AB. The agreement shall regulate among other things transfer of shares in HL Förvaltning i Stockholm AB.

### **Value of the shares**

The value per ordinary share at the date of this proposal has been assessed by the valuation institute PricewaterhouseCoopers AB to amount to SEK 7,764, which provides a value of approximately SEK 23m for all shares that may be transferred in accordance with this proposal.

### **Existing share-based incentive programmes**

HL Intressenter AB, HL Förvaltning i Stockholm AB and other companies in the HL Display Group have no outstanding share-based incentive programmes.

Concerning outstanding share-based incentive programmes in Ratos AB, refer to Ratos AB's annual report for 2009, pages 44–45 and interim reports published during 2010.

### **Costs of the programme and dilution effects**

Transfers of ordinary shares in accordance with this proposal shall be made at market prices which means that financial dilution effects will not arise from the sale. In total, transfers of ordinary shares can amount to a maximum of 2.0 per cent of the number of votes and shares in HL Förvaltning i Stockholm AB.

**Motivation and reasons for the proposal for decision**

Ratos makes active efforts to ensure that financial incentives are in place for the boards and senior executives of the companies it owns. The existence of an effective, share-based incentive programme for a company's key people is judged to be of material significance for the further development of the company and therefore to be advantageous for Ratos's shareholders.

Since earlier share-based incentive programmes in HL Display were phased out in conjunction with Ratos becoming principal owner, Ratos's Board regards it as important for a new system to be established. The Board is of the opinion that the proposal well meets the requirements for raising motivation and creating owner involvement among senior executives and board members and thus contributing to shared value creation with shared risk taking.

**Preparation of the proposal**

The proposal was drafted by Ratos's management and investment organisation and adopted by Ratos's Board.

**Majority requirement**

The General Meeting's decision according to the Board's above proposal will only be valid if it is supported by shareholders with at least nine-tenths of both votes cast and the shares represented at the Meeting.

---

Stockholm, September 2010

Ratos AB (publ)  
*Board of Directors*