

The Board's proposal for decision on approval regarding transfer of shares in the subsidiary Stofa Holding ApS to employees and others in the Stofa Holding Group

Ratos AB's Board proposes that the general meeting resolves to approve the transfer of a maximum of 2,825,000 B shares in Stofa Holding ApS, representing a maximum of 1.6 per cent of the shares in Stofa Holding ApS, to employees and board members in the Stofa Holding Group.

Background

Ratos has acquired 99.7 per cent of the shares in Stofa Holding ApS which in turn, since 30 July 2010, is the owner of 100 per cent of the shares in Stofa A/S. Stofa A/S was acquired from Telia Sonera AB publ. The shares in Stofa Holding ApS are owned by Ratos's wholly owned subsidiary Ratos Kabel Holding AB.

Stofa Holding ApS's assets consist of 100 per cent of all the shares in Stofa A/S as well as liquid assets for paying transaction costs related to the acquisition of Stofa A/S. Liabilities amount to DKK 600m.

At present there are no incentive programmes related to Stofa shares for senior executives in Stofa. Ratos has therefore decided, subject to approval from the general meeting, that senior executives and board members should be invited to acquire B shares in Stofa Holding ApS in accordance with the following.

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Main terms

1. Entitlement to acquire shares will apply to the CEO and board members in Stofa Holding as well as other senior executives in the Stofa Holding Group. A maximum total of approximately 20 people will be included in the offer, of whom 12 are currently working in the group and an additional approximately 8 may be added through new recruitment.
2. The CEO shall be entitled to acquire a maximum of 200,000 B shares. Other senior executives shall be entitled to acquire a maximum of 60,000-150,000 B shares. Allocation will be based on position. The chairman of the board shall be entitled to acquire a maximum of 500,000 B shares. Other board members shall be entitled to acquire a maximum of 250,000 B 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 to accede to existing shareholder agreement with Ratos Kabel Holding AB concerning ownership in Stofa Holding ApS.

Rights attached to the shares

Stofa Holding ApS has a nominal share capital of DKK 176,000,001 divided among 165,420,000 A shares and 10,580,001 B shares. A shares carry entitlement to one vote. B shares do not include any voting rights. Total equity in Stofa Holding amounts to DKK 528.0m divided among A and B shares.

All A shares are currently held by Ratos Kabel Holding AB

At acquisition of shares the acquirer shall become party to a shareholder agreement between Ratos Kabel Holding AB and other shareholders in Stofa Holding ApS. The agreement regulates ownership of shares in Stofa Holding ApS.

Value of the shares

The value per B share at the date of this proposal has been assessed by the valuation institute PricewaterhouseCoopers AB to amount to DKK 3.00, which provides a value of approximately DKK 8.5m for all shares that may be transferred in accordance with this proposal.

Existing share-based incentive programmes

Ratos Kabel Holding AB, Stofa Holding ApS and other companies in the Stofa Group have no outstanding share-based incentive programmes for senior executives.

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 B shares in accordance with this proposal shall be made at market prices which means that financial dilution effects will not arise from the sale. Total transfers of B shares may amount to a maximum of 1.6 per cent of the number of shares in Stofa Holding ApS.

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.

In view of the acquisition of Stofa by Ratos, Ratos's Board regards it as important that senior executives and others be included in an incentive programme related to the value development of Ratos's investment in Stofa. 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