

## 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 2013 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 judged to be advantageous for the Company and its shareholders.

At 20 February 2014, 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
2009-20 March 2014	92.60	2.03	641,000	1,301,230
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	77.60	1.00	585,900	585,900

The exercise period for call option series 2014 shall be 2 October 2017-20 March 2019. The price per share (exercise price) shall correspond to 125 per cent of the average of the for each trading day during the period 15-19 September 2014 calculated average volume-weighted price paid for Ratos B shares on Nasdaq OMX 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 15-19 September 2014 calculated average volume-weighted price paid for Ratos B shares on Nasdaq OMX 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 provided the person concerned is still working in the Ratos Group and still holds options acquired from Ratos or shares acquired through the options. For executives covered by ITP 1 (new ITP) the gross subsidy will be reduced by the ITP premiums paid on the subsidy to the extent the subsidy, together with other salary, exceeds the ITP limit for ITP 2.

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 15-22 September 2014.

Transfer of shares may only be made to holders of call options who during the period 2 October 2017 until and including 20 March 2019 backed by call options request such a transfer. Payment for shares acquired backed by call options shall be made within ten banking days from the request to purchase. The number of shares and the selling 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 60.25 kronor, and on other market conditions that prevailed on 20 February 2014 and the Board's proposal for a dividend for the 2013 financial year, the value per option has been estimated by Nordea Bank AB (publ) and Deloitte AB at SEK 9.70, which provides a value for all options of approximately SEK 8 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 11 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 2.10 per share and an unchanged equity per share of SEK 38 for 2013 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 1.7 per cent of shares and 0.5 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.

Stockholm, February 2014  
Ratos AB (publ)  
*Board of Directors*