

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 ("2014 Option Programme"). The programme is essentially identical to the 2013 Option Programme decided at the 2013 Annual General Meeting.

The 2014 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 2014 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.

In order to be able to carry out the 2014 Option Programme, the Board proposes that the Annual General Meeting decides on the main conditions for the issue to the company's senior executives and other key people, including those who may be employed during the period until the next Annual General Meeting, of synthetic options related to Ratos's investments in portfolio companies during the period until the next Annual General Meeting. In accordance with what is stated below, it is proposed that participants are invited to acquire such issued options at a market price.

The options will be transferred at a market price. Initially therefore, Ratos will not incur any cost. 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 15 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 15 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 15 per cent per year. The value of the options on the closing date, minus paid-in premium, will be the cost to Ratos. Any gains for option holders will be paid at Ratos's exit.

Invitation for acquisition of and entering into an agreement regarding options shall be decided by the Board according to the following terms and conditions:

- a) 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.
- b) The invitation to acquire and agreements regarding options shall include all the portfolio invested in by Ratos during the period from the 2014 Annual General Meeting (or where applicable, from the date after the 2014 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. The total number of options per portfolio company shall relate to 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 2014 Option Programme.

- c) Participants in the 2014 Option Programme shall no later than 23 April 2014 provide notification of the number of options per investment he or she wishes to purchase. Participants employed after the 2014 Annual General Meeting shall be entitled to submit notification of participation at a later date. Notification and the invitation to acquire shall relate to options in all portfolio companies invested in by Ratos during the period from the 2014 Annual General Meeting (or where applicable, from the date after the 2014 Annual General Meeting when the participant is employed) and until the next Annual General Meeting (subject to the limitation that a maximum total of 8,000 options may be issued in the 2014 Option Programme).
- d) 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).
- e) Acquisition of options attributable to a specific portfolio company shall take place in conjunction with Ratos's investment in the portfolio company.
- f) 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 15 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.
- g) The Board shall be responsible for the detailed design and management of the 2014 Option Programme within the framework of the main terms and guidelines set out above.

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 19 February 2014.

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

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