

*This is a non official translation of the Swedish original wording.  
In case of differences between the English translation and the  
Swedish original, the Swedish text shall prevail.*

**Proposal of the Board of Directors of AarhusKarlshamn AB (publ) for a resolution on an incentive programme for senior executives and key employees by way of an issue of subscription warrants and approval of the transfer of subscription warrants by a subsidiary**

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The Board of Directors of AarhusKarlshamn AB (publ) proposes that the General Meeting resolve to implement an incentive programme for senior executives and key employees in the AarhusKarlshamn Group (“the **Incentive Programme**”) by way of an issue of subscription warrants entitling to subscription for new shares in AarhusKarlshamn AB as further set out below.

**1. Issue of subscription warrants**

The Board of Directors proposes that the General Meeting resolve

that the company shall issue at a maximum 1,500,000 subscription warrants entitling to subscription for new shares in AarhusKarlshamn AB by which the share capital may be increased by a total of maximum SEK 15,000,000;

that the issue is carried out with a deviation from the shareholders’ preferential rights and the right to subscribe for the subscription warrants shall be granted AarhusKarlshamn Invest AB, a wholly-owned subsidiary of AarhusKarlshamn AB;

that the issue price shall be SEK 24 per subscription warrant (the subscription price is subject to material changes in the price of AarhusKarlshamn AB’s share and to other valuation parameters in connection with the market valuation of the subscription warrants);

that subscription and payment for the subscription warrants shall be made on 1 December 2010 at the latest, with a right for the Board of Directors to prolong these time limits;

that each subscription warrant shall entitle the holder to subscribe for one (1) new share in AarhusKarlshamn AB with a quota value of SEK 10;

that subscription for shares in AarhusKarlshamn AB by exercise of the subscription warrants may take place during the period from 1 December 2013 up to and including 1 December 2015;

that the subscription price per share shall be based on a market valuation of the subscription warrant, taking into account the consideration per subscription warrant at transfer to participants in the Incentive Programme, and shall be determined by an independent valuation institute

in accordance with established valuation methods (Black & Scholes) in connection with the allotment of the subscription warrants to AarhusKarlshamn Invest AB, the reference period for determination of the average share price to be used in such valuation being from 3 November up to and including 8 November 2010;

that it is approved that AarhusKarlshamn Invest AB, on one or several occasions, may transfer the subscription warrants to senior executives and key employees within the AarhusKarlshamn Group in accordance with the terms and guidelines set out below and otherwise dispose of the subscription warrants for the fulfilment of the obligations under the Incentive Programme;

that in connection with any request for exercise of the subscription warrants, the company may, with deviation from the shareholders' preferential rights, transfer a total of maximum 1,500,000 repurchased own shares in the company at a price corresponding to the exercise price for subscription for new shares established in connection with the allotment of the subscription warrants or according to the applicable terms and conditions for re-calculation;

that applicable terms of recalculation and other terms and conditions for the subscription warrants are set out in the *Terms and conditions for subscription warrants 2010/2015 for subscription for new shares in AarhusKarlshamn AB (publ)* according to Sub-Appendix A; and

that the Board of Directors or anyone appointed by the Board of Directors is authorised to make such minor adjustments that may be necessary when registering the above resolution with the Swedish Companies Registration Office (*Sw. Bolagsverket*) and Euroclear Sweden AB.

The reason for the deviation from the shareholders' preferential right is that the Board of Directors is of the opinion that an incentive programme which offers senior executives and key employees the opportunity to take part of an increase in value of the company will lead to an enhanced interest in the company's development – as well as the company's share price development – and stimulate a continued loyalty towards the company over the forthcoming years. An incentive programme is expected to contribute to the possibilities to recruit and retain competent employees.

At full subscription of the proposed issue, and full exercise of the subscription warrants, the share capital may be increased by a total of maximum SEK 15,000,000, which is equivalent to approximately 3.67 per cent of the company's present share capital. All in all, the programme may at full exercise result in a total dilution of maximum approximately 3.54 per cent in relation to the share capital on a fully diluted basis, calculated as the number of new shares in proportion to the number of existing and new shares. The key ratio of equity capital per share will increase by approximately SEK 5.05 from SEK 72.11 to SEK 77.16 (based on an assumed new subscription price of SEK 190.80 and the interim report for the second quarter of 2010). Based on the same assumptions, the key ratio of earnings per share will decrease by approximately SEK 0.16 from SEK 4.60 to SEK 4.44. The above is subject to re-calculations of the subscription warrants in accordance with the customary terms of re-calculation in the complete terms and conditions.

AarhusKarlshamn AB's delivery of shares under the Incentive Programme may be carried out in whole or in part by transferring repurchased own shares instead of issuing new shares. Such transfer of own shares will affect the calculations of dilution as well as the calculations of ratios set out above.

## 2. The Incentive Programme

The Incentive Programme will principally be implemented in accordance with what is set forth below.

AarhusKarlshamn Invest AB shall, on one or several occasions, against payment transfer the subscription warrants to senior executives and key employees within the Group in accordance with the terms and guidelines set out below and otherwise dispose of the subscription warrants for the fulfilment of the obligations under the Incentive Programme.

Transfer in accordance with the above that takes place in connection with the allotment of subscription warrants to AarhusKarlshamn Invest AB, shall be made at a market value, corresponding to the subscription price, of SEK 24 per subscription warrant (the subscription price is subject to material changes in the price of AarhusKarlshamn AB's share and to other valuation parameters in connection with the market valuation of the subscription warrants). For subsequent transfers, the price per subscription warrant shall correspond to the market value of the subscription warrant at the time of transfer. If transferred, the subscription warrants shall be subject to a pre-emptive right at the established market value for the warrants at the time of transfer.

The Board of Directors of AarhusKarlshamn AB shall be entitled to decide on the allotment of subscription warrants to approximately 70 senior executives and key employees within the Group in accordance with the following guidelines:

- CEO of AarhusKarlshamn AB                      maximum 80,000 subscription warrants
- Group Management and other senior executives (in total 8 persons)                      maximum 60,000 subscription warrants per person
- Key employees and other key managers in the Group (in total approx. 60 persons)                      maximum 20,000 subscription warrants per person

If the total number of subscription warrants that the entitled senior executives and key employees wish to acquire exceeds the maximum number of subscription warrants that can be issued, reduction shall be made proportionally to each person's quantity in relation to the guidelines set forth above. There will be no guaranteed allotment. Oversubscription will be possible if full subscription in accordance with the above has not been made. If oversubscription has occurred, allotment shall be made to the above mentioned entitled categories pro rata in relation to the number of subscription warrants that they have been allotted in the first allotment. Any subscription warrants that have not been allotted in accordance with the above, shall be reserved for future recruitments

of senior executives and key employees to the Group, whereby the above guidelines for allotment shall be applicable.

The first allotment is expected to take place in connection with the establishment of the subscription price per new share.

Regarding employees in other countries than Sweden, it is implied that transfer is legally possible and that, in the opinion of the Board of Directors, the transfer can be carried out at the established market value with reasonable administrative and financial efforts. The Board of Directors shall be entitled to adjust the terms of the Incentive Programme to the extent required in order to carry out the allotment of subscription warrants to persons in other countries on, as far as practically possible, conditions corresponding to the conditions applicable under the Incentive Programme.

### **3. Miscellaneous**

The subscription warrant programme is not expected to lead to any considerable costs. Therefore, no measures to secure the programme are planned.

The proposal of the Board of Directors has been prepared by the Board of Directors. CEO and member of the Board Arne Frank, who may be allotted subscription warrants in accordance with the proposed Incentive Programme, has not taken part in the preparation of this matter.

The proposal of the Board of Directors requires a resolution by the General Meeting supported by shareholders representing at least nine tenths of both the number of votes cast and the shares represented at the General Meeting in order to be valid.

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Malmö in October 2010

*The Board of Directors*