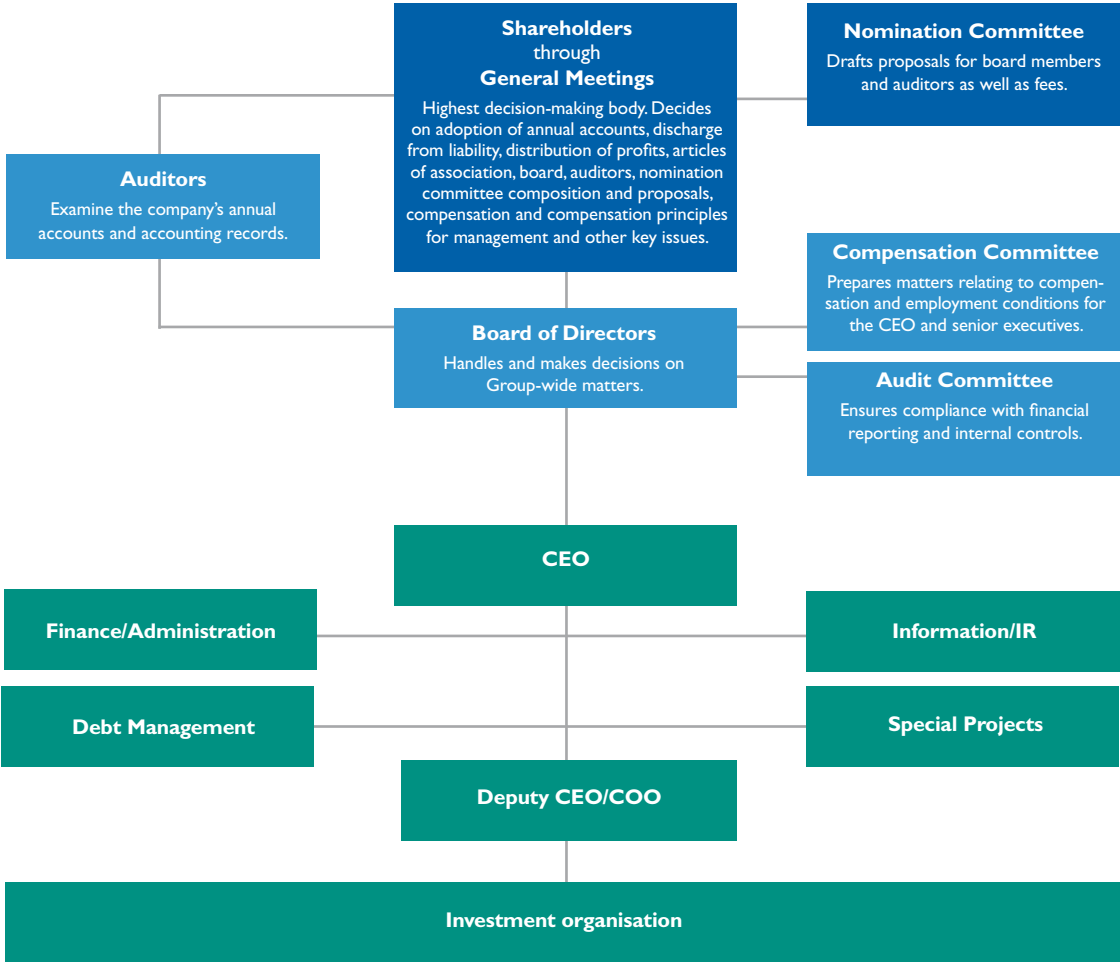


Corporate governance report 2009

Governance structure at Ratos



- Key external rules**
- Swedish Companies Act
 - Accounting legislation (Swedish Bookkeeping Act, Annual Accounts Act and IFRS)
 - NASDAQ OMX Stockholm Rules for issuers
 - Swedish Code of Corporate Governance

- Key internal rules**
- Articles of Association
 - The Board's formal work plan
 - Instructions for the CEO
 - Decision-making procedures/authorisation instructions
 - Instructions for financial reporting
 - Policies and guidelines

- Policy documents adopted by the Board**
- Financial strategy
 - Incentive policy for senior executives
 - Information and crisis policy
 - Environmental policy
 - Investment policy
 - Pensions policy
 - Rules for Ratos employees' share transactions
 - Code of social conduct
 - Sponsorship policy
 - IT security and purchasing policy
 - Ownership policy

Corporate governance in Ratos

Ratos AB is a public limited company and is regulated by Swedish legislation mainly through the Swedish Companies Act, and by NASDAQ OMX Stockholm AB's Rules for issuers. In addition, the Swedish business community's self-regulation is taken into account where the Swedish Corporate Governance Board has formulated the Swedish Code of Corporate Governance.

In addition to legislation and self-regulating recommendations and rules, the Articles of Association form the basis for governance of operations. The Articles of Association specify where the Board shall be domiciled, the focus of operations, rules about general meetings, information about class of shares and share capital, etc.

In order to establish guidelines for the company's activities, the Board has prepared and adopted eleven policy documents. The policy documents set out the basic values that must characterise the organisation and the conduct of its employees. In addition there are internal rules and documents which provide a basis for governance of the company's activities.

Ratos applies the Code and does not report any non-compliance with the Code in the 2009 financial year, except with regard to the composition of the Nomination Committee (see under Nomination Committee below).

The report has not been reviewed by the company's auditors.

Share capital and shareholders

Ratos has been listed on NASDAQ OMX Stockholm since 1954. At year-end 2009 the share capital amounted to SEK 1,019.7m divided among 161,852,892 shares, of which 42,328,530 A shares and 119,524,362 B shares. The company's A shares carry entitlement to one vote per share while B shares carry entitlement to one-tenth of a vote per share. All shares carry the same right to a share of the company's assets and to the same amount of dividend.

At year-end 2009 Ratos had a total of 40,494 shareholders according to statistics from Euroclear Sweden. The ten largest shareholders accounted for 79% of the voting rights and 49% of the capital. The proportion of shares owned by physical or legal entities outside Sweden amounted to 12%. 64% of Ratos's shareholders owned 500 shares or less and together accounted for 3% of the share capital. More information

about Ratos's shareholders and share performance in 2009 is provided on pages 22-25.

General meetings

The general meeting is the highest decision-making body in Ratos and an Annual General Meeting of Shareholders is to be convened in Stockholm once a year before the end of June. Notice of an ordinary general meeting must be published no earlier than six weeks and no later than four weeks prior to the meeting and of an extraordinary general meeting no earlier than six weeks and no later than two weeks prior to the meeting. The notice must always take the form of an announcement published in the Official Swedish Gazette (Post- och Inrikes Tidningar)

According to Ratos's Articles of Association the following business shall come before the Annual General Meeting:

- ✓ Opening of the Meeting.
- ✓ Election of the Chairman of the Meeting.
- ✓ Preparation and approval of the voting list.
- ✓ Election of two persons to check the minutes.
- ✓ Determination of whether the Meeting has been duly convened.
- ✓ Approval of the Agenda for the Meeting.
- ✓ Presentation of the annual report and the auditor's report.
- ✓ Resolutions on
 - a. adoption of the income statement and balance sheet, as well as of the consolidated income statement and consolidated balance sheet,
 - b. discharge from liability for the members of the Board of Directors and the CEO, as well as
 - c. disposition of the Company's profit or loss according to the adopted balance sheet.
- ✓ Determination of the number of directors and deputy directors who shall be elected by the Meeting.
- ✓ Determination of fees to be paid to the Board of Directors and auditors.
- ✓ Election of the Board of Directors and (where appropriate according to Article 10) auditors and deputy auditors.
- ✓ Any other business to come before the Meeting according to the Swedish Companies Act or the Articles of Association.

and in Svenska Dagbladet. All documentation required ahead of the Meeting is available on the website in a Swedish and English version.

All shareholders who are registered on Euroclear Sweden's list of shareholders who have notified their attendance to the company in due time are entitled to attend the Meeting and to vote for their total holding of shares. Shareholders may bring an assistant to the meeting provided they have notified the company.

2009 Annual General Meeting

The 2009 Annual General Meeting was held on 5 April in City Conference Centre in Stockholm. The Meeting was attended by 582 shareholders, proxies or assistants, who together represented 81% of the voting rights and 54% of the capital. Ratos's Board, management and auditor were present at the meeting. The CEO's address to the meeting was published in its entirety on the website the day after the Meeting. Minutes in Swedish and English versions were available on the website approximately two weeks after the Meeting.

Nomination Committee

The 2009 Annual General Meeting resolved that the company's Chairman in consultation with the company's major shareholders should appoint a nomination committee ahead of the 2010 Annual General Meeting. According to the Annual General Meeting decision, the Nomination Committee shall comprise a minimum of four members, one of whom is the company Chairman. If an already appointed member resigns from the Nomination Committee, the company's major shareholders shall appoint a replacement following consultation. The members of

the Nomination Committee do not receive any remuneration from the company but are entitled to receive reasonable remuneration from the company for expenditure incurred with regard to evaluation and recruitment.

The composition of the Nomination Committee was announced on Ratos's website and disclosed together with contact details through a press release on 9 October 2009.

The members of the Nomination Committee are as follows:

- Annika Andersson representing AP4
- Anders Oscarsson representing AMF Pension
- Olof Stenhammar as Chairman of Ratos's Board
- Jan Söderberg representing the Ragnar Söderberg Foundation as well as his own and related parties' holdings, Board member
- Maria Söderberg representing the Torsten Söderberg Foundation
- Per-Olof Söderberg representing his own and related parties' holdings, Board member

Ratos has chosen to deviate from the Code with regard to the recommendation that not more than one Board member who sits on the Nomination Committee is non-independent in relation to the company's major shareholders. Chairman of the Board, Olof Stenhammar, and Ratos are of the opinion that Per-Olof Söderberg and Jan Söderberg, regardless of their non-independence to major shareholders, should be members of the Nomination Committee in their capacity as the company's two largest individual owners.

The Nomination Committee ahead of the 2010 Annual General Meeting

Member	Represents	Share of voting rights 30 Sept 2009	Share of voting rights 31 Dec 2009
Jan Söderberg	Ragnar Söderberg foundation and own and related parties' holdings	26.9%	26.9%
Per-Olof Söderberg	Own and related parties' holdings	14.9%	14.9%
Maria Söderberg	Torsten Söderberg foundation	12.2%	12.3%
Anders Oscarsson	AMF Pension	1.1%	1.2%
Annika Andersson	AP4	0.5%	0.5%
Olof Stenhammar	Chairman of the Ratos Board	–	–
Total		55.6%	55.8%

The work of the Nomination Committee

The duties of the Nomination Committee are as follows:

- To evaluate the composition and work of the Board
- To prepare a proposal to the Annual General Meeting regarding election of the Board and the Chairman of the Board
- To prepare a proposal, in co-operation with the company's Audit Committee, to the Annual General Meeting regarding election of auditor when appropriate
- To prepare a proposal to the Annual General Meeting regarding fees to the Board and auditors
- To prepare a proposal to the Annual General Meeting regarding a chairman for the meeting
- To prepare a proposal to the Annual General Meeting regarding principles for the composition of the Nomination Committee

Ahead of the 2010 Annual General Meeting the Nomination Committee held three minuted meetings. As in the previous year, the Nomination Committee's work included the strategic issues the Board is expected to face in the years ahead and on this basis a discussion of the composition and size of the Board. The general opinion was that the Board functions well and that no changes need to be made.

A committee composed of members independent of the Board prepared the issue of fees to the Chairman of the company, other Board members who are not employed by the company and fees to the committees. The Audit Committee submitted a proposal on auditor fees to the Nomination Committee.

The Nomination Committee's proposals, an account of the work of the Nomination Committee ahead of the 2010 Annual General Meeting and complementary information on proposed members of the Board will be announced in conjunction with the Notice of the Meeting and at the 2010 Annual General Meeting.

Board of Directors

The role of the Board

According to the Swedish Companies Act the board is responsible for the company's organisation and management of its affairs. The duties of the board include assessing the financial situation

of the company, ongoing control of the work, adopting a formal work plan, appointing a CEO and stipulating allocation of working duties.

In addition to what is stipulated in the Swedish Companies Act the board should develop the company's strategy and business plan in such a manner that the long-term interests of shareholders are met in the best possible way. The board should also support and guide management in a positive manner.

The board is appointed by the shareholders at the Annual General Meeting with a mandate period from the Annual General Meeting until the next Annual General Meeting has been held.

According to the Articles of Association Ratos's Board shall comprise a minimum of four and a maximum of nine members with a maximum of three deputies. All members of the Board are elected by the shareholders at the Annual General Meeting for the period until the next Annual General Meeting has been held. A Board decision only applies if more than half of the elected Board members are agreed.

The 2009 Annual General Meeting re-elected Olof Stenhammar (Chairman), Lars Berg, Staffan Bohman, Arne Karlsson, Annette Sadolin, Jan Söderberg and Per-Olof Söderberg. Margareth Øvrum was elected as a new member of the Board. Margareth Øvrum, born 1958, has an MSc in Engineering from the Norwegian Institute of Technology (NTH), specialising in technical physics. She is currently Executive Vice President for the Technology & New Energy business area within the StatoilHydro Group. Previously she held management positions in the Statoil Group within purchasing, production, projects, health, safety and the environment and was Statoil's first female oil platform manager. Margareth Øvrum is a Norwegian citizen and lives in Norway. No deputies were elected. All Board members elected at the 2009 Annual General Meeting are presented in more detail on pages 46-47.

The Board's formal work plan

Each year the Board adopts a formal work plan for its work designed to ensure that the company's operations and financial circumstances are controlled in an adequate manner. The formal work plan includes:

- The Chairman's role and duties
- Instructions for the company's CEO

- Decision-making procedures for Ratos's Board and CEO relating to investment activities
- Formal work plan for Compensation Committee
- Formal work plan for Audit Committee
- Formal work plan for subsidiaries
- Board meeting procedures
- Procedures for the provision of information between the company and the Board
- Ensuring that an annual evaluation of the work of the Board and performance of Board members is carried out
- Annually evaluating and reporting on the work of the CEO

Chairman of the Board

The Annual General Meeting elects a Chairman of the Board whose main duty is to lead the work of the Board and ensure that Board members carry out their respective duties. According to the formal work plan, the Chairman also mainly has the following duties:

- Responsible for ensuring that the Board follows a good formal work plan
- Ensuring that decisions are made on requisite matters and that minutes are kept
- Responsible for convening meetings and ensuring that requisite decision material is sent to Board members approximately one week before the meeting
- Acting as a contact and maintaining regular contact with CEO and management
- Maintaining regular contact with auditors and ensuring that auditors are notified to attend a meeting in conjunction with the year-end report

Work of the Board

The decision-making procedures for the company's Board and CEO relating to investment activities stipulate that all acquisitions of, and add-on investments in, companies that are to be included among Ratos's holdings must be submitted to the Board for decision. This also applies to divestments, wholly or partly, of a holding. Guarantees or pledging of other collateral from Ratos is decided by the Board. The Board is kept informed on an ongoing basis about the development of operations through a regular CEO's letter. Information material and material on which decisions are to be made at board meetings are normally sent out one to two weeks prior to each meeting. An evaluation of all the holdings is performed every year in which an analysis of holding strategy, results and forecasts for the coming year are presented. These evaluations are presented to the Board by the person responsible for the company.

Evaluation of the Board

The Chairman of the Board decides on an annual evaluation of the work of the Board where members are given an opportunity to express their opinions on working methods, Board material, their own and other members' work and

Board of Directors

Member	Born	Elected	Nationality	No. of meetings attended			Remuneration 2009, SEK	Position in relation to	
				Board 13 meetings	Compensation Committee 5 meetings	Audit Committee 3 meetings		Company	Major shareholders
Olof Stenhammar	1941	1994	Swedish	13	5	2	900,000	independent	independent
Lars Berg	1947	2000	Swedish	12		3	430,000	independent	independent
Staffan Bohman	1949	2005	Swedish	12	5	2	460,000	independent	independent
Arne Karlsson	1958	1999	Swedish	13				non-independent	independent
Annette Sadolin	1947	2007	Danish	13		3	430,000	independent	independent
Jan Söderberg	1956	2000	Swedish	13	5	3	460,000	independent	non-independent
Per-Olof Söderberg	1955	2000	Swedish	12	5	3	460,000	independent	non-independent
Margareth Øvrum ^{*)}	1958	2009	Norwegian	9		2	430,000	independent	independent

^{*)} Elected at the Annual General Meeting 2009.

the scope of the assignment. The evaluation for 2009 was performed by an external consultant. The conclusion of the evaluation was that the work of the Board had proceeded in an exemplary manner and achieved the best marks that a Board can obtain. This relates both to ongoing Board work and the quality of the members of the Board. All members were considered to have made a constructive contribution to both strategic discussions and the governance of the company. The dialogue between the Board and management was also perceived as very good.

Work of the Board in 2009

During 2009, 13 minuted board meetings were held – seven ordinary meetings, one statutory meeting and five extra board meetings. Board meetings have a recurrent structure with the following key items:

- January: Annual evaluations of all holdings
- February: Year-end report, audit report, work of the Compensation Committee
- April: Annual General Meeting, statutory meeting in conjunction with the Meeting
- June: Visits to holdings
- August: Six-month report
- October: Strategy meeting
- December: Examination of the Audit Committee report (Hard Close)

Extra Board meetings normally examine acquisition and exit questions as well as financing and are held when such matters requiring a Board decision arise. Information about attendance at board meetings is provided in the table on the previous page. The minutes were taken by the Secretary to the Board who during the year was the lawyer Tore Stenholm, Tore Stenholm Advokatbyrå AB. Other senior executives at Ratos attended board meetings to present specific issues. Board meetings follow an adopted agenda and complete documentation is sent out in due time ahead of every board meeting.

Auditor

At the 2008 Annual General Meeting the audit firm KPMG AB was elected as auditor with Thomas Thiel as Senior Auditor for the period until the 2012 Annual General Meeting has been held. KPMG with Thomas Thiel as Senior Auditor were elected for the first time at the

2004 Annual General Meeting. In addition to his assignment for Ratos, Thomas Thiel is auditor of companies that include Atlas Copco, Axfood, Folksam, GS-Hydro, Peab AB, Skandia, SKF and Swedish Match as well as the Ragnar Söderberg Foundation and the Torsten Söderberg Foundation, which together are Ratos's largest single owner.

Compensation Committee

At Ratos structured work with compensation principles has been under way for many years and this was further formalised in 1999 when the Board set up a Compensation Committee to which members are appointed annually. Committee members in 2009 were Olof Stenhammar (chairman), Staffan Bohman, Jan Söderberg and Per-Olof Söderberg.

The Compensation Committee has both an advisory function and a preparatory function for decision matters prior to their examination and decision by the Ratos Board.

The following matters are handled by the Compensation Committee:

- The CEO's terms of employment
- Terms for employees directly subordinate to the CEO according to "the grandfather principle"
- Advice where required on general policy formulations
- Matters of principle concerning pension agreements, severance pay/notice periods, bonus/earnings-related compensation, fees (Swedish/foreign), benefits, etc.
- Matters relating to Ratos's compensation system

The work of the Compensation Committee in 2009

The Compensation Committee held five minuted meetings during 2009 and was in regular contact in between. The minutes were taken by the company's CEO, Arne Karlsson.

The Compensation Committee works in accordance with an adopted formal work plan. Early in the autumn an examination is carried out to see whether there are any major compensation-related issues of principle to prepare. If such issues exist they are processed ahead of a final decision at the ordinary meeting in January. The Compensation Committee also prepares and

processes guidelines for the structure of general salary development for the years ahead and conducts an annual review of Ratos's long-term incentive systems. During the year the committee also discussed succession matters as well as questions relating to leadership and organisational development.

Audit Committee

The Board has appointed an Audit Committee in order to give work with reporting and auditing a special forum. The Audit Committee includes all members of the Board with the exception of Ratos's CEO.

The main duties of the Audit Committee are as follows:

- Examine the quality of accounts and internal control as well as audit arrangements
- Discuss valuation issues and assessments in closing accounts
- Evaluate the work of the auditors and prepare for the election of new auditors when appropriate
- Discuss risk assessments, public financial information, auditors' fees, co-operation between auditors and management and ethical rules in the company.

The entire Audit Committee met the company's auditor on two occasions in 2009 and held three minuted meetings. The company's work procedures also stipulate that the Chairman of the Board is tasked with maintaining regular contact with the company's auditors.

Internal control

Internal control of financial reporting is based on how operations are conducted and how the organisation is built up. Authority and responsibility are documented and have been communicated in documents such as internal guidelines and manuals. This applies, for example, to the division of work between the Board on the one hand and the CEO on the other hand and the other bodies set up by the Board, instructions for powers of authorisation as well as accounting and reporting instructions. This also serves to reduce the risk of irregularities and inappropriate favouring of a third party at the company's expense.

In the internal control of financial reporting, the parent company is assessed separately and

each individual holding is assessed separately, regardless of whether they are subsidiaries or associates. Assessments are made both ahead of an acquisition and during the ownership period. Each holding represents its own risk independent of other holdings, where a person responsible for the company has main responsibility for a holding.

The risks that are identified, both by the companies and by Ratos, regarding financial reporting are communicated monthly by the person responsible for the company and the accounts/finance function to the CEO, who in turn reports to the Board. Holdings' application of IFRS in reporting to Ratos is followed up in conjunction with quarterly accounts. Ahead of an acquisition a due diligence examination of the company is performed, which includes an analysis of the accounting consequences and a review of capital structure and a financial risk analysis.

Information and communications channels at Ratos are designed to promote the completeness and accuracy of financial reporting. The accounts/finance function formally controls the companies' reports and those responsible for each holding check reporting from a material aspect. Control within subsidiaries and associates is decided separately for each company. Ratos continuously follows up the holdings' compliance with guidelines and manuals.

Acquisitions and divestments are also examined with the auditors. In parallel with the annual evaluation which is described in the description of the work of the Board, impairment testing is performed for each holding.

Key internal documents for internal control:

- Rules for authorisation entitlement
- Rules for signatories
- Power of attorney at acquisitions
- Formal work plan at acquisitions
- Investment instructions for cash and cash equivalents and fixed-income securities
- Decision-making procedures for investment activities
- Instructions for CEO
- Other powers of attorney

Quality assurance for financial reporting

In addition to what is stated above, the Audit Committee is tasked with quality assurance of the company's financial reporting and maintaining regular contact with the company's auditors.

It is the opinion of the Board that the quality of a company's reporting is primarily determined by the organisation's competence in accounting matters as well as how the accounting, reporting and finance functions are staffed and organised. At Ratos, the entire business organisation is deeply involved in reporting of the individual holdings. This means, that the quality of the accounting and reporting of the holdings is continuously examined and improved.

The finance and accounting unit is organised and manned on the basis of the need to ensure that the Group maintains a high accounting standard and complies with IFRS and other standards within accounting. Working duties include preparing regular accounts mainly for the parent company, and preparing closing accounts for both the parent company and the Group. A total of seven people are employed within the function headed by the company's CFO. All employees, five of whom have a degree in economics, have many years of professional experience in financial control, reporting and accounting. The Debt Management staff function comprises two people with a university degree and many years of experience of banking and finance issues.

Ratos's mission includes investing in and developing wholly or partly owned companies. The aim is not that these companies' systems and reporting should be integrated with the Ratos Group but resources are used for follow-up and development of financial reporting from subsidiaries and associates. Ratos's aim, as part of the value-creating work with the companies, is to create independent and high-quality organisations with a quality of financial reporting that corresponds to that of a listed company. As guidance for the holdings, Ratos has prepared a reporting manual that provides clear instructions on how reporting to Ratos should be carried out. In addition, the holdings' accounting function are invited at regular intervals during the year to seminars on central reporting, accounting and financial matters. Over the past two years, Ratos has organised a total of six seminars for the holdings that have discussed issues within accounting and financing.

Reporting from subsidiaries takes place monthly, where the requirement is only to report an income statement. Complete closing quarterly accounts are received from subsidiaries. The accounts function prepares monthly reports on operating results for management. A complete consolidated income statement and a complete consolidated statement of financial position are prepared and published quarterly, one of which is reviewed by the company's auditors. In conjunction with quarterly reporting, the Board receives extensive in-depth material concerning both the Group and the individual holdings.

Subsidiaries' reporting is reviewed by the auditors twice a year, in September known as a Hard Close, and in conjunction with the report for the full year. A Hard Close with subsequent review is carried out in order to prepare and facilitate the audit of the complete report for the full year. The accounts function follows up the Hard Close audit using a so-called "traffic light system" where any observations made by auditors on the holdings are graded according to their significance and risk. Ratos performs a quarterly follow-up to ensure that all audit observations have been put right. Traffic light and audit reports are presented to the Audit Committee. Auditors' review of the full-year closing accounts is also followed up and presented to the Audit Committee.

In the associates, Ratos decides in consultation with other owners whether a reviewed Hard Close should be prepared.

Compensation to the Board of Directors, auditor and senior executives

Compensation to the CEO and the Board

The 2009 Annual General Meeting decided that compensation to the ordinary members of the Board should be paid of SEK 400,000 per member and year (although not to Ratos's CEO) while compensation to the Chairman of the Board should amount to SEK 800,000 per year. Information on compensation to the CEO is provided in Note 9 on page 74.

Compensation to members of the Compensation and Audit Committees

It was decided to pay an additional SEK 30,000 per year and committee to Board members who sit on these committees while compensation to committee chairmen was set at SEK 50,000 per year and committee.

Auditors' fees

Compensation is paid to the company's auditors in accordance with a special agreement on this matter. In 2009, audit fees amounted to SEK 2m in the parent company and SEK 19m in the Group. In addition, the parent company paid SEK 2m in fees for other assignments to the company's auditors and the Group as a whole paid fees for other assignments amounting to SEK 7m. The Board has established guidelines for the relation between auditing fees and consulting fees. These guidelines are continuously followed up by the Audit Committee which also evaluates the content of both auditing and consulting services.

Guidelines and principles for compensation to senior executives

The guidelines for compensation and incentive systems for key people as set out below were approved by the 2009 Annual General Meeting. The following guidelines were applied throughout 2009.

The incentive system for the company's business organisation is of major strategic importance for Ratos. Against this background a compensation and incentive system has been drawn up designed to offer competitive terms at the same time as the company's employees are motivated to work in the interests of shareholders.

The system comprises four components, basic salary, variable salary, call options and synthetic options, and rests on five basic principles.

1. Ratos's employees shall be offered competitive basic terms of employment in an industry where competition for qualified employees is intense and at the same time be encouraged to remain within Ratos.

2. Both individual effort and the Group's performance must be linked to clear targets set by the Board.
3. The variable compensation that is paid shall be linked to the results development that benefits shareholders. Variable compensation does not fall due until certain conditions have been met with regard to return on the company's equity.
4. Each year the Board sets a limit for the total variable compensation. The variable compensation can amount at maximum to approximately one per cent of the company's equity at the start of the financial year.
5. Key people at Ratos shall be encouraged to have the same perspective as the company's shareholders which will be achieved through reasonably balanced option programmes where employees can gain from share price rises alternatively realised increase in value as well as taking a personal risk by paying a market price for the options.

The variable compensation that can be allocated to an employee is paid over a multi-year period. The cost for each year's variable salary, however, is booked in its entirety in the year in which the compensation was earned. With regard to the costs for proposed option programmes, refer to the Board's proposal regarding call options and synthetic options. The Board shall be entitled to deviate from these guidelines if special reasons exist.

Variable compensation does not fall due until certain conditions regarding return on the company's equity have been met. For 2009, the requirement for payment of variable compensation was that consolidated profit before tax,

Terms for call options outstanding at 31 December 2009

Maturity	Price/option, SEK	Entitlement to purchase no. of shares	Exercise price, SEK	Outstanding no. of options	Corresponding no. of shares
2005 – 31 March 2010	11.20	2.15	102.90	74,000	159,100
2006 – 31 March 2011	21.20	2.15	151.80	464,000	997,600
2007 – 31 March 2012	36.50	1	278.00	518,000	518,000
2008 – 20 March 2013	28.10	1.02	255.60	552,500	563,550
2009 – 20 March 2014	13.00	1	188.10	641,000	641,000
				2,249,500	2,879,250

Maximum increase in relation to outstanding shares is 1.8%.

adjusted for minority effects in minority-owned subsidiaries shall correspond to at least 8% of opening equity. A ceiling was stipulated at a total of SEK 100m in variable compensation, which falls due in the event of adjusted profit before tax of 32% of opening equity. An earnings bank for the result that forms the basis for calculation of variable compensation is applied. This means that earnings which in a certain year exceed the 32% ceiling are transferred to the next year and increase the earnings on which compensation is calculated. Earnings that are less than the threshold amount of 8% are also transferred and charged against earnings on which compensation is based in the following year.

Results and payments of variable compensation in 2009

Adjusted profit before tax including the earnings bank for 2009 provided variable compensation of SEK 45m to be paid in 2010-2012. A total of 28 people are included in the entitlement to receive variable compensation in accordance with the incentive system described above.

Payment of variable compensation is divided over three years with 50% in the first year and 25% per year in the next two years.

Call option programmes

Annual general meetings from 2001 onwards have decided on call option programmes directed to senior executives and other key people within

Ratos. All call options have a maturity of five years. Employees have paid a market premium for the call options in all programmes. Acquisition of call options is subsidised by the purchaser receiving extra remuneration corresponding to a maximum of 50% of the option premium after deduction for 55% standard tax, whereby the compensation is divided into equal parts for five years and provided the person remains active within the Ratos Group and still holds options acquired from Ratos or shares acquired through the options. Call options are issued on Ratos purchased treasury shares.

Synthetic options

The 2009 Annual General Meeting, like the Annual General Meetings in 2007 and 2008, resolved on a cash-based option programme related to the Ratos's investments in portfolio companies. The programmes are carried out through the issue of synthetic options that are transferred at market price. The programme gives key people within Ratos an opportunity to share in the growth in value of the portfolio companies. If the value growth on Ratos's investment in the portfolio company concerned exceeds 15% per year, the options will have a value. The total value of the issued options at the closing date will be a maximum of 3% of the difference between the actual realised value for Ratos's investment at the closing date and the cost increased by 15% per year.

Stockholm, February 2010



Olof Stenhammar
Chairman



Lars Berg
Member of the Board



Staffan Bohman
Member of the Board



Annette Sadolin
Member of the Board



Jan Söderberg
Member of the Board



Per-Olof Söderberg
Member of the Board



Margareth Øvrum
Member of the Board



Arne Karlsson
CEO

Board of Directors and Auditor

Olof Stenhammar

Honorary Doctor of Philosophy and Economics. Born 1941. Independent Chairman of the Board. Board Member since 1994 and Chairman since 1998.

Founder of OMX, Chairman 1996-07, CEO 1984-96. Deputy CEO Bonnierföretagen 1982-84.

Honorary Chairman of OMX. Chairman of Basen, Mentor Foundation and Wilhelm Stenhammar's Foundation. Deputy Chairman of the Swedish Sea Rescue Society. Board Member of the Board of Trustees of SNS (Swedish Centre for Business and Policy Studies), the Stockholm Chamber of Commerce, the Royal Swedish Society of Naval Sciences, and other companies.

Shareholding in Ratos (own and related parties): 35,978 A shares
1,479,702 B shares

Lars Berg

MSc Econ. Born 1947. Independent Board Member since 2000.

Previously member of executive management of Mannesmann with special responsibility for the Telecom Division 1999-00, President and CEO Telia 1994-99, and Senior positions within Ericsson 1970-94.

Main assignments: European Venture Partner, Constellation Growth Capital. Chairman of Eniro and Net Insight.

Shareholding in Ratos (own): 10,000 B shares

Staffan Bohman

MSc Econ. Born 1949. Independent Board member since 2005.

Formerly President and CEO Gränges and Sapa 1999-04. President and CEO DeLaval 1992-99.

Deputy Chairman of Scania. Board Member of Atlas Copco, Boliden, InterIKEA Holding SA, OSM and Trelleborg. Chairman of Ersta diakoni.

Shareholding in Ratos (own): 30,000 B shares

Annette Sadolin

LL.B. Born 1947. Independent Board member since 2007.

Formerly Deputy CEO GE Frankona Ruck 1996-04, CEO GE Employers Re International 1993-96, Deputy CEO GE Employers Re International 1988-93.

Board Member of Topdanmark, DSB, DSV, Lindab, Dansk Standard, Skodsborg Kurhotel, Østre Gasværk Teater and Ny Carlsberg Glyptotek.

Shareholding in Ratos (own): 4,132 B shares

Jan Söderberg

MSc Econ. Born 1956. Non-independent Board Member since 2000.

Formerly CEO Bröderna Edstrand 1991-93.

Chairman of Andrén & Söner, Elisolation HTM, STI Plast, Svenska Industriplast, Henjo Plåtteknik and Meco Pak Pl. Advisory Board Lund School of Economics and Management.

Shareholding in Ratos (own and related parties): 6,675,824 A shares
651,400 B shares

Per-Olof Söderberg

MSc Econ and MBA Insead. Born 1955. Non-independent Board Member since 2000.

Chairman of Söderberg & Partners. Formerly CEO Dahl, 1990-04.

Chairman of Scandinavian Photo and Attivio. Board member of the Stockholm School of Economics Association, and other companies.

Shareholding in Ratos (own and related parties): 8,092,974 A shares
17,000 B shares

Arne Karlsson

MSc Econ. Born 1958. CEO of Ratos since 1999. Non-independent Board member since 1999.

Formerly President Atle Mergers & Acquisitions 1996-98, Atle 1993-98, President Hartwig Invest 1988-93, Aktiv Placering 1982-88.

Chairman of SNS. Board Member of Bonnier and Camfil. Member of the Swedish Securities Council.

Shareholding in Ratos (own): 85,600 B shares
Number of options in Ratos: 115,000 call options/2006
100,000 call options/2007
100,000 call options/2008
74,900 call options/2009

Margareth Øvrum

MSc Eng. Born 1958. Independent Board Member since 2009.

Executive Vice President for the Technology & New Energy business area at StatoilHydro.

Management positions within Statoil Group 1982-.

Board Member of Atlas Copco and Norwegian Research Council.

Shareholding in Ratos: 0

Holdings at January 2010.

Auditor

KPMG

Thomas Thiel

Authorised Public Accountant, Senior Auditor.

Company's auditor since 2004.

Other assignments: Auditor of Atlas Copco, Axfood, Folksam, GS-Hydro, Peab AB, Skandia, SKF, Swedish Match as well as the Torsten Söderberg Foundation and the Ragnar Söderberg Foundation.



Olof Stenhammar



Lars Berg



Staffan Bohman



Annette Sadolin



Jan Söderberg



Per-Olof Söderberg



Margareth Øvrum



Arne Karlsson

RATOS

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