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Minutes of the Annual General Meeting of shareholders of BillerudKorsnäs Aktiebolag, reg. no. 556025-5001, held between 2 p.m. - 3.50 p.m. on Tuesday 7 May 2013 at Hotel Rival, Stockholm

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Shareholders present:                    Appendix 1

Others present:                    Appendix 2

§ 1

Opening of the Meeting (item no. 1 on agenda)

The Chairman of the Board, Hannu Ryöppönen, declared the Meeting open.

§ 2

Election of Chairman for the Meeting (item no. 2 on agenda)

The Meeting decided to appoint the lawyer Wilhelm Lünig as Chairman of the Annual General Meeting.

It was noted that Andreas Mattsson had been asked to serve as secretary of the Meeting.

§ 3

Drawing up and approval of voting list (item no. 3 on agenda)

The Meeting decided to approve the list (appendix 1) of shareholders, representatives and deputies present at the Meeting as the voting list for the Meeting.

It was noted that - in addition to the persons registered on the voting list – persons listed in appendix 2 were present. The Meeting approved that these other persons were in attendance.

The Chairman informed the Meeting that several foreign funds were represented at the Meeting, and that such funds had presented certain voting instructions in respect of certain agenda items. The Chairman informed the Meeting that these voting instructions will only be accounted for in the minutes if they would have any impact on the Meeting's decisions.

## § 4

Election of one or two persons to verify the minutes (item no. 4 on agenda)

The Meeting decided that the minutes should be verified by the Chairman, by Anders Kronborg, representing Investment AB Kinnevik and by Tore Liedholm, representing Sveriges Aktiesparares Riksförbund.

## § 5

Determination whether the Meeting has been duly convened (item no. 5 on agenda)

It was noted that the convening notice to the Annual General Meeting had been published in accordance with the applicable rules. The convening notice was published in the Swedish Official Gazette (*Sw. Post- och Inrikes Tidningar*) on 2 April 2013 and on the company's website on 27 March 2013. An announcement with information that notice had been given was published in the Swedish daily newspaper Svenska Dagbladet on 2 April 2013.

The Meeting decided to approve the notice measures and declared the Meeting duly convened.

## § 6

Approval of the Agenda (item no. 6 on agenda)

The Meeting decided to approve the proposed agenda as included in the notice and made available at the Meeting.

The Chairman informed the Meeting that the complete proposals from the Board of Directors and the Nomination Committee had been included in the convening notice. The statements by the Board of Director's concerning the proposal for appropriation of profit and other documents for the Annual General Meeting, which had been held available in accordance with the Swedish Companies Act and the Swedish Code of Corporate Governance, were presented to the Meeting.

## § 7

Presentation of the Annual Report and the Auditors' Report as well as the Consolidated Accounts and Consolidated Auditors' Report for the 2012 financial year (item no. 7 on agenda)

The Annual Report and Auditors' Report for the 2012 financial year and the Consolidated Accounts and Consolidated Auditors' Report for the 2012 financial year were presented to the Meeting.

Authorised public accountant Lars Träff presented the Auditors' Report and Consolidated Auditors' Report for the 2012 financial year.

## § 8

Report on the work of the Board of Directors and Board Committees over the past year (item no. 8 on agenda)

The Chairman of the Board of Directors reported on the work of the Board and the Board committees.

## § 9

Presentation by the Chief Executive Officer (item no. 9 on agenda)

CEO Per Lindberg reported on the progress of the group in 2012 and the conditions for the business in 2013.

This was followed by answers given by the Chairman Hannu Ryöppönen and CEO Per Lindberg to questions from shareholders regarding inter alia the rights issue in 2013, the combination of Billerud and Korsnäs, the group's liquidity, actions to stimulate employee's and executive officer's shareholding, risks of corruption and questions concerning equality and work environment. It was proposed that the Board of Directors should consider actions to facilitate the establishment of an association for smaller shareholders.

## § 10

Resolution on the adoption of the Income Statement and the Balance Sheet as well as the Consolidated Income Statement and Consolidated Balance Sheet for 2012 (item no. 10 a on agenda)

The Meeting decided to adopt the Income Statement and the Balance Sheet for the parent company and the Consolidated Income Statement and Consolidated Balance Sheet for the consolidated group for the 2012 financial year.

## § 11

Resolution on the appropriation of the company's profit according to the adopted balance sheet for 2012 (item no. 10 b on agenda)

The Chairman presented the Board's proposal, as approved by the auditor, for the appropriation of the company's profit, such that of the total amount at the disposal of the Meeting, SEK 2 per share should be distributed to the shareholders, and that the remaining amount be carried forward in a new account. Furthermore, it was proposed that 13 May 2013 should be record day for the dividend.

The Meeting decided to adopt the Board's proposal regarding appropriation of profit and to adopt 13 May 2013 as record day for the dividend.

## § 12

Resolution on discharge from personal liability for Board Members and the CEO for their administration for the year 2012 (item no. 10 c on agenda)

The Chairman informed that Board members included on the voting list did not have the right to participate in decisions regarding themselves. The same applied for the CEO.

The Meeting decided to grant discharge from personal liability for the Board Members and the CEO for their administration for the year 2012.

It was noted that Board members registered on the voting list and the CEO did not participate in the decision.

## § 13

Report from the Nomination Committee and proposals (item no. 11 on agenda)

Mia Brunell Livfors, Investment AB Kinnevik, and also the Chairman of the Nomination Committee, reported on the composition of the Nomination Committee, its work and its proposals.

## § 14

Resolution on number of Board Members to be elected by the Meeting (item no. 12 on agenda)

The Nomination Committee's proposal was presented.

The Meeting decided in accordance with the Nomination Committee's proposal that the number of Board members elected by the Meeting, including Chairman, should be eight, without deputy Board members.

## § 15

Resolution on fees for Board Members and remuneration for Committee work and resolution on fees for auditors (item no. 13 on agenda)

The Nomination Committee's proposal was presented.

The Meeting decided in accordance with the proposal of the Nomination Committee to adopt the following:

- that the annual fee to ordinary Board Members not employed by the BillerudKorsnäs Group shall be SEK 400,000 (unaltered) per Member, and that the annual fee to the Chairman shall be SEK 1,000,000 (unaltered),
- that the annual remuneration for work on Board Committees be paid to members appointed by the Board and shall be SEK 150,000 (unaltered) to the chairman of the Audit Committee, SEK 75,000 (unaltered) to each of the other members of the Audit Committee, SEK 50,000

- (unaltered) to the chairman of the Remuneration Committee and SEK 25,000 (unaltered) to each of the other members of the Remuneration Committee, and also SEK 50,000 (unaltered) to each of the members of the Integration Committee;
- that fees to the auditors during the mandate period be paid by current account.

#### § 16

##### Election of Board Members and Chairman of the Board (item no. 14 on agenda)

The Nomination Committee's proposal was presented.

The Chairman presented the assignments of Board members in other companies. The Meeting decided in accordance with the proposal of the Nomination Committee to re-elect as Board members Hannu Ryöppönen, Mia Brunell Livfors, Jan Homan, Lennart Holm, Gunilla Jönson, Michael M.F. Kaufmann, Wilhelm Klingspor and Mikael Larsson and to re-elect Hannu Ryöppönen as Chairman of the board.

#### § 17

##### Election of auditor (item no 15 on agenda)

The Nomination Committee's proposal was presented.

The Meeting decided to re-elect the registered accounting firm Ernst & Young AB as the company's auditor for the period until the close of the 2014 Annual General Meeting. It was noted that Ernst & Young AB will appoint the authorised public accountant Lars Träff as auditor-in-charge.

#### § 18

##### Resolution on procedures for appointment of the Nomination Committee for the 2014 Annual General Meeting (item no. 16 on agenda)

The Nomination Committee's proposal was presented, appendix 3, together with a separate proposal made by Torwald Arvidsson.

The Meeting decided to adopt the Nomination Committee's proposal for procedures for appointment of the Nomination Committee for the 2014 Annual General Meeting.

It was noted that Torwald Arvidsson made a reservation against the decision.

#### §19

##### The Board's proposal for guidelines for remuneration to senior executives (item no. 17 on agenda)

The Chairman presented the main elements of the Board's proposal in accordance with appendix 4.

The Meeting decided to approve the Board's proposal for guidelines for remuneration to senior executives.

## § 20

The Board's proposal for a decision regarding the introduction of a long term incentive program, and transfer of shares under the program (item no. 18 on agenda)

The Chairman presented the main features of the Board's proposal in accordance with appendix 5.

It was noted that a decision regarding agenda item no. 18(a) required a simple majority by the Meeting and that a decision in accordance with 18(b) required the support of shareholders representing at least nine-tenths of both the votes cast and shares held by shareholders attending the Meeting.

The Meeting decided with sufficient majority, i.e. more than nine-tenths of both the votes cast and shares held by shareholders attending the Meeting, in accordance with the Board's proposal on the introduction of the long term incentive program, and on the transfer of shares under the long term incentive program.

It was noted that the proposal had been approved by all shareholders attending the Meeting .

## § 21

The Board's proposal for amendment of the Articles of Association regarding the object of the company's business (item no. 19 on agenda)

The Board's proposal in accordance with appendix 6 was presented.

It was noted that decision regarding agenda item no. 19 required the support of shareholders representing at least two-thirds of both the votes cast and shares held by shareholders attending the Meeting.

The Meeting decided with sufficient majority, i.e. more than two-thirds of both the votes cast and shares held by shareholders attending the Meeting, to adopt the Board's proposal to amend the Articles of Association so that the company's business objective shall be as follows:

*"The object of the company's operations is to, directly and indirectly, carry on forest industry operations, which includes producing and selling pulp, paper and board as well as packaging materials and packaging solutions made thereof, carry on production of electric power and energy generation as well as to carry on other activities associated therewith."*

It was noted that the proposal had been approved by all shareholders attending the Meeting.

## § 22

Closing of the Meeting (item no. 20 on agenda)

The Chairman declared the Meeting closed.

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At the minutes:

Andreas Mattsson

Minutes adjusted by:

Wilhelm Lüning

Anders Kronborg

Tore Liedholm

Procedures for appointment of the Nomination Committee for the 2014 Annual General Meeting

The Nomination Committee proposes that the procedures for the appointment of the Nomination Committee for the 2014 Annual General Meeting shall be as follows:

The Nomination Committee shall comprise of four (4) members. During the autumn of 2013 the Chairman shall contact the largest shareholders (judged by size of shareholding) regarding the formation of a Nomination Committee. The names of the members of the Nomination Committee, and the names of the shareholders they represent, shall be published six months at the latest prior to the 2014 Annual General Meeting and be based upon the known shareholding as per 30 September 2013. The Nomination Committee is appointed for a term of office commencing at the time of the announcement of its composition and ending when a new Nomination Committee is formed. Unless the Committee members agree otherwise, the Chairman of the Nomination Committee shall be the member representing the largest shareholder (judged by size of shareholding). The Committee forms a quorum when more than half of its members are present.

If during the Committee's term of office one or more of the shareholders represented on the Nomination Committee are no longer among the largest shareholders, then their representatives shall resign their positions and the shareholder or shareholders who have become among the largest shareholders shall have the right to appoint their representatives. Unless there is special cause, no changes shall be made to the composition of the Nomination Committee if only minor changes in shareholding have been made, or the changes take place later than two months prior to the General Meeting that will decide on proposals made by the Committee.

Shareholders who appoint members to the Nomination Committee have the right to dismiss their representative and appoint a new one. Equally, the shareholder whose representative requests to leave the Committee before its work is completed has the right to replace such a representative. Changes to the composition of the Nomination Committee shall be published as soon as they take place.

The Nomination Committee shall produce proposals for the following items to be decided by the 2014 Annual General Meeting:

- (a) proposal for Chairman of the Meeting,
- (b) proposal for number of Board Members,
- (c) proposal for nomination of Board Members and Chairman of the Board,
- (d) proposals for nomination of auditors,
- (e) proposals for Board fees and distribution between Chairman of the Board and other Members, and possible remuneration for Committee work,
- (f) proposal for fees to auditors, and
- (g) proposal for procedures for appointing the Nomination Committee.

The Nomination Committee shall make available the requisite information to the company so that BillerudKorsnäs can meet the information requirements of the Swedish code of corporate governance.



Furthermore, the Nomination Committee shall in performing its duties meet the requirements set by the Swedish code of corporate governance for nomination committees, and BillerudKorsnäs shall at the request of the Nomination Committee provide staff resources, such as secretary of the Committee, in order to facilitate the Committee's work. If so required, BillerudKorsnäs shall also pay reasonable costs for external consultants and similar which are considered necessary by the Committee for it to perform its duties.

The Board's proposal for guidelines for remuneration to senior executives

The Board proposes that the Meeting resolves to adopt the following guidelines for remuneration to the executive officers of the BillerudKorsnäs Group. Executive officers are the CEO, the Executive Vice President and the other members of the senior management team.

BillerudKorsnäs shall set the remuneration levels and employment terms that are appropriate in order to recruit and keep a management team with a high level of competence and the capability to achieve established goals. Remuneration shall motivate executives to do their utmost to secure shareholders' interests. Remuneration may be in the form of fixed salary, variable salary, long-term incentive programs and other benefits such as pension or company car. Fixed and variable salary shall be set in relation to competence, area of responsibility and performance. Variable remuneration will be based on outcomes in relation to established targets and shall be a maximum of a fixed percentage of annual fixed salary and vary between 30 per cent and 50 per cent. However, variable remuneration shall only be paid on condition that the company's operating result is positive. Long-term incentive programs within the company shall primarily be linked to certain pre-determined financial and share price related performance criteria. The programs shall ensure long-term commitment to the development of the company and shall be implemented on market terms. Long-term incentive programs shall run for at least three years. For more information about the existing long-term incentive programs, see the company's annual report and website. For further information regarding the proposed Long Term Incentive Program 2013, please see the Board's proposal according to item 18 on the agenda. Pension benefits shall either be defined-benefit or defined-contribution, and normally give an entitlement to pension from age 65. In some cases the retirement age may be lower, although 62 is the lowest retirement age. Six to twelve months is the normal notification period for termination of employment, and severance pay shall be a maximum of 12 months' salary in the event of dismissal by the company.

Remuneration and employment terms for the CEO are prepared by the Remuneration Committee and decided by the Board. Remuneration and employment terms for members of the senior management team are decided by the CEO, after approval from the Remuneration Committee.

The Board of BillerudKorsnäs has the right to deviate from these guidelines in individual cases if there is a good reason.

The Board's proposal for a decision regarding the introduction of a long term incentive program, and transfer of shares under the program

The Board of Directors proposes that the Meeting resolves to introduce a long-term incentive program ("LTIP 2013") and transfer of shares to the participants in LTIP 2013 in accordance with items a) and b). LTIP 2013 has the same structure as the long-term incentive programs adopted previous years (2010 - 2012)

**a) Introduction of a long-term incentive program 2013**

The Board of Directors proposes that the Annual General Meeting resolves on the introduction of a long term share based incentive plan, LTIP 2013, as follows.

*LTIP 2013 in brief*

The Board of Director's main objective with the proposal of LTIP 2013 is to strengthen BillerudKorsnäs' capability to retain the best talent for key leadership positions. The aim is further that managers and key employees whose efforts have direct impact on BillerudKorsnäs' result, profitability and value growth, shall be stimulated to increased efforts by aligning their interests and perspectives with those of the shareholders.

LTIP 2013 comprises up to 25 executive officers and other key employees within the BillerudKorsnäs Group, identified as essential to the future development of the Group. To participate in LTIP 2013, the participants must own BillerudKorsnäs shares. Such shares could be previously held, and not already allocated to previous incentive plans, or purchased on the market in conjunction to the notification of participation in the program, which occurs after the AGM 2013. Thereafter, the participants will be allotted BillerudKorsnäs shares, free of charge, after the vesting period of three years, commencing after the 2013 Annual General Meeting and ending in conjunction with the publication of BillerudKorsnäs' first quarter report for the year 2016, provided that certain conditions are fulfilled.

*Participants in LTIP 2013*

LTIP 2013 comprises up to 25 persons consisting of the CEO, the Executive Vice President and the other members of the Senior Management Team and other executives with key positions in the Group.

*Personal investment and allotment of share rights*

To participate in LTIP 2013, the participants must purchase BillerudKorsnäs shares at market price on NASDAQ OMX Stockholm ("Saving Shares"). Previously held BillerudKorsnäs shares, which are not already allocated to previously adopted long-term incentive programs, may also be accounted for as Saving Shares.

Participants are offered to allocate Saving Shares not exceeding a number equal to 10 per cent of the participant's gross base salary as per year end 2012 divided by the closing price of the BillerudKorsnäs share per the last trading day of 2012, i.e. 28 December 2012 (SEK 61.25) (the "Closing Price"). Participants who have received a new position or extended area of responsibility in the new group BillerudKorsnäs shall instead be offered to allocate Saving Shares not exceeding a number equal to 10 per cent of the participant's gross base salary as per 1 January 2013 divided by the Closing Price.

Saving Shares shall be purchased or allocated to the program in connection with the notification to participate in LTIP 2013. If the participant has insider information which prevents him/her from purchasing BillerudKorsnäs shares in connection with the notification to participate in LTIP 2013 the shares shall be purchased as soon as possible, but prior to the next Annual General Meeting.

New members of the senior management team and / or other key employees that have not yet commenced their employment at the time when notification to participate in the program at the latest shall be given, may, upon the condition that the employment commences during 2013, be offered to participate in the program, if the Board of Directors deems it to be in line with the purpose of LTIP 2013.

For each Saving Share that the participant invests in and allocates to LTIP 2013, the participant is, free of charge, allotted 1 matching share right ("Matching Share Right") 3 performance share rights ("Performance Share Right") (together referred to as "Share Rights"). However, the CEO will be allotted 1 Matching Share and 5 Performance Share Rights for each Saving Share allocated to LTIP 2013 and the Executive Vice President and will be allotted 1 Matching Share and 4 Performance Share Rights for each Saving Share allocated to LTIP 2013. Provided that the conditions set out below are fulfilled, the Share Rights entitle to allotment of BillerudKorsnäs shares as described below. Allotment of shares in BillerudKorsnäs will be made, free of charge, after the release of the interim report for the period January – March 2016.

#### *Matching Share Right*

For each Saving Share that the participant invests in and locks in to LTIP 2013, the participant is, free of charge, allotted 1 Matching Share Right, which entitles the participant to, free of charge, receive 1 BillerudKorsnäs share, based on the conditions that the participant is (with certain exceptions including e.g. participant's death, disability, retirement or the divestiture of the participant's employing company from BillerudKorsnäs or consequences of a change of control) still employed by the BillerudKorsnäs Group and has retained the Saving Shares at the release of the interim report for the period January – March 2016.

#### *Performance Share Right*

For each Saving Share that the participant invests in and allocates to LTIP 2013, the participant is, free of charge, allotted 3 Performance Share Rights. However, the CEO will be allotted 5 Performance Share Rights for each Saving Share allocated to LTIP 2013 and the Executive Vice President and will be allotted 4 Performance Share Rights for each Saving Share allocated to LTIP 2013. The Performance Share Rights are divided into three series, series A-C. For all participants, except the CEO, the Executive Vice President and the CFO, each Saving Share entitles to 1 Performance Share Right of each series. For the CEO each Saving Share entitles to 2 Performance Share Rights of series A, 1 Performance Share Right of series B and 2 Performance Share Rights of series C. For the Executive Vice President and CFO each Saving Share entitles to 1.5 Performance Share Rights of series A, 1 Performance Share Right of series B and 1.5 Performance Share Rights of series C.

The allotment of BillerudKorsnäs shares due to Performance Share Rights of Series A-C requires that the conditions for the Matching Share Rights are fulfilled. In addition, allotment of BillerudKorsnäs shares due to Performance Share Rights requires fulfillment of certain performance conditions. The performance conditions vary for the respective series and are based on financial goals during the financial years 2013-2015. The Board of Directors intends to present whether the conditions have been fulfilled in the annual report of 2015.

*Series A*      The performance conditions for the Performance Share Rights of series A relate to BillerudKorsnäs' average operating margin for the period 2013-2015 ("EBIT Margin") . (for the purposes of determining the level of fulfillment of the performance targets, EBIT Margin for BillerudKorsnäs will be adjusted so to be unaffected if the average currency exchange rates during 2013-2015 deviates more than five per cent compared to year-end 2012.) The maximum level of allotment under the performance conditions is an EBIT Margin of 11.5 per cent and the minimum level of allotment is an EBIT Margin of 8.5 per cent. If the EBIT Margin amounts to the maximum level of 11.5 per

cent or more, maximum allotment of 1 BillerudKorsnäs share per Performance Share Rights of series A shall be made. If the EBIT Margin should be lower than 11,5 per cent, but exceeding the minimum level of 8.5 per cent, a linear reduction of the allotment of BillerudKorsnäs shares shall be made. If the EBIT Margin amounts to 8.5 per cent or less, the Performance Share Rights of series A shall not entitle to allotment of BillerudKorsnäs shares.

*Series B* The performance conditions for the Performance Share Rights of series B relate to BillerudKorsnäs' EBIT margin in comparison with the average operating margin for the period 2013-2015 for a peer group of certain selected companies ("Comparing EBIT-margin"). The peer group consists of companies and their business areas with businesses including production and sale of pulp, paper and board as well as packaging materials and packaging solutions made thereof, that the Board of Directors has considered to be comparable to BillerudKorsnäs. The Board of Directors shall be authorized, in particular situations, to adjust the peer group's composition. The peer group is composed by of Mondi Europe and International (Packaging Paper), Smurfit Kappa Group, Stora Enso Renewable Packaging, Mead Westvaco (Food & Beverage and Home, Health & Beauty) Klabin and Metsä Board (Paperboard). If BillerudKorsnäs' EBIT-margin exceeds Comparing EBIT-margin, maximum allotment of 1 BillerudKorsnäs share per Performance Share Rights of series B shall be made. If BillerudKorsnäs' EBIT-margin is the same or lower than Comparing EBIT-margin, the Performance Share Rights of series B shall not entitle to allotment of BillerudKorsnäs shares.

*Series C* The performance conditions for the Performance Share Rights of series C relate to BillerudKorsnäs' total shareholder return for the period 2013-2015 ("TSR") in comparison with the total shareholder return for the period 2013-2015 for a peer group of certain listed Nordic companies with businesses including production and sale of pulp, paper and board as well as packaging materials and packaging solutions made thereof ("Comparing TSR"), where the lowest and highest quotation of total shareholder return in the peer group shall be excluded when calculating the Comparing TSR. The Board of Directors shall be authorized, in particular situations, to adjust the peer group's composition. The peer group is composed by the listed Nordic companies in the paper-packaging business Ahlstrom, Holmen, M-real, Rottneros, SCA, Stora Enso and UPM. The maximum level of allotment under this performance condition is that TSR exceeds Comparing TSR by 10 percentage points or more and the minimum level is that TSR exceeds Comparing TSR. If BillerudKorsnäs' TSR exceeds Comparing TSR by 10 percentage points or more, maximum allotment of 1 BillerudKorsnäs share per Performance Share Rights of series C shall be made. If BillerudKorsnäs' TSR exceeds Comparing TSR, however with less than 10 percentage points, a linear reduction of the allotment of BillerudKorsnäs shares shall be made. If BillerudKorsnäs' TSR amounts to, or is less than Comparing TSR, the Performance Share Rights of series C shall not entitle to allotment of BillerudKorsnäs shares.

#### *Terms and conditions for the Share Rights*

In addition to what has been stated above, the following terms and conditions apply for both the Matching Share Rights and the Performance Share Rights:

- The Share Rights are intended to be allotted, free of charge after the Annual General Meeting 2013.
- The participants are not entitled to transfer, pledge or dispose the Share Rights or perform any shareholder's rights regarding the Share Rights.

- Allotment, free of charge, of BillerudKorsnäs shares, on the basis of the Share Rights, will take place after the publication of BillerudKorsnäs' first quarter report for the year 2016.
- BillerudKorsnäs will make no adjustments or compensations to the participants of LTIP 2013 due to dividend regarding the shares that the respective Share Right qualifies for.
- The maximum profit per participant is limited to an amount of SEK 230 per Share Right, equal to a maximum of 18 - 27 monthly salaries. The calculation shall be done based on the salary on which the calculation of the number of Saving Shares that the participant has a right to purchase has been done (see *Personal investment and allotment of share rights* above). In the event that the profit, when calculating the allotment according to LTIP 2013, should exceed this maximum limit of SEK 230 per Share Right, adjustment shall be made by consequently decreasing the number of BillerudKorsnäs shares that the participant is entitled to receive.

#### *Detailed terms and administration*

The Board of Directors, or the remuneration committee, shall be responsible for determining the detailed terms and administration of LTIP 2013 to be applicable between BillerudKorsnäs and the participant, however within the scope of herein given frames and directions. The Board of Directors shall be authorised to make the necessary adjustments to fulfil certain rules or market prerequisites in other jurisdictions. If delivery of shares cannot be accomplished at reasonable costs and with reasonable administrative efforts to persons outside Sweden, the Board of Directors shall be entitled to decide that the participating person may instead be offered a cash based settlement. The Board may also make other adjustments, including e.g. a right to resolve on a reduced allotment of shares, if material changes would occur within the BillerudKorsnäs Group or on the market that, according to the Board's assessment, would lead to that the resolved terms and conditions for allotment of shares under LTIP 2013 no longer fulfils the main objectives.

#### *Scope*

In total, LTIP 2013 comprises a maximum of 72,000 Saving Shares, which can involve allotment of in total a maximum of 325,600 BillerudKorsnäs shares (a maximum of 72,000 due to the Matching Share Rights and a maximum of 253,600 due to the Performance Share Rights). An additional 76,000 BillerudKorsnäs shares are assigned for shares that can be transferred by BillerudKorsnäs in order to hedge certain costs, mainly social security costs. The maximum number of BillerudKorsnäs shares which are included in the LTIP 2013 are thus 401,600, which correspond to approximately 0.2 per cent of the number of outstanding shares and votes in BillerudKorsnäs.

The number of shares included in the LTIP 2013 which can be transferred to the participants shall be subject to recalculation due to bonus issues, consolidation or share split, new issue of shares or similar measures carried out by BillerudKorsnäs according to accepted practice for similar incentive programs.

In total, LTIP 2013 comprises a maximum of 401,600 BillerudKorsnäs shares. On 31 December 2012, the previously adopted long-term incentive programs, LTIP 2010, LTIP 2011 and LTIP 2012, comprised a maximum of 625,375 BillerudKorsnäs shares and 230,000 BillerudKorsnäs shares which are assigned for shares to be transferred by BillerudKorsnäs in order to hedge certain costs, mainly social security costs. The proposed LTIP 2013 together with LTIP 2010, LTIP 2011 and LTIP 2012 would entail a dilution of shares of approximately 0.6 per cent of the number of outstanding shares and votes in BillerudKorsnäs.

#### *Hedging*

In order to secure delivery of BillerudKorsnäs shares under LTIP 2013, the Board of Directors proposes that the Board of Directors shall have the right to decide on alternative methods for transfer of BillerudKorsnäs shares under LTIP 2013. The Board of Directors therefore proposes to have the

right to decide to transfer own BillerudKorsnäs shares (in accordance with item 18 b) below) or to enter into so-called equity swap agreements with a third party in order to meet the requirements under LTIP 2013. The Board of Directors regards the first alternative to be the most cost efficient and flexible arrangement for the conveyance of BillerudKorsnäs shares and for covering certain cost, mainly social security cost.

#### *Estimated costs and values of the LTIP 2013*

The Board of Directors has estimated the average value of each Share Right to SEK 43.80. The estimation is based on generally accepted valuation models using the closing price for the BillerudKorsnäs share on 18 March 2013, statistics on the share price development as well as projected dividends. The aggregate estimated value of the 72,000 Matching Share Rights and 253,600 Performance Share Rights, based on a 50 per cent fulfillment of the performance conditions and estimations on turnover of personnel, is approximately MSEK 7.8. The value is equivalent to approximately 0.06 per cent of the market capitalisation for BillerudKorsnäs as of 18 March 2013. The costs are treated as a staff cost in the profit and loss accounts and it is expensed over the first 36 months in accordance with IFRS 2 on share-based payments. In the profit and loss accounts, social security costs will accrue in accordance with UFR 7 during the vesting period. The size of these costs will be calculated on the BillerudKorsnäs share price development during the vesting period and allotment of the shares. Based on a theoretical assumption of a yearly increase of 10 per cent of the share price and a vesting period of three years, the cost for LTIP 2013 including social security costs is approximately MSEK 12.0, which on a yearly basis equals to approximately 0.2 per cent of BillerudKorsnäs' total staff costs for the financial year 2012. The maximum cost for LTIP 2013, based on the above assumptions, is estimated to be approximately MSEK 37.8, including MSEK 23.5 in social security costs.

#### *Effects on key ratios*

In the event of full participation in LTIP 2013, BillerudKorsnäs' staff costs are expected to increase with approximately MSEK 4.0 annually. On a proforma basis for 2012, these costs equal a negative effect on BillerudKorsnäs' operating margin of approximately 0.04 percentage points and a decrease of earnings per share of approximately SEK 0.02.

Nevertheless, the Board of Directors considers that the positive effects on the result, which are expected to arise from the increase of the shareholding by managers and key employees and which, in addition, may further be expanded by the shareholding in LTIP 2013, exceed the costs related to LTIP 2013.

#### *The preparation of the proposal*

LTIP 2013, which is based on the previous long-term incentive program, has been initiated and prepared by the BillerudKorsnäs' Remuneration Committee together with external advisors. At the Board meeting on 12 March 2013 the Board of Directors resolved to introduce a long-term incentive program under existing principles and instructed the Remuneration Committee to further draw up the terms for the long-term incentive program.

#### *Other incentive programs in BillerudKorsnäs*

Please refer to BillerudKorsnäs' annual report or the company website [www.billerudkorsnas.com](http://www.billerudkorsnas.com) for a description of all other share based incentive programs in BillerudKorsnäs. BillerudKorsnäs has no other share-based incentive programs than those described there.

### **b) Transfer of shares to the participants in the long-term incentive program 2013**

#### *Background*

In order to implement the LTIP 2013 in a cost efficient and flexible manner, the Board of Directors has considered different hedging methods for the transfer of shares under the program. Based on these considerations, the Board of Directors intends to secure delivery of BillerudKorsnäs shares under LTIP 2013, by way of entering into an equity swap agreement with a third party (in accordance

with the resolution under *Hedging* above), or, provided that the Annual General Meeting resolves in accordance with this item on the agenda, by way of transfer of BillerudKorsnäs' own shares held in treasury.

*The Board of Directors proposal*

The Board of Directors proposes that the Annual General Meeting resolves on transfer of shares in accordance with the terms and conditions set out below:

- Transfer may be made of a maximum of 325,600 BillerudKorsnäs shares held in treasury to the participants in LTIP 2013 (or the higher number of shares that may result from the conversion under the terms of the program due to bonus issues, consolidation or share split, new issue of shares or similar actions carried out by BillerudKorsnäs, according to accepted practice for similar incentive programs).
- Transfer of shares shall be made free of charge in accordance with the conditions that the participants in LTIP 2013.
- Further, the BillerudKorsnäs shall have the right, prior to the Annual General Meeting 2014 in order to hedge certain costs, (mainly social security costs) relating to BillerudKorsnäs' long term incentive programs, to
  - divest a maximum of 109.000 shares of BillerudKorsnäs' total own holdings of BillerudKorsnäs shares for the purpose of covering certain costs for LTIP 2010;
  - divest a maximum of 64.000 shares of BillerudKorsnäs' total own holding of BillerudKorsnäs shares, for the purpose of covering certain costs for LTIP 2011;
  - divest a maximum of 57.000 shares of BillerudKorsnäs' total own holdings of BillerudKorsnäs shares for the purpose of covering certain costs for LTIP 2012, and
  - divest a maximum of 76,000 shares of BillerudKorsnäs' total own holdings of BillerudKorsnäs shares for the purpose of covering certain costs for LTIP 2013.
- Divestment of the shares under this item, shall be effected at NASDAQ OMX Stockholm at a price within the price interval registered at each time for the share.

The reasons for the deviation from shareholders' preferential rights are that the transfer of the shares is a step to achieve LTIP 2010, LTIP 2011, LTIP 2012 and LTIP 2013. Therefore, and in light of the above, the Board considers it to be an advantage for BillerudKorsnäs to transfer and divest shares in accordance with the above proposal in order to meet the requirements of the approved incentive program.



The Board's proposal for amendment of the Articles of Association regarding the object of the company's business

The Board proposes that the Meeting resolves to amend Section 2 in BillerudKorsnäs' Articles of Association regarding the object of the company's business, in accordance with the following:

*Present wording*

**§ 2 Object**

The object of the company's business is to directly and indirectly carry out forest industry operations, *in particular the manufacture and sale of pulp and paper, and to carry out other associated operations.*

*Proposed new wording*

**§ 2 Object of operations**

The object of the company's operations is to, directly and indirectly, carry on forest industry operations, *which includes producing and selling pulp, paper and board as well as packaging materials and packaging solutions made thereof, carry on production of electric power and energy generation as well as to carry on other activities associated therewith.*