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Minutes of the Annual General Meeting of shareholders of BillerudKorsnäs Aktiebolag, reg. no. 556025-5001, held between 2 p.m. – 3.45 p.m. on Tuesday 6 May 2014 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 the agenda)

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

§ 2

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

The Meeting decided to appoint the lawyer Wilhelm Luning 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 the agenda)

The Meeting decided to approve the list (Appendix 1) of shareholders, representatives and deputies who had notified their intention to attend and attended 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 the agenda)

The Meeting decided that the minutes should be checked and verified by the Chairman, by Patrik Marcellius, representing Frapag Beteiligungsholding AG and by Carl Rosén, representing Sveriges Aktiesparares Riksförbund.

## § 5

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

It was noted that the convening notice to the Annual General Meeting had been published in accordance with the applicable rules in the Articles of Association.

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

## § 6

Approval of the Agenda (item no. 6 on the 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 2013 financial year (item no. 7 on the agenda)

The Annual Report and Auditors' Report for the 2013 financial year and the Consolidated Accounts and Consolidated Auditors' Report for the 2013 financial year were presented to the Meeting.

Authorised public accountant Martin Brenner from Ernst & Young AB presented the Auditors' Report and Consolidated Auditors' Report for the 2013 financial year.

## § 8

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

CEO Per Lindberg reported on the group's development in 2013 and the conditions for the business in 2014.

This was followed by answers given by the Chairman Hannu Ryöppönen and CEO Per Lindberg to questions from shareholders regarding inter alia the situation of increased capacity on the market for Packaging Paper, the company's financial capacity for future acquisitions, wood supply, wood prices, bioenergy, shareholder structure and information regarding share trading on other markets than NASDAQ OMX Stockholm.

## § 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 2013 (item no. 10 a on the 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 2013 financial year.

## § 11

Resolution on the appropriation of the company's profit according to the adopted balance sheet for 2013 (item no. 10 b on the 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 2,25 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 9 May 2014 should be record day for the dividend.

The Meeting decided to adopt the Board's proposal regarding appropriation of profit and to adopt 9 May 2014 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 2013 (item no. 10 c on the 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 2013.

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 the agenda)

Björn Franzon, Swedbank Robur funds, and also member 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 the 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 seven, 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 the 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 450,000 per Member, that the annual fee to the Chairman shall be SEK 1,100,000 and that the annual fee to the vice Chairman shall be SEK 750,000,
- that the annual remuneration for work on Board Committees be paid to members appointed by the Board and shall be SEK 150,000 to the chairman of the Audit Committee, SEK 75,000 to each of the other members of the Audit Committee, SEK 50,000 to the chairman of the Remuneration Committee and SEK 25,000 to each of the other members of the Remuneration Committee, and also SEK 50,000 to each of the members of the Integration and Transformation Committee; and
- 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 the 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 Jan Homan, Lennart Holm, Gunilla Jönson och Michael M.F. Kaufmann as Board members and to elect Bengt Hammar, Mikael Hellberg och Kristina Schauman as new Board members for the period until the close of the next Annual General Meeting and to elect Lennart Holm as new Chairman of the Board and Michael M.F. Kaufmann as new vice Chairman of the Board.

## § 17

Election of auditor (item no 15 on the 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 2015 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 2015 Annual General Meeting (item no. 16 on the agenda)

The Nomination Committee's proposal was presented, Appendix 3.

The Meeting decided to adopt the Nomination Committee's proposal for procedures for appointment of the Nomination Committee for the 2015 Annual General Meeting.

## §19

The Board's proposal for guidelines for remuneration to senior executives (item no. 17 on the 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 (a) introduction of LTIP 2014, (b) transfer of own treasury shares to the participants in LTIP 2014, (c) equity swap agreement with third party and (d) transfer of own treasury shares to cover costs as a result of resolved incentive programs (item no. 18 on the agenda)

The Chairman presented the main features of the Board's proposal in accordance with Appendix 5 and noted that decisions regarding agenda items no. 18(a) and (c) required a simple majority by the Meeting, 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 and that a decision in accordance with 18(d) 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 nine-tenths of both the votes cast and shares held by shareholders attending the Meeting, in accordance with the Board's proposal.

It was noted that the proposal had been approved by all shareholders attending the Meeting, except for those shareholders that had given special instructions for voting.

## § 21

Closing of the Meeting (item no. 19 on the agenda)

Michael M.F. Kaufmann expressed his thanks to the resigning members of the Board Hannu Ryöppönen (also Chairman), Wilhelm Klingspor, Mikael Larsson and Mia Brunell Livfors.

The Chairman declared the Meeting closed.

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At the minutes:

Andreas Mattsson

Minutes checked by:

Wilhelm Lüning

Patrik Marcelius

Carl Rosén

**The Nomination Committees' proposal for procedures for appointment of the Nomination Committee for the 2015 Annual General Meeting (item no. 16 on the agenda)**

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The Nomination Committee proposes that the procedures for the appointment of the Nomination Committee for the 2015 Annual General Meeting shall be as follows:

The Nomination Committee shall comprise of four (4) members. During the autumn of 2014 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 having appointed the members, shall be published no later than six months prior to the 2015 Annual General Meeting and be based upon the known shareholding as per 30 September 2014. 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 appointed by 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 that have appointed members to the Nomination Committee are no longer among the largest shareholders, then the members appointed by these shareholders shall resign their positions and the shareholder or shareholders who have become among the largest shareholders shall be offered the opportunity to appoint members to the Nomination Committee. 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 if 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 member and appoint a new one. Equally, the shareholder whose member requests to leave the Committee before its work is completed has the right to replace such a member. 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 2015 Annual General Meeting:

- (a) proposal for Chairman of the Meeting,
- (b) proposal for number of Board Members,
- (c) proposal for nomination of Board Members, Chairman and Vice Chairman of the Board,
- (d) proposals for nomination of auditors,
- (e) proposals for Board fees and distribution between Chairman of the Board, Vice Chairman 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 BillerudKorsnäs 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 regarding guidelines for remuneration to senior executives (item no. 17 on the agenda)**

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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 in line with market practice 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 a company car and pension. 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 70 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 LTIP 2014, 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 auditor's statement according to Ch 8 Sec 54 of the Companies Act (2005:551) and the Board of Directors' report of the result of the Remuneration Committee's evaluation according to the Swedish corporate governance code and information regarding deviations from the guidelines, and the reason for this, according to Ch 8 Sec 51 of the Companies Act (2005:551) will be made available not later than on Tuesday 15 April 2014 on the company's website at [www.billerudkorsnas.com](http://www.billerudkorsnas.com), at the company's office at Frösundaleden 2 B, Solna, Sweden, and will be sent by post to those shareholders who so request and state their postal address.

**The Board's proposal regarding resolutions on (a) introduction of LTIP 2014; (b) transfer of own treasury shares to the participants in LTIP 2014; (c) equity swap agreement with third party; and (d) transfer of own treasury shares to cover costs as a result of resolved incentive programs. (item no. 18 on the agenda)**

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The Board of Directors proposes that the Meeting resolves to introduce a long-term share based incentive program ("LTIP 2014") and transfer of own shares in relation to LTIP 2014 in accordance with items 18 a) and b).

**a) Introduction of LTIP 2014**

*LTIP 2014 in brief*

The Board of Director's main objective with the proposal of LTIP 2014 is to strengthen BillerudKorsnäs' capability to attract, motivate and retain the best talent for key leadership positions. The aim is further that executive officers and other key employees and talents within the BillerudKorsnäs group shall be stimulated to increased efforts by aligning their interests and perspectives with those of the shareholders.

LTIP 2014 comprises up to 75 executive officers, other key employees and talents within the BillerudKorsnäs group. To participate in LTIP 2014, the participants must own BillerudKorsnäs shares. Such shares could be previously held, provided that they are not already allocated to the long term incentive programs adopted 2012 or 2013, or purchased on the market. Notification of participation in LTIP 2014 occurs after the AGM 2014. Thereafter, the participants will be allotted BillerudKorsnäs shares, free of charge, after the vesting period of three years, commencing after the 2014 Annual General Meeting and ending in conjunction with the publication of BillerudKorsnäs' first quarter report for the year 2017, provided that certain conditions are fulfilled.

LTIP 2014 has the same structure as earlier long-term incentive programs (2010-2013), but the number of participants has been increased from 25 members in the long-term incentive program for 2013 to 75 participants in LTIP 2014.

*Participants in LTIP 2014*

LTIP 2014 comprises up to 75 persons consisting of the CEO, the Executive Vice President and the other members of the Senior Management Team, other key employees and talents within the BillerudKorsnäs group.

*Personal investment and allotment of share rights*

To participate in LTIP 2014, 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 the long term incentive programs 2012 or 2013, may also be allocated as Saving Shares.

Participants in Category 1 (the CEO of BillerudKorsnäs), Category 2 (the Executive Vice President and the CFO of BillerudKorsnäs) and Category 3 (22 executive officers and other key employees in BillerudKorsnäs) 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 2013 divided by the closing price of the BillerudKorsnäs share per the last trading day of 2013, i.e. 31 December 2013 (SEK 81.25) (the "Closing Price"). Participants in Category 4 (50 key employees and talents in BillerudKorsnäs) are offered to allocate no more than 500 Saving Shares to LTIP 2014.

Saving Shares shall be purchased or allocated to the program in connection with the notification to participate in LTIP 2014. If the participant has insider information which prevents him/her from purchasing BillerudKorsnäs shares in connection with the notification to participate in LTIP 2014 the shares shall be purchased as soon as possible, but prior to the next Annual General Meeting.

New 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 2014, be offered to participate in the program, if the Board of Directors or the Remuneration Committee deems it to be in line with the purpose of LTIP 2014.

For each Saving Share that the participant invests in and allocates to LTIP 2014, 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 (Category 1) will be allotted 1 Matching Share and 5 Performance Share Rights for each Saving Share allocated to LTIP 2014 and the Executive Vice President and the CFO (Category 2) will be allotted 1 Matching Share and 4 Performance Share Rights for each Saving Share allocated to LTIP 2014. 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 2017.

#### *Matching Share Right*

For each Saving Share that the participant invests in and allocates to LTIP 2014, the participant is, free of charge, allotted 1 Matching Share Right, which entitles the participant to, free of charge, receive 1 BillerudKorsnäs share. Allotment requires, with certain exceptions, that the participant is still employed by the BillerudKorsnäs Group and has retained the Saving Shares at the release of the interim report for the period January – March 2017.

For half (50%) of the Matching Share Rights allotted to the participant, another condition for allotment of BillerudKorsnäs shares is that the total shareholder return (TSR) on the BillerudKorsnäs share during the financial years 2014-2016 exceeds zero (0) per cent.

#### *Performance Share Right*

For each Saving Share that the participant invests in and allocates to LTIP 2014, the participant is, free of charge, allotted 3 Performance Share Rights. However, the CEO (Category 1) will be allotted 5 Performance Share Rights for each Saving Share allocated to LTIP 2014 and the Executive Vice President and the CFO (Category 2) will be allotted 4 Performance Share Rights for each Saving Share allocated to LTIP 2014. The Performance Share Rights are divided into three series, series A-C. For all participants, except the CEO (Category 1), the Executive Vice President and the CFO (Category 2), each Saving Share entitles to 1 Performance Share Right of each series. For the CEO (Category 1) 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 the CFO (Category 2) 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 regarding continued employment and retained holding of Saving Shares 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 2014-2016. The Board of Directors intends to present whether the conditions have been fulfilled in the annual report of 2016.

*Series A* The performance condition for the Performance Share Rights of series A relate to BillerudKorsnäs' average operating margin for the period 2014-2016 ("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 2014-2016 deviates more than five per cent compared to year-end 2013). 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 exceeding 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 condition for the Performance Share Rights of series B relate to BillerudKorsnäs' EBITDA margin in comparison with the average EBITDA margin for the period 2014-2016 for a peer group of certain selected companies ("Comparing EBITDA-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 or the Remuneration Committee shall be authorized, in particular situations, to adjust the peer group's composition. The peer group is composed by Mondi's segment Europe and International Packaging Paper, Smurfit Kappa Group, Stora Enso's segment Renewable Packaging, Mead Westvaco's segment Food & Beverage and Home, Health & Beauty, Klabin, Metsä Board's segment Paperboard and Nine Dragon Paper. If BillerudKorsnäs' EBITDA-margin exceeds Comparing EBITDA-margin, maximum allotment of 1 BillerudKorsnäs share per Performance Share Rights of series B shall be made. If BillerudKorsnäs' EBITDA-margin is the same or lower than Comparing EBITDA-margin, the Performance Share Rights of series B shall not entitle to allotment of BillerudKorsnäs shares.

*Series C*

The performance condition for the Performance Share Rights of series C relate to BillerudKorsnäs' total shareholder return for the period 2014-2016 ("TSR") in comparison with the total shareholder return for the period 2014-2016 for a comparative index ("Comparing TSR Index") based

- (i) to 70 per cent on an index over total shareholder return for a peer group of certain selected listed Nordic companies with businesses including production and sale of pulp, paper and board as well as packaging materials and packaging solutions made thereof (consisting in equal parts of Ahlstrom, Holmen, M-real, Munksjö, SCA, Stora Enso and UPM). The lowest and highest quotation of total shareholder return in the peer group shall be excluded in the calculation. The Board of Directors or the Remuneration Committee shall be authorized, in particular situations, to adjust the peer group's composition.
- (ii) to 30 per cent on SIX Return Index based on total shareholder return on companies listed on NASDAQ OMX Stockholm.

The maximum level of allotment under this performance condition is that TSR exceeds Comparing TSR Index by 10 percentage points or more and the minimum level is that TSR exceeds Comparing TSR Index. If BillerudKorsnäs' TSR exceeds Comparing TSR Index 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 Index, 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 Index, 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 allotted, free of charge after the Annual General Meeting 2014.
- 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 2017.
- BillerudKorsnäs will make no adjustments or compensations to the participants of LTIP 2014 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 300 per Share Right, equal to a maximum of approximately 27 monthly salaries for Category 1, approximately 22 monthly salaries in average for Category 2, approximately 18 monthly salaries in average for Category 3 and approximately 13 monthly salaries in average for Category 4. The calculation for participants in Category 1 – Category 3 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 2014, should exceed this maximum limit of SEK 300 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 2014 to be applicable between BillerudKorsnäs and the participant, however within the scope of herein given frames and directions. The Board of Directors or the Remuneration Committee shall be authorised to make 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 or the Remuneration Committee 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 2014 no longer fulfils the main objectives.

### *Scope*

In total, LTIP 2014 comprises a maximum of 84,069 Saving Shares, which can lead to allotment of in total a maximum of 364,705 BillerudKorsnäs shares (a maximum of 84,069 due to the Matching Share Rights and a maximum of 280,636 due to the Performance Share Rights). An additional 90,000 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 2014 are thus 454,705, 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 2014 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 2014 comprises a maximum of 454,705 BillerudKorsnäs shares. On 31 December 2013, the previously adopted long-term incentive programs, LTIP 2011, LTIP 2012 and LTIP 2013, comprised a maximum of 765,201 BillerudKorsnäs shares, including shares which are assigned for shares to be transferred by BillerudKorsnäs in order to hedge certain costs, mainly social security costs. LTIP 2014 together with LTIP 2011, LTIP 2012 and LTIP 2013 would entail a dilution of shares of approximately 0.4 per cent of the number of outstanding shares and votes in BillerudKorsnäs.

#### *Hedging*

In order to secure delivery of BillerudKorsnäs shares under LTIP 2014, 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 2014. The Board of Directors therefore proposes that the Annual General Meeting decides to transfer own treasury BillerudKorsnäs shares to the participants or to enter into so-called equity swap agreements with a third party in order to meet the requirements under LTIP 2014. The Board of Directors considers the first alternative to be the most cost efficient and flexible arrangement for the transfer of BillerudKorsnäs shares to the participants.

Also, the Board of Directors proposes that the Company shall have the right to transfer own treasury shares at NASDAQ OMX Stockholm in order to cover certain costs, mainly social security costs as a result of resolved incentive programs 2011-2014.

#### *Estimated costs and values of the LTIP 2014*

The Board of Directors has estimated the average value of each Share Right to SEK 59.60. The estimation is based on generally accepted valuation models using the closing price for the BillerudKorsnäs share on 17 March 2014, statistics on the share price development as well as projected dividends. The aggregate estimated value of the 84,069 Matching Share Rights and 280,636 Performance Share Rights, based on a 50 per cent fulfillment of the performance conditions and estimations on turnover of personnel, is approximately MSEK 13.0. The value is equivalent to approximately 0.1 per cent of the market capitalisation for BillerudKorsnäs as of 17 March 2014. 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 2014 including social security costs is approximately MSEK 19.5, which on a yearly basis equals to approximately 0.2 per cent of BillerudKorsnäs' total staff costs for the financial year 2013. The maximum cost for LTIP 2014, based on the above assumptions, is estimated to be approximately MSEK 56.1, including MSEK 34.4 in social security costs.

#### *Effects on key ratios*

In the event of full participation in LTIP 2014, BillerudKorsnäs' staff costs are expected to increase with approximately MSEK 6.5 annually. On a proforma basis for 2013, these costs equals a marginal negative effect on BillerudKorsnäs' operating margin earnings per share.

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 executive officers and key employees and which, in addition, may further be expanded by the shareholding in LTIP 2014, exceed the costs related to LTIP 2014.

#### *The preparation of the proposal*

LTIP 2014, which is based on the previous long-term incentive programs, has been initiated and prepared by the BillerudKorsnäs' Remuneration Committee and Board of Directors together with external advisors.

*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 own treasury shares to the participants in LTIP 2014**

The Board of Directors proposes that the Annual General Meeting resolves on transfer of a maximum of 364,705 BillerudKorsnäs shares held in treasury to the participants in LTIP 2014 (or the higher number of shares that may result from recalculation under the terms of the LTIP 2014).

Transfer of shares to the participants shall be made free of charge in accordance with the terms of LTIP 2014.

**c) Equity swap agreement with third party**

The Board of Directors proposes that the Annual General Meeting resolves that the expected financial exposure of LTIP 2014 may as an alternative be hedged by BillerudKorsnäs entering into an equity swap agreement with a third party on terms and conditions in accordance with market practice, whereby the third party in its own name may acquire and transfer BillerudKorsnäs shares to the participants in LTIP 2014.

**d) Transfer of own treasury shares to cover costs as a result of resolved incentive programs**

The Board of Directors proposes that the Annual General Meeting resolves that the Company, prior to the Annual General Meeting 2015, shall have the right to transfer own shares in order to hedge certain costs, (mainly social security costs) relating to resolved long term incentive programs in BillerudKorsnäs on the following terms: a maximum of 64,000 shares in relation to the long term incentive program adopted 2011; a maximum of 57,000 shares in relation to the long term incentive program adopted LTIP 2012; a maximum of 76,000 shares in relation to the long term incentive program adopted 2013; and a maximum of 90,000 shares in relation to LTIP 2014.

Transfer 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.

**Specific majority requirements and conditions for the Board's proposals under item 18**

To be valid, the Meeting's decision concerning items 18 a) and c) must gain the support of shareholders representing at least half of the votes cast by shareholders attending the Meeting and to be valid, the Meeting's decision concerning item 18 b) must gain the support of shareholders representing at least nine-tenths of both the votes cast and the shares represented at the Meeting. To be valid, the Meeting's decision concerning item 18 d) must gain the support of shareholders representing at least two-thirds of both the votes cast and the shares represented at the Meeting

The Board of Directors' proposal pursuant to item 18 a) is conditional on that the Meeting resolves in accordance with the Board of Directors' proposal under item 18 b) or 18 c).

The Meeting's decision that the Company shall have the right to transfer of own shares to cover costs as a result of LTIP 2014 under item 18 d) is conditional on that the Meeting resolves in accordance with the Board of Directors' proposal under item 18 a).