

## Annual General Meeting 2006 Billerud AB (publ)

Shareholders of Billerud AB (publ) are hereby invited to attend the Annual General Meeting at 4 p.m. on Wednesday 3 May 2006 at Aula Magna, Stockholm University, Frescati, Stockholm, Sweden.

Travel directions from the centre of Stockholm: **By underground** – take the red line towards Mörby Centrum and get off at Universitetet. **By bus** – Buses numbered 40, 540 and 670 all stop at Universitetet. **By car** – there is parking at Södra huset. **Taxi rank** – at the entrance to Aula Magna on level 2. Address: Frescativägen 6.

The premises where the meeting will be held will be open from 2.30 p.m.

As a service to shareholders who cannot attend the meeting, the CEO's speech will be published in Swedish at [www.billerud.com](http://www.billerud.com) after the end of the meeting.

### Notification

Shareholders wishing to take part in the AGM must:

- Be registered in the Shareholders' Register held by VPC AB (the Swedish Central Securities Depository) by Wednesday 26 April 2006,
- Notify the company of their intention to attend the AGM not later than 4 p.m. on Wednesday 26 April 2006. Notification shall be made in writing to Billerud AB, Investor Relations, Box 703, SE-169 27 Solna, Sweden, by telephone to +46 8 553 335 40 or by telefax to +46 8 553 335 65. Notification can also be made via [www.billerud.com/bolagsstamma](http://www.billerud.com/bolagsstamma) or by e-mail to [bolagsstamma@billerud.com](mailto:bolagsstamma@billerud.com). Upon notification shareholders should state their social security number, name, address, telephone number and number of assistants (maximum of two).

Representatives and representatives of legal entities are requested to submit in good time before the meeting the original copy of their authorisation, registration certificate and other relevant authorisation documents. An authorisation form can be downloaded from the company's website.

To be able to participate at the meeting, shareholders whose shares are registered in the name of a nominee must request that their own names be temporarily registered in the share register kept by VPC AB. This procedure, so-called voting right registration, must be effected not later than on Wednesday 26 April 2006, which means that the shareholder must inform the nominee in good time before this date.

An entry card entitling participation in the meeting will be sent out before the Meeting. However, changes in the Swedish Companies Act mean that the entry cards will be sent out later than in previous years and they are expected to reach shareholders by Tuesday 2 May at the latest. If the entry card has not arrived on time, shareholders providing proof of their identity can obtain a new card at the information desk.

## Proposed Agenda

1. Opening of the Meeting.
2. Election of Chairman for the Meeting.
3. Drawing up and approval of voting list.
4. Election of one or two persons to verify the minutes.
5. Determination whether the Meeting has been duly convened.
6. Approval of the Agenda.
7. Presentation of the Annual Report and Auditors' Report for the 2005 financial year and the Consolidated Accounts and Consolidated Auditors' Report for the 2005 financial year.
8. Presentation by the CEO of Billerud.
9. Resolution on:
  - a) the adoption of the Income Statement and Balance Sheet as well as the Consolidated Income Statement and Consolidated Balance Sheet for 2005
  - b) the appropriation of the Company's profit according to the adopted Balance Sheet for 2005 and the adoption of the record date for the dividend
  - c) discharge from personal liability for Board Members and the CEO for their administration for the year 2005.
10. Report from the Nominations Committee and proposals for:
  - number of Board Members
  - nominations for Board Members, Chairman and Deputy Chairman of the Board
  - fees for Board members
  - remuneration for committee work
  - payment to auditors
  - procedures for appointing the Nominations Committee
11. Resolution on number of Board members to be chosen by the Meeting.
12. Election of Board members, Chairman and Deputy Chairman of the Board
13. Resolution on fees for Board members and remuneration for committee work and resolution on fees for Auditors.
14. Resolution on procedures for appointment of the Nominations Committee for 2007 Annual General Meeting.
15. The Board's proposal for principles concerning remuneration and other employment terms for the senior executive team.
16. The Board's proposal for a decision concerning changes to the Articles of Association.
17. The Board's proposal for a decision regarding authorisation for the Board to transfer the company's own shares.
18. The Board's proposal for a decision regarding authorisation for the Board to raise finance.
18. Closing of the Meeting.

## **Motions**

### **Point 2**

The Nominations Committee proposes that Chairman of the Board, Ingvar Petersson, be elected Chairman of the Meeting.

### **Point 9 b**

The Board of Directors proposes a dividend of SEK 3.25 per share and Monday 8 May 2006 as record day for the dividend. If the Meeting approves the Board's proposal, payment via VPC is expected to be sent on Thursday 11 May 2005.

### **Point 11**

The Nominations Committee proposes that the Board consist of seven members, including the Chairman and Deputy Chairman.

### **Point 12**

The Nominations Committee proposes that Ingvar Petersson, Gunilla Jönson, Michael M.F. Kaufmann, Per Lundberg, Yngve Stade and Meg Tivéus be re-elected and that Ewald Nageler be newly elected to the Board. Ewald Nageler is CFO of Frapag Industrieholding AG, Vienna. Current Board members Björn Björnsson and Mats Pousette have declined re-election.

The Nominations Committee will also propose that the AGM elect Ingvar Petersson as Chairman of the Board and Michael M.F. Kaufmann as Vice-Chairman.

### **Point 13**

The Nominations Committee proposes the following:

- that the annual fee to Board members not employed by the Billerud Group amount to SEK 200,000 per member (unchanged), SEK 400,000 to the Chairman (unchanged) and SEK 300,000 to the Deputy Chairman,
- that remuneration for work on Board committees amount to SEK 200,000 (unchanged) , to be divided at the Board's discretion among those members appointed by the Board to Board committees.
- that remuneration to the auditors during the mandate period be paid by current account.

### **Point 14**

The Nominations Committee proposes that procedures for the appointment of the Nominations Committee for the 2007 AGM be as follows:

The Nominations Committee shall comprise three members. The Chairman of the Board shall be the secretary of the Nominations Committee. During the autumn of 2006 the Chairman shall contact the major shareholders (judged by size of shareholding) regarding the formation of a Nominations Committee. The names of the members of the Nominations Committee, and the names of the shareholders they represent, shall be published six months at the latest before the 2007 Annual General Meeting and be based upon the known shareholding immediately before the announcement. Unless Committee members decide otherwise, the chairman of the Nominations 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 mandate period one or more shareholders represented on the Nominations 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 good reason, no changes shall be made to the composition of the Nominations Committee if only marginal changes in shareholding have been made, or the changes take place later than two months before the AGM that will decide on proposals made by the Committee.

Shareholders who appoint members to the Nominations 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 Nominations Committee shall be published as soon as they take place.

The Nominations Committee shall produce proposals for the following items to be decided by the 2007 Annual General Meeting:

- (a) proposal for chairman of the Meeting,
- (b) proposals for Board members,
- (c) proposal for Chairman and Deputy Chairman of the Board,
- (d) proposals for Board fees and distribution between Chairman and Deputy Chairman of the Board and other members, and possible remuneration for committee work,
- (e) proposal for fees to auditors,
- (f) proposal for procedures for appointing the Nominations Committee.

The Nominations Committee shall make available to Billerud the information described in points 1.4.1, 2.1.3, 2.3.2, 2.3.3, 5.1.4 and 5.3.1 of the Swedish code of corporate governance, so that Billerud can meet the requirements of the code.

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

#### **Point 15**

The Board proposes that the Meeting approve the following principles for the remuneration and other employment terms of senior executives. Senior executives are the CEO and other members of the senior management team.

Remuneration and employment terms shall be based on the market rates. A fixed salary shall constitute remuneration for work performed. In addition, variable remuneration may be offered to reward the achievement of established targets.

For 2006 the CEO shall receive a fixed salary of SEK 4 million and the opportunity for a bonus equivalent at most to 40% of the fixed salary. The bonus will be paid if certain requirements concerning results and the outcome of certain savings and costs schemes are fulfilled. The CEO has a premium-based pension benefit corresponding to 20% of the pension-based salary. Pension-based salary is fixed salary and 50% of the maximum bonus. The age of retirement is 65. In the event of dismissal by the company, the CEO has the right, in addition to six months of salary payments during the notice period, to receive severance pay corresponding to twelve monthly salary payments. Remuneration and employment terms are prepared by the Remunerations Committee and decided by the Board.

For 2006 other members of the senior executive team shall receive fixed salaries and the opportunity to receive a bonus corresponding to at most 30% of their fixed salary. The bonus may be paid on the fulfilment of certain requirements that are set individually with regard to position, competence and responsibilities. Members of the senior executive team shall receive pension benefits as follows. The retirement age for members of the senior executive team is 62, and for one member it is 65. When retiring at 62, the pension level up to age 65 is 70% of pension-based salary, which includes up to 50% of the maximum bonus. This pension is secured via insurance and is non-negotiable. Senior executives are also covered by the ITP agreement. 20% of salary above thirty times the base amount is allocated as a premium for additional pension insurance. The employment contracts of senior executives can be terminated by the company with a notice period of six months, except in one case where the notice period is twelve months. In addition to salary during the notice period, severance pay corresponding to 12 months' salary will be paid, in one case 18 months. The remuneration and other employment terms of senior executives are decided by the CEO following approval by the Remunerations Committee.

#### **Point 16**

The Board proposes that the company's articles of association, in addition to minor editorial changes, be adjusted as follows:

- §4 The regulation concerning the nominal value of a share be replaced with a regulation on the minimum and maximum number of shares, and the wording be changed as follows: *"The minimum number of shares shall be 40,000,000 and the maximum number be 160,000,000."*
- §6 The regulation on Board members shall no longer include instructions on the mandate period for Board members.
- §7 The regulation on auditors shall no longer include instructions on the appointment of auditors, and the regulation shall be changed so that a registered auditing company may be selected.
- §8 The regulations shall clearly include information about when the Annual General Meeting shall take place.
- §9 The regulations shall be changed so that a new paragraph is included stating when the notification of the Annual General Meeting shall be published. The regulations shall also be changed so that notification is performed by advertising in Post- och Inrikes Tidningar and Svenska Dagbladet (or Dagens Nyheter in the event that Svenska Dagbladet is closed down).

The articles will also be changed to indicate that shareholders wishing to participate in the Annual General Meeting shall be registered in the share register five working days before the Annual General Meeting and shall notify the company, at the latest, by the date indicated in the notification of the Meeting sent to shareholders.

- §11 The record day provision be re-stated as follows:

*"The company's shares shall be registered in a record book in accordance with the law (1998:1479) on accounting of financial instruments.*

*The shareholder or nominee who, on the record day, is included on the share register and listed on the record book in accordance with the law (1998:1479) on accounting of financial instruments, or the shareholder or nominee who is listed on the record account in accordance with chapter 4 §18 first paragraph 6-8 of the aforementioned law, shall*

*be considered to be entitled to exercise the rights pursuant from chapter 4 §39 of the companies act (2005:551).”*

#### **Point 17**

The Board proposes that the Meeting authorise the Board during the period up to the next Annual General Meeting, on one or more occasions and with deviation from preferential rights for shareholders, to reach a decision regarding the transfer of Billerud shares to a third party as payment in connection with a company acquisition, and as a transaction on the stock exchange in order to raise liquid funds for payment in connection with a company acquisition. Payment for transferred shares may be made in cash, and for a transaction other than via the stock exchange, through contribution of property or set-off, or otherwise under additional conditions. A transfer on the Stockholm Stock Exchange may only be carried out at a price per share within the range of share prices registered for the company at any given time. Any other transfer may take place at the market value, as a minimum, determined by the Board. The reason for enabling the Board to deviate from the principle of preferential rights for existing shareholders is to give the Board the preparedness it requires to carry out the acquisition of all or parts of other companies and businesses.

#### **Point 18**

The Board proposes that the Annual General Meeting authorise the Board, up to the time of the next Annual General Meeting at most, on one or more occasions, to take a decision to raise finance as covered by the regulations in chapter 11 §11 of the companies act (2005:551) and/or to guarantee such financing to a subsidiary. The terms of such financing shall be market-based. The background to this authorisation is that the company shall have the possibility to raise finance on favourable terms for the company and where, for example, interest may be dependent on the company's earnings or financial position. In accordance with regulations in the new companies act that came into effect on 1 January 2006, financing with such terms must be decided by the Annual General Meeting or by the Board once it has received authorisation from the Annual General Meeting. This proposal does not entail any changes to the terms for the company's loan financing but merely meets new formal requirements.

#### **Other**

The meeting's decision concerning points 16 and 17 must gain the support of shareholders representing at least two-thirds of both the votes and shares held by shareholders attending the meeting.

#### **Documentation**

The Nominations Committee's complete proposals for decisions for points 14 and the Board's complete proposals for decisions for points 9b, 15 and 17-18 are as above.

The company's Annual Report and the Auditors' Report for the 2005 financial year, the Board's statement concerning its proposal for the dividend, the Board's complete proposals for decisions for point 16 will be made available from the company at its office on Gustav III:s boulevard 18, Solna, Sweden, from 4 April 2006. Shareholders wishing to receive the documents by post should notify the company by stating their address. The documents will also be available via the company's website, [www.billerud.com](http://www.billerud.com).

Solna, 4 April 2006  
Billerud AB (publ)

The Board of Directors