

Documentation to be presented at the Annual General  
Meeting of shareholders of

**Betsson AB (publ)**

Thursday 12 May 2011

## Proposed Agenda

for the Annual General Meeting of shareholders in Betsson AB (publ) on Thursday, 12 May 2011 at the office of the Company at Regeringsgatan 28 in Stockholm.

### Proposed Agenda

1. Proposed agenda
2. Opening of the AGM
3. Election of a Chairman at the AGM
4. Preparation and approval of the register of shareholders entitled to vote at the AGM
5. Approval of the agenda
6. Election of one or two persons to check the minutes
7. Determination of whether the Meeting has been duly convened
8. Statement by the Chief Executive Officer
9. Presentation of the Annual Report and Auditor's Report and of the Group Annual Report and the Group Auditor's Report.
10. Resolution to adopt the Income Statements and Balance Sheets of the Parent Company and the Group
11. Resolution on allocations concerning Company earnings in accordance with the approved Balance Sheet
12. Resolution to discharge the members of the Board of Directors and the Chief Executive Officer from liability
13. Determination of the number of members and deputy members of the Board of Directors
14. Determination of the fees to be paid to the members of the Board of Directors and the auditors
15. Election of members of the Board of Directors and Chairman of the Board of Directors
16. Establishment of a Nomination Committee
17. Resolution concerning guidelines for the remuneration of senior executives
18. Resolution to amend the articles of association
19. Share split and automatic redemption procedure, to include
  - (a) resolution to implement a share split,
  - (b) resolution to reduce share capital through an automatic redemption of shares, and
  - (c) resolution to increase share capital through a bonus issue
20. Resolution to authorise the Board of Directors to decide on the repurchase and transfer of the Company's own shares
21. Authorisation for the Board of Directors to decide on the issue of shares
22. Closing of the Meeting

## **The board of directors' proposals to be presented at the Annual General Meeting of shareholders in Betsson AB (publ) on Thursday, 12 May 2011**

The following proposals are numbered according to the proposed agenda

### **Dividends (item 11)**

The Board proposes that no dividend shall be paid for the 2010 financial year. The Board has instead proposed a procedure for the redemption of shares in accordance with item 19 below.

### **Resolution concerning guidelines for the remuneration of senior executives (item 17)**

The Board of Directors proposes that the guidelines for remunerating senior executives that were adopted at the 2010 AGM continue to be applicable.

Senior executives are defined as the CEO and CFO of the parent company and the other members of the management of Betsson.

Financial compensation levels are to be market-based and competitive in order to be able to attract and retain competent senior executives. Remuneration is to be comprised of fixed salary, and where applicable, variable remuneration, pension and other benefits such as, in some cases, a company car will apply.

Variable remuneration may be provided if certain financial targets, as established by the Board, are met. The variable remuneration varies depending on to what extent the targets have been met or exceeded. If the financial targets outperform, the group's cost for the variable remuneration to the senior executives is estimated to SEK 19,600,000, including social security payments.

The regular retirement age shall be 65. The pension agreements shall be market-based and be based on fee-based pension agreements.

The notice period should normally be six to twelve months, if termination is made by the company and six months if the termination is made by the individual. When termination is made by the company, the employee is entitled to severance payment equivalent to up to twelve months' salary.

The Board of Directors may take decisions diverging from these guidelines if special circumstances prevail.

### **Resolution to amend the articles of association (item 18)**

The Board of Directors proposes that the AGM resolves upon an amendment of Section 9 of the articles of association in order to adjust the articles of association to new provisions in the Swedish Companies Act (2005:551) (Sw. *aktiebolagslagen*). The Board's proposal means that the auditor shall be appointed for a period of four years.

A valid resolution requires approval of shareholders representing at least two-thirds of both the votes cast and the shares represented at the General Meeting.

### **Share split and automatic redemption of shares (item 19)**

The Board of Directors proposes that the AGM resolves on a procedure for the automatic redemption of shares, in accordance with item 19 a – 19 c below. All decisions are proposed to be conditional upon each other and it is also proposed that the decisions are taken together as one decision.

A valid resolution requires approval of shareholders representing at least two-thirds of both the votes cast and the shares represented at the General Meeting.

#### ***Resolution to implement a share split (item 19 a)***

The Board of Directors proposes that the AGM resolves to implement a share split, whereby one share in Betsson is converted into two shares. One of these shares will be a so-called redemption share. The Board of Directors proposes that the record date for the share split shall be 20 May 2011.

#### ***Resolution to reduce share capital through an automatic redemption of shares (item 19 b)***

The Board of Directors proposes that the share capital be reduced by SEK 39,653,720 through the redemption of 5,420,000 Series A shares and 34,233,720 Series B shares for repayment to the shareholders. The shares to be redeemed are those shares which are referred to as redemption shares after shares have been split as described above. The price to be paid for each redemption share shall be SEK 7.00. No redemption price shall be paid for any redemption shares of Series A or Series B that are held by the Company. The maximum redemption amount will thus be SEK 275,759,155. The Board of Directors proposes that trading in redemption shares shall take place from 25 May 2011 through 8 June 2011 and that the record date for the redemption of the redemption shares shall be 13 June 2011. Payment is expected to be made through Euroclear Sweden AB on 16 June 2011.

#### ***Resolution to increase share capital through a bonus issue (item 19 c)***

In order to achieve a timely and efficient redemption procedure, without having to obtain permission from the Swedish Companies Registration Office or a court of law, the Board proposes to restore the Company's share capital to its original amount by increasing the Company's share capital by SEK 39,653,720 through a bonus issue via a transfer from the Company's unrestricted equity to the Company's share capital. No new shares will be issued in connection with the share capital increase.

Statements in accordance with Chapter 20 Section 8 and Chapter 20 Sections 13-14 of the Swedish Companies Act are included in **appendix 2** and **appendix 3**.

### **Authorisation for the Board of Directors to decide on the repurchase and transfer of the Company's own shares (item 20)**

The Board of Directors proposes that the AGM authorises the Board to resolve to repurchase, on one or several occasions prior to the next AGM, as many Series B shares as may be purchased without the Company's holding at any time exceeding 10 per cent of the total number of shares in the Company. The shares shall be acquired on a regulated market where shares in the Company are listed and only at a price within the price range registered at any given time, i.e. the range

between the highest bid price and the lowest offer price, or through a public offer to all shareholders, whereby the purchase shall be made at a price equivalent to the lowest quoted share price at the time and a maximum of 150 per cent of the current quoted share price. Payment for the shares shall be made in cash.

It is also proposed that the Board of Directors shall be authorised to resolve to transfer, on one or several occasions prior to the next AGM, the Company's own Series B shares, as payment upon the acquisition of companies or businesses, at a price equivalent to the quoted share price at the time of transfer. No more than all Series B shares which the Company has from time to time may be transferred.

The objectives of these authorisations are to give the Board of Directors greater scope to act when working with the Company's capital structure and to give the Company greater flexibility in the distribution of capital to its shareholders.

A valid resolution requires approval of shareholders representing at least two-thirds of both the votes cast and the shares represented at the General Meeting.

The Board of Directors' explanatory statement in accordance with Chapter 19, Section 22 of the Companies Act is included in appendix 3.

#### **Authorisation for the Board of Directors to decide on the issue of shares (item 21)**

The Board of Directors proposes that the AGM authorises the Board to decide, on one or several occasions prior to the next AGM, to issue shares for payment in kind, that involve the issue of up to 4,000,000 Series B shares (corresponding to a dilution of about 10 per cent).

The objectives of the authorisation are to increase the financial flexibility of the Company and to enable the Company to use its own financial instruments to make payments for any business acquisitions the Company may undertake. The market value of the shares on each issue date will be used in determining the price at which shares will be issued.

A valid resolution requires approval of shareholders representing at least two-thirds of both the votes cast and the shares represented at the General Meeting.

## **The Nomination Committee's proposal to be presented at the Annual General Meeting of shareholders of Betsson AB (publ) on Thursday, 12 May 2011**

The following proposals are numbered according to the proposed agenda.

The Nomination Committee, comprised of Michael Knutsson (Chairman of the Nomination Committee), Per Hamberg, Christoffer Lundström and John Wattin, have proposed the following.

### **Election of a Chairman of the AGM (item 3)**

The Nomination Committee propose that John Wattin be appointed Chairman of the AGM.

### **Election of the Board, etc. (item 13-15)**

The Nomination Committee proposes that the Board shall consist of seven members without deputies for the period until the next AGM. The Nomination Committee proposes the re-election of John Wattin, Per Hamberg, Kicki Wallje-Lund, Patrick Svensk, Carl Lewenhaupt and Lars Linder Aronson and that Pontus Lindwall is elected member of the Board.

The Nomination Committee proposes that John Wattin be re-elected as Chairman of the Board for the time until 1 July 2011 and that Pontus Lindwall is elected as Chairman of the Board for the time thereafter. Pontus Lindwall is proposed to be executive chairman of the Board with the same employment benefits as he currently receives as CEO of the Company. Should Pontus Lindwall remain CEO on 1 July 2011, it is proposed that John Wattin remains Chairman of the Board until the replacement of the CEO has been executed and an application for registration regarding such replacement has been submitted with the Swedish Companies Registration Office (Sw. *Bolagsverket*) and that Pontus Lindwall shall be Chairman of the Board for the time thereafter.

The Nomination Committee is of the opinion that by way of this proposal, the Board will have a composition appropriate to the Company's operations, phase of development and other relevant circumstances. In its proposal, the Nomination Committee has in particular considered the Company's strategic development as well as corporate governance and internal control and how these demands impact the necessary competence and composition of the Board. The Nomination Committee has also considered other criteria, such as the directors' different background, experience and the requirement of diversity.

A presentation of all directors and an evaluation of their independence is set out in **appendix 4** and **appendix 5**.

The proposed fee for the Board is SEK 1,650,000, of which John Wattin will receive SEK 400,000 and the other members elected by the AGM shall receive SEK 250,000 each. Members of the Board who are employed by the Company shall not receive any fee. It is proposed that auditors' fees be paid according to approved invoices. Furthermore, the Nomination Committee proposes that if possible from a tax perspective and subject to it being cost-neutral for the Company, a member of the Board may invoice their fee. If a member of the Board does invoice the fee, the fee will be increased by an amount equivalent to the social security payments and value added tax in accordance with the law.

### **Establishment of a Nomination Committee (item 16)**

The shareholders who have been represented in the Nomination Committee, together accounting for more than 42 per cent of the votes, propose that the AGM approves the following procedure for preparation of the election of members of the Board of Directors. A Nomination Committee shall prepare and submit proposals for the election of the Chairman at the AGM of 2012, members of the Board and auditors (if auditors are to be elected) as well as their fees. The Chairman of the Board shall be a member of the Nomination Committee and will also act as its convenor. The Nomination Committee, which will consist of at least three members representing major shareholders in the Company, will be formed in October 2011 in consultation with the major shareholders in the Company at that time. The Nomination Committee's term of office reaches until a new Nomination Committee has been formed. The majority of the members of the Nomination Committee may not be members of the Board of Directors nor be employed by the Company. If a member of the Committee resigns before the work is concluded, a replacement member is to be appointed in the corresponding manner. The members of the Nomination Committee appoint the Chairman among themselves. The composition of the Nomination Committee must be announced not later than six months before the AGM.

Stockholm, April 2011

**Betsson AB (publ)**

The Nomination Committee

**Proposed change of the articles of association**

<b>§ 9</b>	
<b>Current wording</b>	<b><i>Proposed wording</i></b>
<p>The Company shall have not less than one and not more than two authorised auditors including the corresponding number of authorised deputy auditors.</p>	<p><i>The Company shall have not less than one and not more than two authorised auditors including the corresponding number of authorised deputy auditors.</i></p> <p><i>The term of the auditor shall be valid until the end of the annual general meeting held the fourth financial years following election.</i></p>

### **The Board of Directors' explanatory statement in accordance with Chapter 19, Section 22 and Chapter 20, Section 8 of the Swedish Companies Act**

The Board of Betsson AB (publ), reg. no 556090-4251, hereby presents the following statement in accordance with Chapter 19, Section 22 and Chapter 20, Section 8 of the Companies Act (2005:551), regarding the proposed resolution to authorise the Board to decide on the repurchase of the Company's own shares as well as a reduction of the share capital with repayment to the shareholders.

The Board of Directors' reasons that the proposed resolution to authorise the Board to decide on the repurchase of the Company's own shares and the reduction of the share capital in accordance with the provisions of Chapter 17, Section 3, para. 2 and 3 of the Companies Act (2005:551) are the following:

#### **The objects, scope and risks of business**

The Company's objects and scope of business are set out in the articles of association and the annual reports provided. The business run by the Company does not entail risks in excess of those that exist or may be deemed to exist in the industry or those risks which are generally associated with running a business.

#### **The financial position of the company and the group**

The financial position of the Company and the group as at 31 December 2010 is stated in the most recent annual report. The annual report also states which accounting principles have been applied in the valuation of assets, allocations and liabilities.

The proposed resolution to authorise the Board to decide on the repurchase and transfer of the Company's own shares sets out that the Board proposes that the share capital be reduced by SEK 39,653,720 through the redemption of 5,420,000 Series A shares and 34,233,720 Series B shares for repayment to the shareholders. The Board proposes to restore the Company's share capital to its original amount by increasing the Company's share capital by SEK 39,653,720 through a bonus issue via a transfer from the Company's unrestricted equity to the Company's share capital. After the bonus issue has been completed the Company's restricted equity and share capital will be unchanged.

The proposed price to be paid for each redemption share shall be SEK 7.00, which equals a maximum redemption amount of SEK 275,759,155, which is 25 per cent of the Company's shareholder equity and 33 per cent of the Group's shareholder equity. The profits at the disposal of the Annual General Meeting by the end of the financial year 2010 was SEK 753,102,964.

The annual report sets out, among other things, that the Company's equity-debt ratio amounts to 55 per cent. The Company's debt-equity ratio does not differ from what is common within the industry. The proposed distribution does not jeopardise the completion of investments which are deemed to be necessary.

The Company's financial position does not give rise to any other conclusion than that the Company can continue its business and that the company can be expected to fulfil its obligations on both a short and long-term basis.

The Board of Directors is of the opinion that the size of shareholder equity as stated in the most recently delivered annual report is in reasonable proportion to the scope of the Company's business and that the risks connected with the running of the company, after taking into account the proposed dividend distribution.

**The justification of the proposed resolution regarding the repurchase and the reduction of the share capital**

With reference to the above and to what has otherwise come to the knowledge of the Board of Directors, the Board of Directors is of the opinion that after a comprehensive review of the financial position of the Company and of the group, the distribution is justified according to the provisions of Chapter 17, Section 3, para. 2 and 3 of the Companies Act, i.e. with reference to the demands that the objects of the business, its scope and risks place on the size of the Company's and group's equity and the Company's and the group's consolidating requirements, liquidity and financing needs in general.

Stockholm, April 2011

**Betsson AB (publ)**

The Board

Per Hamberg

Carl Lewenhaupt

Patrick Svensk

Kicki Wallje-Lund

John Wattin

Lars Linder-Aronson

## Appendix 2

### **The auditor's opinion on whether the annual general meeting should decide according to the proposal on reduction of share capital pursuant to Chapter 20. § 8 second paragraph of the Companies Act (2005:551)**

To the Annual General Meeting in Betsson AB (publ), corporate identity number 556090-4251

#### **Assignment and responsibilities**

We have reviewed the proposal on reduction of share capital, dated April 2011. The Board of Directors is responsible for the proposal and that proposal is drawn up in accordance with the Companies Act. Our responsibility is to review the proposal so that we can provide a written opinion pursuant to Chapter 20. § 8 second paragraph of the Companies Act. This opinion was intended merely to fulfill the requirements of Chapter 20. 8 second paragraph of the Companies Act and shall not be used for any other purpose.

#### **The focus and scope**

The review was conducted in accordance with FAR SRS RevR 9 *The Auditors other opinions according to the Companies Act and the Companies Act's Ordinance*. This means that we plan and perform the review to obtain reasonable but not absolutely assurance about whether the annual general meeting should decide in accordance with the proposal. The examination covered a range of appropriate evidence. We believe that our review provides a reasonable basis for our opinion below.

#### **Statement**

We recommend the Board's proposal on reduction of share capital for repayment to the shareholders of a total of SEK 275,759,155, with the accompanying decisions about restoring the company's share capital by SEK 39,653,720 through a bonus issue

Stockholm in April 2011

#### **PricewaterhouseCoopers AB**

Michael Bengtsson  
Responsible auditor

### **The Board of Directors' statement in accordance with Chapter 20, Section 13 of the Companies Act**

The Board of Betsson AB (publ), corporate identity number 556090-4251, hereby make the following statement to the proposal on reduction of share capital, in accordance with Chapter 20. 13 § 4 of the Companies Act (2005:551),.

According to the proposal on reduction of share capital, the Board proposes that the Company's share capital be reduced by SEK 39,653,720 through cancellation of 5,420,000 Series A shares and 34,233,720 Series B shares, with repayment to the shareholders. The proposed repayment amounts to SEK 7.00 per share, representing a total amount of maximum exceed SEK 275,759,155, representing 25 percent of the Company's equity and 33 percent of consolidated shareholders' equity. Distributable funds in the Company at the end of the financial year 2010 is SEK 753,102,964. The annual report shows that the debt / equity ratio is 55 per cent.

The Board's proposal means a reduction of the Betsson's share capital by SEK 39,653,720 from SEK 79,107,440 to SEK 39,453,720. In order to achieve a timely and effective redemption process without requiring permission from the Swedish Companies Registration Office or a court, the Board proposes that the Meeting resolves to restore the Company's share capital to its original amount by increasing the Company's share capital by SEK 39,653,720 through a bonus issue without issuing new shares through the transfer of the issue amount from distributable equity to the Company's share capital.

Overall, the Board's proposal as described above means that distributable equity in Betsson decreases by more than SEK 275,759,155 to SEK 477,343,809 according to Betsson's balance sheet as of 31 December 2010. After the bonus issue, the Company's restricted equity and share capital will remain unchanged.

Stockholm, April 2011

**Betsson AB (publ)**

The Board

Per Hamberg

Carl Lewenhaupt

Patrick Svensk

Kicki Wallje-Lund

John Wattin

Lars Linder-Aronson

## Appendix 3

### **The auditor's opinion on the Board's statement pursuant to Chapter 20, Section 14 of the Companies Act (2005:551)**

To the Annual General Meeting in Betsson AB (publ), corporate identity number 556090-4251

#### **Assignment and responsibilities**

We have reviewed the statement, dated April 2011. The Board is responsible for the report and that it is prepared in accordance with the Companies Act. Our responsibility is to review the report so that we can provide a written opinion on it according to Chapter 20, Section 14 of the Companies Act.

#### **The focus and scope**

The review was conducted in accordance with FAR SRS RevR 9 *The auditors' other opinions under the Companies Act and the Companies Act Ordinance*. This means that we plan and perform the review in order for us to be able to with reasonable but not absolute assurance, express an opinion on the adequacy and accuracy of actions associated with the restricted equity or share capital. The review covered a range of appropriate evidence. We believe that our review provides a reasonable basis for our opinion below.

#### **Other details**

The Board has in its statement set out the measures proposed so that the restricted equity and share capital will not decrease. In its statement, the Board states that the decision on reduction of the share capital shall be made in conjunction with a decision on a bonus issue, whereby the share capital shall be increased by SEK 39,653,720 from the non-restricted equity.

#### **Statement**

Based on our review, it is our opinion that the measures which have been proposed and which mean that neither the company's equity nor its share capital will be decreased are appropriate and that the assessments that the Board has made on the effects of these measures are accurate.

Stockholm, April 2011

**PricewaterhouseCoopers AB**

Michael Bengtsson  
Responsible auditor

### Annual General Meeting 2011

The Nomination Committee proposes seven directors without deputies.

#### Board of Directors

The Nomination Committee proposes the re-election of John Wattin, Per Hamberg, Kicki Wallje-Lund, Patrick Svensk, Carl Lewenhaupt and Lars Linder Aronson and that Pontus Lindwall is elected member of the Board.

The Nomination Committee proposes that John Wattin be re-elected as Chairman of the Board for the time until 1 July 2011 and that Pontus Lindwall is elected as Chairman of the Board for the time thereafter. Pontus Lindwall is proposed to be executive chairman of the Board with the same employment benefits as he currently receives as CEO of the Company. Should Pontus Lindwall remain CEO on 1 July 2011, it is proposed that John Wattin remains Chairman of the Board until the replacement of the CEO has been executed and an application for registration regarding such replacement has been submitted with the Swedish Companies Registration Office (Sw. Bolagsverket) and that Pontus Lindwall shall be Chairman of the Board for the time thereafter

#### John Wattin

Chairman

Born 1947, Stockholm

Member of the Board since 1989

Principal occupation: VD i Investering i Kunskap AB

Other directorships: Chairman in Mosync AB, Qbranch AB and Sturehof AB, board member of Touring Exhibition Sweden AB and Silentium AB

#### Per Hamberg

Born 1943, Ekerö

Member of the Board since 1974

Principal occupation: Board member

Other directorships: Board member of Nya Solporten Fastighets AB, Cherryföretagen AB and Hamberg Förvaltning AB

#### Kicki Wallje-Lund

Born 1953, Nyköping

Member of the Board since 2006

Principal occupation: CEO of Wellnet AB

Other directorships: Board member of Syntensia AB, Followit AB and Wellnet AB

#### Patrick Svensk

Born 1966, Stockholm

Member of the Board since 2005

Principal occupation: Senior Advisor Patos Konsult

Other directorships: Board member of Next Generation Broadcasting AB

**Carl Lewenhaupt**

Born 1958, Stockholm

Member of the Board since 2008

Principal occupation: CEO for advertising agency Calleolle AB

Other directorships: No other directorships

**Lars Linder-Aronson**

Born 1953, Saltsjöbaden

Member of the Board since 2008

Principal occupation: Board member

Other directorships: Board member of Catella Advisory Sweden AB,  
e-capital AB and Ventshare AB

**Pontus Lindwall**

Born 1965, Stockholm

Principal occupation: currently CEO of Betsson

Other directorships: Board member of Net Entertainment NE AB (publ), Nya Solporten Fastighets AB and Mostphotos AB as well as internal boards within the Betsson group

## Appendix 5

According to the Swedish Code of Corporate Governance, the majority of the elected board members must be independent of the Company and its management, and at least two of the members who are independent of the Company and its management must also be independent of the company's major shareholders.

The Nomination Committee is of the opinion that the proposed composition of the Board meets the Code's requirements for independence

<b>Name</b>	<b>Board assignment and member of committees</b>	<b>Natio-nality</b>	<b>Independent of the Company and its management</b>	<b>Independent of the Company's major shareholders</b>
John Wattin	Chairman up to 1 July 2011 and member of the audit committee and remuneration committee	SE	Yes	Yes
Per Hamberg	Member of the audit committee and remuneration committee	SE	Yes	No
Kicki Wallje-Lund	Member of the audit committee and remuneration committee	SE	Yes	Yes
Patrick Svensk	Member of the audit committee and remuneration committee	SE	Yes	Yes
Carl Lewenhaupt	Member of the audit committee and remuneration committee	SE	Yes	Yes
Lars Linder-Aronson	Member of the audit committee and remuneration committee	SE	Yes	Yes
Pontus Lindwall	Chairman as of 1 July 2011	SE	No	Yes