
**JOINT MERGER REPORT
BY
THE BOARD OF DIRECTORS
OF
WILH. WILHELMSSEN ASA
AND
WALLROLL AKTIEBOLAG**



JOINT MERGER REPORT

This joint merger report is dated 22 December 2016 and made by the boards of directors of

- (1) **Wallroll Aktiebolag**, a Swedish private limited liability company with registration number 556668-5987, with address Box 17086 104 62 Stockholm (*overdragende selskapet*) (**Wallroll** or the "**Transferring Company**"); and
- (2) **Wilh. Wilhelmsen ASA**, a Norwegian public limited liability company with registration number 995 216 604, with address Strandveien 20, 1366 Lysaker ("**WWASA**" or the "**Surviving Company**").

Wallroll and WWASA are jointly referred to as the "**Companies**".

1. INTRODUCTION

- 1.1 In connection with the contemplated merger between WWASA and Wallroll (the "**Merger**"), the board of directors of the Companies have prepared this joint merger report in accordance with the Norwegian Public Limited Liability Companies Act section 13-27 and chapter 23 section 39 of the Swedish Companies Act. The report sets out the legal and economic implications of the Merger for the Companies.
- 1.2 Pursuant to the merger plan dated 22 December 2016 between the Companies (the "**Merger Plan**"), the Companies shall merge by the Transferring Company transferring its assets, rights and obligations as a whole to the Surviving Company. Wallroll shall cease to exist upon completion of the Merger.
- 1.3 As consideration for the Merger, WWASA shall issue 203,104,938 new shares with a nominal value of NOK 0.52 to Wallroll's sole shareholder Wallenius Lines AB.
- 1.4 The merger shall be carried out in accordance with the provisions for cross-border mergers in chapter 13 VII of the Norwegian Public Limited Liability Companies Act and chapter 23 of the Swedish Companies Act.

2. REASONS FOR THE MERGER

- 2.1 The intention of the Merger is to merge the ownership of Wilh. Wilhelmsen Holding ASA ("**WWH**") and WWASA on the one side, and Rederi AB Soya and Wallenius Lines AB ("**WL**") on the other side, in the jointly owned entities Wallenius Wilhelmsen Logistics (jointly owned 100%), EUKOR Car Carriers (jointly owned 80%) and American Roll-on Roll-off Carrier (jointly owned 100%), in addition to the ownership of the majority of their vessels and affected assets and obligations.
- 2.2 The markets in which the jointly owned entities operate are going through rapid change and require a more agile and efficient business model. In addition to establishing one common owner and governance structure, the proposed Merger is expected to enable synergies between USD 50-100 million by combining the assets and harvesting economies of scale, including more optimal tonnage planning, and administrative, commercial, and operational efficiencies between the entities.



2.3 In order to facilitate for the proposed structure, Wallenius Lines AB and its subsidiaries have by way of intragroup transfers and sales transferred all relevant assets, rights and obligations to the wholly-owned Transferring Company. Similarly, Wilh. Wilhelmsen Holding ASA and WWASA have entered into an agreement whereby certain assets held by WWASA and not subject to the Merger, have been transferred to WWH.

2.4 The name of the Surviving Company after completion of the Merger shall be Wallenius Wilhelmsen Logistics ASA, and shall continue to be listed on the Oslo Stock Exchange on the current listing platform of WWASA.

2.5 On this background, the board of directors of the Companies recommend the shareholders of the Company to vote in favour of the Merger.

3. CONSIDERATION AND VALUATION

3.1 The net asset value of the Surviving Company (pre-equalisation) is set to USD 1,292,341,000 and to USD 1,350,095,000 for the Transferring Company, except for the pre-merger Equalisation Payment (as defined below).

3.2 The merger is thus based on an exchange ratio (post-equalisation) of 49.99/50.01 between the Surviving Company and the Transferring Company.

3.3 WL shall on completion of the merger receive a total of 203,104,938 shares in the Surviving Company. The consideration shares shall be ordinary shares in WWASA, and shall be equal to all other issued and outstanding shares in WWASA.

3.4 Subsequent to completion of the merger, WL shall reduce its shareholding in the Surviving Company by 43,104,938 shares (the "**Incremental Shares**") in order to reach the same level of shareholding as WWH has in the Surviving Company being 160,000,000 shares. The minimum 25% of the Incremental Shares shall be sold within four weeks after completion of the merger (the "**First Period**"), and the remaining Incremental Shares shall be sold no later than three weeks after the second quarterly reporting of the Surviving Company following completion the merger, (the "**Second Period**"). The Second Period shall never be less than six months. WL has the right to defer the commencement of the First Period and Second Period as set out in the next paragraph below.

3.5 In case of significant and unexpected market disturbances, disturbances in the shipping industry or insider issues at the time of the contemplated sale of the Incremental Shares, WL shall have the right to extend the time and defer the down sale to a later period when the disturbance or hindrance have been eliminated. If the disturbance or hindrance remains for a longer period than two months after the original end-dates of the First and Second Period as set out above, WL and WWH shall meet and agree to a new time schedule having regard to the new situation. The First Period shall always include 15 "non-insider available trading days" and the Second Period shall always include 60 corresponding trading days. If the non-insider available trading days are less than as set out above the First Period and/or Second Period, as the case may be, shall be extended with relevant number of days so as the include the prescribed number of non-insider trading days.

3.6 WWLASA shall in line with market practice and applicable regulatory laws and regulations and corporate governance principles, be committed to assist and support the placement and sale of the Incremental Shares. The commencement



of the First Period is subject to such support and assistance (roadshow, etc.) having been properly carried out.

3.7 Until all of the Incremental Shares have been sold, WL shall at possible general meetings of WWLASA not vote for more than the at all times total number of shares held by WWH (currently being 160,000,000). There shall be no risk/profit sharing in relation to the sale of the first 25% of the Incremental Shares. For the remaining 75% of the Incremental Shares the following risk / profit sharing arrangement shall apply:

- a) If the shares are sold at a price below (but not including) NOK 22.50 per share, then (a) 50% of the difference between the sales price per share and NOK 22.50 per share (b) multiplied with the number of shares sold, shall be paid in cash by WWH to WL.
- b) If the shares are sold at a price above (but not including) NOK 32.50 per share, then (a) 50% of the difference between the sales price per share and NOK 32.50 per share (b) multiplied with the number of shares sold, shall be paid in cash by WL to WWH.
- c) If the shares are sold at a price between (and including) NOK 22.50 - NOK 32.50, no risk/profit sharing shall apply.

3.8 As part of the consideration, the Surviving Company shall issue a new unsecured bond. The loan notes shall be subscribed by WL. The issue amount shall be USD 80,000,000, and the bond shall mature in December 2022. The interest rate shall be a PIK interest of 6% p.a. Nordic Trustee ASA shall be the bond trustee, and the bond shall otherwise be issued on the same template as current WWASA bonds.

3.9 If the shares are sold at a price between (and including) NOK 22.50 - NOK 32.50, no risk/profit sharing shall apply.

3.10 WL shall prior to the Effective Date receive a net payment of USD 57,000,000 as dividend (the "**Equalisation Payment**"). Wallroll shall pursue to use external bank financing to make such payment possible. Insofar external bank financing of Wallroll is not available (fully or partly, e.g. due to covenant restrictions or liquidity), a short-term receivable from Wallroll to WL shall be established prior to the Effective Date. Such receivable shall be unsecured and carry an interest of 6% p.a., and payable in cash within six months from the Effective Date by WWLASA to WL.

3.11 The agreed terms are based on the Q3 2016 balance sheet of the Surviving Company and the estimated Q3 2016 balance sheet of Transferring Company. The annual accounts for the period ending on 31 December 2015 was approved by the board of directors of the Surviving Company on 17 March 2016 and on 29 February 2016 for the Transferring Company.

4. CONDITIONS FOR COMPLETION OF THE MERGER

4.1 Completion of the Merger is conditional upon the following:

- a) The general meetings of the respective companies passing resolutions to adopt the Merger.
- b) The final date for making objections pursuant to section 13-25 (2) no. 5, cf. section 13-14, of the Norwegian Public Limited Liability Companies Act having expired.



- c) No objections having been made by creditors or solved pursuant to section 13-16 of the Norwegian Public Limited Companies Act.
- d) A merger certificate (fusionsintyg) has been provided by the Swedish Companies Registration Office to the Norwegian Register of Business Enterprises.
- e) Neither of the Companies has breached its obligations under the Merger Plan.
- f) All required regulatory approvals being given unconditionally or subject only to such conditions as each of the Companies in its reasonable opinion considers not having a material negative effect on the financial condition, the value or the prospects of the Surviving Company after the Merger.
- g) The internal restructuring of Wallroll has been validly carried out and completed, and Wallroll is established with the assets, rights and obligations as detailed in the transaction agreements and assumed as the basis for the calculations done in clause 3.
- h) No Material Adverse Change has occurred. "Material Adverse Change" means any result, occurrence, condition, fact, change, violation, event or effect that, individually or in the aggregate, is materially adverse to:
 - 1. the financial condition, business, assets, liabilities or results of operations of the Companies,
 - 2. the ability of the Companies to perform its obligations contemplated by the transaction agreements,
 - 3. the ability of the Companies to consummate the merger contemplated by this merger plan, provided, however, that in no event shall any of the following constitute a Material Adverse Change:
 - a. any change or effect resulting from changes in general economic, regulatory or political conditions, conditions in Europe, Korea, the United States, Japan, China or worldwide capital markets;
 - c. any effect, change, event, occurrence or circumstance relating to fluctuations in the value of currencies;
 - d. the outbreak or escalation of regional hostilities in which the Companies operates, or the occurrence of any other calamity or crisis, including acts of terrorism; and
 - e. any change or effect resulting from issues that are already known, or that should have been known to the Companies following the due diligence reviews carried out in connection with the Merger.

5. PROCESS FOR COMPLETION OF THE MERGER

- 5.1** The merger plan shall, not earlier than one calendar month after the Swedish Companies Registration Office's announcement of the merger plan in Sweden and the Norwegian Register of Business Enterprises' announcement of the merger plan in Norway, be presented to the extraordinary general meeting in the Transferring Company on or around 25 January 2017 and to extraordinary general meeting of the Surviving Company on the same date, or as soon as possible thereafter. For WWASA, approval of the Merger Plan requires the resolution on the extraordinary general meeting of at least two-thirds of the votes cast and of the share capital represented at the general meeting.



- 5.2** Subsequent to approval by the Companies' respective general meetings, the merger resolutions shall be registered in the Swedish Companies Registration Office and the Norwegian Register of Business Enterprises, and the respective creditor notice periods of the Companies start upon registration. The creditor notice period for WWASA is six weeks and two months for Wallroll.
- 5.3** After expiry of the creditor notice periods, and satisfaction or waiver of the conditions set out in clause 4 above, fulfilment of all applicable conditions for the Merger shall be registered with the Norwegian Register of Business Enterprises and the Swedish Companies Registration Office. A merger certificate shall then be issued by the respective registry, and the Merger may then be registered as completed.
- 5.4** Upon registration of completion in the Norwegian Register of Business Enterprises, all applicable assets, rights and obligations shall be deemed transferred to the Surviving Company, the Transferring Company shall cease to exist and the consideration shares shall be issued to Wallenius Lines AB as the sole shareholder of Wallroll.

6. EMPLOYMENT

- 6.1** The employees of the Transferring Company shall upon completion of the Merger be transferred to WWASA together with their rights and obligations pursuant to the Norwegian Employment Act section 16-2. The employees of the Transferring Company shall be informed of their rights of reservation and priority, together with the process for executing such rights in accordance with applicable legislation.
- 6.2** The Companies fully acknowledge that the new management of WWLASA, with its CEO, subject to all applicable labour law rules and union agreements etc, shall be entitled to decide on the suitable management team for the Surviving Company choosing from both the existing staff of the Companies and using options on completely new employments. Fundamental to WWLASA's success, is that competence requirements are fulfilled in connection with recruitments. The starting point may be internal candidates from relevant companies, but the company are free to recruit externally if deemed necessary by management judgement. Neither of the Parties' employees shall have any priority in this selection, subject to the aforesaid applicable rules and agreements.
- 6.3** The Companies acknowledge that while there are no employees in the Transferring Company subject to collective agreements and no collective bargaining agreement applicable to that entity, WL and concerned group entities will nevertheless choose to inform, and if deemed relevant conduct negotiations, with the relevant trade unions, according to the Swedish lag om medbestämmande i arbetslivet (SFS 1976:580) prior to the general meeting's adoption of this merger plan.
- 6.4** The employees of both Companies have been involved and informed of the Merger in accordance with applicable Norwegian and Swedish legislation.
- 6.5** The employees of the Companies have the right to give a statement to be included in the subsequent consultation of the Merger Plan in the Companies.

7. CREDITORS

- 7.1** The Merger is not deemed to have negative legal or actual effects for any of the creditors of the Companies.

8. SHAREHOLDERS

- 8.1** The Merger is not deemed to have any legal or actual implications for shareholders in the Surviving Company. The new shares shall be ordinary shares with equal rights to all other issued and outstanding shares of the WWASA.

The board of directors of Wilh. Wilhelmsen ASA:

Signature: 

Name: Thomas Wilhelmsen, chairman

Signature: 


Name: Diderik Børsting Schnitler

Signature: 

Name: Marianne Lie

Signature: 

Name: Bente Gudveig Brevik

Signature: 

Name: Christian Berg





The board of directors of Wallroll Aktiebolag:

Signature:



Name: Anders Boman (sole director)

Registration number 556668-5987	
Date of registration of the company 2004-10-15	Date of registration of current name 2005-10-28
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Registration number: 556668-5987
Business name: Wallroll Aktiebolag
Address:
Box 17086
104 62 STOCKHOLM
Registered office: Stockholm
Note:

The company is registered as a private limited liability company

THE COMPANY WAS FORMED
2004-09-08

SHARE CAPITAL

Share capital...: SEK 100,000
Min.....: SEK 100,000
Max.....: SEK 400,000

Number of shares: 1,000
Min.....: 1,000
Max.....: 4,000

BOARD MEMBERS

621018-0110 Boman, Jan Anders, Grev Turegatan 75, 114 38 STOCKHOLM

DEPUTY BOARD MEMBERS

621201-4358 Thyberg, Anders Mikael, Föreningsvägen 9, 191 33 SOLLENTUNA

SPECIALLY AUTHORIZED SIGNATORIES

680507-1914 Nygren, Johan Urban Christer, Fullerstavägen 38 B,
141 44 HUDDINGE

AUDITORS

556043-4465 KPMG AB, Box 16106, 103 23 STOCKHOLM
Represented by: 840822-7224

PRINCIPALLY RESPONSIBLE AUDITOR

840822-7224 Hagström, Johanna Maria, c/o KPMG AB, Box 16106,
103 23 STOCKHOLM