

Unauthorized office translation

Minutes from Annual Shareholders' General Meeting in KappAhl Holding AB (publ), 556661-2312, on December 21, at 14.00 hrs, 2006 in Mölndal.

§ 1 Opening of the Meeting

The Meeting was opened by the Chairman of the Board, Finn Johnsson.

§ 2 Appointment of Chairman of the Meeting

Upon proposal from the Chairman of the Nomination Committee, Jan Ohlsson, and pursuant to the announced notice to attend, the Meeting resolved to appoint Finn Johnsson as Chairman of the Meeting. The Chairman noted that Jonas Frii (member of the Swedish Bar Association) had been requested by the Board to serve as Secretary at the Meeting and thus keep today's minutes.

§ 3 Drawing up and approval of voting list

It was noted by the Chairman of the Meeting that verification of the attendance list, available at the Meeting, had been performed when shareholders entered the Meeting.

The Meeting resolved that the voting list should be established by presenting the names of those in the attendance list who had not been verified, and that the total number of votes represented according to the attendance list should be reduced by the number of votes for those not verified when entering. The Secretary presented the names of those who had not been verified, and established a register of the present shareholders and their representatives, Appendix 1. The register was presented.

The Meeting resolved to approve the register as voting list.

For the sake of good order, the Chairman of the Meeting noted that those separately invited and other participants, according to Appendix 2, are welcome to the Meeting but do not have shareholders' rights at the Meeting.

§ 4 Approval of the agenda

The agenda was accounted for by the Chairman according to the announced notice to attend.

The Meeting resolved to approve the proposed agenda.

§ 5 Nomination of one or two persons to verify the minutes'

The Meeting resolved, upon proposal from Charlotte Clase, to appoint two persons to verify the minutes, and to appoint Kristoffer Melinder and Fredrik Svensson as such persons to verify today's minutes. **The Meeting resolved**, on the proposal of Charlotte Clase to appoint two voting supervisors, and to appoint Bror Frid and Anne-Lie Svedner, both from PriceWaterhouseCoopers, as such voting supervisors in a potential voting.

§ 6 Question of whether the Meeting has been duly convened

It was accounted for by the Chairman when and how the notice to attend the Annual Shareholders' General Meeting had been issued.

The Meeting resolved that the Meeting had been duly convened.

§ 7 Presentation of the work of the Board and of the Committees of the Board

The work of the Board and its Committees was accounted for by the Chairman. During the year, the Board has had six members elected by the shareholders' meeting. The Board has also included two members appointed by labor organisation; each one of them with a deputy. Jonas Frii (Swedish Bar Association) has served as Secretary to the Board. After the Annual Shareholders' General Meeting of January 3 and until this day, the Board has had nine meetings, all of which have been kept in minutes. One meeting has been a constituent meeting, four meetings have been ordinary meetings and the remaining ones have been extraordinary meetings. The ordinary meetings have been held at the head office in Mölndal. Some extraordinary meetings have been held over the phone. Normally, all members have attended these meeting. Prior to every meeting, supporting documents for the matters to be discussed at the meeting have been distributed. The work of the Board is focused on the business. In addition to this, the Board also has to consider various interim financial statements and the annual report. Among the more essential matters that the Board has considered during the year is noted, the resolutions to refinance the company, to list the shares at the Stockholm Stock Exchange and to issue the prospectus that preceded the listing.

The Chairman continued: The Audit Committee has consisted of two members, Jan Samuelson and Pernilla Ström, and initially also Kristoffer Melinder. The Audit Committee has among other things dealt with internal control and financial reporting. The Board's Secretary has also been Secretary to the Audit Committee. During the period from the previous Annual Shareholders' General Meeting until today, the Audit Committee has had eight meetings in total, all of which have been kept in minutes. The Committee has continuously reported to the Board. The Chairman of the Audit Committee has been Jan Samuelsson, and he will later report further on the work of the Committee.

The Remuneration Committee has consisted of the Chairman of the Board, Amelia Adamo and Bo Söderberg. The Committee has principally dealt with matters concerning remuneration to leading officials. The Committee has had two meetings during the year. Even this has been continuously reported to the Board.

Prior to this Annual Shareholders' General Meeting, the Nomination Committee has consisted of Jan Ohlsson from Accent Equity, Kristoffer Melinder from Nordic Capital and Kristian Lundius from Pegatro. The Committee was constituted on August 16 and has since then had five meetings. The Committee has made proposals which today's Meeting shall take positions on. The Nomination Committee has been led by Jan Ohlsson.

Jan Ohlsson: One of the tasks of the Nomination Committee has been to assess which competence and qualities the members of the Board should possess. The purpose is to create an appropriate Board composition and that the members' total competence and experience shall provide a broad basis that well suits the phase and the market situation that KappAhl is in right now. We have been informed of the Board evaluation that has taken place. We have also considered independence issues. It is our belief that the present Board well meets the competence requirements and also meets other requirements according to Swedish Code of Corporate Governance (sw. Svensk kod för bolagsstyrning). We will later return to our proposals.

§ 8 Presentation of the Annual Report and the Auditor's Report for the financial year 2005/2006 as well as the Consolidated Annual Report and the Consolidated Auditor's Report for the financial year 2005/2006.

The Chairman reported on how the Annual Report, the Auditor's Report as well as the Consolidated Annual Report and the Consolidated Auditor's Report had been presented and made available.

The Meeting resolved that the Annual Report and the Auditor's Report, as well as the Consolidated Annual Report and the Consolidated Auditor's Report had been duly presented.

The Company's Auditor, Bror Frid, presented the Auditor's Report.

The Chief Executive Officer, Christian W. Jansson, made a statement about the company's business operations (presentation in accordance with Appendix 3).

The shareholders were given the opportunity to ask questions due to the statement made by the Chief Executive Officer.

Fredrik Svensson, the Swedish Shareholders' Association (sw. Sveriges Aktiesparares Riksförbund): It is evident from the Annual Report that KappAhl in Sweden uses the MedMera card (sw. MedMera-kortet) as a loyalty program, but in Norway, Finland and Poland other cards are used. What is the strategy behind this?

The Chief Executive Officer: MedMera is a very strong trademark in Sweden, and we therefore co-operate with the loyalty program that Coop uses in Sweden. The circumstances are different in the other countries. We have launched loyalty programs in Finland and in Poland, called KappAhl Club. We are evaluating which loyalty programs that are the most suitable to work with in each country.

Fredrik Svensson: What is meant by the fact that the company shall have an operating margin of 12 percent with a minimum of 10 percent?

The Chief Executive Officer: The operating margin shall henceforth be 12 percent during a trade cycle of a minimum of 10 percent. This means that we, seen over a trade cycle, sometimes can have an operating margin exceeding 12 percent.

Fredrik Svensson: It seems to be the company's goal to grow with six up to eight percent per year. Is there any way to grow faster, for example through establishment in more countries?

The Chief Executive Officer: We do not intend to establish business in more countries than the ones we are currently active in. We are counting on a growth of four up to six percent through opening of new stores, as well as a growth of two up to three percent in the existing stores. We consider this to be an appropriate growth rate.

Lars-Åke Larsson: How many men's coats does KappAhl have in its current collection?

The Chief Executive Officer: I do not have any exact information thereof. They are in the collection, but we focus mainly on other products.

Ingrid Jansson: There were no long skirts in the KappAhl-store that I visited. Why are such skirts not to be found in the collection, and why does not KappAhl introduce a special department in every store with exclusive clothes for people who are over 60 years old?

The Chief Executive Officer: Long skirts are to be found in our collection, but the collection in each store may vary. The idea of a special department is something we will take note of.

§ 9 Question of adoption of the Income Statement, the Balance Sheet, as well as of the Consolidated Income Statement and the Consolidated Balance Sheet

The Chairman called upon the Chairman of Audit Committee, Jan Samuelson, to speak: One of the tasks of the Committee has been to secure the financial reporting. As a part of this, we have among other things prepared drafts for the interim accounts, various policies and finally also drafts for the Annual Report. The latter has then been dealt with by the Board.

The Meeting resolved to adopt the income statement and balance sheet as presented in the Annual Report for the parent company and the group.

§ 10 Question of the disposition of the unappropriated earnings at the disposal of the Annual Shareholders' General Meeting

The Chairman presented the proposal made by the Board and the Chief Executive Officer regarding disposition of the unappropriated earnings at the disposal of the Annual Shareholders' General Meeting. The Board's report on the dividend was also presented.

The Meeting resolved – in accordance with the proposals made by the Board and the Chief Executive Officer – that the available unappropriated earnings amounting to SEK 957.856.615 are to be allocated as follows:

To the shareholders, a dividend of SEK 2,50 per share:	SEK 187.600.000
<u>Retained earnings to be carried forward:</u>	<u>SEK 770.256.615</u>
Total:	SEK 957.856.615

The Meeting resolved that the record day for the dividend shall be Thursday December 28, 2006. It was noted that the resolution should entail that the dividend will be sent from VPC on Wednesday January 3, 2007. **The Meeting resolved** on an immediate verification thereof.

§ 11 Question of discharge of liability for the Board of Directors and for the Chief Executive Officer

It was noted that a member of the Board and the Chief Executive Officer, who are shareholders, cannot themselves or through a representative take part in the Meeting's resolution on discharge from liability.

The Meeting resolved to discharge the Board of Directors and the Chief Executive Officer from liability for the administration of the company during the financial year.

§ 12 Determination of the number of members of the Board and Auditors

The Chairman of the Nomination Committee reported on the proposal to elect five Board members at the Meeting.

The Meeting resolved that five members of the Board should be elected in accordance with the proposal.

It was noted that this Annual Shareholders' General Meeting shall not take a position on the election of auditor.

§ 13 Determination on remuneration to be paid to the Board of Directors and to the Auditor

The Chairman of the Nomination Committee, Jan Ohlsson, presented the proposal for determination on fees. The Board of Directors and its Committees have had a fee of a total of SEK 1,400,000 for the period from the previous Annual Shareholders' General Meeting until this Meeting. This fee has included remuneration for work in the Audit Committee and in the Remuneration Committee. The Nomination Committee now proposes that the Board of Directors and its Committees are to be awarded SEK 1,290,000. The Chairman of the Board is to be awarded SEK 450,000 and each remaining member SEK 150,000, i.e. in total SEK 600,000 for the remaining members of the Board elected by the Meeting. The Chairman of the Audit Committee is awarded SEK 125,000 and the remaining members of the Committee an amount of SEK 75,000. The Chairman of the Remuneration Committee is awarded SEK 30,000 and the remaining members of the Committee an amount of SEK 10,000.

The Meeting resolved the remuneration to be in accordance with the proposal.

It was noted, by way of information, that the remuneration to be paid to the company's auditor is evident from the Annual Report and will be paid in accordance with customary norms for charging and approved invoice, and that the proposal means unaltered conditions of remuneration.

The Meeting resolved that the conditions of remuneration to the auditor should be unchanged.

§ 14 Nomination of the Board of Directors, Auditor and Deputy Auditor

The Chairman of the Nomination Committee, Jan Ohlsson, presented the proposal to re-elect Finn Johnsson, Amelia Adamo, Paul Frankenius, Jan Samuelson and Pernilla Ström. The Chairman of the Nomination Committee also reported on the proposal to appoint Finn Johnsson Chairman of the Board (re-Nomination).

Each of the present members introduced themselves.

Lars-Åke Larsson: How many KappAhl shares does the Chairman hold?

The Chairman: 280.000 shares through affiliated company.

The Meeting resolved to appoint Finn Johnsson (re-Nomination), Amelia Adamo (re-Nomination), Paul Frankenius (re-Nomination), Jan Samuelson (re-Nomination) and Pernilla Ström (re-Nomination), and to appoint Finn Johnsson Chairman of the Board.

Bo Söderberg was thanked for his services.

Each of the labor organisation of the Board introduced themselves.

§ 15 Routines and instructions for the Nomination Committee

The Chairman of the Nomination Committee, Jan Ohlsson, presented the proposal as it had been described in the notice to attend and been made available in its entirety before and at the Meeting.

Fredrik Svensson: The Swedish Shareholders' Association, proposes that a representative of the minor shareholders should be included in the Nomination Committee. The Swedish Shareholders' Association also proposes that at KappAhl's next Annual Shareholders' General Meeting, the members of the Nomination Committee are elected at the Meeting instead of being appointed in accordance with proposed routines and instructions. It was noted that this year's Meeting only has to consider the proposal, made by the Swedish Shareholders' Association, implying that a representative of the minor shareholders should be included in the Nomination Committee.

The Chairman: We now have two proposals. The Nomination Committee has proposed that next year's Nomination Committee should be appointed in accordance with the proposed instructions and routines. The Swedish Shareholders' Association has proposed that a representative of the minor shareholders should be included in the Nomination Committee.

At the same time, let me make it clear that major shareholders, before the meeting, have declared their support for the proposal made by the Nomination Committee.

Fredrik Svensson: We request that the major shareholders, who support the proposal made by the Nomination Committee, make themselves known.

Håkan Westin: I suggest that the proposal of the Nomination Committee is approved.

The Chairman: The Meeting now, through a call-over, has to find out the position of the major shareholders who support the proposal. This will be done by the Secretary calling the names of the major shareholders who, before the Meeting, announced that they support the proposal, and then we will see for how long we will have to go on. Can we do it like that?

The Meeting resolved to approve the proposal for the procedure.

The Secretary: How does Linda Hamberg vote?

Linda Hamberg: I vote to approve the proposal of the Nomination Committee.

The Secretary: How does Marie Svensson vote?

Marie Svensson: I vote to approve the proposal of the Nomination Committee..

The Secretary: How does Håkan Westin vote?

Håkan Westin: I vote to approve the proposal of the Nomination Committee.

The Secretary: How does Kajsa Räftegård vote?

Kajsa Räftegård: I vote to approve the proposal of the Nomination Committee.

The Chairman: How many votes do now support the proposal?

The Secretary: Approximately 80 percent.

The Chairman: Consequently, we have an obvious majority supporting the proposal of the Nomination Committee. I find that the Meeting has **resolved** that the instructions and routines proposed to be followed by the Nomination Committee shall be approved in accordance with the proposal of the Nomination Committee (Appendix 4).

Lennart Thordsson and Lars-Åke Larsson made a reservation against the resolution.

§ 16 Remuneration Policy

The Chairman, who is also the Chairman of the Remuneration Committee, accounted for the proposal as it was presented in the notice to attend and had been made available in its entirety before and at the Meeting and added: The remunerations for the management group are evident from the Annual Report and follow the remuneration policy that was adopted by the previous Annual Shareholders' General Meeting. The retirement age is 67 years unless the employee does not choose to retire at the age of 65. The bonus part has been construed not to exceed three months of wages. For the financial year, leading officials have been in bonus part paid two months of wages.

The Meeting resolved to adopt the Remuneration Policy in accordance with Appendix 5.

§ 17 Authorization for the Board of Directors to resolve on issuance of a credit facility loan

The Secretary presented the Board's proposal to authorize the Board to resolve on issuance of credit facility loan in accordance with the proposal in the notice to attend, and added that this authorization was a legal technicality.

The Meeting resolved to authorize the Board to resolve on issuance of a credit facility loan in accordance with the proposal.

Caylon, represented by Fredrik Karlberg, made a reservation against the resolution.

§ 18 Other matters

It was established that no other matters had been reported to the Board.

§ 19 Closing of the Meeting

It was noted that all resolutions were unanimous, except for resolutions under § 15 and § 17 with noted reservations.

The Meeting resolved to authorize the Chief Executive Officer to carry out the minor adjustments in the resolutions made by the Meeting that may be required in connection with their registration by the Swedish Companies Registration Office ("sw. Bolagsverket").

Upon the proposal of the Chairman of the Meeting, the Meeting directed a special thank you to KappAhl's employees for their work during the year, after which the Chairman declared the Meeting closed.

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Keeper of minutes

Jonas Frii

Verified

Kristoffer Melinder

Fredrik Svensson