

**Minutes from** Annual Shareholders' General Meeting in KappAhl Holding AB (publ), 556661-2312, on December 17, 2008 at 14.00 hrs, 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

**The Meeting resolved**, upon proposal from the Chairman of the Nomination Committee, Kristian Lundius (member of the Swedish Bar Association), and according to the announced Notice to Attend, 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 verified 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. Leaving out personal data, 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 Meeting resolved** to approve the register as voting list.

For the sake of good order, it was 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 more persons to verify the minutes**

**The Meeting resolved**, upon proposal from Åsa Gustafsson, to appoint two persons to verify the Minutes, and to appoint Erik Wallberg (from i.a. Cantillon Europe Masters Fund LP) and Fredrik Svensson (from Swedish Shareholders' Association) to verify today's minutes.

**The meeting resolved**, upon the proposal from Åsa Gustafsson, to appoint two voting supervisors, and to appoint Anne-Lie Sveder (Price-WaterhouseCoopers) and the aforementioned Fredrik Svensson, 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 the Committees of the Board**

The Chairman: Since the previous Meeting, the Board has had seven 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. As our corporate governance report shows, attendance has been high at the meetings. The work of the Board has focused on everything from market strategy to new stores and expansion. In addition to this, the Board has also considered interim financial statements and the annual report.

The Chairman continued: The Audit Committee has consisted of two members, Jan Samuelson and Pernilla Ström. The Chairman of the Audit Committee has been Jan Samuelson. The Board's Secretary has also been Secretary to the Audit Committee.

Jan Samuelsson: The Audit Committee has complied with the programme set forth for its work. During the year, the Committee has continuously reported to the Board, and has i.a. dealt with issues concerning the annual report, other financial reporting and internal control. During the period from the previous Annual Shareholders' General Meeting until today, the Audit Committee has had six meetings in total, all of which have been kept in minutes.

The Chairman: The Remuneration Committee has consisted of me as Chairman of the Board and Amelia Adamo. During the year, the Committee has i.a. dealt with the conditions for new leading officials. The Committee has continuously reported to the Board and has followed the remuneration policy that was adopted by the previous Meeting.

The Chairman continued: Prior to this Annual Shareholders' General Meeting the Nomination Committee has consisted of Kristian Lundius, from Livy Ltd. and Dutot Ltd., Ulf Strömsten from Catella and K G Lindvall from Swedbank Robur. As Chairman of the Board, I have joined the Nomination Committee. The Nomination Committee has been led by Kristian Lundius.

The report of the Nomination Committee, which has been available prior to the Meeting, was presented.

**§ 8 Presentation of the Annual Report and the Auditor's Report for the financial year 2007/2008 as well as the Consolidated Annual Report and the Consolidated Auditor's Report for the financial year 2007/2008**

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, 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 who is principally responsible for ÖhrlingsPricewaterhouseCoopers, presented the Auditor's Report. Bror Frid also accounted for his other commissions.

The Chief Executive Officer and Consolidated Chief Executive Officer, Christian W. Jansson, reported on the business of the consolidated group. The Shareholders were given the opportunity issue questions.

Shareholder X: In light of the current financial crisis, what was your reasoning behind the dividend decision and the debt that exist in relation to the cash flow of the business?

The Chief Executive Officer noted that questions of dividend ultimately is up to the Board and added: We have strong cash flows and can amortize or distribute the money to the shareholders. The loan ratio of the business is reasonable and even after the dividend we will be able to invest in new stores and expand as planned.

The Chairman: The consolidated group has no need for large amounts of cash but is rather mainly financed in the business continuously. The now proposed dividend falls within our dividend policy and balances the risks that we are aware of and takes into account our balance sheet situation.

Shareholder X: What is your reasoning as regards acquisition plans? You did try with Lindex? Prices are lower now.

The Chief Executive Officer: We are now focusing on expanding organically. Acquisitions would only be of interest if they fit our business model and if they have an interesting margin close to our own. There are no such objects and therefore, we expand organically. Lindex was an isolated opportunity that did not go as planned. We do, however, consider acquiring premises for our business.

Shareholder X: What is KappAhl's reasoning when you under present conditions are considering opening several new stores?

The Chief Executive Officer: When we open new stores our goals are higher than average goals in the consolidated group. Therefore, the new stores strengthen the consolidated group. There are places in which we not yet have any stores but where we would like to have stores. Even smaller places are of interest. The stores in Eslöv and Angered are examples of stores that are very profitable but that are not located in larger cities.

Shareholder X: Do you plan on issuing new shares?

The Chairman: No, there are no such plans.

Are you doing anything different now compared to last year considering the uncertainty on the market?

The Chief Executive Officer: No. What is different is that our growth rate is higher. We are now growing by approximately 30 stores per year, which has previously been approximately 20 and 10 stores respectively per year. That makes completely new demands on us. Otherwise, we continue to work like before. It is true that the consumers will become more cautious but we feel certain that our offer appeals to many people.

## **§ 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 Meeting resolved** to adopt the Income Statement and Balance Sheet as presented in the Annual Report for the parent company and the group. It was noted that Barclays Global

Investors NA (49.600 shares and votes), through its representative Erik Wallberg, refrained from voting but did not present a proposal of its own.

### **§ 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. Active International Small Cap Lending Common TR, through its representative Erik Wallberg, announced the intention to vote against the proposal. The Chairman noted that principal owners representing at least two thirds of the votes represented at the Meeting supported the proposal made by the Board and the Chief Executive Officer, and that Active International Small Cap Lending Common TR represents approximately 0.04 percent of the votes at the Meeting.

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

Dividend (150 080 000 x 4,50 SEK)	SEK 337 680 000
<u>To be carried forward</u>	<u>SEK 348 393 465</u>
Total	SEK 686 073 465

**It was noted that** Active International Small Cap Lending Common TR voted against the proposal but did not present a proposal of its own.

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

The Company's Auditor recommended that the Meeting discharged the Board of Directors and the Chief Executive Officer from liability for the financial year. 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 of liability.

General Board of Pension and Health Benefits of United Methodist Church, through its representative Erik Wallberg, announced an intention to vote against the proposal to recommend a discharge from liability. The Chairman noted that principal owners representing at least two thirds of the votes represented at the Meeting supported the recommendation on discharge from liability, and that General Board of Pension and Health Benefits of United Methodist Church represents approximately 0.3 percent of the votes at the Meeting.

**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. It was noted that General Board of Pension and Health Benefits of United Methodist Church voted against the proposal but did not present a proposal of its own.

### **§ 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 and to elect a registered auditing company.

**The Meeting resolved** that five members of the Board and a registered auditing company should be elected in accordance with the proposal.

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

The Chairman of the Nomination Committee presented the proposal for determination on fees. The Board and its Committees have had a fee of a total of SEK 1.420.000 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 1.495.000, which corresponds to an increase of approximately 6 percent. It is proposed that the Chairman of the Board is to be awarded SEK 495.000 and each remaining member SEK 180.000. The Chairman of the Audit Committee is awarded SEK 145.000 and the remaining members of the committee SEK 95.000. The Chairman of the Remuneration Committee is awarded SEK 30.000 and the remaining members of the Committee SEK 10.000.

Illionois State Board of Investment, through its representative Erik Wallberg, announced an intention to vote against the proposals for remuneration to be paid to the Board of Directors and its Committees. The Chairman noted that principal owners representing at least two thirds of the votes represented at the Meeting supported the proposal, and that Illionois State Board of Investment represents approximately 0.04 percent of the votes at the Meeting.

**The Meeting resolved** the remuneration to be in accordance with the proposal from the principal owners. It was noted that Illionois State Board of Investment, through its representative Erik Wallberg, voted against the proposed remuneration to the Board of Directors and its Committees but did not present a proposal of its own.

It was, by way of information, noted that the remuneration to be paid to the Company's Auditor is evident from the Annual Report and has been 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**

The Chairman of the Nomination Committee 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 re-elect Finn Johnsson as Chairman of the Board.

Each of the present members introduced themselves.

**The Meeting resolved** to appoint as members of the Board 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 (re-Nomination).

Labor organisation representatives Marie Matthiessen, Rose-Marie Zell-Lindström, Helena Blixt and Bodil Gummesson introduced themselves.

#### **§ 15 Nomination of Auditor**

The Chairman of the Nomination Committee presented the proposal to re-elect Öhrlings PricewaterhouseCoopers as auditing company with the wish that authorized auditor Bror Frid continues as main responsible auditor. The term of office for the auditing company was proposed to be four years, that means up until the fourth Annual Shareholders' General Meeting that is held hereafter. It was noted that Illinois State Board of Investment, through its representative Erik Wallberg, intends to vote against the proposal for Auditor. The Chairman noted that the principal owners support the proposal to re-elect Öhrlings PricewaterhouseCoopers as auditing company.

**The Meeting resolved** to appoint Öhrlings PricewaterhouseCoopers as auditing company. It was noted that Illinois State Board of Investment, through its representative Erik Wallberg, voted against the proposal but did not present a proposal of its own.

#### **§ 16 Instructions and routines for the Nomination Committee**

The Chairman accounted for how instructions and routines for the Nomination Committee had been presented and made available. It was proposed that the next Nomination Committee should consist of three ordinary members whom shall represent the three major owners of the Company per April 30. The Chairman of the Board shall contact the three major owners and shall also be added to the Nomination Committee. The major owners shall mean the VPC-grouped owners and owner-grouped owners. It was noted that the proposal in full shall be considered to have been presented.

**The Meeting resolved** to adopt the proposed routines and instructions.

### **§ 17 Remuneration policy**

The Chairman, who is also the Chairman of the Remuneration Committee, accounted for essential parts of the proposal as it had been accounted for in the notice to attend and been made available in its entirety before and at the Meeting and added: The remuneration for the management group are evident from the Annual Report and follow the remuneration policy that was adopted by the previous Meeting according to the Auditor's Report. The proposal was considered to have been presented in its entirety.

**The Meeting resolved** to adopt the Remuneration Policy in accordance with Appendix 3.

### **§ 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 made with the necessary majority.

**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.

Keeper of minutes



Verified

Jonas Frii

Finn Johnsson

Fredrik Svensson

Erik Wallberg