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The Board of Directors' complete proposal for resolution according to item 19 on the agenda

As stated below, the Board of Directors of KappAhl AB (publ), corporate id No. 556661-2312 (the "Company"), proposes to the AGM on a reverse share split, meaning that six existing shares are consolidated into one share. To enable the reverse share split, the Board of Directors also proposes on a resolution on amendment of § 4 of the Articles of Association.

a) Proposal on amendment of the Articles of Association

To enable the reverse share split proposed under item 19 b) below, the Board of Directors proposes that the Meeting resolves that the limits for the share capital in the Articles of Association shall be amended as follows. The numbers of shares in the Articles of Association shall be changed from the conditions following the Meeting's resolutions under item 18 that means the number of shares shall be minimum of two hundred twenty five million (225,000,000) and maximum of nine hundred million (900,000,000) to minimum of thirty seven million five hundred thousand (37,500,000) and maximum of one hundred fifty million (150,000,000).

Article 4 of the Articles of Association shall thereby be worded as follows:

"The share capital shall amount to no less than SEK thirty two million (32,000,000) and no more than SEK one hundred twenty eight million (128,000,000). The number of shares shall be no less than thirty seven million five hundred thousand (37,500,000) and no more than one hundred fifty million (150,000,000)."

b) Proposal on a reverse share split

The Board of Directors proposes that the Meeting resolves on a reverse split of shares, meaning that six shares are consolidated into one share. The consolidation is intended to increase the transparency of the price of the shares while it results in one, for the Company, more appropriate number of shares.

For shareholders, whose shares on the record date do not correspond to a full number of new shares (after the consolidation), the excess shares will be transferred to the Company's ownership at the record date. The excess shares will hereafter be sold, at the Company's expense, by a securities institution appointed by the Company. The aggregated proceeds of the sale will be distributed among the shareholders who owned the excess shares at the record date, in relation to their share in the shares sold.

The resolution shall be registered at the Swedish Companies Registration Office and it is proposed that the Meeting authorizes the Board of Directors to resolve on the record date of the consolidation, which shall not be earlier than the date on which the decision on consolidation has been registered. Further information on the procedures for the consolidation will be published in connection with the Board of Directors resolving on the record date.

The Chief Executive Officer is proposed to be authorized to make minor changes in the resolution as may be required in connection with the registration of the decision with the Companies Registration Office and Euroclear Sweden AB.

The Meeting's resolution in accordance with items a) and b) above shall be adopted as one resolution. Such resolution is valid only if approved by shareholders holding at least two-thirds of the votes cast and the shares represented at the Meeting.

Möln dal, October 2012

KappAhl AB (publ)

The Board of Directors