

## **NOTIFICATION OF ANNUAL GENERAL MEETING OF CLAS OHLSON AB (PUBL)**

The shareholders of Clas Ohlson AB (publ) are hereby notified of the Annual General Meeting ("Annual General Meeting") to be held on Saturday, 11 September 2010 at 11:00 a.m. at the company's central warehouse in Insjön. Registration will begin at 9:45 a.m. A light lunch will be served after the Annual General Meeting.

### **Registration and notification**

Shareholders who intend to participate in the Annual General Meeting shall:

- be listed in Euroclear Sweden AB's printed shareholder register by Monday, 6 September 2010,
- notify the company of their intention to participate in the Annual General Meeting not later than 4:00 p.m. on Wednesday, 8 September 2010; by post: Clas Ohlson AB (publ), SE-793 85 Insjön, Sweden, by fax: +46 (0)247-444 25, by telephone: +46 (0)247-444 00, by e-mail: [ir@clasohlson.se](mailto:ir@clasohlson.se) or via the company's website <http://om.clasohlson.com>.

Registration must include the shareholder's name, address, daytime telephone number, civil registration number/corporate registration number and the number of shares represented. Shareholders or their proxies are entitled to be accompanied by not more than two advisors. The advisors must be registered in advance in the same manner as the shareholder. Information submitted in connection with the registration will be computerised and used exclusively for the Annual General Meeting.

### **Trustee-registered shares**

Shareholders who, through a bank or another trustee, have trustee-registered shares must temporarily re-register the shares in their own names to be entitled to participate in the Annual General Meeting. To ensure that this registration is listed in the shareholder register on Monday, 6 September 2010, shareholders must request in ample time before this date that their trustees conduct such registration.

### **Proxies**

Shareholders who wish to exercise their voting rights at the Annual General Meeting by proxy must issue a dated power of attorney for the proxy in writing. The power of attorney may not be more than one year old. Prior to the Annual General Meeting, the original power of attorney should be sent to the above-stated address. A power-of-attorney form is available for download via [www.clasohlson.se](http://www.clasohlson.se) and will be sent to those shareholders who so request and who provide their mailing address.

### **Number of shares and voting**

The number of Series A shares in the company totals 5,760,000 carrying 10 votes per share, corresponding to 57,600,000 votes, and the number of Series B shares totals 59,840,000 carrying one vote per share, corresponding to 59,840,000 votes. Accordingly, there are a total of 65,600,000 shares and 117,440,000 voting rights in the company.

### **Proposed agenda**

1. Opening of the Annual General Meeting
2. Election of Chairman of the Annual General Meeting (see below)
3. Preparation and approval of voting list
4. Approval of the agenda
5. Election of one or two minutes checkers
6. Determination that the Meeting has been duly convened

7. Presentation of the Annual Report and Auditors' Report and the Consolidated Accounts and the Auditors' Report on the Consolidated Accounts for 2009/2010
8. CEO's address
9. Chairman of the Board's report on the work of the Board and the Remuneration and Audit Committees
10. Question time
11. Resolution concerning the adoption of the Income Statement and Balance Sheet and the Consolidated Income Statement and Consolidated Balance Sheet for 2009/2010
12. Resolution concerning the disposition of the company's profits in accordance with the balance sheet adopted for 2009/2010 and determination of the record date for the dividend (see below)
13. Resolution concerning the discharge of Board Members and the CEO from liability for the 2009/2010 financial year.
14. Determination of the number of Board Members and Deputy Board Members to be elected by the Annual General Meeting (see below)
15. Determination of the fees to be paid to Board Members and the auditor, and remuneration for committee work (see below)
16. Election of Board Members, Chairman of the Board and any Deputy Board Members (see below)
17. The Board of Directors' motion concerning adoption of guidelines for remuneration and other terms of employment for senior management (see below)
18. Motion concerning the nomination procedure for the Nomination Committee (see below)
19. The Board of Directors' motion concerning adoption of a long-term incentive plan ("LTI 2010") (see below)
20. The Board of Directors' motion concerning a resolution authorising the Board of Directors to make decisions on the company's acquisition and transfer of treasury shares, and motion concerning a resolution to transfer treasury shares (see below)
21. Closing of the Annual General Meeting

### **Item 2, Election of Chairman of the Annual General Meeting**

The Nomination Committee proposes that Bo Berggren be elected Chairman of the Annual General Meeting.

### **Item 12, Resolution concerning the disposition of the company's profits in accordance with the balance sheet adopted for 2009/2010 and determination of the record date for the dividend**

The Board of Directors proposes that the retained earnings at the disposal of the Annual General Meeting, in an amount of SEK 961,957,030, be allocated so that SEK 246,000,000 be paid as a dividend (SEK 3.75 per share) and that SEK 715,957,030 be carried forward. It is proposed that the record date for the dividend be 15 September 2010. If the Annual General Meeting votes in accordance with this motion, it is estimated that the dividend will be distributed by Euroclear Sweden AB on 20 September 2010.

### **Items 14-16, Resolutions concerning the number of Board Members and Deputy Board Members to be elected by the Annual General Meeting, the fees to be paid to Board Members and the auditor, and remuneration for committee work and election of Board Members, Chairman of the Board and any Deputy Board Members**

The company's Nomination Committee, which was formed in accordance with a resolution passed on the nomination procedure at the Annual General Meeting of 12 September 2009 and which comprises Lars Öhrstedt (Chairman), Peter Haid, Göran Sundström, Johan Ståhl and Anders Moberg, proposes the following resolutions concerning Items 14-16.

The Nomination Committee proposes that the number of Board Members be eight and that no Deputy Board Members be appointed (Item 14).

The Nomination Committee proposes that director fees be paid in an amount of SEK 2,787,500 and be distributed as follows: SEK 550,000 annually to the Chairman of the Board and SEK 275,000 annually to each of the Board Members elected by the Annual General Meeting and who are not employees of the company. The Nomination Committee also proposes that remuneration of members of the Audit Committee who are not employees of the company be paid in a total amount of SEK 275,000 annually, of which SEK 137,500 is to be paid to the chairman of the Audit Committee and SEK 68,750 to each of the other two members of the committee, and that remuneration of members of the Remuneration Committee who are not employees of the company be paid in a total amount of SEK 312,500 annually, of which SEK 125,000 is to be paid to the chairman of the Remuneration Committee and SEK 62,500 to each of the other three members of the committee. It is proposed that remuneration of the auditor, during the auditor's period in office, be paid on current account in return for an invoice approved by the company (Item 15).

The Nomination Committee proposes re-election of Anders Moberg, Klas Balkow, Björn Haid, Cecilia Marlow, Lottie Svedenstedt, Urban Jansson and Edgar Rosenberger. Following ten years of service on the Board, Elisabet Salander Björklund has declined re-election. The Nomination Committee proposes that Sanna Suvanto-Harsaae be elected new Board Member. It is also proposed that Anders Moberg remain Chairman of the Board (Item 16).

Sanna Suvanto-Harsaae, born 1966, Chairman of Babysam AS and Sunset Boulevard AS and Board member of Jetpak AB, CandyKing AB, Paulig AB, Symris AG, Sats AB and BTX AS. Independent. Shareholding in Clas Ohlson AB: 0 shares.

Information pertaining to other Board members is available in the Annual Report and on Clas Ohlson's website.

#### **Item 17, The Board of Directors' motion concerning adoption of guidelines for remuneration and other terms of employment for senior management**

For the CEO and other senior management, the remuneration principles approved by the Annual General Meeting of 12 September 2010 apply. The Board of Directors proposes that essentially the corresponding principles be approved by the Annual General Meeting to apply to remuneration and other employment terms for the CEO and other individuals in the company's Group management for the period until the close of the 2011 Annual General Meeting.

The principles shall be applied to employment agreements signed after the Annual General Meeting and apply to revisions of current employment agreements made after this date. Remuneration of the CEO is approved by the Board based on proposals by the Remuneration Committee. Remuneration of other senior management is determined by the Remuneration Committee based on proposals by the CEO.

The Board of Directors is of the opinion that the total remuneration package shall consist of basic and performance-based remuneration. The basic salary forms the core of the total remuneration package. The performance-based remuneration shall represent a strong incentive for senior management to continue the development of the company, thus creating added value for shareholders.

#### Guidelines

The general principles of remuneration of senior management are to be based on the position held, individual performance, the Group's financial results and the remuneration being competitive in the country of employment. The combined remuneration of senior management shall consist of basic salary, variable salary in the form of a short-term incentive based on annual performance objectives, long-term incentives based on performance over several years, pension and other benefits. The principles also regulate the terms and conditions for termination of employment and for severance pay.

Clas Ohlson shall strive to offer a competitive total level of remuneration, focusing on performance-based payments. This means that variable remuneration may comprise a significant portion of the total remuneration. The aim is for basic remuneration to be in line with the median of the comparable market, while total remuneration, when the company meets or exceeds its objectives, shall be in the upper quartile of the market.

#### Basic salary

The basic salary shall comprise the basis for total remuneration. The salary shall be related to the relevant market and reflect the extent of the responsibilities included in the position. The development of basic salary shall depend on how well work is performed and how well the employee develops his/her competencies to assume future work assignments involving greater responsibility. The basic salary shall be reviewed annually to ensure that it is market-based and competitive.

#### Variable remuneration (Short-term Incentive "STI")

In addition to basic salary, senior management shall be able to receive STI for profits that exceed one or several predetermined performance levels during a financial year. The aim of STI is to promote long-term value creation in the company. Clearly defined performance targets are decided annually by the Board or by individuals elected by the Board. The performance targets may be connected to operational, financial or personal results. Remuneration from the STI plan is subject to a ceiling, enabling Clas Ohlson to calculate maximum remuneration levels from the starting date. Insofar as performance does not match the lowest performance level, no STI will be paid. STI will depend on the position held and may not exceed 50 per cent of salary if the ceiling is achieved, which also represents the maximum outcome of STI. Furthermore, STI remuneration is conditional upon the performance on which the payments are based being proved sustainable over time. The company is also entitled to reclaim remuneration paid out on the basis of information that later proves to be obviously incorrect.

The cost of the STI paid to senior management is estimated to range from between SEK 0 to SEK 7.5 M. This amount includes the anticipated cost of social security fees.

#### Long-term incentive

On an annual basis, the Board of Directors will evaluate whether a long-term incentive programme (for example based on shares or share price) will be proposed to a general meeting or not. The Board proposes that the Annual General Meeting approve a long-term incentive program, see Item 19 below.

#### Pension

Pension agreements will, as a rule, be defined-contribution schemes and formulated in accordance with levels and practice applicable in the country in which the member of senior management is employed. The value of the benefit shall be in line with what is regarded as the norm for the country in question.

#### Other benefits

Other benefits may accrue in accordance with the terms applicable to the country in which the member of senior management is employed. However, such benefits may not constitute a major proportion of the total remuneration.

Period of notice and severance pay

Senior management will be offered terms in accordance with the legislation and practice applicable to the country in which the person concerned is employed. During the period of notice, the combined value of basic salary and severance pay may not exceed an amount corresponding to basic salary for two years. A member of senior management will be prevented from working in a competing business during the period of notice. In certain cases, prohibition of competition in return for continued remuneration may be applied for a maximum period of 24 months following expiry of the period of notice.

Authorisation for the Board to depart from the guidelines

The Board will be able to depart from these guidelines if there are special reasons for doing so. In the event of a major deviation, the shareholders will be informed of the underlying reasons at the following Annual General Meeting.

Previously approved but as yet unpaid remuneration

The main terms and conditions for remuneration of senior management in the current employment agreements are presented in Note 6 of the Annual Report for 2009/10.

**Item 18, Motion concerning the nomination procedure for the Nomination Committee**

The Nomination Committee proposes that the Annual General Meeting resolve that the nomination procedure for the Nomination Committee that is already applied today shall also form the basis for future nomination processes. The motion principally entails the following.

The Chairman of the Board is assigned the task of contacting the four largest registered shareholders or otherwise known shareholders and requesting that they each appoint a member to the Nomination Committee. If any of these shareholders abstains from appointing a representative, the next largest registered shareholder or otherwise known shareholder is asked, etc. The record date for the shareholding is 30 September. The Nomination Committee also includes the Chairman of the Board.

The appointed members shall constitute the Nomination Committee and fulfil the tasks set by the Swedish Code of Corporate Governance and submit proposals on the nomination procedure regarding the Nomination Committee. The Nomination Committee elects a Chairman from within its ranks who, according to the Swedish Code of Corporate Governance, shall not be the Chairman of the Board or another Board Member.

The two largest shareholder groups, the Haid and Tidstrand families, each intend to appoint a member to the Nomination Committee. The two next largest shareholders shall each appoint a member to the Nomination Committee. The names of all of the Nomination Committee members shall be announced as soon as the Nomination Committee has been appointed, although not later than six months prior to the Annual General Meeting.

If any of the shareholders who have appointed a member of the Nomination Committee divests a significant portion of their shares in Clas Ohlson AB before the Nomination Committee's assignment has been completed, the member appointed by this shareholder shall – if so decided by the Nomination Committee – step down from his/her position on the Nomination Committee and be replaced by a new member appointed by the shareholder who, at that time, is the largest registered shareholders or otherwise known shareholder

that is not already represented on the Nomination Committee. If, before the Nomination Committee's assignment has been completed, any of the members of the Nomination Committee were to cease to represent the shareholder who has appointed the member, such a member can be replaced by a new member appointed by the shareholder if this has been decided by the Nomination Committee.

No remuneration is paid to members of the Nomination Committee. On request of the Nomination Committee, the company shall provide staff resources, such as secretarial assistance, to the Nomination Committee to facilitate its work. Where necessary, the company shall also reimburse reasonable expenses, such as external consultants, which the Nomination Committee considers necessary in order for it to carry out its assignment.

**Item 19, The Board of Directors' motion concerning adoption of a long-term incentive plan ("LTI 2011")**

The Board of Directors proposes that the Annual General Meeting resolve to adopt a long-term incentive plan ("LTI 2011") with primarily the corresponding conditions as those applying for LTI 2010, as adopted by the Annual General Meeting of 12 September 2009. The purpose of the proposed incentive plan is to constitute part of total remuneration and to create conditions to retain and recruit skilled personnel to the Group. It is proposed that LTI 2011 encompass a maximum of 45 people, comprising members of senior management and other key personnel regarded as having considerable potential to influence Clas Ohlson's long-term development ("Participants").

LTI 2011 has been designed because it is considered desirable that in future the Participants will become shareholders of Clas Ohlson to a greater extent than today, which is expected to have a positive impact on their long-term work performance. LTI 2011 has also been designed to ensure that the remuneration paid to the Participants will be competitive in comparison with other comparable companies in the industry.

LTI 2011 entails that the Participants acquire at market price Class B shares in the company at a value corresponding to at least 5 per cent and a maximum of 10 per cent of their basic annual salary during the period 1 to 11 May 2011 ("Acquisition Period"). Allotment of options and share awards will occur five days after the Acquisition Period has ended ("Start Day"). The private investment will then be matched by the company, in the form of a free-of-charge allotment of conditional share awards and performance-based employee stock options.

A condition for exercising the share awards and employee stock options is that the employee retains his/her invested shares and that, with certain exceptions, also retains his/her employment from the Start Day up to 30 April 2014 ("Qualification Period"). For each Class B share acquired by the employee within the framework of LTI 2011, the company will allot a share award plus a number of preliminary employee stock options. Matching will be based on the number of shares invested in by the employee at the ordinary stock-market price prevailing when the shares are purchased. The scope of LTI 2011 may never exceed 630,000 B shares or 820,000 B shares if costs for social security fees are included.

Each share award provides the holder with entitlement to obtain one Class B share in the company free of charge. Share awards do not provide entitlement to compensation for dividends on underlying shares during the Qualification Period. The share awards are not transferable and may be issued by the company or by other Group companies.

Each exercisable employee stock option provides the holder with entitlement to acquire one Class B share in the company. The acquisition price for shares acquired upon exercise of the options shall correspond to 110 per cent of the volume-weighted average price paid for the company's Class B share as established on the NASDAQ OMX Stockholm AB over a period of 10 trading days prior to the start of the Acquisition Period. The earliest date for exercising the employee stock options will be 16 June 2014 and the latest date will be 27 April 2018. When exercising the employee stock options, any rules concerning bans on trading must be observed, where applicable. The employee stock options do not provide entitlement to compensation for dividends on underlying shares during the Qualification Period. The employee stock options are not transferable and may be issued by the company or by other Group companies.

The number of exercisable employee stock options for the acquisition of shares depends on the number of Class B shares that the employee has acquired and the fulfilment of certain goals, as established by the Board of Directors, for the company's development, growth and earnings during the Qualification Period. The levels to be established comprise a threshold, target and ceiling. The levels correspond to: five employee stock options/acquired Class B shares at the threshold level, 10 employee stock options/acquired Class B shares at the target level and 15 employee stock options/acquired Class B share at the ceiling level. Vesting of employee stock options between the threshold and ceiling levels occurs linearly. In the event that the threshold level is not attained, no employee stock options will be allotted.

Insofar as the share price varies at the date of acquisition, LTI 2011 could theoretically end up comprising more shares than those stated in the proposed scope. In such cases, allotment will be reduced proportionately in accordance with principles decided by the Board of Directors.

LTI 2011 will be reported in accordance with IFRS 2 – Share-based payment.

Based on unchanged dividends, the market conditions currently prevailing and the maximum outcome for LTI 2011's criteria, the initial cost for LTI 2011, in accordance with IFRS 2, will not exceed SEK 18.6 M. To this should be added costs for social security fees, which will be calculated in greater detail in the Board of Directors' complete motion concerning LTI 2011.

The Board of Directors proposes a buy-back programme in accordance with Item 20 (see below) so that, as described above, the company will be provided with an opportunity to transfer treasury shares to the Participants and also use the repurchased shares as liquidity for securing payment of future social security fees pertaining to LTI 2011. The administrative work required for handling the programme must be reasonable in relation to the programme's design and scope and be subject to approval by the Board of Directors. The intention is that no new shares will be issued as a result of the programme.

Shareholders representing 71.8 per cent of the votes in the company have confirmed that they intend to approve the above motion by the Board.

**Item 20 – The Board of Directors' motion concerning a resolution authorising the Board of Directors to make decisions on the company's acquisition and transfer of treasury shares, and motion concerning a resolution to transfer treasury shares**

The Board of Directors' motion in accordance with Item 20 is conditional upon the Annual General Meeting first passing resolutions in accordance with Item 19 above.

*A. Acquisition of treasury shares*

The Board of Directors proposes that the Annual General Meeting resolve to authorise the Board, during the period up to the next Annual General Meeting, to make decisions concerning the company's acquisition of shares in the company as follows.

- A maximum of 820,000 Class B shares may be acquired.
- The shares must be acquired on NASDAQ OMX Stockholm AB.
- Shares obtained through trading on a regulated market may only be acquired at a price per share that at every point of time is within the registered span of share prices.
- Payment for the shares must be made in cash.

Acquisitions may occur to ensure the company's commitments (including social security fees) resulting from proposed and approved incentive programmes.

*B. Transfer of treasury shares*

The Board of Directors proposes that the Annual General Meeting resolve to authorise the Board, during the period up to the next Annual General Meeting, to make decisions concerning the company's transfer of treasury shares as follows.

- The Class B treasury shares held at the time of the Board of Directors' decision may be transferred.
- The shares may be transferred via NASDAQ OMX Stockholm AB.
- Shares transferred through trading on a regulated market may only occur at a price per share that at every point of time is within the registered span of share prices.
- Payment for the shares must be made in cash.

The reason underlying the Board of Directors' motion is to provide the company with an opportunity to continuously adapt the number of shares acquired to safeguard commitments (including social security fees) within the framework of the proposed and earlier implemented incentive programmes.

*C. Transfer of treasury shares as a result of the programme detailed in Item 19*

The Board of Directors proposes that the Annual General Meeting resolve a transfer of shares in the company as follows.

- A maximum of 630,000 Class B shares may be transferred.
- Entitlement to receive shares shall accrue to the Participants, with each Participant entitled to receive at most the number of shares that result from the future conditions for LTI 2011.
- The Participants will be entitled to exercise their right to acquire shares no earlier than 16 June 2014 and no later than 27 April 2018.
- The Participants' entitlement to receive shares is subject to fulfilment of all of the conditions established for the programme.
- Transfer of share awards issued in accordance with LTI 2011 will occur free of charge.
- Transfer of shares based on options issued in accordance with LTI 2011 will occur at a price corresponding to 110 per cent of the volume-weighted average price paid for the company's Class B share as established on NASDAQ OMX Stockholm AB over a period of 10 trading days prior to the start of the Acquisition Period.
- In accordance with the terms and conditions for the programme, the number of shares that may be subject to transfer under LTI 2011 may become subject to recalculation due to such events as bonus issues, splits and rights issues.

- Payment for acquired shares must be made no earlier than 16 June 2014 and no later than 11 May 2018.

The transfer of treasury shares and the reason for disapplying the shareholders' pre-emptive rights are pursuant to the incentive programme resolved under Item 19.

### **Majority requirements**

To be valid, resolutions by the Annual General Meeting in accordance with Item 20 A-B above must be supported by shareholders representing at least two thirds of both the votes cast and the shares represented at the Annual General Meeting. To be valid, resolutions by the Annual General Meeting in accordance with Item 20 C above must be supported by shareholders representing at least nine tenths of both the votes cast and the shares represented at the Annual General Meeting.

### **Complete proposals**

The Nomination Committee's complete proposals concerning resolutions under Items 2, 14-16 and 18 and the Board of Directors' complete motions concerning resolutions under Items 12 and 17 are presented above.

The Board of Directors' complete motions concerning resolutions under Items 19 and 20 above and the accounting documentation and audit report pertaining to the 2009/2010 financial year, the Board of Directors' statement in accordance with Chapter 18, Section 4 of the Swedish Companies Act concerning the distribution of profits and in accordance with Chapter 19, Section 22 of the Swedish Companies Act concerning authorisation for the acquisition of company shares, as well as the auditor's statement pursuant to Chapter 8, Section 54 of the Swedish Companies Act concerning guidelines for remuneration of senior management will be made available at the company no later than 28 August 2010 and will also be sent by post to shareholders who provide their postal address.

All of the documents specified under the above heading will be made available in an electronic format on the company's website, [www.clasohlson.se](http://www.clasohlson.se), as of 28 August 2010.

August 2010  
Clas Ohlson AB (publ)  
*Board of Directors*