

Report on the work of the Election Committee and proposals to the Annual General Meeting of Höganäs AB in 2007

Composition of the Election Committee

According to a resolution passed at the Annual General Meeting (AGM) 2006, an Election Committee has been appointed comprising representatives of the four largest shareholders in terms of votes held, plus the Chairman of the Board.

The Election Committee consists of Ulf G. Lindén, representing Lindéngruppen, Carl-Olof By representing Industrivärden, Ramsay Brufer, representing Alecta, and Henrik Didner, representing Didner & Gerge Fonder AB, and Chairman of the Board Per Molin.

Ulf G. Lindén is Chairman of the Election Committee, as he represents the biggest shareholder in terms of votes.

The composition of the Election Committee was made public in a press release from the Company on 20 October 2006.

The work of the Election Committee

In preparation of the Annual General Meeting 2007, the Election Committee's task has been to consider and propose appointments for the Chairman of the AGM, the Chairman of the Board and other Board members, Directors' fees, appointment and fees to the auditor and deputy auditor and to otherwise fulfill the Election Committee's obligations according to the Swedish Corporate Governance Code.

The Election Committee has held four meetings, where minutes were taken, as well as a number of telephone contacts ahead of the Annual General Meeting 2007.

To provide supporting documentation for its proposals ahead of the Annual General Meeting 2007, the Election Committee has evaluated the extent to which the current composition of the Board is expedient and satisfies the requirements made on the Board in the light of the present situation of the company and its future direction. As a basis for this evaluation, the Board has reviewed the results of an evaluation of the Board's work led by the Chairman of the Board.

The Election Committee has been informed that Magnus Lindstam has resigned as a Board member on his own request during the current mandate period.

The Election Committee has for the purpose of ensuring the continuity of the Board work, suggested that the number of Board members shall remain unchanged. The Election Committee has established criteria for the new Board member that the Board has considered necessary to recruit and systematically sought candidates to the Board. This process has resulted in the recruitment of Urban Jansson, who is now proposed as a Board member.

The Election Committee has also been provided the Audit Committee's evaluation of the group audit and its statements regarding the future extent of audit work.

During the current mandate period, Höganäs has had two auditors from different audit firms. After due consideration, the Election Committee has proposed to the AGM that the group's audit requirement would best be satisfied by the appointment of an international firm of auditors for the coming mandate period. In connection with this, the Election Committee has also taken into the account the importance of ensuring continuity in the audit process. The Election Committee proposes that KPMG Bohlins AB to be appointed auditor, with the express agreement that Authorized Public Accountant Alf Svensson, the company's current auditor, will remain senior auditor.

The Election Committee has also evaluated Directors' fees and remuneration for committee work.

No remuneration were payable to members of the Election Committee. To some degree, the Election Committee has appointed consultants to complete its assignment without incurring any cost to the company.

Since autumn 2006, the company's website has specified that shareholders who wish to propose suggestions to the Election Committee should contact the Chairman of the Election Committee, Ulf G. Lindén, whose contact information has also been provided on the website. The Election Committee has not received any nominations.

The Election Committee's proposal

The evaluations and considerations by the Election Committee have resulted in the Election Committee making the following proposals to the Annual General Meeting 2007:

- That Attorney-at-Law Ragnar Lindqvist shall be appointed Chairman of the Annual General Meeting 2007.
- That the AGM shall elect nine Board members. No deputies shall be appointed.
- The re-election of Board members Per Molin, Jenny Lindén Urnes, Bengt Kjell, Bernt Magnusson, Hans-Olov Olsson, Agnete Raaschou-Nielsen, Oystein Krogen and Alrik Danielson (CEO).
- The new election of Urban Jansson.
- The re-election of Per Molin as Chairman of the Board.
- That Directors' fees totaling SEK 2,100,000 shall be payable, of which the Chairman of the Board receives SEK 400,000 and other members elected by the AGM that are not employees of the group receive SEK 200,000 each with the remaining SEK 300,000 payable for committee work, with SEK 50,000 each to two external Board members of the company's Currency Committee and SEK 100,000 to the Chairman of the company's Audit Committee and SEK 50,000 each to two external Board members in the Audit Committee. No remuneration is payable for work on the Remuneration Committee.

- The appointment of KPMG Bohlins AB, with Alf Svensson as senior auditor, as auditors for the period until the end of the Annual General Meeting 2011.
- That remuneration to the auditors be payable on account.
- That the Annual General Meeting is to appoint an Election Committee according to the proposal in Appendix 1.

Presentation of the proposed Board members

A presentation of the proposed Board members and the Election Committee's evaluation of their independent status with regard to the company, the management and major shareholders is made in Appendix 2.

Presentation of the proposed auditors

KPMG Bohlins AB is a leading international auditing firm. In addition to Höganäs, KPMG Bohlins AB's auditing assignments include i.a. the following clients: Handelsbanken, PEAB, Skanska, NCC, Investor, Atlas Copco, Sandvik, SKF, BE-group and Telelogic. In addition to audit conducted by Alf Svensson, KPMG Bohlins AB, Höganäs has over the last three years appointed KPMG Bohlins AB for audit-related consultation, for example regarding the introduction of IFRS.

Support for the Election Committee's proposals

The Election Committee's proposals are estimated to receive the support of shareholders representing approximately 55% of the votes for all shares of the company.

Höganäs, Sweden, March 2007

The Election Committee
of
Höganäs AB

Appointing the Election Committee

The Election Committee shall consist of representatives of the four largest shareholders in terms of votes held according to the Swedish Central Securities Depository and Clearing Organization as of 31 August 2007, plus the Chairman of the Board, who also convenes the Election Committee. The member representing the largest shareholder shall be appointed Chairman of the Election Committee.

In the event that a member leaves the Election Committee before its work has been concluded, if deemed necessary, a replacement will be obtained from the same shareholder or, if such is no longer one of the largest shareholders, from the next-largest shareholder. If the ownership structure does not change significantly before the assignment of the Election Committee is completed, then if the Election Committee so decides, a change may be made to the composition of the Election Committee in a manner deemed appropriate by the Election Committee.

The composition of the Election Committee ahead of the Annual General Meeting 2008 will be announced no later than six months prior to the Annual General Meeting. There will be no remuneration payable to the members of the Election Committee. The company will meet any expenses associated with the work of the Election Committee. The mandate period of the Election Committee will be until the composition of the next Election Committee has been announced.

Presentation of the Election Committee's proposed Board of Directors

Proposed Board member	Age	Main education and work experience	Assignments in the company and other significant assignments	Personal or affiliated natural person or legal entity's holding of shares or other financial instruments in the company	Independence of the company and its management	Independence of major shareholders	If re-election, year of election	Other information that may be relevant to shareholders when evaluating the competence of the proposed Board member
Alrik Danielson	Born 1962	<ul style="list-style-type: none"> • Master of Business Administration • Executive positions within AB SKF 	<ul style="list-style-type: none"> • CEO and President, Höganäs AB • Board member, Jernkontoret • Board member, the Chamber of Commerce and Industry of Southern Sweden 	Personal holding: 3,000 shares Affiliate holdings: 0 shares	No	Yes	2005	
Jenny Lindén Urnes	Born 1971	<ul style="list-style-type: none"> • Bachelor of Arts in Philosophy • Board assignments in AB Wihl. Becker with subsidiaries 	<ul style="list-style-type: none"> • Chairman of the Board and CEO of AB Wilh. Becker • Chairman of the Board <ul style="list-style-type: none"> - Becker Acroma Group AB - Becker Industrial Coatings AB - The Färgfabriken Foundation • Board member of ColArt Investment Ltd 	Personal holding: 10,000 shares Affiliate holdings: 0 shares	Yes	No	2004	

CONVENIECE TRANSLATION

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Bernt Magnusson	Born 1941	<ul style="list-style-type: none"> • M.Pol.Sc. • Deputy CEO Swedish Match AB • CEO, Match Division, Switzerland • CEO and President, Nordstjernan AB • Chairman of the Board and CEO, NCC AB • Chairman of the Board - Nobel Industrier AB • - Assi Domän AB • - Skandia AB 	<ul style="list-style-type: none"> • Chairman of the Board - Swedish Match AB • - Kwintet AB • Board member - Fareoffice AB • - Coor Service Management AB • - Net Insight AB • - Pharmadule AB • - Volvo Car Corporation • - Nordia Innovation AB 	Personal holding: 17,500 shares Affiliate holdings: 0 shares	No	Yes	1994	
Per Molin	Born 1937	<ul style="list-style-type: none"> • Master of Engineering • CEO, Avesta Sheffield AB 	<ul style="list-style-type: none"> • Board member, Siemens AB 	Personal holding: 5,000 shares Affiliate holdings: 0 shares	No	Yes	1994	
Agnete Raaschou-Nielsen	Born 1957	<ul style="list-style-type: none"> • MA (economics) • PhD (economics) • Position within the Copenhagen Business School • Executive positions within Carlsberg A/S • CEO - Coca-Cola Tapperierne A/S 	<ul style="list-style-type: none"> • Director of Aalborg Portland Group • Deputy Chairman of Kuben A/S • Board member - Danmarks Internationale Investeringsfonde • - Danske Invest Administration A/S • - Sydsten AB 	Personal holding: 500 shares Affiliate holdings: 500 shares	Yes	Yes	2003	

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		- Zacco Denmark A/S						
Bengt Kjell	Born 1954	<ul style="list-style-type: none"> • Diploma from the Stockholm School of Economics • Certified accountant • Senior partner, Navet Affärsutveckling AB • Head of corporate finance, Securum 	<ul style="list-style-type: none"> • Deputy CEO, AB Industrivärden, in charge of investment activities • Chairman of the Board, <ul style="list-style-type: none"> - Kungsleden AB - Indutrade AB • Board member <ul style="list-style-type: none"> - Padox AB - Isaberg Rapid AB - Munters AB - Helsingborgs Dagblad 	Personal holding: 0 shares Affiliate holdings: 0 shares	Yes	No	2006	
Oystein Krogen	Born 1966	<ul style="list-style-type: none"> • Sloan Fellowship (M.Sc.) • PhD Electrical engineering • M.Sc. Elementary Particle Physics • B.Sc. Physics • CTO, Head of R&D, API Elmo AB/Danaher Motion Flen AB • Research engineer, 	<ul style="list-style-type: none"> • In charge of the development of Electrical Motors within the Danaher Group 	Personal holding: 0 shares Affiliate holdings: 0 shares	Yes	No	2006	

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		Höganäs AB						
Hans-Olov Olsson	Born 1941	<ul style="list-style-type: none"> • B. Sc. (Pol. Sci.) • Honorary Ph.D. (Econ.), Gothenburg School of Economics, 2006 • CEO and Chairman of Volvo Cars 2000-2006 and other executive positions in the Volvo group • SVP & Chief Marketing Officer, Ford Motor Company 2006 • Member of Ford's group management 	<ul style="list-style-type: none"> • Chairman of the Board, Association of Swedish Engineering Industries in Stockholm • Board member <ul style="list-style-type: none"> - Confederation of Swedish Enterprise and its executive committee and 'IQ Initiative' - Lindab International AB - Premier Automotive Group - Vattenfall AB - Swedish-American Chamber of Commerce • Chairman of the advisory committee to the Gothenburg School of Economics 	Personal holding: 2,000 shares Affiliate holdings: 0 shares	Yes	Yes	2006	

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			<ul style="list-style-type: none"> • Member of Rothschild European Advisory Board with registered offices in London and Paris 					
Urban Jansson	Born 1945	<ul style="list-style-type: none"> • Post-graduate diploma in banking and economics (Skandinaviska Banken) • Executive positions in SEB and Incentive Group • CEO of Ratos AB 	<ul style="list-style-type: none"> • Chairman of the Board, <ul style="list-style-type: none"> - Rezidor Hotel Group - Jetpak Group - Siemens AB - Tylö AB • Deputy Chairman <ul style="list-style-type: none"> - Ahlström Corp • Board member <ul style="list-style-type: none"> - Addtech AB - Wilh. Becker AB - CapMan - Clas Ohlson AB - SEB - The Stockholm Stock Exchange's Companies Committee 	Personal holding: 0 shares Affiliate holdings: 0 shares	Yes	Yes		