

## **THE BOARD OF DIRECTORS' PROPOSAL REGARDING THE TRANSFER OF 4,500 CLASS B TREASURY SHARES, FREE OF CHARGE, TO THE CHIEF EXECUTIVE OFFICER**

### **Background**

As previously accounted for, the company has entered into an agreement with Alrik Danielson on an equity-related incentive scheme for the financial years 2006, 2007 and 2008 pursuant to which Alrik Danielson will be able to attain a not insignificant shareholding in the company, which is considered to contribute to enhancing his commitment. For this reason, Alrik Danielson is during the term of the incentive scheme required to retain a number of shares in the company corresponding to the number of shares received from the company and shares acquired by him under the incentive scheme. Pursuant to the agreement with Alrik Danielson, the Board will decide whether the conditions for apportioning shares to Alrik Danielson have been satisfied after the end of each financial year, and if so, propose to the Annual General Meeting (AGM) to approve apportionment through the transfer of treasury shares. The AGM 2007 decided to approve the Board's proposal on transfer of 3,000 class B treasury shares, free of charge, to Alrik Danielson. The transfer has been effected.

*The terms for apportioning shares for the financial year 2007 are, in summary, that Alrik Danielson on the day of the AGM 2008 is the holder of 9,000 class B shares in the company, that the company has achieved budgeted EBIT in 2007 (after agreed adjustments for impacts by material non-budgeted metal price and exchange rate fluctuations and effects from non-budgeted non-recurring items) and that Alrik Danielson's employment has not been terminated by himself or the company on the day of the AGM's resolution on apportionment of shares. If these conditions are satisfied the company shall, pursuant to the agreement, transfer 4,500 class B treasury shares to Alrik Danielson no later than 30 May 2008. If insider rules prevent the transfer being consummated within this time-frame, the transfer shall be postponed until such time that this impediment no longer applies. If the AGM does not approve the Board's proposal on the transfer of shares, Alrik Danielson shall receive compensation through a cash payment, which shall be used by him to buy shares in the company.*

The value of the shares transferred to Alrik Danielson constitutes salary and is subject to personal income tax to be paid by him, and entails social security costs for the company. Apart from this, the company incurs no costs in relation to the share transfer.

The transfer of shares to Alrik Danielson is intended to be effected by using shares already issued and held by the company. The transfer implies only an insignificant dilution effect.

### **Proposal for resolution**

The Board of Directors proposes that the AGM 2008 approves the transfer, free of charge, of 4,500 class B treasury shares to Alrik Danielson as an equity-related incentive, which transfer shall be effected by 30 May 2008 or, in the event of any impediment to such transfer pursuant to applicable insider rules, at such date when this impediment no longer applies.

For validity, resolution pursuant to the above requires approval of shareholders representing at least nine-tenths of the votes cast and the shares represented at the AGM.

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Höganäs in March 2008  
HÖGANÄS AB (publ)  
The Board of Directors