

Report on the work of the Election Committee and proposals to the Annual General Meeting of Höganäs AB in 2008

Composition of the Election Committee

According to a resolution passed at the Annual General Meeting (AGM) 2007, an Election Committee has been appointed comprising representatives of the four largest shareholders in terms of votes held as of 31 August 2007, 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, 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 published in a press release from the company on 3 October 2007.

The work of the Election Committee

In preparation for the Annual General Meeting 2008, 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, fees to the auditor and deputy auditor and to otherwise fulfil the Election Committee's obligations according to the Swedish Corporate Governance Code.

The Election Committee held four meetings, where minutes were taken, as well as regular telephone contacts ahead of the Annual General Meeting 2008.

To provide supporting documentation for its proposals ahead of the Annual General Meeting 2008, 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 Hans-Olov Olsson and Agnete Raaschou-Nielsen are not available for re-election.

The Election Committee considered it appropriate to reduce the number of Board members from the current nine members to eight members, and also considered it appropriate for the Board of Directors to possess sector skills and other skills, and additionally, a well-balanced shareholder representation. Against this background, after a systematic search and selection process, the Election Committee considers it appropriate to propose Peter Gossas as a Board member. He is CEO of Sandvik Materials Technology, and with his professional experience, possesses thorough knowledge of the circumstances that are significant to the business Höganäs conducts.

The auditors were elected at the AGM 2007, with KPMG Bohlins AB elected as auditors for the period until the end of the AGM 2011. Accordingly, election of auditors will not be a matter for consideration at the forthcoming AGM.

The Election Committee has also evaluated Directors' fees, remuneration for committee work and fees to auditors, and considered a modest increase of Directors' fees justified as a continued adaptation to market conditions. However, considering the proposal to reduce the number of Board members, this does not imply any increase of the total Directors' fees.

No remuneration was payable to members of the Election Committee. The Election Committee has not charged the company with any costs for its work.

Since 4 October 2007, 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 Election Committee is making the following proposals to the Annual General Meeting 2008:

- That Attorney-at-Law Ragnar Lindqvist shall be appointed Chairman of the Annual General Meeting 2008.
- That the AGM elects eight Board members. No deputies shall be appointed.
- The re-election of Board members Per Molin, Jenny Lindén Urnes, Bengt Kjell, Bernt Magnusson, Oystein Krogen, Urban Jansson and Alrik Danielson (CEO).
- The election of Peter Gossas.
- The re-election of Per Molin as Chairman of the Board.
- That Directors' fees totalling SEK 2,100,000 shall be payable, of which:
 - the Chairman of the Board receives SEK 450,000;
 - other members elected by the AGM that are not employees of the group receive SEK 225,000 each;
 - the remaining SEK 300,000 is payable for committee work, with:
 - SEK 50,000 each to two external Board members of the company's Finance Committee;
 - SEK 100,000 to the Chairman of the company's Auditors Committee and
 - SEK 50,000 each to two external Board members in the Auditors Committee;
 - No remuneration for work on the Remuneration Committee.
- That remuneration to the auditors be payable on open account.
- That the Annual General Meeting is to appoint an Election Committee according to the proposal in Appendix 1.

Presentation of 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.

Pursuant to the criteria of the Swedish Code of Corporate Governance, more than half of the proposed members are independent of the company and the company management, and of these, two are independent of the major shareholders. Thus the Election Committee's proposal satisfies the criteria stipulated in the Code.

The Election Committee
of
Höganäs AB

Höganäs, Sweden, March 2008

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 2008, 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 this 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 2009 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, Högånäs AB • Board member, Jernkontoret • Board member, the Chamber of Commerce and Industry of Southern Sweden • Board member of EFG European Furniture Group AB. 	Personal holding: 9,000 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 Wilh. 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: 20,000 shares Affiliate holdings: 0 shares	Yes	No	2004	

CONVENIENCE TRANSLATION

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
Bernt Magnusson	Born 1941	<ul style="list-style-type: none"> • M.Pol.Sc. • Chairman of the Board of Swedish Match AB • CEO and President, Nordstjernan AB • Chairman of the Board and CEO, NCC AB • Chairman of the Board <ul style="list-style-type: none"> - Nobel Industrier AB - Assi Domän AB - Skandia AB 	<ul style="list-style-type: none"> • Chairman of the Board <ul style="list-style-type: none"> - Kwintet AB • Board member <ul style="list-style-type: none"> - 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: 6,000 shares Affiliate holdings: 0 shares	No	Yes	1994	
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	

CONVENIENCE TRANSLATION

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
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, Höganäs AB • In charge of the development of Electrical Motors within the Danaher Group 	<ul style="list-style-type: none"> • Researcher/product developer ITT Flygt AB 	Personal holding: 0 shares Affiliate holdings: 0 shares	Yes	No	2006	
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 - Tylö AB - HMS Networks - Global Health Partner Plc • Deputy Chairman <ul style="list-style-type: none"> - Ahlström Corp (resigning March 2008) • Board member <ul style="list-style-type: none"> - Addtech AB - Wilh. Becker AB - CapMan (resigning March 2008) - Clas Ohlson AB - SEB - The Stockholm Stock Exchange's Companies Committee - Ferd A/S 	Personal holding: 5,000 shares Affiliate holdings: 0 shares	Yes	Yes	2007	

CONVENIENCE TRANSLATION

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
Peter Gossas	Born 1949	<ul style="list-style-type: none"> • BSc (Eng.) • SSAB, various positions • Avesta Sheffield, site manager Avesta, and various divisional manager positions 	<ul style="list-style-type: none"> • CEO, Sandvik Materials Technology • Chairman of the Board, - the Swedish Employers' Association of the Steel and Metal Industry - Kanthal AB - Sandvik Process Systems AB 	Personal holding: 0 shares Affiliate holdings: 0 shares	Yes	Yes		