

Report of the Nomination Committee prior to the 2006 Annual General Meeting

Background

On February 10, 2006, Hakon Invest published the names of the members of the Nomination Committee, in accordance with a decision made at the 2005 Annual General Meeting and with the procedural instructions adopted for the Nomination Committee.

The Nomination Committee consists of four members. Two of the members were nominated by the Company's principal owner, ICA-handlarnas Förbund (the ICA retailers' organization), one by Nordea Fonder and one by SEB Fonder, the latter two being the next-largest owners at December 31, 2005. At that time, these three owners represented approximately 70% of the share capital and the voting rights in Hakon Invest.

ICA-handlarnas Förbund has appointed Lennart Boström, ICA retailer in Lilla Edet, and Håkan Olofsson, ICA retailer in Boden, to the Nomination Committee. Nordea Fonder appointed John Dahlfors and SEB Fonder appointed Stefan Roos, SEB Asset Management, to the Committee. Lennart Boström was appointed Chairman of the Nomination Committee. Shareholders were given the opportunity to submit proposals and comments regarding the work of the Nomination Committee up to and including Friday, March 17, 2006. No proposals other than those of the Nomination Committee were received.

Nomination Committee's work

In 2006, the Nomination Committee held three meetings, one of which in the form of a teleconference. In addition, Committee members had internal contact with the management team and telephone contact with each other.

The duties of the Nomination Committee include evaluating the Board and its performance and presenting proposals to the Annual General Meeting of Chairman and other members of the Board, of fees to be paid to the Board and, where applicable, candidates for auditors and fees to be paid to the auditors.

In order to be able to make proposals for the composition of the Board, the Nomination Committee must assess the degree to which the incumbent Board satisfies the demands that will be placed on the Board given the Company's current situation and direction, by studying the results of the completed evaluation of the Board's performance, establishing requirement profiles for any new members who, according to such evaluation, need to be recruited, and by implementing a systematic process of identifying candidates for the Board positions to be filled, whereupon proposals received from shareholders shall be taken into consideration.

In order to make its assessments, the Nomination Committee met the Chairman of the Board, Lars Otterbeck, and the President, Claes-Göran Sylvén, both of whom took part in the initial meeting to provide information on the Board's operations. At its second meeting, the Nomination Committee met the Audit Committee and the Chairman of the Board, to review the 2005 Board evaluation, and the President, to hear his views regarding the activities and the approaches of the Board. The evaluation of the Board required each Board member to complete an extensive questionnaire containing various questions about Board operations, to which the answers were given on a scale of one to five.

The review indicated that Board had performed well and that the composition of the Board is highly satisfactory and is characterized by a high degree of commitment. Each of the members contributes a wide range of expertise and many years of experience in various industries. The Board Chairman also reported that cooperation between the Board and the management team of Hakon Invest had proceeded smoothly.

The Nomination Committee is unanimous in its prioritization of continuity and finds that reelection of all incumbents will be proposed. Stig Lundström has declined reelection. It is proposed that Thomas Strindeborn, who has also recently been nominated for the position of Chairman of the ICA-handlarnas Förbund, be appointed to the Board of Hakon Invest instead.

Four of the members of the Board – Lars Otterbeck, Cecilia Daun Wennborg, Jan-olle Folkesson and Jan Olofsson – are independent in relation to the Company and its management as well as to the major shareholders in the Company. As a shared characteristic, all of them have many years of experience of management and Board positions in various listed companies.

The three other members – Anders Fredriksson, Thomas Strindeborn and Olle Nyberg – are ICA retailers and members of the Board of the ICA-handlarnas Förbund. ICA-handlarnas Förbund is a non-profit association. According to the exact wording of the rules of the Stockholm Stock Exchange and the Swedish Code of Corporate Governance regarding the independence of Board members with respect to the listed company and to companies closely associated with it, Anders Fredriksson, Thomas Strindeborn and Olle Nyberg, in their capacity as ICA retailers, are to be considered independent in relation to the Company and its management, but not independent in relation to the Company's principal owner, which is the ICA-handlarnas Förbund

During its current mandate period, the Nomination Committee has discussed the issue of whether to relieve the Company's current auditors, Ire Lindstrand of SET Revisionsbyrå AB and Erik Åström of Ernst & Young AB, of their duties. The Nomination Committee proposes that Hakon Invest not engage individual auditors, but rather appoint a registered audit firm as the auditor for the Company, for a new mandate period of four years – that is, until the 2010 Annual General Meeting. The Nomination Committee has found, in consultation with the auditors, that such a solution would amount to an adaptation to normal practice for listed companies. Accordingly, the Nomination Committee proposes that Hakon Invest choose Ernst & Young AB, a registered audit company, as its auditor. In conjunction to the proposal of Ernst & Young AB as the Company's auditor, Erik Åström, Authorized Public Accountant, will be appointed senior auditor. Erik Åström was elected auditor at the 2005 Annual General Meeting. The auditors' independent status is provided for partly by the audit company's own guidelines and partly by the Audit Committee's guidelines as to the assignments audit companies may assume over and above auditing. Information about Erik Åström is provided under the heading Corporate Governance – Annual General Meeting, on the Hakon Invest company website.

The Nomination Committee proposes the following:

- The Nomination Committee proposes that the current Board Chairman, Lars Otterbeck, be appointed Chairman of the Annual General Meeting.

- The Nomination Committee proposes that Lars Otterbeck, Cecilia Daun Wennborg, Anders Fredriksson, Jan-Olle Folkesson, Olle Nyberg and Jan Olofsson be re-elected, and that Thomas Strindeborn be elected. Information about the members proposed for reelection and election may be found under the heading Corporate Governance on the Hakon Invest company website.
- The Nomination Committee proposes that the audit firm of Ernst & Young be elected as the Company's auditor, replacing Ire Lindstrand and Erik Åström, for a new mandate period extending to the 2010 Annual General Meeting. Erik Åström, Authorized Public Accountant, is proposed as the senior auditor.
- The Nomination Committee proposes that Lars Otterbeck be reelected Chairman of the Board.
- The Nomination Committee proposes that the Board be paid a fee equal to that paid in prior years, that is, a total amount of SEK 1,800,000, of which SEK 500,000 is allocated to the Board Chairman, SEK 300,000 to the Vice Chairman and SEK 200,000 to each other member. It is proposed that compensation for committee work be increased by SEK 50,000 to SEK 250,000.
- It is proposed that compensation be paid to auditors as per invoice.

Any questions concerning the activities of the Nomination Committee may be directed to the Chairman of the Nomination Committee, Lennart Boström, at lennart.bostroem@telia.com or Tel. +46-703-79 64 50.