

Translation of Minutes of the Annual General Meeting of shareholders of CDON Group AB (publ), company reg. no. 556035-6940, 8 May 2012 at Hotel Rival in Stockholm.

Time: 10.00 a.m. – 11.10 a.m.

Present: Shareholders and proxy holders, Appendix 1, stating the number of shares, class of shares and votes for each person entitled to vote.

Furthermore, noted as present were the Chairman of the Board Hans-Holger Albrecht, Board members Mia Brunell Livfors, Henrik Persson and Florian Seuber, the Chief Executive Officer Paul Fischbein and the authorised public accountant George Pettersson.

§ 1

Opening of the Annual General Meeting (agenda item 1)

The Chairman of the Board, Hans-Holger Albrecht, opened the Annual General Meeting and welcomed the shareholders.

§ 2

Election of Chairman of the Annual General Meeting (agenda item 2)

The Meeting resolved in accordance with the Nomination Committee's proposal to elect the lawyer Wilhelm Lüning as Chairman of the Meeting.

The Chairman informed that Anatoliy Sakhatskiy had been appointed to act as secretary and to keep the minutes of the Meeting, that the Meeting would be simultaneously interpreted from Swedish to English and from English to Swedish, that a sound recording was being made by the Company in order to facilitate the drawing up of the minutes and that sound or visual recording was not otherwise allowed.

The Meeting resolved that shareholders who had not effected voting right registration, invited guests, employees in the Company, representatives of media and other persons who were not shareholders were entitled to attend the Meeting.

§ 3

Preparation and approval of the voting list (agenda item 3)

The Meeting resolved to approve the procedure for the preparation of the voting list and the prepared list of shareholders who had notified their intention to attend and attended the Meeting, Appendix 1, was approved as the voting list for the Meeting.

The Chairman informed that, according to the voting list Ulf Forsgren, Andre Elmoznino Laufer, Carina Liljegren-Thärning and Egil Bergenlind, represented a large number of foreign funds which had in certain respects, given special voting instructions set forth in Appendix 2, which the Chairman had also received a copy of. The Chairman also informed that these voting instructions would not alone have an effect of the Meeting's resolutions and should therefore only be recorded in the minutes in the event of relevance for the Meeting's resolutions.

§ 4

Approval of the agenda (agenda item 4)

The Meeting resolved to approve the agenda for the Meeting which had been included in the notice to attend the Meeting.

§ 5

Election of one or two persons to check and verify the minutes (agenda item 5)

The Meeting resolved to elect Jan Särilvik, representing Nordea funds, and Åsa Nisell, representing Swedbank Robur funds, to jointly with the Chairman of the Meeting, check and verify the minutes.

§ 6

Determination of whether the Annual General Meeting has been duly convened (agenda item 6)

It was noted that the convening notice for the Meeting had been given within the period stated in the Companies Act by way of announcement in Swedish Official Gazette on 4 April 2012 and on the Company's website on 2 April 2012, and that an announcement with information that the convening notice had been issued was published in Svenska Dagbladet on 4 April 2012.

It was noted that an announcement that notice had been issued had been published in Metro.

The Meeting resolved to approve the notice procedure and declared the Meeting duly convened.

The Chairman informed that the complete proposals of the Board of Directors and the Nomination Committee, as well as the proposal from the shareholder Fredrik Norberg, were included in the notice. The Board of Directors' statement with respect to the proposed repurchase of own shares as well as the other documents to the Annual General Meeting, which had been held available in accordance with the Swedish Companies Act and the Swedish Code of Corporate Governance, were presented.

§ 7

Statement by the Chairman of the Board on the work of the Board of Directors (agenda item 7)

The Chairman of the Board, Hans-Holger Albrecht, reported on the work of the Board of Directors and the Committees of the Board.

§ 8

Presentation by the Chief Executive Officer (agenda item 8)

Chief Executive Officer, Paul Fischbein, presented the Company's business and development.

§ 9

Presentation of the Annual Report and Auditor's Report and of the Group Annual Report and the Group Auditor's Report (agenda item 9)

The Board of Directors' and the Chief Executive Officer's Annual Report of the parent company and Group Annual Report, with the incorporated income statements and balance sheets for the financial year 2011, were presented.

George Pettersson from KPMG AB, auditor-in-charge, reported briefly on the audit work and thereafter presented the Auditor's Report in respect of the parent company and the Group in respect of the financial year 2011.

After the Chairman had offered the shareholders the opportunity to ask questions, contributions were made by Peter Challis, representing Sveriges Aktiesparares Riksförbund, Gunnar Tjellström and Arne

Svahn. The shareholders asked, among other things, questions about the business operations in the subsidiaries and changes in the executive management in the Company during the past year. The questions were answered by Hans-Holger Albrecht, Paul Fischbein and George Pettersson.

§ 10

Resolution on the adoption of the income statement and the balance sheet and of the group income statement and the group balance sheet (agenda item 10)

The Meeting resolved to adopt the income statements and balance sheets included in the Company's Annual Report for the parent company and the Group in respect of the financial year 2011.

§ 11

Resolution on the proposed treatment of the Company's result as stated in the adopted Balance Sheet (agenda item 11)

The Chairman presented the Board of Directors' and the Chief Executive Officer's proposal regarding distribution of the result in accordance with the annual report.

The Meeting resolved that the share premium reserve, retained earnings and the result for the year, a total of SEK 271,842,913.58 is to be carried forward, whereof SEK 139,870,129.00 to the share premium reserve.

§ 12

Resolution on the discharge of liability of the Directors of the Board and the Chief Executive Officer (agenda item 12)

The Meeting resolved, in accordance with the auditor's recommendation, to discharge the Board of Directors and the Chief Executive Officer from liability for the management of the Company and its affairs during the financial year 2011.

It was noted that members of the Board and the Chief Executive Officer, who also attended the Meeting in their capacity of shareholders, did not take part in the resolution.

It was recorded that all shareholders attending the Meeting supported the resolution.

§ 13

Determination of the number of Directors of the Board (agenda item 13)

The Chairman of the Nomination Committee, Cristina Stenbeck, gave an account of the Nomination Committee's work preparing its proposals to the Meeting and presented and motivated the Nomination Committee's proposals regarding the number of members of the Board, election of the Directors of the Board and the Chairman of the Board.

The Meeting resolved that, for the period until the close of the next Annual General Meeting, the Board of Directors shall consist of six members, without deputies.

§ 14

Determination of the remuneration to the Directors of the Board and the auditor (agenda item 14)

The Chairman presented the Nomination Committee's proposal with respect to remuneration to the members of the Board and the auditor.

The Meeting resolved, in accordance with the proposal of the Nomination Committee, that remuneration until the close of the next Annual General Meeting of SEK 650,000 shall be allocated to

the Chairman of the Board, SEK 315,000 to each of the Directors of the Board and in total SEK 400,000 for the work in the committees of the Board of Directors.

The Meeting further decided that for work within the Audit Committee SEK 150,000 shall be allocated to the Chairman and SEK 75,000 to each of the other three members and for work within the Remuneration Committee SEK 50,000 shall be allocated to the Chairman and SEK 25,000 to each of the other two members.

The Meeting resolved that remuneration to the auditor shall be paid in accordance with approved invoices.

§ 15

Election of the Directors of the Board and the Chairman of the Board (agenda item 15)

It was noted that the Board member, also the Chairman of the Board, Hans-Holger Albrecht had declined re-election.

The Chairman informed the Meeting of the assignments the proposed members of the Board held in other companies.

The Meeting resolved, in accordance with the Nomination Committee's proposal, to re-elect Mia Brunell Livfors, Mengmeng Du, Lars-Johan Jarnheimer, Lars Nilsson, Henrik Persson and Florian Seubert as members of the Board for the period until the close of the next Annual General Meeting. Lars-Johan Jarnheimer was elected as new Chairman of the Board.

§ 16

Election of auditor (agenda item 16)

The Meeting resolved, in accordance with the Nomination Committee's proposal, to re-elect the registered accounting firm KPMG AB as auditor until the close of the Annual General Meeting 2016 (i.e. the auditor's term of office shall be four years).

It was noted that KPMG AB had notified that they appointed the authorised public accountant George Pettersson as auditor-in-charge.

It was noted that Arne Svahn made a reservation against the resolution.

§ 17

Approval of the procedure of the Nomination Committee (agenda item 17)

The Chairman presented the principal contents of the Nomination Committee's proposal in respect of approval of the procedure of the Nomination Committee in accordance with Appendix 3.

The Meeting resolved in accordance with the proposal.

§ 18

Resolution regarding Guidelines for remuneration to the senior executives (agenda item 18)

The Chairman presented the principal contents on the Board of Directors' proposal on guidelines for remuneration to the senior executives in accordance with Appendix 4 and the auditor's statement pursuant to the Swedish Companies Act.

It was noted that Peter Challis, representing Sveriges Aktiesparares Riksförbund, considered the variable remuneration too high in comparison to the fixed remuneration.

The Meeting resolved in accordance with the proposal.

§ 19

Resolution regarding incentive programme (agenda items 19(a)-(c))

The Chairman presented the principal contents on the Board of Directors' proposal to resolve on an incentive programme, including resolutions to adopt the incentive programme, authorisation for the Board of Directors to resolve to issue and repurchase C-shares in accordance with Appendix 5, and further noted that the Board of Directors had given a reasoned statement regarding the proposal to repurchase own shares.

It was noted that Peter Challis, representing Sveriges Aktiesparares Riksförbund, considered it to be good that the proposed programme required an own investment in the Company's shares by the participants, but that the programme was complex and difficult to grasp.

The Meeting resolved, with the required majority of at least two-thirds of both the shares represented at the Meeting and the votes cast, in accordance with the proposal.

It was noted that all shareholders attending the Meeting supported the resolution, except for Peter Challis, representing Sveriges Aktiesparares Riksförbund, that made a reservation against the resolution.

It was noted that the resolution included an authorisation for the Board of Directors, or a person appointed by the Board of Directors, to make the minor adjustments necessary as might be required in order to register the resolution with the Companies Registration Office and Euroclear Sweden.

§ 20

Resolution to transfer ordinary shares to deliver under the incentive programme (agenda item 20)

The Chairman presented the principal contents of the Board of Directors' proposal to transfer ordinary shares to deliver under the incentive programme in accordance with Appendix 6.

The Meeting resolved, with the required majority of at least nine-tenths of both the shares represented at the Meeting and the votes cast, in accordance with the proposal.

It was noted that all shareholders attending the Meeting supported the resolution.

§ 21

Shareholder's proposal to instruct the Board of Directors to examine the possibilities to offer benefits to the shareholders (agenda item 21)

The Chairman presented the principal contents of Fredrik Norberg's proposal to resolve to instruct the the Board of Directors to examine whether it is possible to offer benefits to the shareholders.

The Meeting resolved to reject the proposal.

§ 22

Closing of the Annual General Meeting (agenda item 22)

Cristina Stenbeck expressed a thanks to the resigning member of the Board, also the Chairman of the Board, Hans-Holger Albrecht.

The Chairman declared the Meeting closed.

At the minutes:

Anatoliy Sakhatskiy

Minute checkers:

Wilhelm Lüning

Åsa Nisell

Jan Särllvik

COMPILATION OF SPECIAL VOTING INSTRUCTIONS

Voting against the proposal	Abstain from voting
	Election of Chairman of the Annual General Meeting (agenda item 2)
	<u>Egil Bergenlind, ombud</u> Shareholder: Shares: Commonwealth Bank Officers Superannuation Corporation Pty Ltd 5 016 UMB Bank 11 200 Total number of votes 16 216
	Preparation and approval of the voting list (agenda item 3)
	<u>Egil Bergenlind, ombud</u> Shareholder: Shares: Commonwealth Bank Officers Superannuation Corporation Pty Ltd 5 016 UMB Bank 11 200 Total number of votes 16 216
	Approval of the agenda (agenda item 4)
	<u>Egil Bergenlind, ombud</u> Shareholder: Shares: Commonwealth Bank Officers Superannuation Corporation Pty Ltd 5 016 UMB Bank 11 200 Total number of votes 16 216
	Election of one or two persons to check and verify the minutes (agenda item 5)
	<u>Egil Bergenlind, ombud</u> Shareholder: Shares: Commonwealth Bank Officers Superannuation Corporation Pty Ltd 5 016 UMB Bank 11 200 Total number of votes 16 216
	Determination of whether the Annual General Meeting has been duly convened (agenda item 6)
	<u>Egil Bergenlind, ombud</u> Shareholder: Shares: Commonwealth Bank Officers Superannuation Corporation Pty Ltd 5 016 UMB Bank 11 200 Total number of votes 16 216
	Presentation of the Annual Report, the Auditors' Report and the consolidated financial statements and the auditors' report on the consolidated financial statements (agenda item 9)
	<u>Egil Bergenlind, ombud</u> Shareholder: Shares: Commonwealth Bank Officers Superannuation Corporation Pty Ltd 5 016 UMB Bank 11 200 Total number of votes 16 216

Voting against the proposal	Abstain from voting
Determination of the remuneration to the directors of the Board and the auditor (agenda item 14)	
<u>Ulf Forsgren, ombud</u> Shareholder: Shares: California State Teachers Retirement System 22 177 Total number of votes 22 177	
Election of the directors of the Board and the Chairman of the Board (agenda item 15)	
<u>Ulf Forsgren, ombud</u> Shareholder: Shares: California State Teachers Retirement System 22 177 Total number of votes 22 177	<u>Andre Elmoznino Laufer, ombud</u> Shareholder: Shares: Aviva Life and Pensions UK Ltd 2 007 Total number of votes 2 007
Election of auditor (agenda item 16)	
<u>Ulf Forsgren, ombud</u> Shareholder: Shares: California State Teachers Retirement System 22 177 Public Employees Retirement System Of Ohio 24 747 Total number of votes 46 924	
Shareholder's proposal to instruct the Board of Directors to examine the possibilities to offer benefits to the shareholders (agenda item 21)	
	<u>Ulf Forsgren, ombud</u> Shareholder: Shares: SRS Partners Master Fund LP 3 350 000 Total number of votes 3 350 000

Approval of the procedure of the Nomination Committee (agenda item 17)

The Nomination Committee proposes that the Annual General Meeting approves the following procedure for preparation of the election of the Board of Directors and auditor. The work of preparing a proposal of the Board of Directors and auditor, in the case that an auditor should be elected, and their remuneration as well as the proposal of the Chairman of the Annual General Meeting of 2013 shall be performed by a Nomination Committee. The Nomination Committee will be formed during October 2012 in consultation with the largest shareholders of the Company as per 30 September 2012. The Nomination Committee will consist of at least three members representing the largest shareholders of the Company. The Nomination Committee is appointed for a term of office commencing at the time of the announcement of the third quarter report in 2012 and ending when a new Nomination Committee is formed. The majority of the members of the Committee may not be directors of the Board of Directors or employed by the Company. If a member of the Committee resigns before the work is concluded, a replacement member may be appointed after consultation with the largest shareholders of the Company. However, unless there are special circumstances, there shall not be changes in the composition of the Nomination Committee if there are only marginal changes in the number of votes, or if a change occurs less than three months prior to the Annual General Meeting. Cristina Stenbeck will be a member of the Committee and will also act as its convenor. The members of the Committee will appoint the Committee Chairman at their first meeting. The Nomination Committee shall have the right to upon request receive personnel resources such as secretarial services from the Company, and to charge the Company with costs for recruitment consultants if deemed necessary.

Guidelines for remuneration to senior executives (agenda item 18)

The Annual General Meeting 2012 is asked to decide on the following guidelines, proposed by the Board of Directors, for determining remuneration for senior executives (below the “**Executives**”).

Remuneration guidelines

The objective of the guidelines is to ensure that CDON Group can attract, motivate and retain the Executives, within the context of CDON Group's peer group, which consists of Nordic online and off-line retailing companies. The remuneration shall be based on conditions that are market competitive and at the same time aligned with shareholders' interests. Remuneration to the Executives shall consist of a fixed and variable salary, as well as the possibility of participation in long-term equity based incentive programmes and pension schemes. These components shall create a well balanced remuneration reflecting individual performance and responsibility, both short-term and long-term, as well as CDON Group's overall performance.

Fixed salary

The Executives' fixed salary shall be competitive and based on the individual Executive's responsibilities and performance.

Variable salary

The Executives may receive variable remuneration in addition to fixed salaries. The contracted variable remuneration will generally not exceed a maximum of 75 per cent of the fixed annual salary. The variable remuneration shall be based on the performance of Executives in relation to established goals and targets.

Other benefits

CDON Group provides other benefits to the Executives in accordance with local practice. Other benefits can include, for example, a company car and company health care. Occasionally, housing allowance could be granted for a defined period.

Pension

The Executives shall be entitled to pension commitments based on those that are customary in the country in which they are employed. Pension commitments will be secured through premiums paid to insurance companies. Under normal circumstances the retirement age is 65 years.

Notice of termination and severance pay

The maximum notice period in any Executive's contract is twelve months during which time salary payment will continue. The Company does not generally allow any additional contractual severance payments.

Deviations from the guidelines

In special circumstances, the Board of Directors may deviate from the above guidelines, for example additional variable remuneration in the case of exceptional performance. In such a case the Board of Directors shall explain the reason for the deviation at the following Annual General Meeting.

In accordance with the Swedish Code of Corporate Governance the Remuneration Committee within the Board of Directors monitors and evaluates the application of the guidelines for remuneration to the Executives established by the General Meeting. The evaluation has resulted in the conclusion that the guidelines adopted by the General Meeting have been followed during 2011. Furthermore, the Company's auditor has, pursuant to Ch 8 Sec 54 of the Companies Act (2005:551), provided a statement with respect to whether there has been compliance with the guidelines for remuneration to the Executives which have applied since the previous Annual General Meeting.

The Auditor's statement and the Board of Directors' report of the result of the Remuneration Committee's evaluation are available on the Company's website at www.cdongroup.com, at the Company's premises at Bergsgatan 20 in Malmö and will be sent to those shareholders who so request and state their postal address or email address.

Incentive program (agenda items 19(a) – (c))

The Board of Directors proposes that the Annual General Meeting resolves to adopt a performance based incentive programme for senior executives and other key employees within the CDON Group in accordance with items 19(a)-19(c) below. All resolutions in item 19 are proposed to be conditional upon each other and are therefore proposed to be adopted in connection with each other.

Adoption of an incentive programme (agenda item 19(a))

The Board of Directors proposes that the Annual General Meeting resolves to adopt a performance based incentive programme (the “**Plan**”). The Plan is proposed to in total include approximately 20 senior executives and other key employees within the CDON Group. The participants in the Plan are required to own shares in CDON Group. These investment shares can either be shares already held or shares purchased on the market in connection with the notification to participate in the Plan. Thereafter the participants will be granted, free of charge, retention rights, and in certain cases, performance rights and stock options on the terms stipulated below.

Personal investment

In order to participate in the Plan, the employees must own shares in CDON Group. These shares can either be shares already held or shares purchased on the market in connection with the notification to participate in the Plan. The maximum number of shares which the employee may invest in under the Plan will correspond to a value of 5 – 10 per cent of the employee's annual base salary.

For each share invested under the Plan, the participants will be granted retention rights, and in certain cases, performance rights and stock options by the Company.

General terms

Subject to fulfilment of certain retention and performance based conditions during the period 1 April 2012 – 31 March 2015 (the “**Measurement Period**”), the participant maintaining the invested shares during the vesting period ending at the release of the interim report for the period January – March 2015 and maintaining, with certain exceptions, employment within the CDON Group at the release of CDON Group's interim report for the period January – March 2015, each retention right and performance right will entitle the participant to receive one ordinary share free of charge and each performance option will entitle the participant to purchase one share at a price corresponding to 120 per cent of the share price at grant. Dividends paid on the underlying share will increase the number of shares that each retention right and performance right entitles to in order to treat the shareholders and the participants equally.

Performance conditions

The retention rights, the performance rights and the options are divided into Series A (retention rights) and Series B and C (performance rights and options). The number of CDON Group shares the participant will receive at vesting of retention rights and performance rights and exercise of vested options depends on which category the participant belongs to and on the fulfilment of the following defined retention and performance based conditions:

- | | |
|-----------------|--|
| <i>Series A</i> | CDON's total shareholder return on the share (TSR) during the Measurement Period exceeding 0 per cent as entry level. |
| <i>Series B</i> | CDON's gross profit during the Measurement Period corresponding to levels determined by the Board of Directors as entry and stretch. The Board of Directors intends to present the entry-level and the stretch-level in the Annual Report for 2015. |
| <i>Series C</i> | CDON's total shareholder return on the shares (TSR) during the Measurement Period being equal to the average TSR for a peer group of listed companies in same sector as determined by the Board of Directors as entry level, and exceeding the average TSR for the peer group with 10 percentage points as the stretch target. When calculating the average TSR, March 2012 shall be compared to March 2015. Furthermore, the companies in the peer group which have the highest respectively the lowest TSR shall be excluded from the calculation. |

The determined levels of the conditions include an entry level and a stretch target with a linear interpolation applied between those levels as regards the number of rights and options that vests. The entry level constitutes the minimum level which must be reached in order to enable vesting of the rights and options in that series. If the entry level is reached, the number of rights and options (as applicable) that vest is proposed to be 100 per cent for Series A and 20 per cent for Series B and C. If the entry level is not reached, all rights and options (as applicable) in that series lapse. If a stretch target is met, all rights and options (as applicable) remain exercisable in that series. The Board of Directors intends to disclose the outcome of the retention and performance based conditions in the Annual Report of 2015.

It is further proposed that the Board of Directors shall be entitled to adjust the target levels of the above performance conditions, if it so deems appropriate, should changes occur in the CDON Group or its operating environment that entails that the set target level is no longer relevant to correctly reflect the performance of the CDON Group. Any such adjustments shall only be made in order to fulfil the overall purpose of the Plan.

Retention rights and performance rights

The retention rights and performance rights shall be governed by the following terms and conditions:

- Granted free of charge after the Annual General Meeting.
- May not be transferred or pledged.
- Vests following the release of the interim report for the period January – March 2015.
- Dividends paid on the underlying share will increase the number of shares that each retention right and performance right entitles to in order to treat the shareholders and the participants equally.
- Vests provided that the holder has maintained the personal investment and is still, with certain exceptions, employed by the CDON Group during the vesting period ending at the release of the interim report for the period January – March 2015.

Options

The options shall be governed by the following terms and conditions:

- Granted free of charge after the Annual General Meeting.
- Each option entitles the participant to acquire one ordinary share in the Company. The exercise price shall be 120 per cent of the market value of the share on the date of the allocation of the option.
- May not be transferred or pledged.
- May be exercised in June 2015 and August 2015.
- No entitlement to compensation for dividend on the underlying shares under the term of the option.
- Vests provided that the holder has maintained the personal investment and is still, with certain exceptions, employed by the CDON Group during the vesting period ending at the release of the interim report for the period January – March 2015.

Preparation and administration

The Board of Directors, or a committee established by the Board for these purposes, shall be responsible for preparing the detailed terms and conditions of the Plan, in accordance with the mentioned terms and guidelines. To this end, the Board of Directors shall be entitled to make adjustments to the Plan to meet foreign regulations or market conditions. The Board may also make other adjustments if significant changes in the CDON Group, or its operating environment, would result in a situation where the decided terms and conditions for the personal investment, and the allotment and vesting of retention rights, performance rights and options under the Plan become irrelevant. Any such adjustments should only be made in order to fulfil the overall purpose of the Plan.

The Board shall also be entitled to let persons who are newly employed within the CDON Group during 2012 participate in the Plan.

Allocation

In total, the Plan is estimated to comprise up to 26,375 shares held by the employees entitling to allotment of up to 402,275 rights and options, whereof 26,375 retention rights, 173,100 performance rights and 202,800 options. The participants are divided into different categories and the Plan will comprise the following number of invested shares and the maximum number of rights and options in accordance with the above mentioned principles and assumptions:

- the CEO: may acquire up to 4,300 shares within the Plan and will be granted 1 Series A right, 4 rights each of Series B and C, and 6 options each of Series B and C per invested share;
- approximately four other members of CDON Group's management team: may each acquire up to 2,500 shares within the Plan and will be granted 1 Series A right, 4 rights each of Series B and C and 6 options each of Series B and C per invested share;
- category 1 (approximately five individuals): may each acquire up to 1,300 shares within the Plan and will be granted 1 Series A right, 3 rights each of Series B and C, and 3 options each of Series B and C per invested share; and
- category 2 (approximately ten individuals): may each acquire up to 625 shares within the Plan and will be granted 1 Series A right and 2 rights each of Series B and C.

Scope and costs of the Plan

The Plan will be accounted for in accordance with IFRS 2 which stipulates that the rights and options should be recorded as a personnel expense in the income statement during the vesting period. Based on the assumptions that the share price is SEK 58.25 (closing share price of the CDON Group share on 23 March 2012) at the time of allocation, that each participant makes the maximum personal investment, that the annual employee turnover is 10 per cent among the participants of the Plan, an average fulfilment of retention and performance based conditions of approximately 50 per cent, and full vesting, the total cost, exclusive of social security costs, for the Plan is estimated to approximately SEK 5 million. The cost will be allocated over the years 2012 – 2015.

Social security costs will also be recorded as a personnel expense in the income statement by current reservations. The social security costs are estimated to be around SEK 2 million with the assumptions above, and an average social security tax rate of 31.4 per cent and an annual share price increase of 10 per cent during the vesting period.

The participant's maximum profit per right and option in the Plan is SEK 280 (approximately five times the share price at the design of the Plan). If the value of the CDON Group share at vesting or the profit at exercise of the option exceeds SEK 280, the number of shares each right entitles the employee to receive at vesting or the number of shares received at exercise of the options will be reduced accordingly. The maximum dilution is 0.6 per cent in terms of shares and votes and 0.1 per cent in terms of the estimated Plan cost as defined in IFRS 2 divided by the Company's market capitalisation as at 23 March 2012.

Assuming that a maximum gain of SEK 280 per right and option is achieved, all invested shares are held under the Plan and a 100 per cent fulfilment of retention and performance based conditions, the maximum cost for the Plan is approximately SEK 9 million in accordance with IFRS 2 and the maximum cost for social charges approximately SEK 35 million.

For information on CDON Group's other equity-related incentive programmes, reference is made to the Annual Report for 2011.

Effect on certain key ratios

The impact on basic earnings per share if the Plan had been introduced in 2011 with the assumptions above would result in a dilution of 2.9 per cent or from SEK 1.26 to SEK 1.22 on a pro forma basis.

The annual cost of the Plan including social charges is estimated to be approximately SEK 2 million based on the above assumptions. This cost can be related to the Company's total personnel costs,

including social charges, of SEK 204.1 million in 2011.

Hedging

The Plan entails a certain financial exposure for the CDON Group, due to market price changes for the CDON Group share. The Board intends to hedge the financial exposure either, provided that the Annual General Meeting resolves in accordance with item 19 b) on the agenda, by way of a combination of (i) reallocation from the hedges of LTIP 2011 to LTIP 2012 and a new issue of redeemable and convertible C shares or, (ii) by way of entering into an equity swap agreement with a third party. The Board regards the first alternative to be the most cost efficient and flexible arrangement for the conveyance of CDON Group shares and for covering certain costs, mainly social security costs. However, independent of hedging method, the costs of the Plan will be charged to the income statement during the Vesting Period.

Delivery of shares under the Plan

To ensure the delivery of shares under the Plan, the Board of Directors proposes that the Annual General Meeting resolves to authorise the Board of Directors to resolve on a directed issue of not more than 285,000 Class C shares to Nordea Bank AB (publ) in accordance with item 19(b), and further to authorise the Board of Directors to subsequently resolve to repurchase the Class C shares from Nordea Bank AB (publ) in accordance with item 19(c). The Class C shares will then be held by the Company during the vesting period, whereafter the appropriate number of Class C shares will be reclassified into ordinary shares and subsequently be transferred to the participants under the Plan. The Board of Directors further proposes that the Annual General Meeting resolves that maximum 125,000 Class C shares held by the company after reclassification into ordinary shares may be transferred to the participants under the Plan.

The rationale for the proposal

The objective of the proposed Plan is to create conditions to recruit and retain high performing employees in the Group. The Plan has been designed based on the view that it is desirable that senior executives and other key employees within the CDON Group are shareholders in the Company. Participation in the Plan requires a personal investment in CDON Group shares by each participant. By linking the employee's reward with the development of the Company's profits and increase in value, employee loyalty is rewarded and long-term value growth of the Company is facilitated. Against this background, the Board of Directors is of the opinion that the adoption of the Plan as set out above will have a positive effect on the CDON Group's future development and thus be beneficial for both the Company and its shareholders.

Preparation of the proposal

CDON Group's Remuneration Committee has prepared this Plan in consultation with external advisors and major shareholders. The Plan has been reviewed at meetings of the Board of Directors during the first months of 2012.

The above proposal is supported by the Company's major shareholders.

Authorisation to resolve to issue class C shares (agenda item 19(b))

The Board of Directors proposes that the Annual General Meeting resolves to authorise the Board of Directors, during the period until the next Annual General Meeting, to increase the Company's share capital by not more than SEK 570,000 by the issue of not more than 285,000 Class C shares, each with a ratio value of SEK 2. With disapplication of the shareholders' preferential rights, Nordea Bank AB (publ) shall be entitled to subscribe for the new Class C shares at a subscription price corresponding to the ratio value of the shares. The purpose of the authorisation and the reason for the disapplication of the shareholders' preferential rights in connection with the issue of shares is to ensure delivery of shares to participants under the Plan.

A valid resolution requires approval of shareholders representing at least two-thirds of both the votes cast and the shares represented at the Annual General Meeting.

Authorisation to resolve to repurchase Class C shares (agenda item 19(c))

The Board of Directors proposes that the Annual General Meeting resolves to authorise the Board of Directors, during the period until the next Annual General Meeting, to repurchase its own Class C shares. The repurchase may only be effected through a public offer directed to all holders of Class C shares and shall comprise all outstanding Class C shares. The purchase may be effected at a purchase price corresponding to not less than SEK 2 and not more than SEK 2.10. The total price will not exceed 598,500. Payment for the Class C shares shall be made in cash. The purpose of the repurchase is to ensure the delivery of shares under the Plan.

A reasoned statement from the Board of Directors, pursuant to Ch 19 Sec 22 of the Companies Act (2005:551), with respect to the proposed repurchase of own Class C shares to ensure delivery of ordinary shares under the Plan will be available on the Company's website at www.cdongroup.com, at the Company's premises at Bergsgatan 20 in Malmö no later than 11 April 2012 and will be sent to shareholders who so request and state their postal or email address.

A valid resolution requires approval of shareholders representing at least two-thirds of both the votes cast and the shares represented at the Annual General Meeting.

Transfer of ordinary shares to deliver under incentive programme (agenda item 20)

The Board of Directors proposes that the Annual General Meeting resolves that Class C shares that the Company purchases by virtue of the authorisation to repurchase its own shares in accordance with item 19(c) above, following reclassification into ordinary shares, may be transferred to participants in accordance with the terms of the Plan. The Board of Directors further proposes that the Annual General Meeting resolves that maximum 125,000 Class C shares held by the company after reclassification into ordinary shares may be transferred to participants in accordance with the terms of the Plan.

A resolution in accordance with the proposal is valid only where supported by shareholders representing at least nine-tenths of both the votes cast and the shares represented at the Annual General Meeting.
