

Point 20

The Board's proposal for 2011 incentive programs in the form of combined share matching and performance-based share programs and transfer of the Company's own shares

The Board proposes that the Meeting approve an incentive program for 2011 for the Company's President and other senior executives as well as an incentive program for 2011 for other employees. The two programs shall consist of a combined share matching and performance-based share program.

Other senior executives refers to the people who, together with the President, make up the Executive Management.

Background and motive

In its proposed guidelines for remuneration to senior executives (see point 19 of the proposed agenda) the Board stated that a remuneration system linked to the Company's earnings trend is essential if the Company is to attract and retain skilled employees, as well as otherwise for the Company's development. Linking employees' pay with the Company's earnings and value development will encourage long-term value growth and give employees and shareholders the same goals. At the same time, the Company considers it a significant advantage for shareholders if senior executives have a shared interest in the positive development of the share price. The Board also considers that the incentive program for the President and other senior executives should be weighted more towards performance within the investment process and corporate governance in the portfolio companies. The Board therefore proposes that a long-term share-related incentive program be introduced for the President and other senior executives of Hakon Invest, comprising two parts: a share-matching part and a performance-based part.

In addition, the Board proposes that a share-related incentive program be introduced for other employees of Hakon Invest. The aim is to broaden and increase share ownership among other employees, which is expected to stimulate increased interest in the business and the earnings trend, improve motivation and increase the feeling of belonging. In a small organization with a number of specialties it is deemed important that all employees are invited to participate in the program.

The structure of the 2011 share-related incentive program is the same as that for the 2010 program except that the basis for calculating the outcome in accordance with performance requirement C, see below, is adjusted and corresponds to the average earnings per share for fiscal years 2008, 2009 and 2010.

The Board considers the existence of share-related incentive programs for the Company's President, other senior executives and other employees to be of great importance for the Company and its development. Taking into consideration the proposed terms, the size of the allotment, the existence of other outstanding incentive programs and other circumstances, the proposed share-matching and performance-based share programs are deemed reasonable and beneficial for the Company and its

shareholders.

Information on Hakon Invest's existing incentive programs is provided in [Annex 1](#).

Main terms of the 2011 incentive program for the Company's President and other senior executives

The program involves participants buying common shares in Hakon Invest during May 2011 at market price on the Nasdaq OMX Stockholm exchange and holding these for a minimum period of three years ("Saving Shares"). Shares already held cannot be designated as Saving Shares. For each Saving Share that the participant acquires, the participant will be allotted a right ("A Right") that entitles the participant to acquire without payment one common share in Hakon Invest ("Matching Share") that is three years after allotment, as well as further rights ("B, C, D and E Rights") that entitle the participant – subject to specific performance requirements being met – to acquire without payment one further common share in Hakon Invest for each such Right ("Performance-based Shares"), again that is three years after allotment.

The President may acquire a maximum of 2,000 Saving Shares at market price and the other three senior executives a maximum of 1,500 Saving Shares each, providing entitlement to a maximum of 2,000 and a maximum of 1,500 A, B, C, D and E Rights respectively.

The performance requirement for receiving Performance-based Shares from B Rights is that the average annual total return including reinvested dividends for the 2011-2013 fiscal years must be equal to or greater than the average annual development of the SIX Return Index ("SIXRX") during the corresponding period.

The performance requirement for receiving Performance-based Shares from all the allotted C Rights is that the average annual growth in earnings per share after tax during the 2011-2013 fiscal years must be equal to or greater than the average development of the Consumer Price Index ("CPI") issued by Statistics Sweden plus 6 percentage points. Since the company's earnings per share for 2010 were negative, the starting point for bonus calculations relating to 2011 will be based on the average earnings per share for fiscal years 2008, 2009 and 2010. If the minimum level – CPI plus 2 percentage points – is not achieved, all C Rights shall lapse. If the minimum level is achieved, it is proposed that 20 percent of allotted C Rights shall provide entitlement to Performance-based Shares. Between these levels the allotment shall be determined proportionately by linear interpolation.

The performance requirement for receiving Performance-based Shares from all the allotted D Rights is that the average annual internal rate of return ("IRR") for investments in the portfolio companies during the 2011-2013 fiscal years must be equal to or greater than 20 percent. If the minimum level – an IRR of 10 percent – is not achieved, all D Rights shall lapse. If the minimum level is achieved, it is proposed that 20 percent of allotted D Rights shall provide entitlement to Performance-based Shares. Between these levels the allotment shall be determined proportionately by linear interpolation.

The performance requirement for receiving Performance-based Shares from all the allotted E Rights is that the average EBIT margin for ICA AB must be equal to or greater than 4 percent in the 2011-2013 fiscal years. If the minimum level – an EBIT margin of 2.5 percent – is not achieved, all E Rights shall lapse. If the minimum level is achieved, it is proposed that 20 percent of allotted E Rights shall provide entitlement to Performance-based Shares. Between these levels the allotment shall be determined proportionately by linear interpolation.

The 2011 incentive program for the President and other senior executives shall encompass a maximum of 6,500 Saving Shares, 6,500 A Rights for 6,500 Matching Shares and 26,000 B-E Rights for 26,000 Performance-based Shares; that is, a total of 32,500 Matching and Performance-based Shares. Whether the performance requirements are met shall be decided by the Remuneration Committee following publication of the financial results for the 2013 fiscal year.

Main terms of the 2011 incentive program for other employees

As in the case of the President and senior executives, the 2011 incentive program for other employees (maximum 11 people) involves the participants buying common shares (“Saving Shares”) during May 2011 at market price on the Nasdaq OMX Stockholm exchange and holding these for a three-year period. Shares already held cannot be designated as Saving Shares. For each Saving Share that the participant acquires, the participant will be allotted a right (“A Right”) that entitles the participant to acquire without payment one common share in Hakon Invest (“Matching Share”) three years after allotment, as well as further rights (“B Rights”) that entitle participants – subject to specific performance requirements being met – to acquire without payment further common shares in Hakon Invest (“Performance-based Shares”), again three years after allotment.

Other employees may acquire a maximum of 500 Saving Shares at market price, providing entitlement to a maximum of 500 A Rights and a maximum of 500 B Rights.

The performance requirement for receiving Performance-based Shares from allotted B Rights is that the average annual total return including reinvested dividends for the 2011-2013 fiscal years must be equal to or greater than the average annual development of the SIX Return Index (“SIXRX”) during the corresponding period.

The 2011 incentive program for other employees shall encompass a maximum of 5,500 Saving Shares, 5,500 A Rights and 5,500 B Rights; that is, a total of 11,000 Matching and Performance-based Shares. Whether the performance requirements are met shall be decided by the Remuneration Committee following publication of the financial results for the 2013 fiscal year.

More detailed terms of the two incentive programs

The A-E Rights will be allotted in June 2011. They cannot be transferred, pledged or sold.

The right to receive Matching and Performance-based Shares shall be conditional upon the participant – with certain exceptions – continuing to be employed within the Hakon Invest Group during a three-year qualification period running up to and including the date of publication of Hakon Invest's interim report for the period January – March 2014, and upon the participant having held for the duration of this period all the Saving Shares designated as such under the incentive program. Shares based on the Rights will be allotted not earlier than the day after the public release of the interim report for January-March 2014 and not later than 45 days thereafter as the Board determines.

The Board of Directors is authorized to decide the detailed terms of the 2011 incentive programs. The Board shall also be entitled to make other adjustments in the event of significant changes taking place within Hakon Invest, its subsidiaries or associate companies or in the outside world that would render the approved terms for allotment of the Rights and of Matching and Performance-based Shares under the incentive programs no longer appropriate.

Limits

The participants' maximum gain is limited to SEK 346.00 per Matching or Performance-based Share (three times the average closing price of Hakon Invest shares during January 2011). If the value on allotment of Matching and Performance-based Shares exceeds SEK 346.00 the number of shares that the employee is entitled to receive will be reduced accordingly.

Costs of 2011 incentive programs

The A-E Rights cannot be pledged or transferred to others. However, an estimated value can be calculated for each A-E Right. The Board has estimated the average value of each A-E Right at SEK 71.10. The estimate is based on generally recognized valuation models using the closing price of Hakon Invest shares on March 9, 2011, statistics on the price trend for Hakon Invest shares and the expected dividend. The total estimated value of all 43,500 A-E Rights, based on an average meeting of the performance requirements for the B-E Rights of 44 percent and estimates of staff turnover, is around SEK 1.8 M. The value equals around 0.01 percent of Hakon Invest's market capitalization as at March 9, 2011.

In accordance with IFRS 2 *Share-based payment*, the costs will be expensed as personnel expenses in the income statement over 36 months; that is, during the qualification period. Social security payments will be expensed in the income statement in accordance with good accounting practice. The level of these costs will be calculated based on the share price on exercise. Based on a theoretical assumption of an annual 10 percent increase in the share price, the cost of the 2011 incentive programs including social security payments is estimated at around SEK 3.0 M, which on an annual basis corresponds to around 2,8 percent of Hakon Invest's total personnel expenses in the 2010 fiscal year. The maximum estimated cost of the 2011 incentive programs (i.e. the performance requirements are 100 percent met and the share price is at least SEK 346.00) is calculated as around SEK 7.8 M, including SEK 4.7 M in social security payments.

Decision on transfer of shares

In order to be able to deliver Matching and Performance Shares in accordance with the incentive programs described above it is proposed that the Meeting resolve that the Company transfer its own common shares to the participants in accordance with the terms of the programs stated above.

Effects on key ratios and dilution effects

The costs and the dilution are expected to have a marginal effect on Hakon Invest's key ratios.

Preparation of the proposal

The proposal was drawn up by the Remuneration Committee of the Company's Board and the Board of Directors as a whole. It was finally approved by the Board on March 7, 2011. The management of the Company and external consultants assisted the Remuneration Committee with its work.

Decision requirements

The decision by the Meeting in accordance with this point is valid only if it is supported by shareholders holding at least nine tenths of both the votes cast and the shares represented at the Meeting.

The Company's commitments under the incentive programs will be secured through previously repurchased treasury shares.

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Annex 1**Existing incentive programs**

No bonus was paid to the President and other senior executives for fiscal year 2010. The 2010 Annual General Meeting decided on a combined share matching and performance-based share program, subject to own investment, and with a three-year earnings period for the President and other senior executives. The program requires that the participants actively purchase new shares (“Saving shares”) at the market price and that these Saving Shares be locked in over a three-year period. Assuming that the participant is still employed and still holds the Saving Shares, the participant will be entitled to receive Matching Shares at no cost. If certain clearly defined performance requirements are met, the participants will be entitled to receive so-called Performance-based Shares at no cost. A maximum of 32,500 Matching and Performance-based Shares will be allotted to the President and other senior executives. The share-related incentive program also encompasses other employees, for whom the total number of Matching and Performance-based Shares is maximized at 11,000.

The annual financial statements for 2009 showed that the Company’s earnings per share had increased by 386 percent, which meant maximum payout in the bonus program. The 2009 Annual General Meeting also decided on a combined share matching and performance-based share program subject to investment by the employee, with a two-year earnings period and a one-year redemption period for the President and other senior executives. The program requires that the participants actively purchase new shares (“Saving Shares”) at market price and that these Saving Shares be locked in for a period of two years. Assuming that the participants remain employed and still hold their Saving Shares, a number of rights can be exercised to redeem what are known as Matching Shares for an exercise price of SEK 10 per share. If certain clearly defined performance requirements have been met, further rights can be exercised to redeem what are known as Performance-based Shares for an exercise price of SEK 10 per share. The total number of Matching and Performance-based Shares is maximized at 32,500 for the President and other senior executives. The share-related incentive program also encompasses other employees, for whom the total number of Matching and Performance-based Shares is maximized at 11,000. The Remuneration Committee states that 6,500 Saving Shares were subscribed from the 2009 program, thus resulting in the acquisition of 6,500 Matching Shares and 2,998 Performance-based Shares, corresponding to 29.2 percent of the total number of Matching and Performance-based Shares that the President and other senior executives could have received at maximum outcome.

No bonuses were paid to the President or other senior executives for 2008. No options were acquired under the 2008 option program by the President or other senior executives.

The annual financial statements for 2007 showed that the Company’s earnings per share had increased by 26 percent, which meant maximum payout of the year’s bonus and option program. Under the 2007 program, the President acquired in March 2008

34,000 call options at market price and other senior executives acquired a total of 58,000 call options at market price. In total, 97,100 call options were acquired by qualifying employees. The price of the options was intended to represent a market price and was set at SEK 13.20 per option by an independent bank based on a recognized valuation model (Black and Scholes). The exercise price of the options was set at SEK 129.00, corresponding to 110 percent of the average price of Hakon Invest shares during the period February 21-27, 2008. The options are freely transferable and are not linked to employment after acquisition. The options are exercisable during the period September 2010 to March 2011.

In conjunction with the listing of common shares in the Company in December 2005, all employees of the Company were offered the chance to acquire call options in the Company from its principal shareholder ICA-handlarnas Förbund. When the options expired on December 31, 2008 the program was renewed on unchanged redemption terms for exercise between September 2010 and March 2011. In total, 70,000 call options were subscribed, with the President subscribing for 5,000 options and other senior executives for 20,000 options in total. The call options do not result in any expense or payout on the part of the Company.