



Press Release

18 February 2009

Board of Cloetta AB (publ) proposes incentive scheme for decision by extraordinary general meeting

The Board of Cloetta has decided to hold an extraordinary general meeting on 20 March 2009 to decide on a convertible note programme for all employees in the Cloetta Group.

The proposed terms of the convertible program are essentially as follows:

- The convertible debenture loan will amount to not more than SEK 32,000,000 and will run from 14 May 2009 until 30 March 2012 with an annual interest rate equal to STIBOR plus approximately 2.5 percentage points.
- The convertible notes can be converted to class B share in Cloetta during the period from 25 February 2011 to 25 February 2012.
- Employees shall have the right to subscribe for a principal amount of up to SEK 200,000 and are guaranteed an allotment of at least SEK 50,000. Employees in key positions (around 25 persons) shall have the right to subscribe for a principal amount of up to SEK 400,000 and are guaranteed an allotment of at least SEK 200,000. The CEO and executive management (7 persons) shall have the right to subscribe for a principal amount of up to SEK 1,500,000 and are guaranteed an allotment of at least SEK 1,000,000.
- The conversion rate shall be set at around 120%¹⁾ of the average price paid for Cloetta's class B shares during the period from 27 March 2009 to 2 April 2009.
- The dilutive effect arising from the proposed convertible note programme may not exceed 4% of the share capital.

Additional information about the proposed convertible note programme and the extraordinary general meeting is provided in the attached notice of meeting.

For further information contact

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The information in this press release is subject to the disclosure requirements of Cloetta AB (publ) pursuant to the Swedish Securities Market Act. The information was submitted for publication on 18 February 2009, 00:15 p.m. CET.

About Cloetta

Founded in 1862, Cloetta is the oldest and only major wholly Swedish confectionery company in the Nordic region. The company's best known brands are *Kexchoklad*, *Center*, *Plopp*, *Polly*, *Tarragona*, *Guldnougat*, *Bridge*, *Juleskum*, *Sportlunch* and *Extra Starka*. Cloetta has two production units in Sweden, one in Ljungsbro and one in Alingsås. For the period from 1 September 2007 to 31 August 2008, Cloetta reported pro forma net sales of approximately SEK 930 million. As of 8 December 2008 Cloetta's class B shares are traded on NASDAQ OMX Stockholm, Nordic List. www.cloetta.com

1) *The percentage 120 is based on the current situation in the interest and equity markets. Because this market situation can change, the exact percentage will be specified in Board's complete proposal for resolution that will be available as of 6 March 2009.*

Notice of Extraordinary General Meeting of Cloetta AB (publ)

The shareholders in Cloetta AB (publ), corporate ID number 556308-8144, are hereby called to attend an Extraordinary General Meeting at 2:00 p.m. on Friday, 20 March 2009, at World Trade Center Conference, New York Room, Klarabergsviadukten 70/Kungsbron 1 in Stockholm.

Right to participate

In order to participate in the EGM shareholders must be entered in the share register maintained by Euroclear Sweden AB (formerly VPC AB) not later than Friday, 13 March 2009 (the record date is Saturday, 14 March 2009), and must notify the company of their intention to participate in the EGM not later than Monday, 16 March 2009. Notification can be made by letter to Cloetta AB, Susanne Beijar, SE-590 69 Ljungsbro, Sweden, by telephone +46 (0)13-285 111 or +46 (0)13-285 102, by fax (0)13-285 112 or via the corporate website www.cloetta.se. The notification should include name, name, personal or corporate identification number, address, telephone number and, when applicable, the number of agents to accompany the shareholder.

Agents and representatives for legal entities are requested to present certificates of registration or other proof of authorisation in good time prior to the EGM. Proxy forms can be downloaded from the corporate website www.cloetta.se

To be entitled to participate in the EGM, shareholders whose shares are held in the name of a nominee must temporarily re-register the shares in their own names with Euroclear Sweden AB. Such registration, so-called voting rights registration, must be completed not later than Friday, 13 March 2009 (the record date is Saturday, 14 March 2009), which means that the shareholders must notify their nominees in good time prior to this date.

Proposed agenda

1. Opening of the EGM
2. Election of a Chairman of the EGM
3. Drawing up and approval of the voting list
4. Approval of the agenda
5. Election of two persons to check and sign the minutes
6. Decision as to whether the AGM has been duly convened
7. The Board's proposal for resolution regarding the issuance of employee convertible notes
8. Adjournment of the Meeting

Proposals for resolution

Item 2 - Election of a Chairman of the EGM

Lennart Bylock is proposed as Chairman of the EGM.

Item 7 - The Board's proposal for resolution regarding the issuance of employee convertible notes

The Board of Directors proposes that the EGM resolve on the establishment of a convertible note program for employees in the Cloetta Group essentially according to the following conditions. Under the program, Cloetta AB (publ) will raise a convertible debenture loan in a principal amount of not more SEK 32,000,000 through the issue of convertible notes. In the event that the conversion rate at the date of issuance is set at an amount that would lead to a dilutive effect of more 4% on the share capital upon full conversion, the highest loan amount shall be reduced so that the maximum dilutive effect is 4%. The subscription price for each convertible note shall be equal to its principal amount.

The right to subscribe, with exclusion of the shareholders' pre-emptive rights, shall be given to employees in the Cloetta Group. The loan will mature for payment on 30 March 2012 to the extent that conversion has not taken place prior to this date.

The interest term begins on 14 May 2009 and interest is due for payment retrospectively on 10 November of each year, for the first time on 10 November 2009 and on the maturity date of the loan. Each interest payment covers interest for exactly one year with the exception of the first interest payment, which only covers the period from 14 May 2009 to 10 November 2009 inclusive, and the final interest payment which only covers the period from 10 November 2011 to 30 March 2012 inclusive. Upon conversion, the holder forfeits the right to interest from the immediately preceding interest due date.

The interest rate is determined separately for each interest period and shall be equal to STIBOR (recalculated from 365 days to 360 days) plus approximately 2.5 percentage points (the exact interest rate will be specified in the Board's complete proposal for resolution that will be available as of 6 March 2009). If STIBOR for an interest period cannot be determined, the interest rate shall instead be based on loans of similar type in Swedish kronor between banks in Sweden for the respective period. If interest is to be computed for a period of less than one year, a year shall be regarded as consisting of 12 months with 30 days each.

During the period from 25 February 2011 to 25 February 2012 inclusive, or from the respective to the earlier date pursuant to the terms of the programme, each convertible note may be converted by the holder to one (1) class B share in Cloetta at a conversion rate of around 120% (The percentage 120 is based on the current situation in the interest and equity markets. Because this market situation can change, the exact percentage will be specified in Board's complete proposal for resolution that will be available as of 6 March 2009) of the mean of the highest and the lowest prices paid for the company's share each trading day during the period from 27 March 2009 to 2 April 2009 inclusive according to NASDAQ OMX Stockholm's official price list for class B shares in Cloetta. However, the conversion rate shall not fall below the quota value of Cloetta shares. Provided that the loan is fully subscribed in an amount of SEK 32,000,000, the share capital will increase by not more than SEK 32,000,000 upon full conversion of the convertible notes, at a conversion rate of SEK 5 and based on a quota value of SEK 5.

Convertible notes may be subscribed for during the period from 27 March 2009 to 8 April 2009 inclusive, and shall be paid for in cash not later than 14 May 2009. The convertible notes will be issued at a subscription price equal to 100% of the principal amount.

The motive for exclusion of the shareholders' pre-emptive rights is that the convertible note programme represents a personal and long-term ownership commitment for the employees, which is expected to stimulate a stronger interest in the Company's business and earnings trend, boost motivation, increase solidarity with Cloetta. It is advantageous for Cloetta to be able to offer the employees an opportunity to share in the Group's development in a manner that is also beneficial to the shareholders.

Participation in the program and allotment of convertible notes

The right to subscribe for convertible notes, with exclusion of the shareholders' pre-emptive rights, shall be given to persons who are employed in the Cloetta Group at the end of the subscription period for the offer.

The allotment of convertible notes shall be determined by the Board of Directors according to the following guidelines, whereby the minimum principal amount allotted to each participant shall be SEK 10,000: Each regular employee (category I) shall be guaranteed an allotment of convertible notes equal to a principal amount of SEK 50,000 and may be allotted a maximum number of convertible notes equal to a principal amount of SEK 200,000. Employees in key positions (category II) shall each be guaranteed an allotment of convertible notes equal to a principal amount of SEK 200 000 and may be allotted a maximum number convertible notes equal to a principal amount of SEK 400 000. For the CEO and executive management (category III) the guaranteed amount is SEK 1,000,000 and a maximum amount is SEK 1,500,000. The stated amounts are based on a maximum loan amount of SEK 32,000,000. If the final loan amount is adjusted to avoid exceeding the maximum permitted dilutive effect, a corresponding adjustment shall be made in the specified guaranteed allotment.

In the event of oversubscription the employees shall *on the first hand* receive the guaranteed allotment and *on second hand* any amount remaining shall be allotted to employees in category I and category II in an equal amount to each subscriber, although never exceeding the specified maximum principal amount for category I and category II, or, should any amount remain thereafter, this amount shall be allotted to employees in category III according to the same principles. The employees' holdings of convertible notes shall not be subject to transfer restrictions.

Financing

Cloetta intends to offer financing through Svenska Handelsbanken AB for those employees who have registered to participate in the convertible note programme. Such financing will be provided on market-based terms.

Dilution

If all convertible notes are allotted and the conversion rate is assumed to be set at SEK 41.52, equal to 120% of SEK 34.60, which was the last price paid for Cloetta's class B shares on NASDAQ OMX Stockholm on 16 February 2009, the share capital will increase by SEK 3,853,565 upon full conversion and based on the current quota value of SEK 5 per share. This corresponds to a dilutive effect of approximately 3.1% on the share capital and 1.7% on the votes calculated after full conversion. In the event that the conversion rate on the date of issuance is set at an amount that would lead to a dilutive effect of more 4% on the share capital upon full conversion, the highest loan amount shall be reduced so that the maximum dilutive effect is 4%.

Cloetta has no other outstanding share-based incentive schemes.

Special majority rules

The resolution regarding the issuance of employee convertible notes is subject to the rules in Chapter 16 of the Swedish Companies Act (2005:551) and for valid decision must be supported by shareholders representing at least nine-tenths of the number of shares and votes represented at the EGM.

Number of shares and votes

Cloetta AB has a total of 24,119,196 shares, consisting of 2,360,000 class A shares and 21,759,196 class B shares. The total number of votes is 45,359,196, of which 23,600,000 are represented by class A shares and 21,759,196 are represented by class B shares.

Documents

The Board's complete proposals for resolution regarding the issue of employee convertible notes and documents in accordance with Chapter 15, Paragraph 8 of the Swedish Companies Act will be available at the company and on the corporate website www.cloetta.se not later than Friday, 6 March 2009, and will be sent to those shareholders who so request and who provide their mailing address.

Ljungsbro, February 2009

The Board of Directors