



## MINUTES OF THE ANNUAL GENERAL MEETING OF BETER BED HOLDING N.V.

Held on Thursday, 28 April 2011 at the IBN Conference Centre, Hockeyweg 5 in Uden.

### Present on behalf of Beter Bed Holding N.V.

Supervisory Board:

Mr M.J.N.M. van Seggelen (Chairman)  
Mr E.F. van Veen (Vice Chairman)  
Mr C.A.S.M. Renders  
Mr D.R. Goeminne  
Mr A.J.L. Slippens

Management Board:

Mr A.H. Anbeek (Chief Executive Officer)  
Mr D. van Hoeve (Finance Director)

### Absent with notification

Supervisory Board:

Mr J. Blokker

## 1. Opening

Mr Van Seggelen called the meeting to order and warmly welcomed all shareholders attending. He announced that this would be his last meeting as Chairman of the Supervisory Board. Together with Mr Van Veen, he took leave of the Supervisory Board. His duties will be taken over by Mr Goeminne. The Annual General Meeting was held in Uden this year at the request of the Supervisory Board. The shareholders were invited to partake in a tour of the head office of Beter Bed, the distribution centre and stores of Matrassen Concord, Slaapgenoten, Beter Bed and BeddenREUS after the conclusion of the meeting.

Mr Van Seggelen introduced the Supervisory Board and the Management Board of Beter Bed Holding N.V. to the shareholders. He paid attention to the absence of Mr Blokker and read a letter of Mr Blokker, in which Mr Blokker explained his absence. Mr Blokker has a serious illness and he regrets not being able to attend the meeting as a result of this. The Supervisory Board is proud that Mr Blokker is their colleague. They owe him a great deal of gratitude for his contribution and critical view of the developments of Beter Bed. Mr Van Seggelen wished Mr Blokker lots of strength in these difficult times.

He then welcomed Mr E. Kuijer of accounting firm Ernst & Young, who did the honours on behalf of Mr W. Prins due to illness, and Mr W. Spijker, Mr Prins' successor who could not attend today, Mr P. van Vugt of the tax authorities, a delegation of the Works Council of Beter Bed N.V., comprising Ms R. van der Molen (Chairman), Mr J. Hens (Vice Chairman), Mr N. Ribbink (Secretary), Mr P. Ervens, Director of Matrassen Concord, Mr R. van Bork, civil-law notary at Loyens & Loeff, and Mr P. Raap, Group Controller at Beter Bed Holding N.V. A special welcome was extended to Ms E. de Groot-Theodoridis, who was appointed Supervisory Board member by the shareholders today (see item 9).

Ms G. de Jong was appointed Secretary of the meeting and kept the minutes. An audio recording was made of the meeting.

Of the total of 21,805,117 shares outstanding, a total of 15,783,705 (72.39%) were represented at this meeting.

In his introduction, Mr Van Seggelen announced that the company increased its revenue by 3.7% during the year under review (2010) with a net profit of € 27.9 million, which is 16.8% higher than the previous year. This made 2010 a record year. The net result of the first quarter of 2011 is also higher than the net result of the first quarter of 2010. The Supervisory Board is very pleased with the obtained results. The retail sector is still hampered by fluctuating consumer confidence and the associated low level of propensity to consume. The Board thanked the Management Board, which took office last year, and all members of staff once again for their great efforts in a market which is still difficult.

## **2. Discussion of the 2010 Annual Report**

The Management Board gave a presentation of the main developments that occurred during the 2010 financial year. A copy of this presentation is available on the company's website [www.beterbedholding.com](http://www.beterbedholding.com).

Mr Van Hoeve began the presentation by commenting on the financial statements.

### Results for 2010

In the first half of 2010, Beter Bed achieved a revenue growth of 6.2%, compared to a revenue growth of 1.0% at comparable stores (like-for-like). In the second half of 2010, the revenue growth was 1.5% with a like-for-like of -3.2%. The weather was our biggest competition in 2010, with 42 days of snow in the Netherlands, as compared to 19 days in 2009. The number of days of snow in Germany doubled in comparison with 2009, which resulted in fewer visitors and, therefore, less revenue for the company. Despite the negative like-for-like performance, which resulted in less growth in the second half of 2010 than in the first half, this resulted in an operating profit of € 37.5 million, which is a record. The highest obtained operating profit used to be € 37.3 million in 2007. Earnings per share increased by 16% from € 1.12 in 2009 to € 1.30 in 2010. The dividend increased by 25% to € 1.30. The pay out ratio was 100% versus 93% in 2009. Cash flow (profit plus depreciation) increased by 13% from € 31.7 million in 2009 to € 35.8 million in 2010. Investments increased from € 6.3 million to € 8.2 million as a result of the opening of 112 new stores versus 97 stores in 2009. Stock turnover rate decreased from 7.2 to 6.6, which was caused by the negative like-for-like and the large stock at the year end, as a result of bad sales in December, particularly in Germany. Revenue increased by 3.7% to € 374.7 million and the gross profit increased by 1.2% to 55.9%. This is due to a combination of improvements in the product mix; a higher share in the revenue of box springs in the Netherlands and M Line in the Netherlands and Germany. Costs increased by 4.1% to € 172 million. The balance sheet total increased from € 109 million in 2009 to € 113.9 million in 2010. The tangible fixed assets in the consolidated balance sheet decreased by € 0.3 million, because depreciation exceeded the balance of investments and disposals. The intangible fixed assets item of € 3.8 million consists of the goodwill paid on the acquisition in Spain, and remains unchanged. Stocks have increased by 10% to € 56.6 million, while the number of stores increased by 5%. The stock level in Germany was higher than desired due to disappointing revenue in December. Shareholders' equity increased to € 60.8 million in 2010. Solvency at the end of 2010 was 53.4% versus 50.5% at the end of 2009 € 5 million of the € 10 million loan, which was taken out in the middle of 2009, was classified under long-term liabilities and € 2 million was classified under current liabilities. € 1.9 million in deferred taxes is also classified under long-term liabilities. Current liabilities were € 1 million higher versus 2009 due to a higher balance of trade creditors, a higher balance of taxes and premiums payable and a lower balance of other liabilities. Operating cash flow decreased from € 36.6 million in 2009 to € 32.1 million in 2010. Current liabilities in the cash flow statement of € 5.3 million in 2009 were related to a change in the Netherlands from monthly VAT payments to quarterly payments. The disposals item of € 0.7 million was the result of the closing of 59 stores. Net cash flow decreased by € 0.4 million in 2010 versus € 28.3 million in 2009.

Mr Anbeek continued his presentation.

Beter Bed Holding has formulated both a vision i.e., market leadership in the 'value for money' segment in the bed and mattress market in all European countries in which the company is represented, and a mission i.e., 'Hard at work on a good night's rest'. Nothing motivates and inspires the company more than making sure everybody can enjoy a comfortable night's rest.

The objectives have remained the same as for 2009:

- Positioning the Beter Bed Holding retail formulas to ensure optimum use of growth opportunities.
- Increasing net profit, regardless of market conditions and consumer confidence.
- Maintaining a solid and strong balance sheet.

A number of changes were made to the strategy:

- Tightening of formula management:
  - Increasing the like-for-like development i.e., more visitors to the stores, a higher conversion rate and achieving higher receipt amounts.
  - Increasing the distinctiveness of store formulas, brands and products.
  - Becoming an active player in the field of online sales. To this end, we have entered into an alliance with wehkamp.nl and later, in 2011, a new Beter Bed website will be launched.
- Expanding the existing store concepts with low investments per store and flexibility in rental agreements, particularly in the countries outside of the Netherlands.
- A strict cost policy without going over the top ('pennywise – pound foolish').
- Further developing excellent management information based on state-of-the-art IT systems and a 'the numbers tell the tale' culture.
- Managing the supply chain as efficiently and effectively as possible (from purchase to delivery to customers) in the Beter Bed organisation. This does not apply to the cash & carry formulas.
- Continuous optimisation of staff by internal training and introduction of the core values of Beter Bed Holding. Staff members are the company's front piece.

The Corporate Social Responsibility policy of Beter Bed Holding was formulated in the 2010 Annual Report. A Code of Conduct was drawn up for both staff and suppliers. Reports on specific subjects will be published on the Beter Bed Holding website, [www.beterbedholding.com](http://www.beterbedholding.com), in the second half of 2011. Due to the size of the company, emphasis will be placed on the sale of beds and no specialised department, as they exist in multinationals, will be created.

#### Formulas

**Matratzen Concord** achieved a revenue growth of 1.9%, which is partially due to the increase of the number of stores in 2010, even though the market was slightly more negative in comparison with last year. Revenue performance at comparable stores was -3.9%. This was partially due to a weak fourth quarter and the high number of days of snow, particularly in December. The increase of the number of stores continued in 2010; a total of 53 stores were opened altogether. The focus remained on continuing the expansion. Options for opening stores in retail parks were also reviewed.

**Beter Bed** achieved a revenue growth of 5.9% and a revenue performance at comparable stores of 3.0%, despite the harsh market conditions. The organisation outperformed the market. Beter Bed also experienced negative consequences of the weather conditions in December and welcomed fewer visitors. This resulted in less favourable development of orders at year end. Beter Bed opened two stores in 2010 and closed one, bringing the total to 85. Beter Bed also entered into an alliance with wehkamp.nl.

**DBC**, the wholesaler and distributor of M Line mattresses and box springs, achieved a revenue performance of 30.1%. These results led to the option of reviewing if a similar construction could be set up for the other brands of the organisation, Karlsson and Alpin+.

**El Gigante del Colchón** was forced to take measures, which were necessary due to lagging growth as a result of the economic recession. This resulted in a revenue of € 13.1 million in 2010 versus € 13.3 million (-1.4%) in 2009 with a negative like-for-like of 8.4% in a heavily declining market. The results gradually improved. The like-for-like in the last quarter was positive. Stores with a negative cash flow, or stores which did not meet the requirements, were closed. A total of two new stores were opened altogether, bringing the total to 53. There are also options for expansion in Spain.

**BeddenREUS** can look back on a strong year. One new store was opened. The total number of stores is now 35. Revenue increased by 11.3% to € 14.3 million. The like-for-like development was positive: 7.6%.

The revenue of **Slaapgenoten** increased by 13.7% to € 8.2 million. Revenue performance at comparable stores was 6.0% in comparison with 2009. The number of stores remained the same.

The revenue performance of **MAV** decreased by 10.6% to € 3.0 million. Four out of 21 stores closed. Last year, MAV experimented to adapt the formula by improving communications and adding more brands. These measures seem to have had a positive effect. Revenue at comparable stores was 1.3%.

The Beter Bed Holding formulas recorded total revenue growth of 3.7% in 2010. Net profit was € 27.9 million. Gross profit was, again, positive in 2010, totalling 55.9% at year end (2009: 54.7%). This was partially due to product mix effects and bonus effects because of the year end agreements with suppliers in the fourth quarter. There is room for gross profit growth in the future, but the steps will be smaller. Revenue at comparable stores showed a negative trend of -1.3% for the full year. The like-for-like, on the other hand, was positive in the first quarter of 2011. Costs per store increased by 0.3%. In order to draw more visitors to the stores, advertising was increased, particularly in Germany. Costs of DBC (M Line) were eliminated from the third quarter of 2010.

In 2010, a total of 112 stores were opened and 59 stores were closed, bringing the total number of Beter Bed Holding stores to 1,117 (1,064 in 2009). The expansion mainly took place in the countries where Matratzen Concord has stores.

#### Results for the first quarter of 2011

Revenue increased by 5.1% from € 96.5 million in 2010 to € 101.4 million in 2011. Revenue at comparable stores increased by 1.4%. Gross profit increased from 54.8% to 56.0%. The operating result as a percentage of revenue increased from 11.0% in 2010 to 11.8% in 2011. Net profit totalled € 9.0 million in 2010 versus € 8.1 million in 2010, representing an increase of 10%. Earnings per share in the first quarter of 2011 were € 0.42 (2010: € 0.38).

### **3. Report of the Supervisory Board**

The Supervisory Board supervises and assists the Management Board on behalf of and for the stockholders. It is responsible for ensuring continuity of the Management Board and the organisation. Last year, the attention was focused on the continuity of the Board itself. This has resulted in the proposal of appointing Ms E. de Groot-Theodoridis as a new member of the Supervisory Board (see agenda item 9). There was regular contact with the Board, while there were also meetings held without the Board. The Board did not perform an assessment on its own due to the change in composition of the Supervisory Board.

The Board maintains an Audit Committee, which considers financial and organisational matters and focuses on risk assessment. The procedures relating to risk analysis, risk management and risk monitoring provide the Board with sufficient assurance to approve the in-control statement issued by the Management Board. The Board also maintains a Remuneration Committee, which has again set a remuneration policy (see agenda item 10). Furthermore, the Supervisory Board endorses the Corporate Governance Code. No important changes took place last year (agenda item 7).

Owing to an excellent organisation and mainly to a solid financial basis, the Board is confident that the company, having good management and a good composition in the Supervisory Board, has every chance of turning 2011 into a strong year.

Mr Van Seggelen invited questions from the shareholders.

- Ms S. Verbunt on behalf of the VBDO (Association of Investors for Sustainable Development): The VBDO is present at the Annual General Meeting of Beter Bed Holding for the second time. Ms Verbunt compliments the company with the steps they took in 2010 regarding Corporate Social Responsibility and progress made. Several subjects are in need of some extra developments. The VBDO asked the following questions relating to this:

*The VBDO attaches great importance to a report about the policy on Corporate Social Responsibility and its implementation and prefers a report in accordance with the guideline of the Global Reporting Initiative (GRI). Can the VBDO look forward to more quantitative data and objectives in the field of Beter Bed Holding's policy on CSR?*

Mr Van Seggelen understands that the VBDO strives for the ideal position, but underlines that Beter Bed is a small 'lean & mean' company, which has no specialised department for this. Beter Bed policy is aimed at gradually implementing CSR.

Mr Anbeek also comments that the intention is present. However, reports will be gradually drawn up, while taking into account the size of the company.

*Could you give more details about the developed policy? Although starting points and guidelines have been developed, the VBDO also wants insight in the objectives and associated quantitative data.*

Mr Anbeek indicates that that which has been stated above also applies to the objectives. Beter Bed has set several objectives which will be implemented. Beter Bed recognises the importance of its role in the chain regarding cradle-to-cradle. The company has been in touch with its suppliers. Despite the long process, Beter Bed is also in the process of clearly formulating its objectives in this area.

*Regarding chain management, Beter Bed currently involves its suppliers in the CSR policy predominantly on the basis of trust to comply with the policy. What is the progress with regard to the development of more inspection into compliance with the policy?*

Tests are carried out to check if there are hazardous substances in mattresses.

*The VBDO sets great store by diversity and labour force participation. Is it possible to gain more insight into diversity from the Annual Report?*

Beter Bed has been involved in diversity for a long time. Women are one of the most important decision-makers in the decision-making and purchasing process of sleep-related products. Mr Anbeek thinks it is important to have a high rate of female employees and finds that it improves the various layers of the company. The company is working hard in this respect.

- Mr A. Wolff on behalf of Todlin and Investment and Operating Company "De Engh". Mr Wolff congratulates the Board with the 2010 results. He expresses his admiration that, despite the adverse market and weather conditions, Beter Bed was able to record a revenue and profit growth in 2010. He wishes Mr Blokker luck.

*Beter Bed decided to pay 100% of the earnings in the form of dividend. Will the company grow faster by leaving more earnings in the company, so that there is more money available for promotional activities and speedier opening of stores?*

Mr Anbeek indicates that this depends on the climate in the different countries in which the company is represented. At the moment, the Board does not share the same opinion and has decided to pay 100% of the earnings. This does not mean that circumstances will not change.

*A new promotional policy has been adopted, which seems to work without losing profit margin. Why are the results in Germany positive? Does this also work for other formulas and other countries and will this policy not be at the expense of the profit margins in the long term?*

Advertising is aimed at drawing more visitors to the stores. In Germany, the company has cautiously experimented with advertising and it has produced results. Periods with more

advertising draw more visitors, which means that the investment has paid off. This has also been cautiously adopted in other countries and is based on experiments. This policy will only be continued if it has proved to work.

*New locations in retail parks are sought out, which often entails more expensive rental agreements with a longer term. Will this lead to a higher risk profile of Beter Bed?*

There is a slightly higher costs structure, but retail parks generate more frequency, both in the Netherlands and in Germany. The risk profile will not dramatically change as long as not too many stores are opened in retail parks in the short term. The company intends to explore the retail parks more intensively. The company has previous experience with it and it has been demonstrated that sales as well as profits increased.

*The Board indicated that they want to expand more quickly in Spain. What are the expectations for Spain for the next two to three years and what will the costs be?*

Now that El Gigante del Colchón has put its affairs in order, the policy in Spain is carefully continued. The number of openings will be more aggressive, but they will still meet the conditions set by the company. The business model in Spain is more or less comparable to that of Germany; only the implementation is different.

*What is the vision of the company regarding the risks for Beter Bed and Matratzen Concord with regard to the increase of raw material prices and staff costs, particularly in Germany where there are upcoming pay increases?*

In general, higher levels of inflation are expected. One effect will also be visible in the market and in the company. Up till now, the effects have been very limited. Mr Anbeek expects it to remain the same for the time being.

- Mr M. van Praag from Baarn.

*How does the alliance with wehkamp.nl work?*

Mr Anbeek answers that Wehkamp has re-invented the so-called off-line department store. Wehkamp is very successful with more than 100 million visitors per year. Wehkamp has experience in entering strategic alliances with other companies. Thanks to the alliance, Beter Bed can make use of their online expertise and the fact that Wehkamp generates a lot of traffic. On the other hand, Beter Bed has know-how about beds; both the purchase and logistics side.

*Are there any acquisitions scheduled in the Netherlands?*

Nothing is on the agenda at the moment.

*How are credits covered at M Line if suppliers go bankrupt in the Netherlands?*

The company keeps a close eye on bankruptcies of M Line dealers. No damages are sustained.

- Mr Coenen from Uden is pleased that his demands of the last few years have almost all been met and compliments the Board with the obtained result.

*Will the company enter into other strategic alliances, for instance with Swiss Sense?*

Mr Anbeek answers that the company is open to alliances, such as the one with Wehkamp, abroad. The company is looking for partners that could be eligible for such an alliance.

*To what extent is the company interested in a further expansion into Flanders or Belgium?*

We are looking at different 'empty spaces' in the surrounding countries and areas in which the company has hardly any presence, or no presence at all. This also applies to Flanders.

- Mr P. Schutte on behalf of Association of Stockholders and Alex congratulates Beter Bed with the excellent annual and quarterly figures. Mr Schutte has the following questions:

*The company outperformed the market in Germany last year. Does this also apply to the first quarter of 2011?*

The market growth in Germany for the first quarter is not known. General figures from the branch organisation and the industry will not be published until later. Based on what is going on in the market it seems that Matratzen Concord is on the right track. 6% of revenue growth and 2% of like-for-like is not a bad performance at the moment in Germany.

*What are the expectations for Germany? Does the expansion anticipate the revenue growth?*

Reports are different from what the company is experiencing. Despite all positive news, GfK indicated that the propensity to buy is currently stagnating in Germany as well.

*Can the company's 10% profit growth in the first quarter mainly be traced back to Germany?*

Germany has made a positive contribution to the earnings. For the rest, we will not make any comments about the individual performances.

*Is there room for increasing the gross profit and is this sufficient to compensate revenue pressure?*

Despite the steps getting smaller, future gross profit growth will be prompted by a mix of new products, sales of own brands and an increase of purchasing power.

*What is the ideal revenue mix for the company in the high, middle and low price segment?*

The market structure in which the formulas are depends on the country and culture of the country. The 'value for money' philosophy generally means that the company does not belong in the high price segment. The Netherlands is an exception with four formulas in the different segments and with Slaapgenoten in the high price segment.

*What is the company's acquisition strategy?*

The company is open to acquisitions in existing and new markets. Furthermore, the company is constantly on the look-out. However, the acquisitions have to offer a clear added value and the price has to be justifiable for both the Board and the shareholders.

#### **4. Consideration and adoption of the financial statements for the 2010 financial year**

Mr Van Seggelen reviewed the financial statements per page and requested that the meeting adopt these financial statements. There were no further comments.

The proposal to adopt the financial statements for the 2010 financial year was then approved by acclamation.

#### **5. Dividend policy**

Beter Bed Holding N.V.'s dividend policy has not changed and focuses on maximising shareholder value, while at the same time retaining a solid capital position. The company's objective is to pay at least 50% of its net profit to the shareholders subject to conditions. This payment will be executed in the form of an interim dividend following publication of the third-quarter results, and a final dividend following adoption of the financial statements and approval of the dividend proposal by the Annual General Meeting. This ensures that the payment of dividend is spread evenly throughout the year. The payment of dividend may not cause the company's solvency to drop below 30% on any publication date. The ratio between net interest-bearing debt and EBITDA may not exceed 2. The Management Board determines annually what portion of the profit will be transferred to the reserves, subject to the approval of the Supervisory Board. The decision to pay an interim dividend is likewise subject to the Supervisory Board's approval.

## 6. Dividend proposal for 2010

In November, Beter Bed Holding N.V. paid an interim dividend of €0.47 per share. Based on the net result of €27,937,000 for the 2010 financial year and based on above-mentioned policy, the Supervisory Board proposed that a final dividend be paid of €0.83 per share, in accordance with the Management Board's proposal, plus payment out of the distributable part of the shareholders' equity (other reserves) of €436,000, or €0.02 per share. The total dividend for 2010 would then be €1.30, equating to 100% of the profit.

*Mr M. Coenen from Uden requests consideration of stock dividend.*

Mr Van Seggelen indicates that, upon inquiry, the majority of the shareholders are not in favour of this. The policy remains unchanged.

The dividend proposal is adopted without abstention or votes against.

## 7. Corporate Governance

The Supervisory Board and Management Board endorse the principles of good governance as set out in the Dutch Corporate Governance Code. The website [www.beterbedholding.com](http://www.beterbedholding.com) contains a full list of best practice provisions. For each provision, it is specified whether or not the company complies with the provision.

There are no deviations from the Code that need clarification.

## 8. a. Discharge of the Management Board from liability in respect of their management

Mr Van Seggelen requested that the shareholders' meeting approve this agenda item.

The shareholders' meeting approved the discharge given to the members of the Management Board for their management.

## b. Discharge of the Supervisory Board from liability in respect of their supervision

Mr Van Seggelen requested that the shareholders' meeting approve this agenda item.

The shareholders' meeting approved the discharge given to the members of the Management Board for their supervision.

## 9. Proposal to appoint Ms E.A. de Groot-Theodoridis as a Supervisory Director for a term of four years

Last year, it was announced that Mr E.F. van Veen retired as a member of the Supervisory Board. The Supervisory Board is pleased to announce that a successor has been found with the same discipline. Her personality, know-how of finances and entrepreneurial experience at a national and international level make Ms De Groot-Theodoridis a suitable candidate to take over the duties and responsibilities of Mr Van Veen in the Supervisory Board. Ms E.A. de Groot-Theodoridis is nominated for appointment as a member of the Board from 1 May 2011 for a term of four years.

- Mr M. Coenen from Uden is pleased with the diversity policy and the entry of a woman into the Supervisory Board. He expressed the hope for the future that two or three out of five Supervisory Board members will be female.



The shareholders' meeting agreed unanimously. The appointment was received with applause. Ms De Groot-Theodoridis was invited to take a seat at the conference table. With the appointment of Ms E. de Groot-Theodoridis as a finance specialist, the company complies with the Corporate Governance Code.

Mr Renders emphasised that diversity is an important objective, but not the only one. The objective of the Supervisory Board was to find a worthy successor for Mr Van Veen. Ms De Groot-Theodoridis was mainly appointed for her achievements as a finance specialist.

## **10. Remuneration policy**

Mr Renders, Chairman of the Remuneration Committee, announced that the Remuneration Committee had held several meetings in the past year. In addition to Mr Renders, the Committee is comprised of Mr Van Veen and Mr Van Seggelen and Mr Slippens. He informed the meeting that there were a number of small changes in the remuneration policy. Under the influence of the social debate, the variable remuneration as a percentage of the fixed salary of the Management Board was limited to 60%. Half of the 60% at most is linked to direct, financial results. The other half is linked to personal and qualitative objectives. The other change was the fact that instead of concrete points in awarding a quantitative bonus, this was partially changed to a gradual scale from the moment of reaching 90% of the budget.

All formulated objectives of the last year were reached, so the Remuneration Committee awarded the Management Board a maximum bonus.

This year, too, there were discussions about awarding options. Due to the complexity of other schemes, the Committee decided to maintain the current option scheme. The Regulations of the Remuneration Committee are available on the website [www.beterbedholding.com](http://www.beterbedholding.com).

- Mr Koning, on behalf of Breedinvest, had two remarks regarding the Options chapter on page 70 of the Annual Report.

*Why has no profit objective been incorporated in the 2010 series, while it was incorporated in the 2008 and 2009 series?*

Mr Renders explained that the profit objective of € 32 million was incorporated in the Annual Report, but that it was not achieved yet.

*There seemed to be deviations in the values according to Black & Scholes, regarding the exercise prices of the different series. Mr Koning found that confusing and asked what the point was of stating the market value for each option and suggested removing them from the Annual Report.*

Mr Renders is aware of the parameters in the Black & Scholes model. He has had a discussion with the auditor who checks this value. Mr Renders thinks that the condition for achieving the profit level is difficult to abstract from the Black & Scholes valuation model. According to Mr Renders, it is useful to be transparent and to show what the value in awarding the options is. Mr Van Hoeve reminds the meeting that it is compulsory to state the market value in awarding during the year under review. A discussion ensued, which was continued after the meeting.

## **11. Authorisation of the Management Board to issue new shares up to a maximum of 10% of the number of shares outstanding**

This represents an annually recurring agenda item.

Under Article 10 of the articles of association, the Supervisory Board and the Management Board requested authorisation to issue new shares up to a maximum of 10% of the share capital outstanding at the time of the meeting. The authorisation was requested for a period of 16 months from the date of this Annual General Meeting and was subject to the approval of the Supervisory Board.

Mr T. Groenen, on behalf of the SECVA Foundation, represented different investors. Out of 2,753,104 shares, 2,341,421 voted in favour and 411,683 voted against.

This agenda item was approved by the Annual General Meeting by a majority of votes.

#### **12. Authorisation of the Management Board to limit or exclude preferential rights**

In connection with the above, authorisation was requested to limit or exclude the preferential rights as set out in Article 11 of the articles of association. The authorisation was requested for a period of 16 months from the date of this Annual General Meeting and, under the articles of association, was subject to the approval of the Supervisory Board.

Mr Groenen acted as a proxy for SECVA. Regarding this agenda item, 1,944,421 votes were in favour, 411,683 votes were against and there were 397,000 abstentions.

This agenda item was approved by the Annual General Meeting by a majority of votes.

#### **13. Authorisation of the Management Board to acquire/repurchase shares in the company's own capital up to a maximum of 10% of the number of shares outstanding**

This also represents an annually recurring agenda item.

Implementation will partially depend on the company's performance. It was requested that, pursuant to Article 13 of the articles of association, the Management Board be granted authorisation to purchase shares in the company's own capital up to a maximum of 10% of the number of shares outstanding. The purchase price must not exceed the average closing price on the five stock exchange trading days prior to the date of acquisition by more than 10%. The authorisation was requested for a period of 16 months from the date of this Annual General Meeting.

Mr T. Groenen acted as a proxy for SECVA. Regarding this agenda item, 2,697,585 voted in favour and 55,519 voted against.

This agenda item was approved by the Annual General Meeting by a majority of votes.

#### **14. Amendment to the articles of association**

The Management Board proposed to amend the Beter Bed N.V. articles of association in accordance with the proposal for amendment of the articles of association as was drawn up by Loyens & Loeff N.V. The Board's proposal was approved by the Supervisory Board in the meeting of 9 March 2011.

The decision to amend the articles of association also entails authorisation of each member of the Management Board, as well as each employee of Loyens & Loeff, jointly and individually, to apply for the ministerial declaration necessary for the amendment to the articles of association to the effect that there are no objections, as well as to pass the deed of amendment to the articles of association.

The reason for the proposed amendment to the articles of association is to, once again, limit the term of office to no more than three periods of four years for members of the Supervisory Board, in accordance with the Corporate Governance Code. Furthermore, the articles of association will have to be modernised and brought in line with current statutory and regulatory provisions. Reference is made to the specific explanation of the proposal, as has been announced on the company's website.

- Mr M. Coenen from Uden remarked that regarding the sustainability policy documents are difficult to obtain and only through the internet. He requested the documents to be issued to the shareholders in accordance with the articles of association and asked the following questions:

*What is the practical implementation of the addition of article 30.7: 'in all cases, in which a Supervisory Board member has a direct or indirect personal interest, which represents a conflict with the company's and its subsidiaries' interests, he/she will not participate in discussions and the decision-making process'?*

Mr Van Bork, a civil-law notary at Loyens & Loeff, explains that this addition to the amendment to the articles of association was laid down, because it will soon be incorporated in statutory law. The amendment of the conflict of interest provision is an amendment which is based on the current representation scheme, which will be replaced by a decision scheme. In the event of a conflict of interest, the Management Board or Supervisory Committee will have to step back from discussions about a certain subject in order to safeguard the soundness of the decision-making process. Before the statutory adoption of this addition, it has to be trusted that this will take place through recording in the articles of association.

*Why was the term 'acquittance' in article 37.2 replaced with 'discharge' and can an explanation be given about the other articles that are being updated?*

Mr Van Bork of Loyens & Loeff answered that discharge is the statutory term for acquittance, or liability of the members of the Board and the Supervisory Committee to the company. The company anticipates current regulatory provisions in two points in the articles of association. The first point is the above-mentioned article 30.7. The second point relates to the binding nomination of Supervisory Board members. In accordance with future law, the articles of association will formulate that the nomination no longer has to consist of at least two persons. Furthermore, the company returned to the maximum term of appointment for Supervisory Board members of twelve years in article 27.5.

The Annual General Meeting approves of this agenda item.

## **15. (Re)appointment of the external auditor**

Based in part on the recommendation of the Management Board and the Audit Committee, the Supervisory Board proposed that Ernst & Young be reappointed to the post of external auditor to conduct the audit of the 2011 financial statements under almost the same conditions. The Supervisory Board did speak to other auditors, but in the interest of the company it was decided to choose Ernst & Young.

In accordance with Ernst & Young regulations, the responsibility for the audit is transferred after seven years from Mr W. Prins RA to Mr Drs. W.J. Spijker RA, partner at Ernst & Young Accountants. The Supervisory Board thanked Mr Prins for his work of the last seven years and sees Mr Spijker as a suitable successor.

- Mr J. van Leeuwen from Zoetermeer assumes that the conditions are not the same as last year, because from the Annual Report it has become apparent that the costs have been increased. He feels that this misrepresents the facts and requests an explanation.

Mr Van Hoeve explains that the company has received a competitive offer from Ernst & Young, which left no reason to change auditors. Mr Van Hoeve states the Annual Report only shows the audit costs for the Netherlands. There has been a shift in invoicing of Ernst & Young in the Netherlands with respect to the invoicing of Ernst & Young abroad. The offer made by Ernst & Young represents a total amount of audit costs, which is virtually the same as last year.

Mr Van Veen, Chairman of the Audit Committee, responds by saying that the Audit Committee is very strict in the negotiations about the Ernst & Young fee. In addition, Mr Renders underlines that in the last few years audit costs increased by a rate which is less than inflation. Mr Renders agrees that it is not beneficial to transparency to document it in this manner in the Annual Report, but that it is based on other regulatory provisions.

Mr Van Leeuwen does not accept the explanation and votes against the item by two votes. Ernst & Young, in the person of Mr Spijker, was appointed as the external auditor by the majority of votes.

## 16. Announcements

Mr Van Seggelen made use of the opportunity, in part on behalf of Mr Van Veen who also took leave of the Supervisory Board, to say a word of farewell to the Annual General Meeting. He thanked the company for many fascinating years with record earnings in 2010. A special word of thanks was extended to his colleagues in the Supervisory Board for the pleasant cooperation and the Management Board for the open communication and loyal attitude. Mr Van Seggelen expressed his gratitude for the good contacts he had been able to maintain with the Works Council and many employees. Finally, he thanked the shareholders for their loyalty to the company. After this word of farewell, he officially handed over the gavel to Mr Goeminne and wished him the best of luck. The appointment was received with applause. Mr Goeminne got up to speak and thanked Mr Van Seggelen and Mr Van Veen for their considerable contribution to Beter Bed. The new composition of the Board faces the challenge of doing even better. Mr Van Seggelen and Mr Van Veen were offered flowers amidst applause.

## 17. Any other business

In his new role as Chairman of the Supervisory Board, Mr Goeminne continued the meeting with the any other business section.

- Mr A. Wolff, on behalf of Teslin, the holder of investment company Todlin and Investment and Operating Company "De Engh" thanked Mr Van Seggelen and Mr Van Veen for their efforts in the last years. The share of Beter Bed was the best performing share in the Todlin investment fund. Compliments also went out to the management, staff and the guarantee of a new, properly functioning Supervisory Board.
- Mr M. Coenen from Uden also thanked Mr Van Seggelen and Mr Van Veen and wished Mr Blokker well.

*Mr Coenen is in favour of celebrating highlights and wonders how the company sees itself in five years' time? Will the Annual General Meeting continue to be held in Uden and will revenue continue to increase by 5 to 10%?*

It is in need of further evaluation, but Mr Goeminne states that the choice of Uden in combination with a visit to the head office, distribution centre and the stores was a good decision. Apart from the expectations as were discussed earlier on in the meeting by the Chief Executive Officer, no further statements about the future are made.

## 18. Closing

Mr Goeminne adjourned the meeting and thanked those present for coming to Uden and for their constructive contribution to the Annual General Meeting. Compliments were extended to Mr Van Seggelen and Mr Van Veen and the Management Board for the performance of the previous year. He concluded the meeting by inviting the shareholders for refreshments.

## List of approved resolutions

- Adoption of the 2010 financial statements as previously adopted by the Supervisory Board.
- Adoption of the cash dividend for the year 2010 totalling € 1.30 per share.
- Discharge of the Management Board from liability in respect of their management.
- Discharge of the Supervisory Board from liability in respect of their supervision.
- Appointment of Ms E. de Groot-Theodoridis for a four-year term.
- Extension of the authorisation of the Management Board to issue new shares up to a maximum of 10% of the number of shares outstanding.
- Extension of the authorisation of the Management Board to limit or exclude preferential rights.
- Extension of the authorisation of the Management Board to acquire/repurchase shares in the company's own capital up to a maximum of 10% of the number of shares outstanding.
- Approval for the proposed amendment to the articles of association.
- Appointment of Mr Drs W.J. Spijker RA, partner at Ernst & Young Accountants as the external auditor.

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Mr M.J.N.M. van Seggelen,  
Chairman

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Ms G. de Jong-Ruijs,  
Secretary