



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

Held on Wednesday, 18 April 2012 at 2:00 p.m. at the Hilton Hotel, Apollolaan 138, Amsterdam, the Netherlands.

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

Supervisory Board: Mr D.R. Goeminne (Chairman)  
Mr A.J.L. Slippens (Vice-chairman)  
Mr C.A.S.M. Renders

Management Board: Mr A.H. Anbeek (Chief Executive Officer)  
Mr D. Van Hoeve (Finance Director)

### Absent with notice

Supervisory Board: Ms E.A. de Groot

## 1. Opening

Mr Goeminne called the meeting to order and welcomed all the shareholders present. He then introduced the members of the Supervisory Board and Management Board of Beter Bed Holding N.V. Ms De Groot was unable to attend due to her introduction at the Annual General Meeting of Shareholders of Schiphol N.V., where she has been appointed CFO effective 1 May 2012. Mr Ervens, Managing Director of Matratzen Concord, was unable to attend due to personal reasons. Mr Goeminne welcomed Mr J. Spijker, our auditor and a partner at Ernst & Young; a delegation of the Works Council of Beter Bed B.V., consisting of Ms R. van der Molen and Mr A. van Oord; Mr R. van Bork, civil-law notary at law firm Loyens & Loeff, who would be casting the proxy votes; Mr B. de Nijs, Group Controller at Beter Bed Holding N.V.; and Ms B. Ouassou and Ms G. de Jong, who served as the meeting's vote counter and secretary, respectively. An audio recording was made of the meeting.

Of the total of 21,805,117 outstanding shares, a total of 15,324,269 shares (70.28%) were represented at the meeting, making it possible to adopt valid resolutions.

Mr Goeminne began the meeting with the announcement that, although revenue continued to increase in 2011, major differences could be observed in consumer confidence and propensity to buy in the various countries where Beter Bed Holding operates. Even though the Dutch economy is weaker than Germany's, net profit earned for 2011 (€ 28.0 million) is marginally higher than the previous year. Mr Goeminne congratulated Mr Ervens, in particular, on his best result achieved to date with Matratzen Concord.

## 2. Discussion of the 2011 Annual Report

The Management Board gave a presentation on key trends during the 2011 financial year; this presentation (only available in Dutch) is enclosed with these minutes and is also available on [www.beterbedholding.com](http://www.beterbedholding.com).

Mr Van Hoeve commented on the financial statements.

#### Results for 2011

Beter Bed Holding's revenue increased by 6% during the year as a whole, driven by an increase in the number of stores and 0.4% revenue growth at comparable stores. In Germany, revenue at comparable stores increased by 6%; in the Netherlands, it was down 6%. Operating profit (EBIT) increased by 2% and was up 8% from 2010 in the first half of 2011. During the second half, operating profit was 1% lower due to the lower number of visitors from the third quarter onwards, particularly in the Netherlands. Despite the higher net profit, profit per share in 2011 was € 0.01 lower than in 2010 (€ 1.30), as the number of outstanding shares was slightly higher in 2011 due to the exercise of share options. Cash flow, defined as net profit plus depreciation, totalled € 36.5 million in 2011, 2% higher than in 2010. Investments increased by € 8.2 million to € 13.3 million, due to higher IT investments (€ 1.7 million), investments in the website and web shop in the Netherlands, and the launch of a new point-of-sale system in Germany. Investments in the stores rose by € 3.1 million. More funds were invested in 2011 in renovations of existing stores in all formulas, and a large number of stores of the Beter Bed and Slaapgenoten formulas were opened with a higher investment per store. The stock turnover rate declined by 0.1 to 6.8; net revenue increased to € 397.0 million; and gross profit rose by 0.6% to 56.5%. Costs increased from € 172.0 million in 2010 to € 186.1 million in 2011. Average costs per store increased by 1.7%, with higher marketing spending accounting for 1.2% of the increase. Operating profit (EBIT) for 2011 was € 38.3 million. The tax burden increased to 26% in 2011 (2010: 24.6%), due to the higher share in the profit of the German activities, the higher marginal tax burden in Germany, tax losses in 2010, and a tax benefit resulting from the exercise of employee stock options in 2010. Net profit for 2011 was € 28.0 million versus € 27.9 million in 2010. The balance sheet total rose from € 113.9 million in 2010 to € 114.6 million in 2011. Due to the amount of the investments and the lower depreciation, compared to last year tangible fixed assets increased to € 34 million. The 'intangible fixed assets' item of € 3.8 million consists of the goodwill paid on the acquisition in 2005 of the operations in Spain, and has remained unchanged. The increase in the number of stores has also generated an increase in stock from € 56.6 million in 2010 to € 59.5 million in 2011. However, average stock per store declined by more than 1%. Accounts receivable increased to € 8.3 million due to higher receivables from suppliers relating to bonus contracts at year-end. Shareholders' equity totalled € 62.0 million. Solvency in 2011 was 54.1%, versus 53.4% at year-end 2010. The € 5 million in long-term liabilities consist of a long-term loan of € 3 million, drawn down in 2009, and a deferred tax liability. The € 5.3 million short-term bank overdraft is the repayment obligation on the long-term loan and a restricted use of the current account at year end of € 3.3 million. Short-term liabilities declined from € 44.2 million in 2010 to € 42.2 million in 2011 as a result of a lower balance of creditors and a higher balance of other liabilities at year-end. Operating cash flow totalled € 29.8 million in 2011, versus € 32.0 million in 2010. Investments totalled € 13.1 million and cash flow from financing activities amounted to € 29.6 million. Net cash flow for 2011 was € 13 million negative (versus € 0.4 million negative in 2010).

Mr Anbeek then continued the presentation.

Beter Bed Holding aims to become the market leader in the value-for-money segment in the European bed and mattress market in a socially responsible manner. The company's strategic operating area is the price and discount segment in the middle and lower end of the market in the various European countries, with the exception of the Netherlands, where the company also operates in the higher end of the market. The mission launched last year, *'Hard at work on a good night's rest'*, will be maintained.

The company's objectives have remained unchanged:

- Positioning the Beter Bed retail formulas such that growth opportunities can be exploited to maximum advantage and market share can be increased.
- Increasing net profit, regardless of the market conditions and consumer confidence.
- Maintaining a healthy and solid balance sheet.

The following objective has been added:

- Achieving the Corporate Social Responsibility (CSR) objectives defined for 2016.

The objectives will be achieved in the following ways:

- Refining and enhancing the company's formula management:
  - Increasing like-for-like growth, i.e. attracting more visitors to the stores, higher conversion rates, and, if possible, increasing average order size.
  - Increasing the competitiveness of the retail formulas, brands and products.
  - Becoming an active player in online sales, both through Beter Bed's own website and through a strategic partnership with wehkamp.nl. The re-launch of the company's own web shop in November 2011 received positive feedback. The site has been attracting many new visitors, which has resulted in improved sales. Another key focus this year will be implementing our social-media strategy.
- Expansion of existing retail concepts, with low investments per store and flexibility in leases, primarily in the countries outside the Netherlands.
- Pursuing a strict cost policy, without resorting to an attitude of 'pennywise, pound foolish'.
- Further developing outstanding management information based on state-of-the-art IT systems. DBC, the supplier of M Line, switched to SAP last year. Slaapgenoten is set to follow this year, allowing the 'knowledge is power' culture to be further optimised throughout the company.
- Managing the supply chain in the Beter Bed organisation (ranging from purchasing up to and including delivery to the customer) as efficiently and effectively as possible. Note: this does not apply to the cash-and-carry formulas.
- Reduction and recycling of waste, increase in the number of mattresses tested for hazardous substances, and energy-efficiency.
- Continuous employee development through in-company training and by further propagating the core values introduced last year.

In association with MVO oplossingen, Beter Bed Holding has increased its focus on Corporate Social Responsibility (CSR). In 2010, the organisation began defining a number of business principles and a code of conduct, as well as starting the implementation of the code of conduct for suppliers. Even though it is a long-term project, Beter Bed Holding initiated a discussion with suppliers on the cradle-to-cradle design philosophy. In 2011, the first Sustainability Report was published, and a separate section on Corporate Social Responsibility was included in the Annual Report. Beter Bed Holding will be reporting annually in accordance with the GRI (Global Reporting Initiative) guidelines, level C. A total of 22 performance indicators were reported, 15 of which completely and 7 partially. The GRI table containing these performance indicators is available on [www.beterbedholding.com](http://www.beterbedholding.com). The company's CSR policy covers a number of areas, including consumers, employees, suppliers, and the environment. In relation to consumers, Beter Bed Holding is committed to ensuring product quality and safety. By 2016, a minimum of 80% of all mattresses must be certified and tested for hazardous substances. With regard to customer satisfaction, the objective is to keep customers satisfied, communicate positive feedback, keep the number of complaints to a minimum and maintain the first-time-right ratio – currently in excess of 97% – at a stable, high level. The Beter Bed Academy is dedicated to training and developing employees. Management meetings are held on a regular basis with the objective of discussing further improvements. The company aims to achieve diversity in its senior management. Country managers originate from the country in which they operate. In 2011, 12% of the women employed at the company held a management position; the target is to increase this rate to 25% by 2016. Other key issues include employee health and satisfaction and the sickness absence rate, which dropped to 3.4% in 2011. The company aims to remain below the national average in the various countries. A total of 66% of suppliers have signed the code of conduct; our target is to raise this to 100% in 2012. Another objective is to increase the number of suppliers that embrace the cradle-to-cradle philosophy. In terms of the environment, the company is committed to reducing its ecological footprint, which was calculated last year. Carbon emissions for 2011 totalled 22,700 tonnes. The company has also begun collecting and measuring data. This report will be used as a basis for formulating short-term and long-term objectives, with employee initiatives serving as another important foundation. An initiative has been launched to remove and recycle packaging materials. In 2011, 30% of packaging materials were reused; by 2015, this should be extended to all materials.

## Formulas

Revenue performance at **Matratzen Concord** increased to € 242.0 million, partly due to the increase in the number of stores and a number of products developed in-house that were voted 'Best in Test'. Revenue at comparable stores was 5.2%, driven mainly by a strong fourth quarter in Germany, where revenue at comparable stores totalled 12%. In Germany, where Matratzen Concord is the market leader, the market share increased to approximately 19%. Matratzen Concord celebrated its 25<sup>th</sup> anniversary this past year. The number of stores continued to increase in 2011, and a net total of 52 new stores were opened. The German economy is strong, unlike the economies of the Netherlands and Spain, and German consumer confidence has further increased. This strong growth is set to continue during the first few months of 2012.

Besides the European sovereign debt crisis, the Netherlands has also been faced with a pension crisis and a housing market crisis that have adversely affected consumers' propensity to buy. **Beter Bed** has felt the impact too, with an order portfolio that was € 500K lower at year-end 2011 than at year-end 2010. This resulted in a negative revenue performance at comparable stores in 2011 of 7.0% and a decline in revenue of 5.1%. Consumer confidence in the Netherlands continued to decline, although there has been an increase in online sales. The strategic partnership agreement with wehkamp.nl has been renewed. Beter Bed operated a total of 87 stores in 2011, nine of which were newly opened and seven of which were closed. Beter Bed also opened a store in Belgium, the first signs of which have been positive. Beter Bed managed to increase its market share in the Netherlands once again.

**DBC** increased its wholesale business in 2011, driven in part by the 'Best in Test' label awarded by the Consumers' Association to an M Line Slow Motion VI mattress. Revenue increased by 14.2% to € 18.8 million. M Line is sold in an increasing number of European countries, including countries where Beter Bed does not maintain a retail presence.

Although the recession in Spain continues, the measures implemented, including cost adjustments, have paid off, particularly in the second half of 2011. **El Gigante del Colchón** posted revenue at comparable stores of -4.5% in the past year and increased its revenue by 12.8%. In addition, gross profit has improved significantly. A total of 15 stores were opened in 2011 and one store was closed, bringing the total number of stores to 67. A number of new stores are scheduled to be opened in Pamplona in the Navarra region in 2012.

Although revenue increased by 1.1%, like-for-like development at **BeddenREUS** was negative (-4.0%). A net total of four stores were opened. The total number of stores was 39.

**Slaapgenoten's** revenue declined slightly to € 8.1 million. Revenue performance at comparable stores was -5.5%. With the addition of four new stores (net balance), Slaapgenoten now operates a total of 16 stores. Several stores have reduced their floor areas (to 600 square metres), which represents a positive development.

**MAV's** revenue performance declined by 11.7% to € 2.6 million. Of the 17 stores in 2010, a total of six were closed and four were opened. Revenue at comparable stores was -0.8%.

The Beter Bed Holding formulas increased their revenue by a total of 6.0% in 2011, with revenue growth at comparable stores of 0.4%. Despite weak results, the Dutch operations have outperformed the market, which ended the year at -9%. Gross profit continued to increase in 2011, amounting to 56.5% at year-end (versus 55.9% in 2010). There is expected to be further room for growth in gross profit, although the steps will be smaller. Costs per store increased by 1.7% due to the higher marketing spending, sales bonuses, and a one-off anniversary bonus for Matratzen Concord on the occasion of its 25<sup>th</sup> anniversary. Since the third quarter of 2010, costs related to DBC (M Line) are no longer included in the calculation of average costs per store. A total of 123 stores were opened in 2011 and 53 stores were closed, thereby increasing the number of Beter Bed Holding stores to 1,187 (versus 1,117 in 2010). The expansion mainly occurred in countries where Matratzen Concord maintains stores, although new stores were opened in Spain and the Netherlands as well.

### 3. Report of the Supervisory Board

On behalf of, and for the benefit of, the stakeholders, the Supervisory Board supervises and assists the Management Board. The Supervisory Board ensures the continuity of the Management Board and the organisation. Mr Goeminne referred to page 48 and beyond of the Annual Report.

The Supervisory Board maintains an Audit Committee. Under the chairmanship of Ms De Groot, a number of financial and organisational issues were addressed. The procedures relating to risk analysis, management and monitoring provide the Supervisory Board with sufficient certainty to once again approve the Management Board's in-control statement. In addition, the Supervisory Board also maintains a Remuneration Committee, which has formulated the company's compensation policy (agenda item 9). The Supervisory Board does not have a selection and appointments committee, as these duties are assumed by all members of the Supervisory Board.

Following the death of Mr Blokker, the number of members of the Supervisory Board was reduced to four. Mr Goeminne commemorated Mr Blokker's death and highlighted his significant contribution as a member of the Beter Bed Holding Supervisory Board. As the composition of the Supervisory Board complies with the profile, it was decided not to further increase the number of members. Mr Renders will be retiring from the Supervisory Board in 2013, having completed the maximum term. The company will start searching for a suitable replacement in the course of 2012.

The Supervisory Board received regular updates from the Management Board, both verbally and in writing. The Supervisory Board and Management Board convened on six occasions in the past year, in addition to a strategy session held in Barcelona and two conference calls between the two boards. Furthermore, the members of the Supervisory Board also convened privately on two occasions, and a number of Board representatives visited the Matratzen Concord head office in Cologne. A special focus this year was the economic situation in Spain, the positioning of the retail formulas in the European markets, the company's CSR policy, the medium-term online sales and company strategies, competitive conditions in the various markets, the financial structure, the internal control systems, and Corporate Governance (agenda item 7). In addition, the Supervisory Board also conducted a self-assessment.

Beter Bed Holding achieved strong results given the circumstances. Mr Goeminne thanked the Management Board and all employees for their tremendous commitment, after which he gave the shareholders the opportunity to ask questions.

- Mr H. Rienks from Nieuwerkerk aan den IJssel had a number of questions.

*Mr Rienks referred to the 6-year trend described in the historical summary on page 91 of the Annual Report. He concluded from this trend that, if the number of employees outpaces revenue per store, the company as a whole will shrink, on average, rather than grow. Is there scope for any additional measures that the company has not yet implemented in order to offset this?*

Mr Van Hoeve confirmed that Mr Rienks's conclusion regarding revenue per store was mathematically correct, but that, for the company as a whole, it should be considered that the mix of the various formulas in the various countries has changed. Mr Anbeek went on to state that there were still many opportunities, and that the company was in the process of increasing revenue and revenue at comparable stores at a faster pace, including by advertising more in Germany, which attracts more visitors. In addition, a number of training programmes have been created in the Netherlands designed to increase conversion rates, the effects of which are already visible.

*Mr Rienks expressed his concern that the best growth opportunity in the past few years has been expansion through an increase in the number of stores, which will eventually lead to cannibalism.*

Mr Anbeek did not share Mr Rienks's concern, and reiterated that, depending on economic conditions, it will be possible to open 300 to 500 new stores (net balance) over the next three to five years, using the existing formulas in existing markets. A total of 70 stores were opened last year, and the plan this year is to open another 70 stores (net balance).

*What has growth been like in countries such as Spain, Poland and Belgium, where the company has entered the market and where there are more opportunities for growth?*

Mr Anbeek expressly confirmed that the Spanish market share would grow once again this year.

*To what extent do the company's competitors in those markets prevent it from achieving growth?*

Mr Anbeek compared the situation to the Netherlands and Germany, where the company is currently the market leader. Beter Bed Holding has similar growth scenarios for these countries, and growth is proceeding according to plan. Although the Spanish market is currently very challenging, the company has still been able to achieve growth by adjusting the formulas and the costs.

*Has the company launched online sales in all countries?*

There are websites for all countries, but at present only Beter Bed in the Netherlands has a web shop. In Germany, Matratzen Concord will be launching an integrated website and web shop in mid-2012. We are also looking for a partner in Germany with which to enter into a strategic partnership agreement for online sales, which will then be extended to the other countries.

*How many additional sales are generated by online sales?*

That is difficult to indicate. Generally, it is a process of online research, offline advice, and testing the beds in the stores, after which the order is placed online. This is possible both via wehkamp.nl and through the company's own web shop, the latter of which is becoming increasingly common.

*Is DBC, with M Line sales in countries where Beter Bed does not operate, a growth market that can contribute substantially? How are sales in a country like Turkey?*

Mr Anbeek replied that, although there is potential, the main focus is on retail. The wholesale function can serve to enhance the retail business. There are a number of dealers in Turkey, where M Line sells well.

*Are there any other growth opportunities for Beter Bed Holding?*

There are still many 'white areas' in Europe that can be filled. Expansion to France, Italy and Belgium has been unsuccessful in the past because existing formulas were merely replicated, with no real knowledge of the local market. The company has chosen a different approach this time, which is paying off.

- Mr K. Henning, representing VEB, the Dutch Investors' Association, expressed his condolences on the death of Mr Blokker. He asked the following questions:

*The 7% fall in revenue at comparable stores is said to have been somewhat compensated by online sales, but Mr Henning remarked that this was not quantifiable. What portion of the revenue is generated by online sales?*

The company declined to answer this question at the present time for competition reasons.

*Is there a fundamental difference in profit between online and offline sales?*

As a rule, the profit on online sales is higher, but due to the cross-channel retail system online and offline sales are difficult to separate. In other words, there is no fundamental difference between the two.

*Are the online sales generated by the company's own web shop or by wehkamp.nl?*

Both.

*In online sales, have sales of specific items in the product range increased faster than others?*

There are no major differences. Whereas some websites sell more mattresses, others sell more box springs.

*Other than launching a web shop in Germany, are there any other specific plans for this year in terms of online sales?*

BeddenREUS is being considered, although this is not on the agenda for 2012.

*Should shareholders consider the fact that, ten years from now, 20 to 30% of all revenue will be generated online?*

Mr Anbeek said he expected revenue to develop along those lines, and once again stressed that we would continue to see a combination of online and offline shopping in the future.

*Compared with 2010, MAV is the only chain where the number of stores has declined. Besides, revenue per store and revenue per employee are low for this formula compared with the other formulas. Will the strategy for this formula be changed?*

The formula ultimately did not bring the company what it had in mind, and a number of stores were closed. This formula does not require much management effort. There have been experiments involving a number of stores since 2010, which the company will address at a later stage.

- Mr H. Jager, representing VBDO, the Dutch Association of Investors for Sustainable Development, complimented the company on its progress in CSR and expressed his approval for the design and contents of the report. He asked the following questions:

*In its ecological footprint, the company formulated specific targets, which are benchmarked in the Annual Report against the municipality of Ruurlo, the Netherlands, among others. Why would Beter Bed Holding not use a best-in-class benchmark instead, for example comparing it with a similar retail formula?*

Mr Anbeek replied that the company would like to enter into a discussion with various stakeholders in order to be able to keep improving, but only in line with the objectives formulated for the issues stated in the Annual Report. The current focus is on implementing the objectives set, after which the next steps will be taken in conjunction with our advisers.

*Why does the report contain no references to the European REACH Regulation, which provides for the use of chemical substances? Does the inspection of the mattresses comply with this regulation?*

Mr Anbeek responded that he felt this was more the manufacturers' responsibility. The company feels it is important that the end product, which consists of various elements that comply with the European regulation, should be tested independently for hazardous substances.

*Does Beter Bed Holding have a biodiversity policy in place, or does it intend to establish such a policy in the future?*

While biodiversity is a point of focus, Mr Anbeek stated that the company was too small to pursue a strategic policy in this area, and prefers to focus on the issues and objectives formulated in the CSR report.

*VBDO, the Dutch Association of Investors for Sustainable Development, has published a manual for compensation systems and has submitted a number of proposals to make the variable portion of employees' compensation dependent on the achievement of sustainability targets. When does Beter Bed Holding intend to implement these proposals?*

The company currently has no intention of doing so, but this may change in the future.

*Will audits relating to chain management conducted at suppliers' companies in the future be published as well?*

There is no intention to do so; we merely indicate how many audits are being conducted, plus the location.

*Beter Bed Holding was invited last year to participate in the Carbon Disclosure project, but it did not respond to this request. What was the reason?*

The company is willing to participate in this project; however, in consultation with its advisers, it has made an alternative choice and used a different performance ladder.

Mr Anbeek accepted the invitation to discuss the company's CSR policy in greater depth with VBDO, the Dutch Association of Investors for Sustainable Development.

- Mr A. Heinemann from The Hague.

*Why has liquidity in the balance sheet declined over the past year?*

Mr Van Hoeve replied that this was due to the higher dividend paid and to the increase in investments in 2011.

*Why is the second quarter consistently the weakest quarter?*

Mr Anbeek replied that, after the winter months, people feel the need to be more active around the house and are more likely to visit garden centres and DIY stores than furniture centres. The weather is a factor as well – this seasonal pattern is more pronounced in Germany than in the other countries.

*As regards the expansion in Eastern Europe and Turkey: is there a correlation between the economic growth in a specific country and the number of beds sold by Beter Bed Holding, and does the company intend to develop exports further in these countries?*

The focus is on Europe in the broad sense. Expansion will take place mainly in Western Europe. The countries outside Western Europe showing economic growth have a lower purchasing power standard (PPS), making these markets less attractive to the company.

- Mr F. Van Beuningen, representing Todlin NV, complimented the company on maintaining its profit despite the tough economy.

*The property market is under pressure, and Beter Bed Holding has stated its intention to reduce the amount of floor space at its stores. As far as the announced expansion plans are concerned, how will the reduction in average floor space and rents affect the company and the concentration of retail?*

Floor space will be reduced mainly in the Benelux market, specifically in the Netherlands. The latter has not yet shown a tendency of declining rents, but a change is expected, also as far as lease terms are concerned. Beter Bed Holding is actively involved in signing leases for properties covering less floor space and with terms of less than ten years. Negotiations in Germany and Spain on this issue are less complex. Depending on the economy, the company intends to open a net total of 300 to 500 new stores over the next three to five years in existing countries with existing chains; this means the concentration of retail in a number of countries, including the Netherlands and Belgium, may still increase. An additional factor is that the Matratzen Concord retail concept is different, with expansion being initiated by the sales managers. Furthermore, postcode analyses are conducted, which show that there is still ample room for store openings in Germany.

- Mr K. Henning on behalf of VEB, the Dutch Investors' Association:

*El Gigante del Colchón opened a large number of stores in the past year and closed only one store; one of the reasons for this was that the company was tied to the leases. How many stores does this involve on a proportional basis?*

The stores being opened now are opened subject to different terms, with less floor space (150-200 square metres), lower rents and different opening hours, thereby reducing costs per store. There are also a small number of stores where these changes cannot be implemented.

*What are the findings and conclusions of the Supervisory Board with regard to the activities in Spain?*

The Supervisory Board has discussed the strategy with the Management Board in detail, along with the changes implemented. The Supervisory Board has reviewed the competition, the positioning in relation to the market, and the product-market combinations, and has approved the Management Board's policy to achieve success in Spain with less floor space and the look and feel of a discounter. A new Director has been appointed, in whom the Supervisory Board has a great deal of confidence.

*Now that the number of stores in Spain is outpacing revenue, will this affect the strategy pursued?*

On acquisition, the stores covered 700 square metres in a market double the size. The formula and cost structure have since been adapted to Spain's current economic conditions, and are similar to the Matratzen Concord concept, with the exception of logistics. The company will soon be breaking even. The strategy will be continued, in order to benefit from the economic recovery as soon as it sets in.

*Economic trends in the Netherlands are less favourable than in Germany. Will this prompt the company to adapt its strategy by changing the product mix?*

The company was proactive during the second half of last year in adjusting the product mix, making it possible to meet the same demand with a lower budget. The aggressive price campaigns will also be continued.

*Has MAV broken even as well?*

The company declines to comment on the profitability of any of its retail formulas.

- Mr S. Koning, representing Breedinvest, complimented the Management Board on the well-presented Annual Report.

*How is the high-end M Line range being positioned in the retail network in Beter Bed Holding's current structure? Is this being done the same way as in the Netherlands?*

Mr Anbeek explained that M Line has the same positioning in all countries as in the Netherlands. In those countries, too, M Line is recommended by professional athletes and physiotherapists, and the slogan 'Sleep well. Move better' is used. M Line even sells well at formulas marketed as discounters, which is related to the high level of service that is also provided by the discounters.

*The company has renewed its partnership with wehkamp.nl for the medium term. How will this affect Wehkamp's product ranges, which they can sell independently in the same segment as Beter Bed Holding?*

The Beter Bed retail chain has an exclusive contract with wehkamp.nl. For Wehkamp, the partnership is largely supplementary, and has been very successful so far.

*Can Matratzen Concord and Beter Bed expand in Belgium on a parallel basis, or will the focus there be on Beter Bed alone?*

There is room for both chains in the Belgian market. However, it is difficult to find sites of approximately 250 square metres, and it would be ideal to have the expansion take place concurrently, as in the town of Olen.

#### **4. a. Consideration of the financial statements for the 2011 financial year**

Mr Goeminne reviewed the financial statements and gave the shareholders the opportunity to ask questions.

- Mr K. Henning on behalf of VEB, the Dutch Investors' Association:

*The Annual Report shows that trade receivables are increasing significantly. What payment terms does Beter Bed Holding impose on its debtors?*

Mr Van Hoeve explained that the liabilities relate to suppliers, where these liabilities are typically deducted from the payments the company makes to them, and to DBC, where a variety of payment terms apply.

*To what extent is the downturn in the Dutch economy reflected in the results? Has there been a trend of deferred payments?*

In the wholesale business, we have noted that some customers appear to be affected by the downturn, but this has not resulted in an increase in late payments.

*To what extent will investments be continued in the coming year, and in what form?*

As far as IT goes, a web shop was launched in the Netherlands in 2011, with Germany set to follow this year. A portion of the higher investments is related to the introduction of the point-of-sale system in Germany, which will be completed this year.

## **b. Adoption of the financial statements for the 2011 financial year**

Mr Goeminne proceeded to the vote. There were no abstentions or votes against, which meant the financial statements for the 2011 financial year were adopted unanimously.

## **5. Dividend policy**

Beter Bed Holding N.V.'s dividend policy has remained unchanged, and continues to be aimed at maximising shareholder return while maintaining a solid capital position. The company's objective is to pay at least 50% of net profit to the shareholders, subject to conditions. This will be done in the form of an interim dividend following publication of the third-quarter results, and a final dividend following the adoption of the financial statements and approval of the dividend proposal by the Annual General Meeting of Shareholders. This ensures that dividend payment is spread proportionally over the year. The payment of dividend should not result in the company's solvency falling below 30% on any publication date. The ratio between net interest-bearing debt and EBITDA may not exceed 2. Each year, the Management Board, subject to the approval of the Supervisory Board, determines what portion of the profit will be retained. The resolution to pay an interim dividend is likewise subject to the Supervisory Board's approval.

## **6. Dividend proposal for 2011**

In November 2011, Beter Bed Holding N.V. paid an interim dividend of € 0.47 per share. Based on the net profit of € 28.0 million for the 2011 financial year and based on the above-mentioned policy, the Supervisory Board proposed to pay a final dividend of € 0.63 per share, in accordance with the Management Board's proposal. This brings the total dividend to € 1.10 – the equivalent of 85% of the profit.

*Mr Heinemann asked what the motive was behind reducing the dividend from € 1.30 to € 1.10 even though the results are virtually the same as last year.*

The year 2010 was an exceptional year, and on account of the record revenue the Management Board felt it was appropriate to pay 100%. Given the current economy and considering the economic outlook, the Management Board feels it is more sensible to adhere to a pay-out ratio of 85% at this time.

Mr Rienks also suggested a correlation between the proposal and the consolidated cash flow statement, where the movements in cash and cash equivalents in 2011 totalled € 13 million negative versus € 0.4 million negative in 2010. He concluded that, in addition to the higher investments, more funds were required to cover other expenses, which was confirmed by Mr Goeminne.

*Due to the difficulties the foreign shareholder has been experiencing in claiming back dividend tax for the payment of a cash dividend, Mr Heinemann suggested that an optional dividend be paid in the future.*

Mr Van Hoeve replied that the dividend policy was being discussed with foreign shareholders, and that these shareholders had approved a cash dividend. Mr Van Hoeve stated that the opinion of foreign shareholders on this issue would be verified again.

Mr Goeminne put the proposal to the vote. Mr R. Van Bork represented E. Meerwaldt from Epse, who abstained from the vote with 260 shares.

The dividend proposal was then adopted by a large majority of votes.

## 7. Corporate Governance

The Supervisory Board and Management Board endorse the corporate governance principles set out in the Dutch Corporate Governance Code. The website [www.beterbedholding.com](http://www.beterbedholding.com) includes a comprehensive list of best practice provisions, specifying for each provision whether or not the company complies with it. Unlike previous years, the company has complied with best practice provisions III.1.3, III.3.5 and IV.3.12. since 2011.

- Mr K. Henning, representing VEB, the Dutch Investors' Association, had a number of questions and comments:

*As regards best practice provision II.2.8: can we conclude from this that the maximum compensation in the event of manifestly unfair dismissal is two basic salaries?*

Mr Renders replied that this could be higher if the person dismissed initiated legal proceedings.

*As regards best practice provision II.2.10: if the Supervisory Board decides to exercise its discretionary authority, will this be covered in the Annual Report?*

Under this provision, the Supervisory Board is only able to depart from previously made agreements in exceptional circumstances.

*With regard to best practice provision II.2.12: why is there no claw-back clause?*

Mr Renders replied that this is not provided under the Management Board's employment contracts but that a claw-back clause may, in some cases, be enforced through the courts.

*This point currently only refers to best practice provision II.2.10. Mr Henning requested the Board to include this in the provision based on this position.*

Mr Goeminne would take note of this proposal.

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

Mr Goeminne asked the shareholders to approve this agenda item.

Mr R. Van Bork was authorised on behalf of a large number of shareholders with a total of 2,008,741 shares to cast their votes. Since a large number of shareholders voted in favour, Mr Van Bork suggested to the meeting to only include the votes against or abstentions for each agenda item in the minutes. If desired, an explanation can then be provided to the shareholders for each agenda item. Mr Van Beuningen, representing Todlin NV, asked what the motivation was behind the votes against. Mr Van Bork replied that only the number of votes in favour, votes against and abstentions had been communicated through the voting channels. Mr Van Bork's proposal was approved.

Of the total of 2,008,741 shares, Caceis Bank voted against with 45,000 votes.

By a large majority, 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 Goeminne asked the meeting to approve this agenda item.

Of the total of 2,008,741 shares for which Mr Van Bork is authorised, Caceis Bank, Citibank PLC and BNP Paribas Investment Partners voted against with 45,000, 83,800 and 325,558 votes, respectively.

By a majority of votes, the shareholders' meeting approved the discharge given to the members of the Management Board for their supervision.

## 9. Remuneration policy

Mr Renders, Chairman of the Remuneration Committee, provided details on the remuneration policy. The Committee consists of the full Supervisory Board and convened on a number of occasions in the past year. The remuneration policy approved last year has remained unchanged. The objectives for 2011 have not been fully achieved in the short term for the variable remuneration. In addition, the term of the 2010 option series has been adjusted. An incorrect term was listed by accident; this term is also listed in the 2010 Annual Report. The Remuneration Committee has also reviewed the allocation of options. A number of changes are anticipated in 2012 in order to further formalise option allocation and improve transparency. Please refer to page 55 of the Annual Report. If implementing the changes results in a change of policy, this will be submitted to the 2013 Annual General Meeting of Shareholders.

*As a result of the erroneous change of the term, Mr Koning asked, on behalf of Breedinvest, whether it would be more convenient to maintain the old term for the current series for those authorised to maintain options, or whether a longer term would be more in line with the long-term compensation for management, including the Management Board.*

Mr Renders responded that the error was made in the exercise period, which was longer, thereby increasing the value of the options. Following the adjustment, this value is in line with the regulations again. The terms of new series will be reviewed in 2012, with the terms being extended rather than reduced in accordance with the best practice provisions.

*Was the value of the option series adjusted in 2010, and has this had tax implications for those entitled to options?*

Mr Van Hoeve replied that taxes are paid only when the options are exercised, which has not yet occurred for the 2010 option series. Furthermore, all those entitled to options agreed by signing an amended option agreement.

*How many of the company's employees are entitled to options?*

The top 20 employees.

*Mr Henning, representing VEB, the Dutch Investors' Association, asked whether the change in the criteria for allocating options and the possible reassessment of the net profit targets would be discussed in the 2013 Annual General Meeting of Shareholders.*

Mr Renders confirmed that these issues were being considered this year. However, to the extent that this would result in a change of policy, this will be put to the vote at the 2013 shareholders' meeting. Even if, strictly speaking, it does *not* result a policy change, this issue will be discussed in next year's shareholders' meeting.

*Does the Management Board have any ideas in mind yet regarding the criteria for option allocation and possible changes in the net profit target?*

The Management Board is reconsidering the net profit target, which is an absolute target for the company's performance. It is also possible to consider relative objectives, for example by linking this to the performance of other companies (i.e. benchmarking) or to the Small Cap Index, bearing in mind to provide the appropriate incentives to the management in line with the shareholders' interests.

*Are sliding scales considered in the criteria for option allocation?*

Yes, this aspect is being considered.

*It was reported that the targets for the variable short-term remuneration were not fully achieved in 2011. Is it possible to provide more details on this?*

The quantitative remuneration is linked to the budget. The company declined to make any further comments.

*Mr Henning would like to see more information on this in the Annual Report.*

Mr Renders reported that there had been discussions on this subject in the past. For competition reasons, the Board maintained its position.

*Mr Heinemann asked whether those entitled to options were only entitled to exercise the options at the end of the term or also at an earlier stage if the share price were high.*

Mr Renders explained that there is an exercise period, which currently begins 2.5 years after the options are allocated, provided that the other terms of the agreement are also complied with.

#### **10. Authorisation of the Management Board to issue new shares**

This represents an annual agenda item.

Based on Article 10 of the articles of association, the Supervisory Board and Management Board requested authorisation to issue new shares and the authorisation to allocate rights to acquire shares up to a maximum of 10% of the share capital outstanding at the time of the meeting, respectively. This authorisation was requested for a period of 16 months from the date of this Annual General Meeting of Shareholders and is subject to the approval of the Supervisory Board.

*Mr Heinemann reported that agenda items 10, 11 and 12 contained flaws. Since the 16-month authorisation granted last year still applies, this would mean that, if this authorisation were granted again, 20% of shares could be purchased for a number of months. Mr Heinemann asked if a sentence could be added that would exclude this option.*

Mr Goeminne replied that this represented an extension of the mandate. Mr Van Bork, civil-law notary at law firm Loyens & Loeff, stressed that this was essential and that it should not be accumulated.

Of the 2,008,741 proxy votes, E. Meerwaldt abstained with 260 votes and BNP Paribas Investment Partners voted against with 325,558 votes.

This agenda item was subsequently adopted by a majority of votes.

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

This agenda item follows from agenda item 10. It was requested that authorisation be granted to restrict or exclude the preferential right as formulated in Article 11 of the articles of association. This authorisation was requested for a period of 16 months from the date of this Annual General Meeting of Shareholders and is subject to the approval of the Supervisory Board under the articles of association.

Of the 2,008,741 proxy votes, E. Meerwaldt abstained with 260 votes and BNP Paribas Investment Partners voted against with 325,558 votes.

This agenda item was subsequently adopted by a majority of votes.

#### **12. Authorisation of the Management Board to acquire/repurchase shares in the company's own capital**

This also represents an annual agenda item.

Implementation will depend in part on the company's results. It was requested to grant the Management Board the authorisation, pursuant to Article 13 of the articles of association, to repurchase own shares up to a maximum of 10% of the number of outstanding shares. The repurchase price must not exceed by more than 10% the average closing price of the five trading days prior to the date of acquisition. This authorisation was requested for a period of 16 months from the date of this Annual General Meeting of Shareholders.

*Mr Van Beuningen, representing Todlin, referred to page 85 of the Annual Report, which states that the company owns a total of 132,925 shares that have been repurchased and have not yet been withdrawn. Will these shares be withdrawn?*

Mr Van Hoeve replied that the company's objective was not to issue these shares, but rather to use them when share options are exercised.

Of the 2,008,741 proxy votes, E. Meerwaldt abstained from voting with 260 shares.

This agenda item was subsequently adopted by a large majority of votes.

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

The Supervisory Board proposed, based in part on the recommendation of the Management Board and the Audit Committee, to reappoint Ernst & Young as an external auditor for the audit of the 2012 financial statements. The audit will be performed under the supervision of Mr W.J. Spijker, Chartered Accountant, a partner at Ernst & Young Accountants. His CV is available for review at the Management Board Secretariat.

There were no further questions. Ernst & Young, in the person of Mr Spijker, was appointed as an external auditor by a unanimous vote.

### **14. Announcements**

There were no announcements.

### **15. Any other business**

- Mr Henning, representing VEB, the Dutch Investors' Association, had two more questions.

*He was positive about the stress scenario implemented by the company. Would it be possible to provide more information on the assumptions of this scenario, and what decline in revenue is accounted for in the scenario?*

Mr Van Hoeve replied that this issue had been a prime focus for the Audit Committee. A scenario has been prepared involving a model of a sharp fall in revenue in relation to the budget. Factors considered include the consequences of this fall in revenue, what measures should be taken if such a scenario becomes a reality, and the financial impact on the company.

*Is there a scenario for MAV to convert these stores into Matratzen Concord stores?*

Mr Anbeek replied that this was not the intention.

### **16. Closing**

Mr Goeminne adjourned the meeting. He thanked those present for their attendance, their positive contribution to the Annual General Meeting of Shareholders, and the compliments given. Finally, he invited the shareholders to join him for drinks.

## List of resolutions

- Adoption of the 2011 financial statements approved by the Supervisory Board.
- Adoption of the cash dividend for the year 2011 at a total of € 1.10 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
- Authorisation of the Management Board to issue new shares/rights to new shares up to a maximum of 10% of the number of outstanding shares.
- Authorisation of the Management Board to limit or exclude preferential rights.
- 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 outstanding shares.
- Appointment of Mr W.J. Spijker, Chartered Accountant, a partner at Ernst & Young Accountants, as the external auditor.

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Mr D.R. Goeminne,  
Chairman

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Ms G. de Jong-Ruijs,  
Secretary

Annex:           Presentation (only available in Dutch)  
<http://www.beterbedholding.nl/Downloads/18-april-2012.pdf>