January 4, 2008

The Board of Directors of Gant recommends shareholders not to accept the offer from Procastor SA

- The Board of Directors recommends shareholders not to accept the offer from Procastor.
- Strong belief in the company as a stand-alone alternative creating shareholder value through existing business model.
- Multiple growth opportunities expected to secure strong long-term growth in profits and cash flow.
- New financial target stating that EBIT shall amount to at least SEK 450 million in 2010 (SEK 242 million in 2006) and increase at an average annual rate of at least 15 percent in the following five-year period.
- New dividend policy to distribute at least 75 per cent of net income to shareholders.

Statement from Lennart Björk, Chairman of the Board:

"The Board of Directors believes strongly in the future development of Gant as a stand alone company. The current business model, using franchisees in the establishment of new and the development of existing markets, has proven itself again and again. Gant's track record in delivering profits, cash flow and shareholder returns, in combination with exciting growth prospects are the basis for our recommendation to shareholders to say no to Procastor's offer and support Gant as an independent company delivering value to all shareholders."

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GANT is a Swedish company marketing and developing an international lifestyle brand with origins in the casual apparel and lifestyle of the American East Coast, where the brand was established in 1949. Today, GANT is sold in over 70 countries through more than 310 independent GANT stores and over 4,000 selected retailers. The collections comprise clothes for men, women and children. In addition, watches, footwear, eyewear, fragrance and home furnishings are licensed under the GANT brand. In 2006, brand sales amounted to SEK 6,200 million. The Gant share is traded on the OMX Nordic Exchange Stockholm since March 2006.

Background

This statement is issued by the Board of Directors of Gant Company AB (publ) (“Gant”) pursuant to section II.14 of the Takeover Rules issued by the OMX Nordic Exchange Stockholm.

On 11 December, 2007 Procastor SA (“Procastor”), a wholly owned Luxemburg subsidiary of Maus Frères S.A. (Maus Frères), announced an offer to the shareholders in Gant.

According to the offer document dated 13 December, 2007 (the “Offer Document”) the shareholders of Gant are offered to tender all their shares in Gant to Procastor for a consideration of SEK 310 (the “Offer Price”) in cash per share (the “Offer”). The Offer Price is subject to adjustment should Gant pay any dividend or in any other way distribute or transfer funds to shareholders before settlement of the Offer.

The Offer is conditional on i.a. it being accepted in respect of shares representing more than 50 percent of all outstanding Gant shares, receipt of necessary regulatory approvals, that the Offer or the acquisition is not materially negatively affected by legislation etc. and certain other conditions as fully described in the press release through which the Offer was made. Procastor has retained the right to waive the conditions of the Offer. Settlement is intended to take place on 22 January, 2008.

The Board of Directors of Gant was informed of the pending offer on the evening of 10 December, 2007.

On 11 December, 2007 the Board issued a press release stating that the Board would revert with its recommendation to the shareholders well in time before the end of the acceptance period.

On December 17, 2007, Ricon SGPS, SA, issued a press release stating that owners of more than 55 percent of the capital and votes of Gant, including i.a. Pedro Silva, CEO of the master franchisee for Portugal, Brazil and Angola, has decided not to tender their shares in the Offer.

The Board has retained Carnegie Investment Bank AB (“Carnegie”) as financial advisor.

Recommendation by the Board of Directors

Maus Frères and Procastor have provided limited information regarding the effects that the completion of the Offer would have on Gant, in particular with regard to employment and Gant’s strategic plans. Maus Frères states that it does not currently intend to implement cost saving measures or other strategic plans that would affect staff, employment, management or locations, but no guidance is given with respect to any such plans in the medium- to long term. Based on the very limited information provided to date by Maus Frères and Procastor, the Board of Directors cannot make any assessment as to what effect the Offer would have on the location of Gant’s business, or the employment situation for Gant’s current employees.

Furthermore, it is the opinion of the Board of Directors that Gant would not benefit from being integrated with a larger textile Group, as Gant’s unique business model relies upon a close co-operation with its independent master-franchisees, which has fostered an entrepreneurial agility that would be at risk should the Company be part of a larger Group.

In reviewing the Offer and deliberating on its recommendation, the Board of Directors has considered Gant’s current performance and future prospects as well as other factors deemed to be of relevance in relation to its assessment of the Offer, including (but not limited to) matters referred to below.

Gant has over a long period been very successful in growing its business in new geographical markets and in new product areas. This growth has, to a significant degree, been achieved through Gant’s successful brand strategy and distribution process, both through its own store network and its unique relationship with a number of very strong franchisees.

Looking ahead, Gant sees continued substantial growth opportunities both in its Established Markets and Large Growth Markets as well as in New Gant Markets. Gant’s business model allows for considerable investments in continued growth in all these markets in collaboration with, and principally financed by, its franchisees. As continued growth requires limited capital expenditures, and as the Company generates steady cash flows, Gant has a strong dividend distribution capacity.

To allow for an increased understanding of the Board's and management's view of the near to medium term prospects for Gant, the Board of Directors has decided to disclose certain aspects of its long term plan (the "Long Term Plan") adopted by the Board of Directors, and its financial objectives that follows from this plan, as further outlined below.

In summary, the Board of Directors believes that Gant's business fundamentals are very strong and that, long term, there are significant, still untapped, opportunities to grow Gant's operations on a stand alone basis, building on its strong brand and successful sales, distribution platform, and cash generative capacity. In view of this, the Board of Directors believes that the Offer Price does not adequately reflect the value of Gant.

The Board of Directors of Gant recommends Gant's shareholders **not** to accept the Offer.

Carnegie Investment Bank AB has issued a fairness opinion to the Board of Directors. This opinion is attached to this statement.

Shareholders with a more short-term view on their holding in Gant should notice that the Gant share has traded at prices above the Offer Price during the acceptance period.

Furthermore, shareholders' attention is also drawn to the fact that an acquisition by Procastor of a larger block of shares through the Offer, or in the market, could reduce the liquidity in the market for the Gant share, which could have a negative effect on its price going forward.

Financial performance

Gant acquired the rights to the Gant brand globally in 1999 and has since then demonstrated strong revenue growth, increasing margins and strong cash flow. It is the view of the Board of Directors that this growth has been achieved with limited business risk resulting from the attractions of the business model applied by Gant.

Proven growth model

Since the rights to the brand were acquired in 1999, Gant has increased the Company's revenues for all but one year (2003), entering into new markets and continuously developing its product range.

This revenue growth has partly been achieved through Gant's own subsidiaries, but largely through a growing network of franchisees. These franchisees have had, and still have, strong financial incentives to grow their respective business and to make the investments in new stores and the Gant brand required to develop Gant in the local markets.

- In 1999, Gant sold its products in 32 countries and the store network comprised 84 Gant stores. As of November 30, 2007, Gant covered more than 70 countries and the number of Gant stores around the world had increased to 331.

- Brand sales[1] have almost doubled during the last five years, from an estimated SEK 3,400 million in 2001 to an estimated SEK 6,200 million in 2006, corresponding to a compound annual growth rate (CAGR) of 13 percent.

- The revenues of Gant increased from SEK 675 million to SEK 1,296 million during the same period, corresponding to a CAGR of 14 percent.

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[1] **Defined as the estimated total sales of Gant products at the retail level, excluding value added tax and based on reported wholesale sales.**

Strong margins and stable profit growth

Despite the rapid growth in revenue, Gant has delivered an increasing operating (EBIT[2]) margin over the last five years, and accordingly, profit growth has exceeded revenue growth.

The EBIT of Gant increased from SEK 96 million in 2001 to SEK 242 million in 2006, corresponding to a CAGR of 20 percent. This was mainly driven by revenue growth but also by an increase in the EBIT margin from 14 percent in 2001 to 19 percent in 2006.

Gant's revenues comprise royalty income from franchisees and licensing partners, retail and wholesale sales, and service income. The main part of the service income is generated by coordinated purchases by Gant, but also income from marketing and IT services provided to Gant's franchisees. As the operating margin differs greatly between the three sources of revenue, and as the revenue mix is shifting towards a higher share of royalty revenues, the operating margin is gradually increasing.

The stability in the EBIT margin increase is explained by the low risk characteristics of the business model. For example, Gant does not bear any inventory risk in respect of products that are sold through franchisees.

Strong cash flow and low business risk

Gant is operating at a cash conversion rate[3] exceeding 100 percent, which is largely explained by the benefits of the franchise model:

- Since the beginning of 2001, the number of Gant stores increased from 129 to 331 as of November 31, 2007. This required total investments of approximately SEK 800 million, of which approximately SEK 400 million only in 2006 and 2007. However, as the franchisees account for all investments in their respective markets, Gant has accounted for only a fraction of these investments. Only 17 of the 331 Gant stores are directly operated by Gant.

- An increase in royalty revenues does not require any additional working capital for Gant, as the goods are never booked on Gant's balance sheet. Net Working Capital (NWC) as a percentage of sales amounted to 13 percent in 2006 and is decreasing as the share of royalty revenues increases.

As a result of the above, the cash conversion rate has been very strong, increasing from 93 percent in 2004 to 101 percent in 2006. Furthermore, return on capital employed[4] increased from 23 percent in 2004 to 34 percent in 2006, as profits increased while incremental capital requirements were financed mainly by Gant's franchisees.

Gant believes that the above proves that Gant is operating with a business model that enables strong growth in revenue and profits with very limited capital requirements, as a result of the strong incentives for the franchisees to invest in Gant stores and the Gant brand in their respective local markets.

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[2] Earnings Before Interest and Tax (EBIT). For 2001-2003, numbers refer to Earnings Before Interest, Tax and Amortization of intangible fixed assets (EBITA), as Gant then applied recommendations from the Swedish Financial Accounting Standards Council (Redovisningsrådets rekommendationer) instead of IFRS. For 2006, EBITA was SEK 245 million, corresponding to an EBITA CAGR of 21 percent between 2001 and 2006.

[3] Defined as (EBITDA – CapEx – increase in Net Working Capital)/ (EBITDA). EBITDA is defined as Earnings Before Interest, Tax, Depreciation and Amortization of intangible fixed assets.

[4] Defined as Profit after financial items + Financial expenses as a percentage of average capital employed. Capital employed is defined as Total assets less non-interest bearing liabilities, including deferred tax liabilities.

Significant dividend capacity

During the period 2004-2006, Gant generated free cash flow before debt service[5] of SEK 527 million, of which SEK 79 million was used to pay interest and SEK 448 million used to amortize debt. As Gant paid down its debt, the Net debt[6] to EBITDA ratio declined from 3.6x in 2004 to 1.3x in 2006.

This implies that Gant could distribute a substantial part of its net profit to the shareholder going forward, which is reflected in the revised dividend policy as defined below.

Strong management in place

Gant has achieved its growth through consistently adapting and growing its management structure.

This continues with the integration of exceptional individuals to steer the company through its next stage of development, while maintaining its unique business model of strong co-operation with its independent master franchisees, leaders in their respective markets.

On 19 December 2007 Gant announced the recruitment of a new CEO, Dirk-Jan Stoppelenburg. His most recent position was as Managing Director of Tetra Pak Benelux and he has extensive experience from senior positions in global companies. Dirk-Jan Stoppelenburg will assume his new position not later than July 1, 2008.

Furthermore, Gant has over the last year made several recruitments of top international design and management talent, i.a. the appointment of Brian Rennie as Design Director, which is expected to support and enhance the growth of Gant going forward.

Long Term Plan

Brand sales growth expected to exceed 12 percent

Gant divides its geographical markets into three categories, of which Established Markets, Large Growth Markets and New Gant Markets accounted for approximately 43 percent, 37 percent and 9 percent, respectively, of the Gant brand sales in 2006, with brand sales from Gant Home and the licensees accounting for the remainder.

The Board of Directors foresees continued growth in brand sales within all three market categories, but also through brand licensing and, in the longer term, the potential to add new brands to the franchise network.

- Established Markets are expected to generate stable single digit growth in brand sales over the next eight years.

  Examples of Established Markets include Norway, Sweden, Portugal, and Greece.

  These are markets where Gant has been present for a long time, where awareness of the Gant brand exceeds 50 percent. The growth in these markets is expected to be driven primarily by the Gant Woman, Gant Kids and the Gant Home product lines. Gant Man is expected to grow at a slower rate.

- Large Growth Markets are expected to generate growth in brand sales of about 15 percent per year over the next eight years

  Large Growth Markets include e.g. Spain, Italy, UK, Germany and France, where Gant has been present for some time but where the Gant brand awareness is less than

[5] Free cash flow before debt service defined as Operating cash flow + Interest paid – Interest received.

[6] Defined as Interest-bearing liabilities less cash and cash equivalents.

50 percent.

These are the markets that, due to the market size and low but increasing market penetration, are expected to drive revenue growth for Gant in the short to medium term. In France, the current master franchise contract will terminate not later than 31 December 2010, and a new master franchisee will take over upon such termination. Furthermore, a larger Gant flagship store will be opened at a AAA location in Paris.

- New Gant Markets are expected to generate strong growth going forward, but starting from a relatively small base.

  New Gant Markets i.a. Brazil, Russia, India, China, Croatia, Turkey, Japan, USA, Singapore, the Czech Republic and Israel.

  These are all markets where Gant has an existing presence, and which constitute a significant long term potential for Gant. However, given the relatively low brand awareness and current business volumes of Gant in some of the larger markets such as the US and Japan, coupled with the characteristics of such markets, Gant has not included any major contribution from these markets in its Long Term Plan. A breakthrough in any of these markets would therefore result in considerably stronger revenue and profit growth contribution from New Gant Markets than what is currently included in the Long Term Plan.

- Brand licensing set to contribute to growth across all geographical markets

  Gant's consistent, long-term branding strategy has enabled the company to expand into new product areas such as watches, footwear, eyewear and fragrances through licensing of the brand. The Company believes there are ample opportunities to expand the license product range further. Similar to the franchise model for other Gant products, profitable expansion of Gant's license product range will be possible with low risk and limited investment needs.

- Long term potential in new brands

  Gant has an extensive network of franchisees, which offers an opportunity to market other brands in addition to the Gant brand. Gant has over the past years had several opportunities to partner with companies owning local brands deemed to be marketable internationally. Gant intends to actively pursue such opportunities either through acquiring other brands or partnering with owners of such brands. Given the strong balance sheet and cash flow, Gant is expected to have the financial resources to finance such growth opportunities, which are considered by the Board to offer a significant potential for Gant in the longer term.

EBIT growth expected to exceed brand sales growth

Gant's revenues are derived from (i) royalty income from franchisees and licensing partners, (ii) retail and wholesale sales, and (iii) service income, which differ substantially with respect to EBIT margins.

Royalty revenues accounted for 19 percent of the Company's revenues for the 12–month period ending 30 September, 2007 and 63 percent of the EBIT for the same period. Retail and wholesale revenues accounted for 52 percent of the Company's revenues and 33 percent of the EBIT, whereas service revenues accounted for 29 percent of the revenues but only 4 percent of the EBIT.

The share of royalty revenues has increased over the last five years and is expected to continue to increase going forward, as a result of a larger portion of brand sales being generated by franchisees. Such development is expected to result in an increasing EBIT margin, which would increase further due to scale benefits in the franchise business model, featuring a fairly fixed cost base for Gant.

Financial targets and dividend policy

Financial targets for 2006-2008

In connection with the preparation for its initial public offering in 2006, Gant adopted certain financial targets for the period 2006-2008, which are included below for reference.

- Revenues shall increase by an annual average of approximately 10 percent over a three-year period.
- Operating profit (EBIT) shall increase at least in line with revenues.
- The return on capital employed shall exceed 30 percent.

Financial targets for 2008-2015

When evaluating financial targets for the period starting 2008, the Board of Directors has considered on the one hand the fact that Gant has delivered a considerably higher profit growth compared with what was implied by the financial targets for the recent years, and on the other hand the Long Term Plan described above.

The Board of Directors has adopted the following new financial targets for the period 2008-2015:

- EBIT shall amount to at least SEK 450 million in 2010 and increase at an average annual rate of at least 15 percent in the following five-year period.
- Return on capital employed shall exceed 50 percent in 2010 and increase gradually thereafter.

Dividend policy

The existing dividend policy is to distribute at least 50 percent of net income.

The Board of Directors has adopted the following new dividend policy effective from the 2007 fiscal year:

- The Board of Directors of Gant intends to propose, for approval by a shareholders' meeting, the payment of dividends in an amount corresponding to at least 75 percent of net income for the preceding financial year.

Fairness opinion given by Carnegie Investment Bank AB

The Board of Directors of
Gant Company AB

Stockholm January 3, 2008

The Board of Gant Company AB (publ) (”Gant”, and together with its subsidiaries the “Gant Group”) has requested Carnegie Investment Bank AB (”Carnegie”) to provide an opinion as to the fairness, from a financial point of view, of the terms of the offer, as defined below. (the “Offer”)

The Offer was made public on December 11, 2007 through a press release. Pursuant to the Offer the shareholders of Gant are offered SEK 310 for each share of Gant. The offer price is subject to adjustment should Gant pay any dividend or make any other distribution prior to the settlement of the Offer. The Offer is conditional on i.a. it being accepted in respect of shares representing more than 50 per cent of all outstanding Gant shares, receipt of necessary regulatory approvals, that the Offer or the acquisition is not materially negatively affected by legislation etc. and certain other conditions as fully described in the press release through which the Offer was made. Settlement is intended to take place on January 22, 2008.

Carnegie has as a basis for this opinion, regarding the financial terms, reviewed and considered i.a.:

i) a press release dated December 11, 2007 and an offer document dated December 13, 2007 containing i.a. the terms and conditions of the Offer;
ii) the audited annual report for Gant for the financial year 2006; and the unaudited interim report for the period ended September 30, 2007;
iii) internal financial analyses and forecasts prepared by the management of Gant relating to the Gant Groups business;
iv) discussions with senior management of the Gant Group concerning the past and present activities, financial position, investment requirements and future prospects of the Gant Group;
v) official information concerning share prices and turnover in the Gant share;
vi) official information from OMX Nordic Exchange Stockholm concerning public offers for certain other companies listed on OMX Nordic Exchange Stockholm;

vii) information i.a. from external sources, regarding listed companies comparable with Gant as well as information regarding terms and conditions for acquisitions of companies comparable with Gant;

viii) other information concerning the past and present activities of the Gant Group as well as such other information which Carnegie has deemed necessary or appropriate to take into account as basis for this opinion.

Carnegie has assumed and relied upon, without independent verifications, the accuracy and completeness of the information, which was publicly available or furnished to us by Gant, or otherwise reviewed, by Carnegie for the purposes of this opinion. Carnegie's opinion is necessarily based on financial, regulatory, market and other conditions as in effect on, and the information made available to us as of the date hereof. The circumstances on which this opinion is based may be affected by subsequent events.

Carnegie has relied on information presented or forwarded to us by senior management of Gant regarding assessments of the Gant Group's ability to reach its financial and operational goals (and the assumptions on which these are made) which have been made by senior management of Gant and approved by the Board of Directors of Gant. Carnegie expresses no view as to such financial analyses, forecasts or projections or the assumptions on which they are based.

Based upon and subject to the foregoing, it is our opinion, as of the date hereof, that the Offer is not fair from a financial point of view for the shareholders of Gant. Carnegie does not hereby express any opinion or any recommendation as to whether or not holders of shares should accept the Offer.

Carnegie is acting as advisor to the Board of Directors of Gant in respect of the Offer. Carnegie is engaged in securities sales and trading as defined and regulated by applicable Swedish law. This includes e.g. sales and trading in securities and other financial instruments for Carnegie's own benefit or on behalf of other parties and Carnegie may, in the normal course of its securities sales and trading operations, trade or take positions in securities directly or indirectly affected by the Offer.

This opinion is addressed to the Board of Directors of Gant and is solely intended as a basis for the Board's deliberations and decision in respect of the Offer and the opinion may not, without prior consent from Carnegie, be invoked or used for any other purpose and, pursuant to such consent, only be used or invoked in its entirety. This opinion is governed by Swedish law and any dispute relating thereto shall be settled exclusively by Swedish courts.

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Investment Banking