

Board's proposal regarding guidelines for determining the salary and other remuneration to the CEO and the senior management

These guidelines refer to terms and conditions of employment for the CEO and other members of senior management, namely the business area managers and heads of Group staff functions who report directly to the CEO.

Salary and other remunerations

The remuneration for the CEO and the senior management shall consist of a fixed market-based salary. Other benefits, mainly car and accommodation, shall, insofar as they are provided, represent a limited part of the remuneration. No variable remuneration shall be paid.

Pension

The normal retirement age shall be 65 years. The company and the employee shall be mutually entitled to request that pension be drawn from 60 years of age. Any pension drawn before 65 years of age shall be either defined benefit or defined premium. Pension drawn after 65 years of age shall be in accordance with the ITP plan. Over and above this, the employee may also be entitled to a supplementary old age pension. In this case, there shall be a gradual transition from the existing arrangement with a defined benefit pension to one in which the pension is defined premium.

Notice and severance pay

Discontinuation notice should normally be one year if it is given by the company, and six months if it is given by the employee. In the event of notice being given by the company severance pay can be paid corresponding to no more than 24 months' salary. For new contracts, salary during the period of notice and severance pay shall not exceed a total of an amount equivalent to two years' salary.

Incentive scheme

Any decision on a share and share price based incentive scheme for senior company personnel shall be made by the AGM.

Remuneration committee

A remuneration committee appointed from among the members of the Board shall prepare business pertaining to the CEO's salary and other conditions of employment and submit proposals on such issues to the Board for decision. Detailed principles for determining the salaries, pension rights and other remuneration to senior management shall be laid down in a pay policy adopted by the remuneration committee.

Departures in individual cases

The Board shall be entitled to depart from these guidelines in individual cases should special reasons exist. In the event of such a departure, information thereon and the reasons therefore shall be submitted to the next Annual General Meeting.

Stockholm March 2010

Holmen AB