

REMUNERATION OF THE BOARD AND SENIOR EXECUTIVES 2009

GUIDELINES FOR REMUNERATION OF MEMBERS OF THE BOARD, THE PRESIDENT, AND SENIOR EXECUTIVES

Directors' fees are paid to the chairman of the board and directors as resolved by the AGM. For 2009/2010, director's fees totaled SKr 2.525 million, of which the chairman of the board received SKr 1 million and other directors SKr 275,000 each. The chief executive officer was not remunerated for work on the board. For work on the audit committee, the chairman received SKr 100,000 and another director received SKr 50,000.

Remuneration of the CEO and other members of corporate management consists of basic salary, variable remuneration, other benefits and pension contributions. Variable remuneration shall not exceed 100% of the basic salary. The AGM of 2009 resolved to establish an incentive program whereby the company offered corporate management and other key personnel the opportunity to acquire warrants in the company. The acquisition of one warrant at market price carried the right to receive an additional warrant at no charge.

In 2009, the CEO received a basic annual salary of £ 210,000 and a premium-based pension with a premium corresponding to 20.0% of the basic salary. Variable remuneration for 2009 has been linked to Group EBIT. A variable remuneration of £ 84,000 will be paid to the CEO for 2009. For further information, see Note 14.

RESOLUTION CONCERNING GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES

The board proposes that the AGM of 2010 resolve that the following guidelines for remuneration of the president and other members of corporate management be applied, which in essence are based on the previous year's guidelines. The guidelines deal with remuneration and other terms and conditions of employment of the senior executives of the IFS Group, including the company's chief executive officer (CEO), jointly referred to as 'corporate management' below.

The principles apply to employment contracts entered into after the resolution is adopted by the AGM and to changes made to existing terms and conditions after this point in time.

Remuneration of corporate management in IFS shall be aligned with market terms and conditions, shall be individual and differentiated, and shall support the interests of the stockholders. Remuneration principles shall be predictable, both in terms of costs for the company and benefits for the individual, and shall be based on factors such as competence, experience, responsibility, and performance.

Total remuneration paid to corporate management shall consist of a basic salary, variable remuneration, an incentive program, pension contributions, and other benefits. The total annual monetary remuneration paid to each member of corporate management, i.e., basic salary and variable remuneration, shall correspond to a competitive level of remuneration in the respective executive's country of residence.

Basic salary

The basic salary shall be on market terms and related to the executive's position, responsibility, competence, and experience.

Variable Remuneration

Variable remuneration shall be linked to predetermined measurable criteria designed to promote long-term value generation in the company. The relationship between basic salary variable remuneration shall proportionate to the executive's responsibility and powers. Variable remuneration varies according to position.

The basis for the variable remuneration of the CEO and other corporate management executives is established by the board and is based on profitability goals set by the board for each year. When determining variable remuneration paid in cash to corporate management, the board shall also consider introducing restrictions that:

- place conditions on part of such remuneration such that the performance on which the payments are based shall prove to be sustainable over time, and
- entitle the company to reclaim remuneration paid out on the basis of information that later proves to be obviously incorrect.

The limits for the maximum outcome for variable remuneration paid in cash shall be established. For 2010, variable remuneration shall not exceed 100 percent of the basic salary. Variable remuneration of corporate management for fiscal 2010 shall not exceed SKr 7.246 million.

Long-term incentive program

The board of directors intends to propose that the AGM of 2010 adopt a warrant program whose principles and conditions correspond to those that applied to the incentive programs adopted in 2008 and 2009. Under the terms of the proposition, corporate management and other key personnel in the Group will receive one warrant free of charge for each warrant acquired at market price. It is proposed that the president and other members of corporate management and key personnel in the Group to whom these guidelines apply will be entitled to subsidized warrant

premiums in accordance with the conditions applying to other employees included in the incentive program.

For employees residing outside Sweden, it may be necessary to adapt the offering to comply with certain legislation or market conditions. The total cost to the company (including social security contributions) for warrants that are not acquired at market price is expected to amount to approximately SKr 1 million.

It is the intention of the board in coming periods to evaluate and review the principles for long-term incentive programs.

Other benefits

Other benefits are chiefly related to company cars and telephones and shall, where they exist, constitute a limited portion of the remuneration and be competitive in the local market.

Pension

Pension benefits shall correspond to a competitive level in the respective executive's country of residence. The CEO is entitled to a premium-based pension plan with a premium that is 20% of the basic salary. The retirement age for the CEO is 65, but the CEO and the company are entitled to invoke the right to retirement for the CEO at the age of 62. In such a case, the CEO shall receive the equivalent of 60 percent of the basic salary until he is 65. Other senior executives are included in IFS's premium-based special pension plan or corresponding pension plans. The retirement age for other executives in corporate management is 65.

Period of Notice and Severance Payment

If the company terminates the employment, the period of notice is normally 1 year; if the executive terminates the employment, the period of notice is 3–6 months. If the company terminates an executive's employment, severance pay corresponding to a maximum of 12 months' salary may be paid in exceptional cases. Variable remuneration is paid to the CEO during the period of notice in an amount corresponding to the variable remuneration paid during the immediately preceding year. The basic salary during the period of notice together with severance pay shall not exceed an amount corresponding to two years' basic salary.

The board of directors shall have the right to deviate from the above guidelines in individual cases if there is good reason to do so. In such an event, the board shall inform the immediately following AGM and explain the reason for the deviation.

INCENTIVE PROGRAM

In 2009 IFS issued call options that were offered to, and acquired by, senior executives. For each call option acquired, one call option was received free of charge. During 2009, the strike price was SKr 67.87 per share. The options

can be redeemed no later than June 2012. The call options refer to 265,000 Series B shares.

REMUNERATIONS PAID TO THE BOARD OF DIRECTORS, THE PRESIDENT, AND SENIOR EXECUTIVES

Definitions

Since the AGM held on April 1, 2009, the board has consisted of Anders Böös (chairman), Ulrika Hagdahl, Birgitta Klasén, Neil Masom, Bengt Nilsson (deputy chairman), Jacob Palmstierna, and Alastair Sorbie (president and CEO). Other senior executives are those who, together with Alastair Sorbie, have been part of corporate management during the whole or most of the year. These other senior executives consisted of Fredrik vom Hofe, Thomas Petersson, Paul Smith (starting August 2009) and Håkan Zadler (until July 2009).

Remuneration Principles

According to the resolution adopted by the AGM, board members received SKr 2,525,000 in fees during 2009/2010, of which SKr 1,000,000 was paid to the chairman of the board and SKr 275,000 to each member not employed by the Company. Audit committee work was remunerated with SKr 100,000 to the chairman and SKr 50,000 to other member. The board has resolved not to appoint a separate compensation committee. The president's salary is determined by the board. Remuneration of corporate management and senior executives who report to the president is determined in consultation with the chairman of the board. The board is continuously informed about salary levels. Remuneration consists of a basic salary, variable remuneration, other benefits, and pension contributions.

The relationship between basic salary and variable salary is proportionate to the executive's responsibility and powers. For 2009, variable remuneration shall not exceed 100% of the basic salary. The basis for the variable salary of the president, corporate management, and senior executives who report to the president is established by the board and is based on profitability goals set by the board for each year.

Pension contributions and other benefits paid to the president, corporate management, and senior executives are part of their total remuneration. Remuneration has been made in the form of financial instruments.

Remuneration and other benefits during the year

Remuneration of the president and corporate management

SKr, thousand	Basic salary	Variable remun.	Other benefits	Pension benefits	Total
President and CEO	2 504	1 002	110	511	4 127
Group Management	4 669	2 497	294	1 372	8 832
Total	7 173	3 499	404	1 883	12 959

Comments on the table:

- Group management consisted of four persons during the year.
- Other benefits refer primarily to company cars and options.
- In addition to the remunerations reported above, compensation for termination of employment and severance pay amounting to SKr 2.2 million, which were expensed in 2009, were paid to the former CFO Håkan Zadler.

Remuneration of board members, president, and other senior executives

	GROUP		PARENT COMPANY	
	2009	2008	2009	2008
Salaries and other remunerations	124	111	13	13
<i>of which variable remuneration</i>	17	11	3	-
Social fees	14	17	2	4
Pension benefits	10	8	2	2
Number of people	178	171	10	10

Comments on the table:

- Members of the boards of subsidiaries are employees, who are not paid directors' fees for their work on the board.
- Other senior executives are those who report to the president.

Holdings in stock and financial instruments

	Stockholdings		
	Series A shares, no.	Series B shares, no.	Options
BOARD OF DIRECTORS			
Anders Bööös (Chairman)	396 300	8 934	-
Ulrika Hagdahl	-	30 000	-
Birgitta Klasén	-	2 000	-
Bengt Nilsson	405 063	176 800	-
Jacob Palmstierna	-	19 047	-
Alastair Sorbie (CEO)	-	1 776	121 000
Total	801 363	238 557	121 000
GROUP MANAGEMENT			
Fredrik vom Hofe	-	-	17 000
Thomas Petersson	17 787	1 187	20 320
Paul Smith	-	-	53 000
Total	17 787	1 187	90 320

Comments on the table:

- Holdings of stock and options are reported net after acquisitions and divestments for the year.
- Holdings including family and associated companies.
- Stock and options held as of December 31, 2009.

Period of notice and severance pay

If the company terminates the employment, the president is to receive 12 months' notice; if the president terminates the employment, the company is to receive 12 months' notice. In addition, the president shall receive 12 months' severance pay, as well as variable remuneration in an amount corresponding to the variable remuneration paid in the immediately preceding year. For corporate management and senior executives, the notification period is between 12 months from the company and 3 to 6 months from the senior executive.

Pensions

The president is entitled to a premium-based pension, with a premium corresponding to 20% of the basic salary. The retirement age for the president is 65. Senior executives are included in IFS's premium-based special pension plan. The retirement age for other senior executives is 65.