

### **Remuneration to senior executives**

An important part of HL Display's strategy is to attract and retain key employees. The remuneration offered to holders of senior positions in the company forms a vital component of this strategy.

It is the Board's perception that a fixed salary, combined with flexible, performance-related remuneration, is an effective means of attracting employees and guiding performance towards the objectives that the Board has defined for the company. By also offering long-term co-ownership in the company, the Board wishes to promote long-term commitment that makes it easier for the company to retain its key employees.

The three components of fixed salary, flexible performance-related remuneration and co-ownership shall be viewed as a whole, although the three elements are defined on the basis of different principles.

- The fixed salary shall reflect the employee's area of responsibility and the complexity of the position. The salary shall be competitive with the fixed salary offered by competitors or other comparable players for an equivalent position.
- The flexible performance-related remuneration shall always be linked to measurable targets that are set by the Board. Every year the Board shall also decide on a ceiling for the flexible remuneration, either as an absolute amount or as a percentage of the fixed salary. For 2009 the CEO will be able to achieve a maximum of 50 per cent of the fixed annual salary. For other senior executives the maximum is 25% of the fixed annual salary.
- Long-term co-ownership for employees aims to encourage employees to share the vision of the company's owners. It is therefore an important principle of such a scheme that there is an opportunity to share in the increased value of the company's shares, while also involving a personal risk for those who are participating. Another important principle is that the transaction values defined in such schemes are produced objectively using generally accepted methods. The long term incentive program to acquire warrants was approved by the shareholders at the General meeting 2007. The acquired warrants are subsidized and 50 per cent of the premium will be paid back in equal installments during a three year period after a deduction of 58 per cent for standard tax. The senior management's total holdings of shares and warrants in the company at 2008/2009 were 27,200 shares, 287,252 stock options and 116,000 warrants.

HL Display aims to offer defined contribution pension plans. In individual cases other solutions may be applied in accordance with the prevailing collective agreement (the ITP Plan). The Board does not approve any other terms of employment that might involve unpredictable future costs for the company. For senior executives who are not resident in Sweden, local rules are applied to achieve a pension on corresponding terms.

The Board annually revises the guidelines for remuneration to senior management. The remuneration is performed as follows. The remuneration committee proposes the fixed salary, flexible related remuneration and other employment conditions which is then adopted by the board of directors, for the other senior management staff it is the CEO who proposes the conditions for remunerations which is then adopted by the remuneration committee and then reported to the board of directors.