

LTI - STUDY

HISTORIC AND FUTURE PERSPECTIVES ON THE SWEDISH MARKET

September, 2012

HISTORICAL PERSPECTIVE OVERVIEW

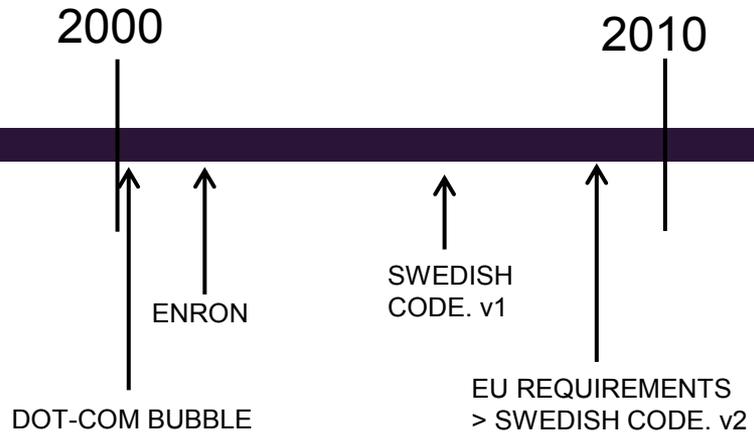


LTI TRENDS

- Increased requirements from stakeholders
- Herd behaviour - who will be the first?
- Continuation of existing plans



GENERAL TRENDS



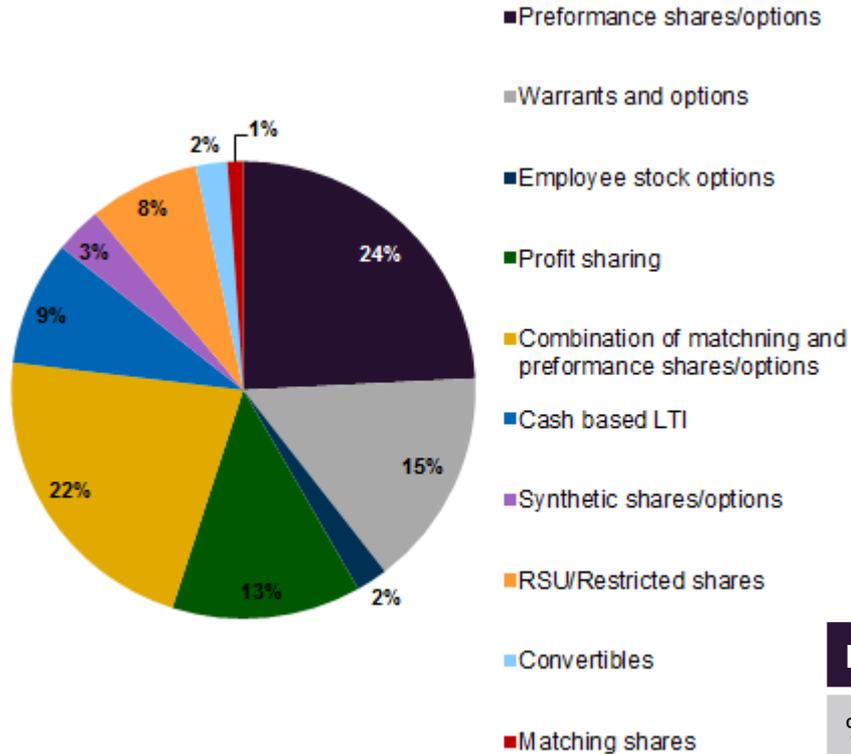
FIVE DRIVERS

- A transparent world
- The total story is expected to be simple
- Clearly connected to long-term values
- The intensified global focus on ethical aspects
- Cost control is finally reaching staff cost

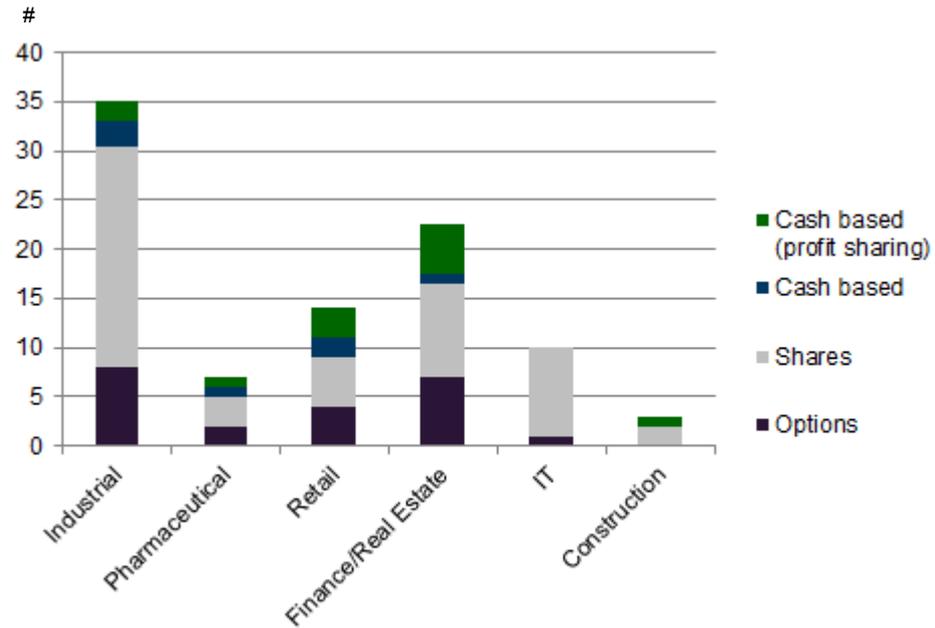
CURRENT MARKET SITUATION

PROGRAM TYPES – STOCKHOLM OMX

Portion (%) of LTI Programs in use 2011



Number of LTI Programs in use 2011- catagorised by industry

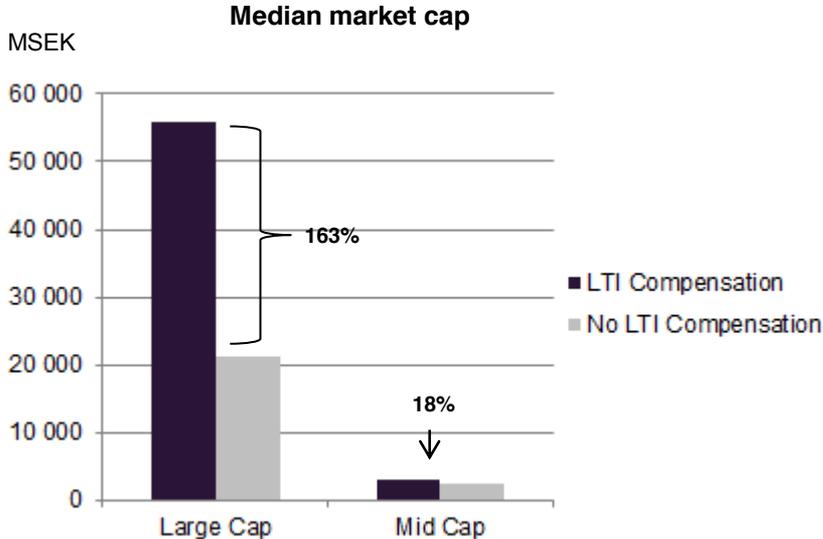
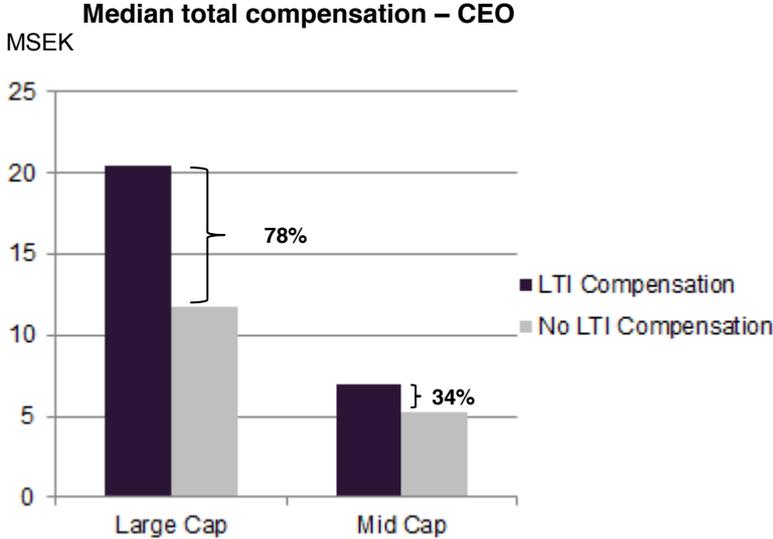


Ratios 2011 (2010)	Large cap
% of companies with LTI program	73% (66%)
Participation rate (median)	1,3% (1,2%)
LTI grant/base salary – CEO (median)	30% (31%)
LTI grant/base salary – Other seinor executives (median)	23% (20%)

CURRENT MARKET SITUATION

LTI PROGRAMS TEND TO INCREASE TOTAL COMPENSATION – CEO

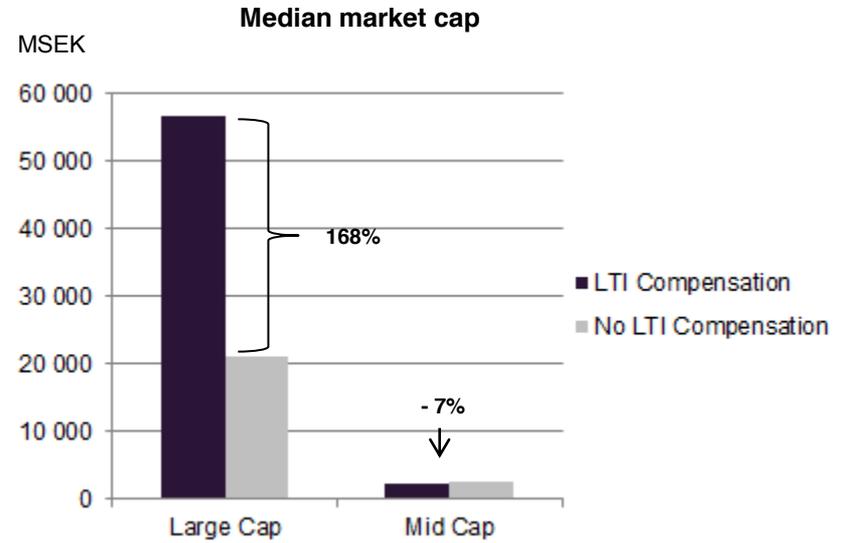
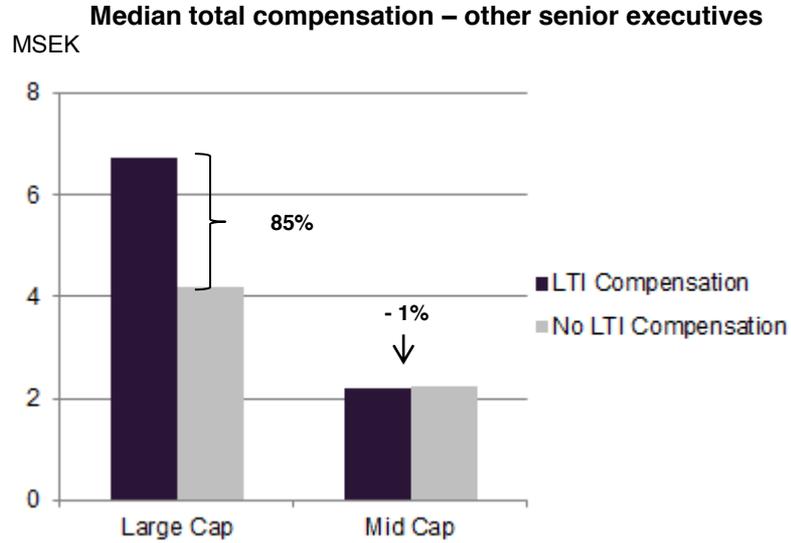
Difference in total compensation between individuals receiving and not receiving LTI grant



CURRENT MARKET SITUATION

LTI PROGRAMS TEND TO INCREASE TOTAL COMPENSATION – OTHER SENIOR EXECUTIVES

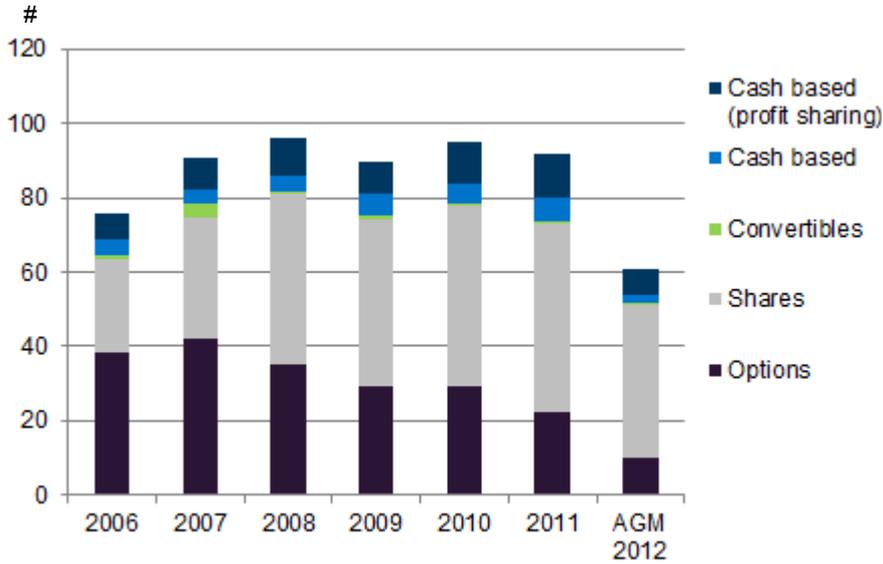
Difference in total compensation between individuals receiving and not receiving LTI grant



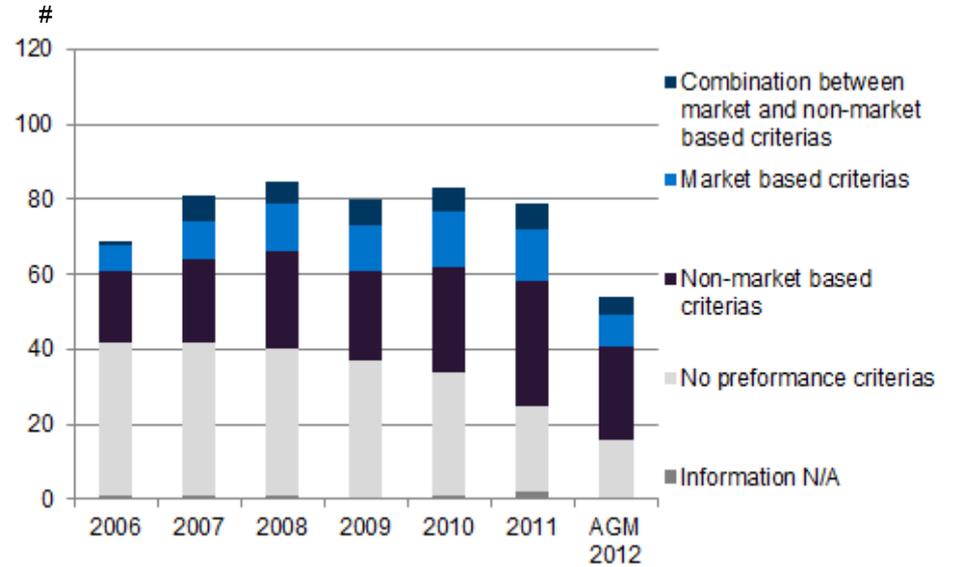
MARKET TRENDS 2006 – 2012

TYPES OF PROGRAMS AND CRITERIAS

Type of programs in use between 2006-2011



Type of performance criterias*

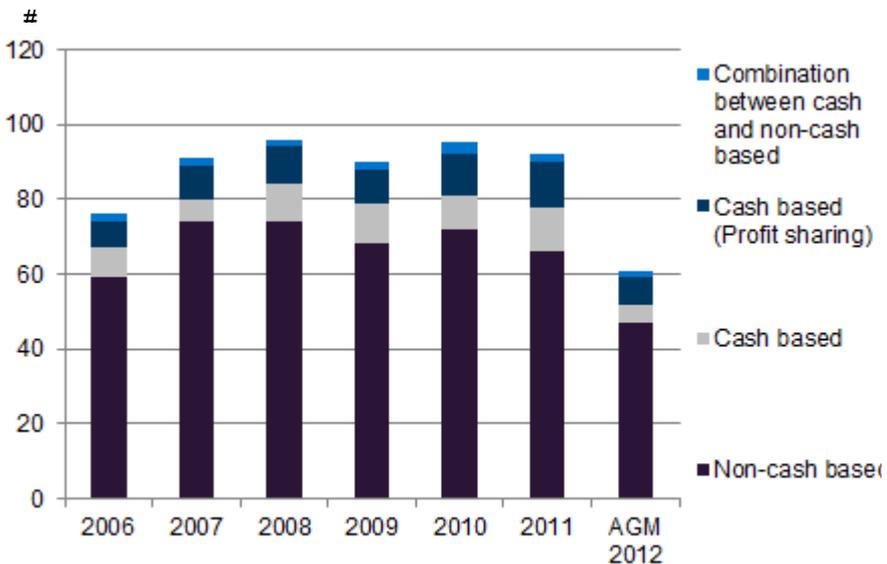


Note: * Profit sharing programs are excluded in the diagram above

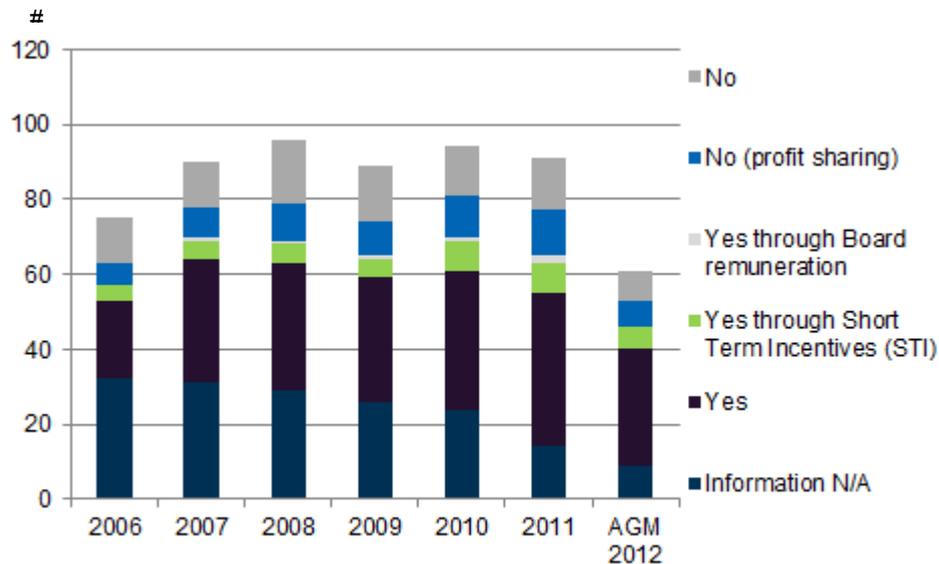
MARKET TRENDS 2006 – 2012

TYPE OF SETTLEMENT AND OWN INVESTMENT

What type of settlement is used?



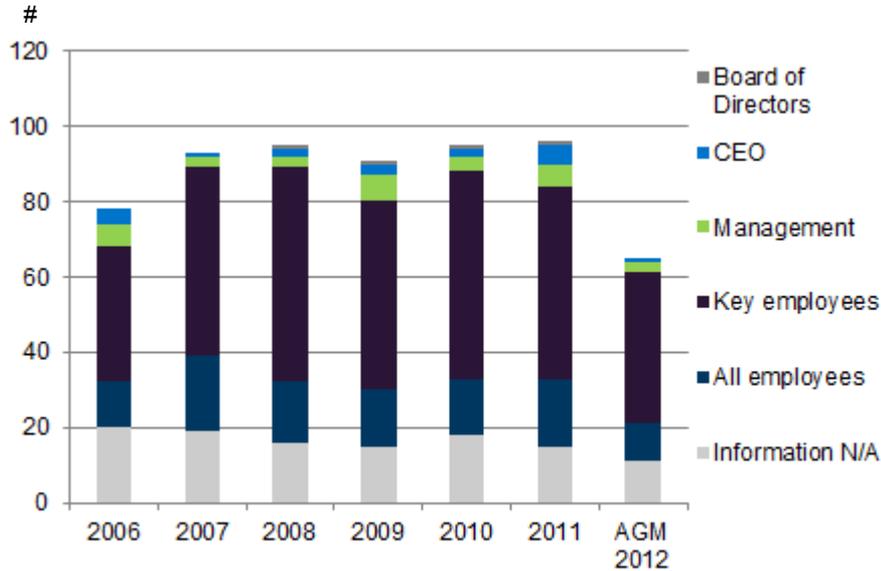
Does participating require own investment ?



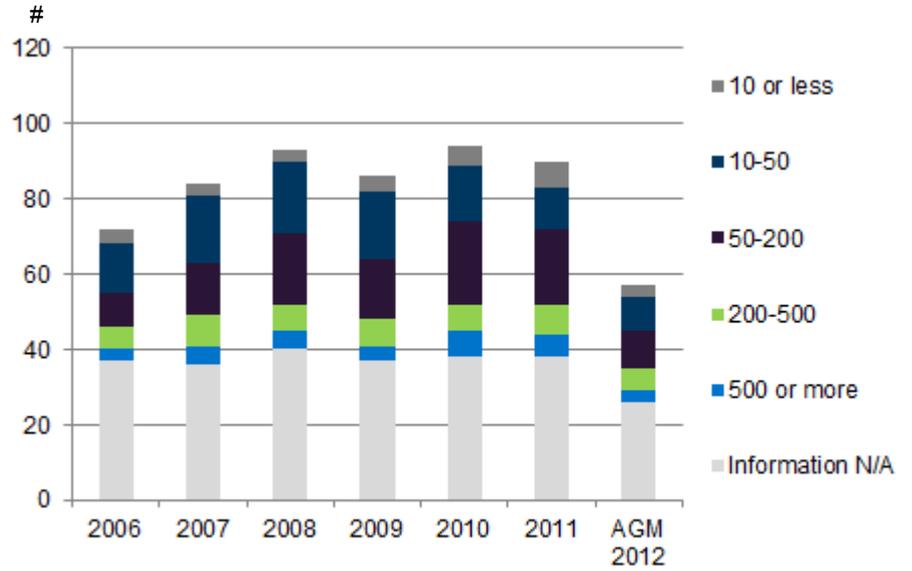
MARKET TRENDS 2006 – 2012

PARTICIPATION

Who participate in the programs?



Number of participants



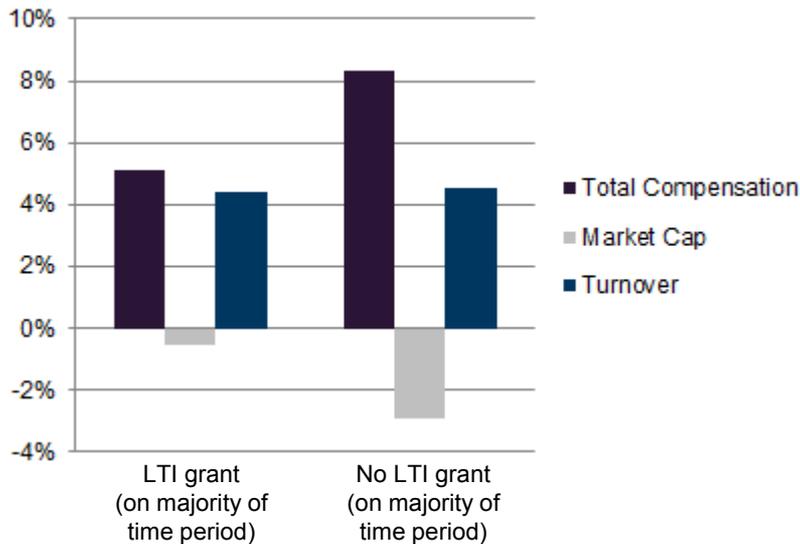
COMPENSATION AND PERFORMANCE 2006 – 2011

LTI VS NON-LTI DEVELOPMENT

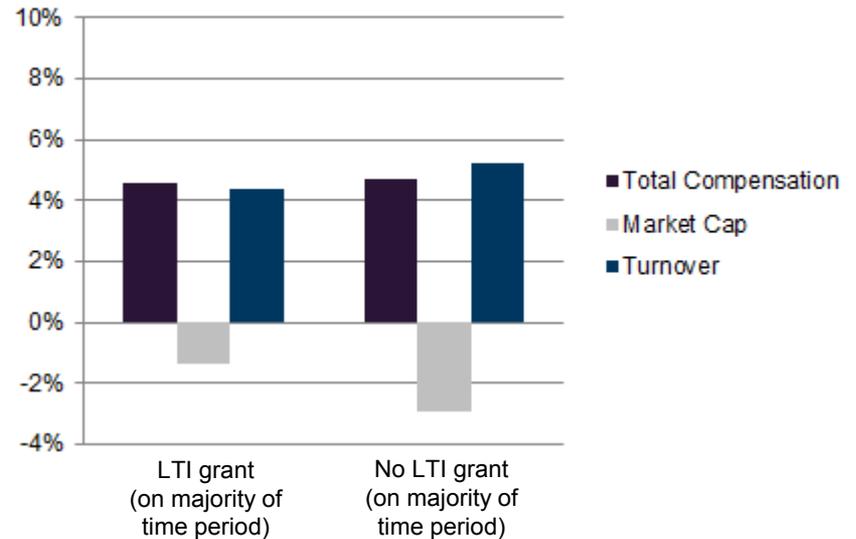
Compound Annual Growth Rate (CAGR) in compensation in relation to company performance (medians)

LARGE CAP

CEO



Management

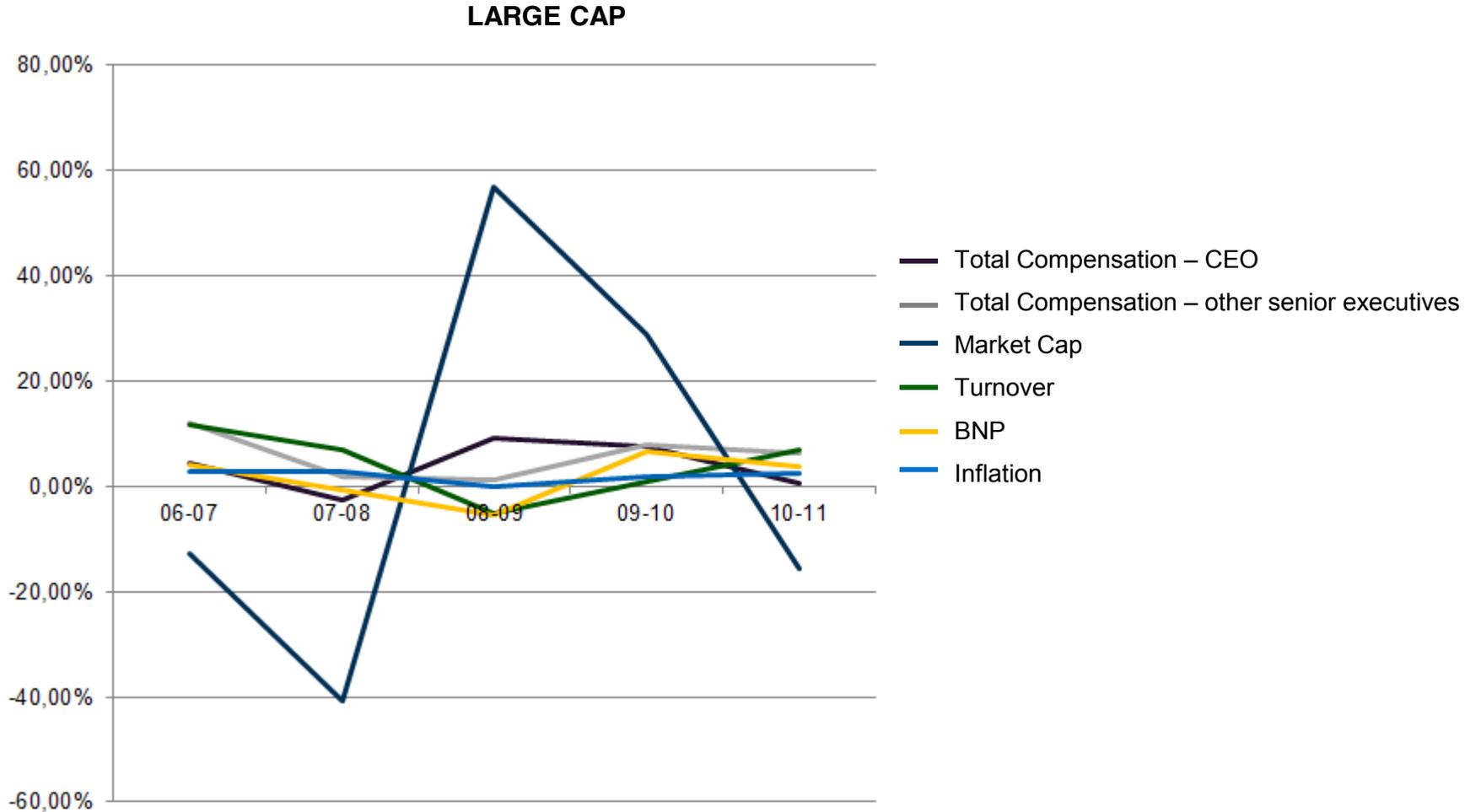


Note: * In cases where CAGR is not available for all six years will CAGR be estimated from the available years, no CAGR observation is calculated on a time period less than 4 years

COMPENSATION AND PERFORMANCE 2006 – 2011

MARKET CAP UNCORRELATED TO TOTAL COMPENSATION

Median yearly percentage change in total compensation, market cap, turnover, BNP and inflation



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This report is produced by Strive Advisory AB (556714 - 0222). It is always our pleasure to receive your comments, questions and suggestions concerning this report. If you have any questions or comments, or if you wish to have access to our live database for further customized analysis, please contact David Källström at Strive Advisory AB, at the address indicated below.

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APPENDIX

ABOUT US

WHAT WE DO

We are an advisory firm specializing in design, implementation and communication of incentives and pay structures. We help our clients to form compensation systems that capture the company's unique situation and supports the business strategy through clear linkage to long term value creation

OUR HISTORY

Strive Advisory is an independent employee-owned company founded in 2007. Strive Advisory was until 2011 named Novare Compensation. Through our client engagements and frequently being asked to speak on academic training sessions and seminars we are recognized as a premier source of knowledge in our field

OUR SKILL

We believe that our diversified knowledge base is a key success factor. Through our combined knowledge and experience we can provide solutions for our clients that are tailored to the business strategy and the situation at hand with a sincere respect for corporate culture and other powers that drive a company's success