

# INFORMATION

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## **SCA introduces new bonus program for senior executives**

Effective 1 January 1999, SCA is introducing a new bonus program for senior management personnel within the Group. The scheme, which will cover about 60 persons at Group and business area level, replaces previous bonus programs which were largely based on return on capital employed.

The bonus yield in the new scheme is governed primarily by the performance of the SCA share in relation to the stock market as a whole and comparable companies.

The new bonus program comprises two parts: a long-term element (three-year earnings period) involving bonus payments in the form of SCA B-series shares and a short-term component (one-year earning period) involving bonus payments in cash.

The long-term element is based on the trend during a rolling three-year period. Targets are based on the total return on the SCA share (that is, the share price performance plus dividends) in relation to the corresponding return on a basket of shares including the shares of SCA's main international competitors and the Swedish stock market as a whole. If all targets are achieved, the maximum bonus at the end of a three-year period amounts to the number of SCA shares that corresponds to 35-45 percent (depending on managerial level) of the basic salary at the beginning of the period in question.

The long-term target is achieved if the total return on the SCA share exceeds that of the basket of comparable companies' shares, and the maximum bonus is paid if the SCA share, during the three-year period, outperforms the basket index and is in the top 25 percent among the companies included in the basket of shares.

The short-term component is dependent on earnings each year. The bonus amount, which cannot exceed a maximum of 15 percent of the basic salary, is related to the targets established for operating cash flow during the year. Bonus payments deriving from the short-term component are paid exclusively in cash. The overall targets for the short-term component are established each year by the salary committee of the Board of Directors.

The new system will be fully implemented beginning in 2001.

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