

Note 25

Salaries, other remuneration, and social and security expenses

(SEK million) Group	2007	2006
Personnel expenses		
Wages and salaries	1,000	942
Social security expenses	193	188
Pension costs – defined contribution plans	55	47
Pension costs – defined benefit plans	7	4
Share-based payments	11	6
Social security expenses on share-based payments	13	17
Total	1,278	1,205

(SEK million)	2007	2006
Board of Directors, CEOs and other senior executives ¹⁾	140	135
of which, variable salary	44	41

1) Includes SEK 3.8 (3.6) million Board fees approved by the Annual General Meeting

(SEK million) Parent company	2007	2006
Board of Directors, CEO and other senior executives	39	35
of which, variable salary	17	19
Other employees	44	41
Total salaries and other remuneration	83	76
Social security expenses	33	40
of which, pension costs	7	7
of which, pension costs CEO	1	4

Total salaries include remuneration to other senior executives of SEK 19 (9) million, of which variable salary is SEK 8 (2) million.

Notes to the accounts continued

Note 25 Salaries, other remuneration, and social and security expenses continued

Remuneration to senior executives A fee is paid to the Board of Directors in accordance with the ruling of the Annual General Meeting. The objectives with the MTG Remuneration policy are to offer competitive remuneration packages to attract, motivate and retain senior Group and operational management, within the context of the international peer group. The aim is to incentivise management to deliver excellent operating results and also align senior executive remuneration with the creation of value for shareholders. The remuneration should provide for an appropriate balance between fixed and variable, short- and long-term incentives. The current senior executive remuneration programme therefore consists of a combination of fixed salary, variable salary and participation in option programmes, and is designed to meet the objectives of the policy.

Remuneration to the CEO and other senior executives comprises a base salary, bonus and other benefits. Other senior executives include business area managers, the Chief Operating Officer and the Chief Financial Officer. The executive management is found on pages 28–31.

The variable remuneration shall be based on the performance in relation to established goals. The general contractual bonus system is based on an earnings period of one year, and is normally 50% of the base salary and in all cases with a maximum. However, in some cases an extra bonus above the 50% target has been granted based on exceptional performance.

Remuneration and other benefits during the year

(SEK thousand)	Base fee	Base salary	Variable remuneration	Other benefits	Pension costs	Financial instruments	Other remuneration	Total
David Chance, Chairman of the Board	1,025	–	–	–	–	–	328	1,353
Asger Aamund	450	–	–	–	–	–	–	450
Mia Brunell Livfors	375	–	–	–	–	–	–	375
Nick Humby	500	–	–	–	–	–	–	500
Lars-Johan Jarnheimer	350	–	–	–	–	–	–	350
David Marcus	425	–	–	–	–	–	–	425
Cristina Stenbeck	350	–	–	–	–	–	–	350
Pelle Törnberg	350	–	–	–	–	–	–	350
Hans-Holger Albrecht, CEO	–	16,122	8,570	105	1,081	2,787	–	28,665
Other executive management (8 persons)	–	28,335	15,538	1,744	2,202	16,564	–	64,383
Total	3,825	44,457	24,108	1,849	3,283	19,351	328	97,201

Financial instruments	Option programme 2005	Option programme 2006/2010		Option programme 2007/2011			Benefit	
	Warrants and stock options number	Benefit	Warrants and stock options number	Benefit	Warrants number	Acquisition price		Stock options number
CEO	99,999	3,301	99,300	3,629	6,428	594	38,568	2,787
Executive management	194,373	5,593	136,569	4,991	28,626	2,697	171,756	16,564
Total	294,372	8,894	235,869	8,620	35,054	3,291	210,324	19,351

David Chance has, further to the Board fee in MTG, also received a board fee of SEK 328 thousand as a Director of the Board in Viasat Broadcasting UK.

The CEO and the other members of the Company's executive management are entitled to customary pension commitments based on the national pension plan, entailing retirement at the age of 65. Pension commitments are secured through premiums paid to insurance companies.

Other benefits includes company cars and, in one case, housing allowance.

If the Company terminates the employment of the Chief Executive Officer or other senior executives, salary will be paid during the period of notice, maximum twelve months.

Decision process The remuneration to the Chief Executive Officer was decided by the Board of Directors. Remuneration to the executive management is proposed by the Chief Executive Officer and decided by the Board of Directors.

Sharebased payments In 2007, the Annual General Meeting decided to adopt an incentive programme, where employees were offered a combination of warrants and stock options, which entitle them to Class B shares in MTG. Senior executives and key employees were offered to purchase warrants on market terms. Senior executives and key employees were offered the options, to be called upon in three years' time at the earliest and no later than five years from the time of issue. The exercise price of the options granted were SEK 432.50 per share. The proprietor must be employed by the Group when the option is exercised. The stock options are not transferable.

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In 2001, an Extraordinary General Meeting decided to issue a maximum of 2,052,840 options to acquire shares in MTG. Senior executives and key employees were offered to participate. The exercise price of the options was SEK 294.50 per share, which in 2006 was recalculated to SEK 273.90, due to the distribution of shares in Metro International S.A. to the shareholders. A number of options were exercised during 2006 and 2007. The remaining options have ceased to be valid.

Notes to the accounts continued

Note 25 Salaries, other remuneration, and social and security expenses continued

Distribution of issued warrants and stock options:

Warrants and stock options granted	CEO	Senior executives	Key personnel	Total
Stock option programme 2001	108,810	533,169	919,445	1,561,424
Options exercised	-108,810	-359,073	-217,620	-685,503
Options forfeited	-	-174,096	-701,825	-875,921
Options 2001 programme outstanding as per 31 December 2007	-	-	-	-
Share option programme 2005, warrants	33,333	64,791	35,209	133,333
Share option programme 2005, stock options	66,666	129,582	70,418	266,666
Share option programme 2006, warrants	33,100	45,523	30,500	109,123
Share option programme 2006, stock options	66,200	91,046	61,000	218,246
Share option programme 2007, warrants	6,428	28,626	15,935	50,989
Share option programme 2007, stock options	38,568	171,756	95,610	305,934
Total options granted all programmes	244,295	531,324	308,672	1,084,291
Options exercised	-	-	-	-
Options forfeited	-	-	-6,000	-6,000
Options outstanding as per 31 December 2007	244,295	531,324	302,672	1,078,291

The three programmes' current outstanding options corresponds to a 0.3% dilution of votes and 1.6% of the share capital.

	2007		2006	
	No of options	Weighted exercise price	No of options	Weighted exercise price
Options outstanding at 1 January	750,384	310.17	1,096,383	265.63
Warrants issued during the year	50,989	432.50	109,123	417.70
Options issued during the year	305,934	432.50	218,246	413.30
Options exercised during the year	-29,016	273.90	-667,368	273.90
Options forfeited during the year	-	-	-6,000	324.55
Options outstanding at 31 December	1,078,291	351.64	750,384	310.17

The weighted exercise price is recalculated for the redemption of the shares in Metro International S.A..

The weighted share price at exercise day was SEK 397.50 (278.60) for stock options exercised during the period.

Outstanding options as per 31 December 2007 have an exercise price between SEK 235.80 and SEK 432.50, and the weighted average price is SEK 351.64 (310.17).

The weighted average remaining contractual life is 1.4 (1.8) years.

The calculated fair value of services received in return for share options granted were calculated based on the Black & Scholes method. The expected volatility is based on historical values. Further, it has been assumed that 10% of the personnel will leave during the period.

Basis for fair value calculations	2007 Warrants	2007 Stock options	2006 Warrants	2006 Stock options	2005 Warrants	2005 Stock options
Expected volatility %	27%	27%	30%	27%	30%	27%
Expected life of options (years)	3	3	3	3	3	3
Expected dividends	-	-	-	-	-	-
Risk free interest rate %	4.19%	4.05%	3.31%	4.10%	2.13%	4.09%

Terms and conditions	Options outstanding	Acquisition price (SEK)	Share per option	Theoretical fair value	Exercise price (SEK)	Exercise date
Share option programme 2005, warrants	133,333	42.89	1	-	239.30	15 May 2008–10 October 2009
Share option programme 2005, stock options	263,666	-	2	49.52	235.80	15 May 2008–10 October 2009
Share option programme 2006, warrants	109,123	61.90	1	-	417.70	15 May 2009–10 October 2010
Share option programme 2006, stock options	215,246	-	2	54.82	413.30	15 May 2009–10 October 2010
Share option programme 2007, warrants	50,989	94.37	1	-	432.50	15 May 2010–10 October 2011
Share option programme 2007, stock options	305,934	-	6	104.38	432.50	15 May 2010–10 October 2011

(SEK million) Employee expenses	2007	2006
Share options granted in 2001/2002	-1	5
Share options granted in 2005	11	12
Share options granted in 2006	7	4
Share options granted in 2007	8	-
Total expense recognised as employee costs	25	21

(SEK million) Employee expenses (parent company)	2007	2006
Share options granted in 2001/2002	-	5
Share options granted in 2005	8	7
Share options granted in 2006	2	1
Share options granted in 2007	2	-
Total expense recognised as employee costs	12	13

Options (parent company)	2007	2006
Warrants issued 2005	78,083	78,083
Stock options issued 2005	156,166	156,166
Warrants issued 2006	66,246	66,246
Stock options issued 2006	132,492	132,492
Warrants issued 2007	55,284	-
Stock options issued 2007	331,704	-
Total	819,975	432,987

Terms, prices and basis of calculation are the same as for the Group.