

The Board of Billerud AB's proposal for guidelines for remuneration to senior executives (item 16 of agenda)

The Board proposes that the Annual General Meeting of 29 April 2008 approves the following guidelines concerning remuneration to senior executives. Senior executives are the CEO and other members of the senior management team.

Billerud shall apply market-based remuneration levels and employment terms as necessary in order to recruit and keep managers with the right skills and capabilities to achieve the company's targets. Remuneration forms shall motivate senior managers to do their best to secure shareholders' interest. Remuneration may be in the form of fixed salary, long-term incentive scheme and other benefits such as company car and pension. Fixed and variable salary shall be established with regard to skills, area of responsibility and performance. Variable remuneration shall be based on meeting clearly set targets, and shall be a maximum of a fixed percentage of fixed annual salary and vary between 30 and 45%.

The company's incentive scheme shall primarily be linked to the share price and shall ensure long-term commitment to the company's development. It shall be implemented on market terms. For further information about the existing incentive scheme adopted by the 2007 AGM, see the annual report and the Billerud website. Pension benefits shall either be defined-benefit or defined-contribution plans and will normally give a pension entitlement after age 65. In some cases the retirement age may be reduced, although the minimum retirement age is 62. In the event of dismissal the notification period is normally 6 to 12 months, with the right to severance pay equal to at most 12 months' salary when the company terminates employment.

The CEO's remuneration and other employment terms are proposed by the compensation committee and decided by the Board.

The remuneration and other employment terms of other senior executives are decided by the CEO, following consultation with the compensation committee.

The Board of Billerud is entitled to deviate from these guidelines in an individual case if there is a special reason to do so.

In relation to the guidelines adopted by the 2007 Annual General Meeting, the deviation presented in supplement 1 has been agreed.

Billerud AB (publ)

The Board of Directors

March 2008

Deviation from previous guidelines

The Board, as permitted by the guidelines adopted at the 2007 Annual General Meeting, has deviated from paragraph 3 of the aforementioned guidelines regarding variable remuneration to other members of the senior management team.

The Board has decided that a newly appointed member of the senior management team, Per Bjurbom, head of the Gruvön mill, shall have the right to receive variable remuneration in two parts: (i) a maximum of 30% of fixed annual salary based on the outcome of clear targets in agreement with other senior executives, and; (ii) a maximum of 15% of fixed annual salary relating to fixed targets for the Gruvön mill in 2008 and 2009. Per Bjurbom's variable remuneration thus amounts to a maximum of 45% of fixed annual salary. The guidelines adopted by the 2007 Annual General Meeting state that other members of the senior management team shall receive a fixed salary and a variable bonus amounting to a maximum of 30% of fixed salary.

The reason for deviating from the guidelines is (i) that the Board considers such deviation appropriate to enable recruitment and appropriate in order to achieve a market-based remuneration package for Per Bjurbom, and (ii) that the Board considers it appropriate to enable the right focus to be placed on prioritised areas regarding development at Gruvön.