investor

# Annual Report
# **2008**

# Overview 2008

| | INVESTMENTS | INVESTMENT STRATEGY | GOAL |
|---|---|---|---|
| Core Investments | ABB<br>AstraZeneca<br>Atlas Copco<br>Electrolux<br>ERICSSON<br>Husqvarna<br>SAAB<br>SEB | • Well established global companies.<br>• Significant minority ownership for strategic influence.<br>• Listed companies.<br>• Long ownership horizon. | To generate a return exceeding the market cost of capital defined as the risk-free interest rate plus a risk premium over a business cycle. Currently this corresponds to approximately 8 percent per year. |
| Operating Investments | CaridianBCT<br>3<br>GAMBRO<br>GRAND HÔTEL STOCKHOLM – SWEDEN<br>LINDORFF<br>Kunskapsskolan<br>MÖLNLYCKE HEALTH CARE<br>Novare HUMAN CAPITAL | • Medium-size to large companies with international operations.<br>• Preferably companies with potential for stable growth and high profitability.<br>• Majority ownership or significant minority position for strategic influence.<br>• Listed and unlisted companies.<br>• Long ownership horizon, longer than 5-10 years. | To generate a return significantly exceeding market cost of capital defined as the risk-free interest rate plus a risk premium over a business cycle, appropriately reflecting the holding's liquidity as well as its financial and operating risk profile. Currently, the return objective exceeds 15 percent per year. |
| Private Equity Investments | Investor Growth Capital<br>EQT | INVESTOR GROWTH CAPITAL<br>• Small and medium-size growth companies in the U.S., Northern Europe and Asia.<br>• Minority ownership.<br>• Mainly unlisted companies within healthcare and IT.<br>• Ownership horizon 3-7 years.<br><br>EQT'S FUNDS (PARTLY OWNED)<br>• Buyout investments in Northern Europe, China and the U.S.<br>• Majority ownership.<br>• Ownership horizon 3-7 years. | Average annualized return (IRR) of 20 percent or more on realized investments before administrative expenses, over a business cycle. |

MAIN EVENTS

SHARE OF TOTAL ASSETS

- Holdings in OMX and Scania were divested with good returns.
- Ownership positions were strengthened in Atlas Copco, SEB, Husqvarna and Electrolux.
- Dividends received amounted to SEK 3.8 bn.
- Core Investments had an impact of SEK –31.5 bn. on net income.

69%

share of total assets

- Mölnlycke Health Care regained growth momentum while maintaining strong margins despite currency headwind.
- We acquired 57 percent (after full conversion) of Lindorff.
- Gambro launched new products and continued its efficiency program.
- CaridianBCT's core business continued to develop strongly and investments in new products for future growth continued.
- 3 Scandinavia was EBITDA positive on a monthly basis as of mid-2008.
- Operating Investments had an impact of SEK –710 m. on net income (according to the equity method).

15%

share of total assets

- Investor Growth Capital invested for SEK 1.9 bn. and sold holdings for SEK 1.1 bn. during the year. Investor Growth Capital had an impact of SEK –0.4 bn. on net income.
- EQT funds invested a total of SEK 1.8 bn. and exited holdings for SEK 1.8 bn. during 2008. EQT had an impact of SEK –2.9 bn. on net income.
- Private Equity Investments contributed SEK –3.5 bn. to net income after a positive currency effect of about SEK 2 bn. Cash flow for the year was SEK –0.8 bn.

15%

share of total assets

In addition to these business areas, Financial Investments represents 1 percent of total assets.

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FINANCIALS



# Welcome to Investor

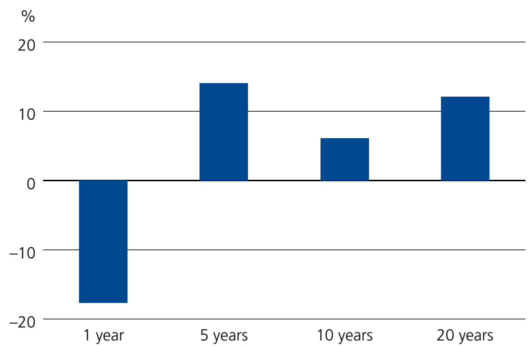
Investor is a Nordic-based industrial holding company founded almost one hundred years ago by the Wallenberg family. Today we have investment activities in Europe, the United States and Asia.

The business concept is to generate long-term attractive returns for our shareholders by owning and developing companies with solid potential for value creation. We are an engaged owner and apply experience, knowledge and a unique network to develop listed and unlisted companies to make them best-in-class.

## Total return Investor shares, –18 percent

The total return (sum of share price change and reinvested dividend) was an unsatisfactory –18 percent during 2008. However, this was better than the Stockholm Stock Exchange (SIXRX), which had a total return of –39 percent. Over the last 10 and 20 years, respectively, our total return to our shareholders has averaged 6 percent and 12 percent.

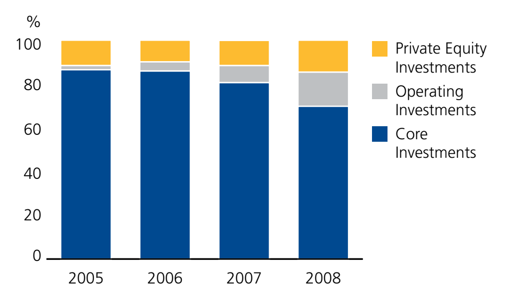
**Average total return, Investor shares**




## Unlisted investments, 30 percent

In line with our strategy, the share of unlisted holdings grew and totaled 30 percent by year-end. This increase was not only the result of a greater number of investments in unlisted companies, but was also due to falling values in our listed companies, and the sales of Scania and OMX. We remain committed to investing in additional unlisted assets.

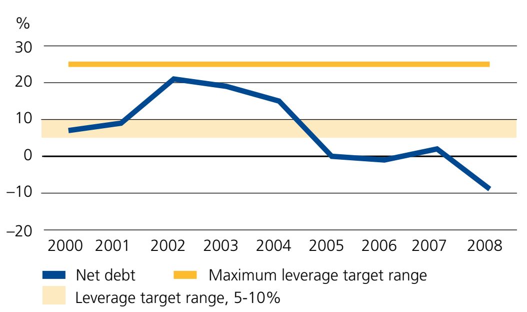
**Percentage of assets by business area**




## Net cash position, SEK 9.4 bn.

We have focused in recent years on strengthening our financial flexibility by building up a net cash position of SEK 9.4 bn. by year-end. Our gross cash position amounted to SEK 28 bn. We also have long maturity of our debt, amounting to an average of 12.6 years. Borrowings amount to SEK 18 bn., of which SEK 6 bn. matures over the coming five years.

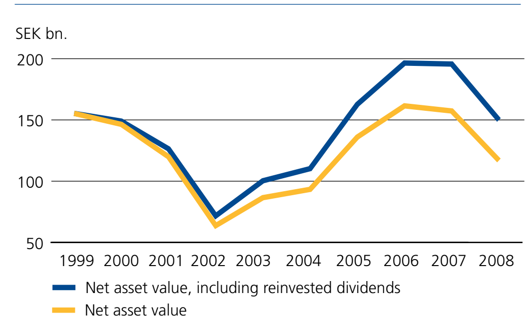
**Leverage**




## Net asset value, SEK 115.3 bn.

The net asset value declined from SEK 155.2 bn. to SEK 115.3 bn. during 2008. This corresponds to a decline of 26 percent. Adding back dividends, the net asset value declined by 23 percent.

**Development of net asset value**



# Downturn confirmed

Regrettably, I must open my comments to you about our 2008 performance in the same way I did a year ago; 2008 was an unsatisfactory year to be a shareholder of Investor AB. We are not satisfied with a total return of –18 percent for 2008. While this was significant outperformance relative to the Swedish market, which was down 39 percent (SIXRX), relative performance can never pay for breakfast. Only absolute value creation matters. Our objective is to generate a total return to shareholders exceeding the cost of capital over a business cycle. Going forward, our financial strength positions us well for delivering on this.

2008 was an exceptional year which cannot be easily summarized. We experienced stock market declines of a magnitude not seen since the 1930s. Governments have launched unprecedented stimulus packages, guaranteed and injected equity in banks and in some cases even nationalized financial institutions. I am convinced our grandchildren's textbooks will cover these times in great detail.

The financial turmoil started in mid-2007 and accelerated during 2008 in a way few could have imagined. Although we had previously expressed concerns about risks in the financial system and its effect on the real economy, we failed to see the force and speed of the correction. Demand seems to have ground to a halt towards the end of the year.

### Necessary to plan for severe downturn

We do not think the current slowdown can compare in length and magnitude to what we have seen during the last few decades. Instead we believe it is necessary to plan for a more severe downturn. Anything else ought to be a pleasant surprise. The consumer has over-spent for a number of years, resulting in a long period of low savings. While more extreme in the U.S., it is also true in much of Europe. Historically, the U.S. savings rate has averaged some 10 percent of disposable income, but over the last 20 years it has gradually fallen to close to zero. The savings ratio needs to be restored, which means reduced consumption. Negative wealth effects from equity and housing markets, mounting job losses and tighter credit markets will likely make the consumer even more careful. Therefore, consumer spending cannot be expected to pull the economy out of the recession. This will have significant consequences as the U.S. consumer represents some 20 percent of world GDP.

Companies directly exposed to consumer discretionary spending are already hurting. The Grinch not only succeeded in stealing Christmas this past year, but also took a big bite out of the whole new season. Anecdotal evidence from one of my colleagues: more than 25 shops have closed along 20 blocks on New York's Madison Avenue since Christmas. We are not seeing similar developments in Europe yet. Past experience suggests that downturns induced by bank crises typically are more severe and last longer than other slowdowns. This underlines the need to quickly restore the health of the financial system. As we have noted before, the global banking system suffers from a lack of loss-absorbing capital. If not restored, the banks will have to continue to de-lever, further hurting real economies.

### Uncharted territory

Governments are intervening in an unprecedented way to contain the current economic downturn. It is difficult to predict the outcome of all efforts as we are in uncharted territory. While large stimulus packages may seem a good cure for deflation worries, the risk of inflation in a few years should not be underestimated. Delaying a normalization of the savings ratio may just make the pain even greater in the future. Public spending may help in the short term, but the U.S. and many European countries also suffer, or will suffer, from a dangerously high budget deficit. The need to contain those deficits will further dampen growth in the medium term. Basically, there is a significant risk that the developed world will be challenged to grow in the medium term.

The ripple effects of slowing consumer demand will be felt around the world. Slowing sales in the U.S. idles factories in China, slowing down the local Chinese economy. Clearly the world is closely coupled economically. At the same time, I remain convinced that the emerging countries will play a vital role in the recovery of the world's economies.

Adding to the general concerns about the financial industry is the aggressive and unethical behavior by certain investors. The longer-term impact on financial institutions is still unknown but could be major since credibility and trust are vital for the capital markets. We should expect increased regulation of the financial markets, but let us not put all our faith in this; the current U.S. bubble was not avoided by the Sarbanes Oxley Act.

Although the global economic outlook may not seem bright at the moment, we should not lose sight of its eventual recovery. It is often said that it is the darkest before dawn.

"We believe that current valuation levels offer potential for attractive investments measured over a 5-10 year period, assuming you can sustain some pain until the markets recover."

### Actions taken to meet tougher times

A few years ago, we began to prepare for tougher times. With the benefit of hindsight we could have done more. Our actions included net divesting and extending the maturity of our debt. But possibly, the best decisions are those least noticed – the potential investments we worked on but walked away from due to concerns about the business model and/or valuation. Fortunately, today, we are in this downturn with a net cash position of SEK 9 bn. Our gross cash amounts to SEK 28 bn. and only SEK 6 bn. of our outstanding debt matures over the coming five years.

In the first quarter, the sale of OMX to Nasdaq and Borse Dubai was finalized and we announced the agreement to sell our Scania shares to Volkswagen. Both transactions were based on our core principle to do what is right for each company while maximizing the value for our shareholders. In the process we received proceeds of SEK 21 bn. During the year we invested SEK 2 bn. in Atlas Copco, Electrolux, Husqvarna and SEB. We are convinced these investments will offer good longer term value, although we could have timed them better in the short term. In 2009 we will continue to selectively make add-on investments in our Core Investments if their shares trade below what we believe is their long-term fundamental value. We remain focused on long-term value creation and like to own our investments for a long time, preferably forever.

### Outperformance by Core Investments

Our Core Investment portfolio outperformed the general stock markets during the year. In general, the companies have strong market positions and have reacted early to the weakening economy by adjusting their cost structures. In the current economic environment, need for new equity may arise, not only to strengthen balance sheets but also to capture attractive business opportunities. Each company is responsible for taking all necessary actions to secure an appropriate capital base. Even if the Swedish krona has depreciated significantly during the second half of 2008, and going into 2009, it is important that the focus on efficiency measures continues. However, we are prepared to support our sound and value-creating for our shareholders.

### Rights issue in SEB

Since the fall of 2008, we have had a close dialogue with SEB about opportunities to strengthen the capital base. After year-end, on February 5, 2009, SEB announced a rights issue of SEK 15 bn. and a cancelling of the dividend. Upon completion, this capital raise will strengthen SEB's capital base and bring the core Tier 1 ratio to 10.4 percent. This combined with a prudent management of capital, will enable SEB to successfully operate through the financial turbulence and a potentially severe economic downturn. We believe this investment offers an attractive risk return profile for our shareholders, and have guaranteed SEK 3.5 bn., or 23.5 percent, of the fully underwritten rights issue.

### Prudent to review dividend levels

With the sharp deterioration in the economic environment during the fourth quarter, I believe it is wise to review the dividend levels extra carefully this year. Boards need to ensure that a company can sustain its business through a potentially severe and long lasting downturn. Additionally, financing may not be readily available since the credit markets may continue to function poorly. Today, in contrast to a few months ago, the market realizes that a strong financial position is a strategic advantage. Lowering, or even cancelling, the dividend is a cheap way to shore up the balance sheet. A withheld dividend is not lost for the shareholder. On the contrary, the intention is that it can be invested in high return projects within the company and thereby lead to even higher dividends in the future. Furthermore, it is more appropriate to base the dividend on the outlook for the coming years than the 2008 results. Given the high degree of uncertainty, boards may delay recommending the dividend for 2008 as late as possible before the AGM. Alternatively, boards may use the opportunity to call for an extra shareholders meeting later in the year to pay a dividend at that time if the outlook has become more positive.

In this context, I also want to re-iterate the advantage of giving boards the mandate to make directed rights issues to rapidly raise capital, which can be crucial in today's environment. In our view, decisions about dividend levels should always be driven by what is best for the long-term value creation in the company – not by short-term needs of the owners. To be prudent, and in light of expected investments opportunities, the Investor Board suggests a lowering of the dividend by SEK 0.75 to SEK 4.00.

### Milestones reached within Operating Investments

Within Operating Investments, several important developments were made during 2008. Mölnlycke Health Care has regained its growth momentum and shows healthy profitability within both its divisions. The growth plan calls for increasing the sales force – "more feet in the street" – in established markets as well as new markets, such as China and Japan, in addition to increased spending in R&D. Gambro is continuing its restructuring to find a more efficient operational structure while dedicating significant resources to R&D and building a stronger product portfolio. During the year the company successfully launched new products for the first time in several years.

CaridianBCT has quarter-by-quarter shown promising development for existing as well as its new products, Atreus and Mirasol. 3 Scandinavia achieved its stated objective of reaching EBITDA positive on a monthly basis during the summer and ended the year with positive momentum.

During the year, we invested in the credit management company Lindorff. A slowing general economy means increasing demand for Lindorff's services, although in the near term the company's profit is likely to be negatively affected by lower collection rates.

Our Operating Investments use leverage to enhance returns. Debt levels in the individual companies are based on the stability of demand, operating flexibility and cash conversion. The financings in place typically have a long average maturity. Except for 3 Scandinavia, debt is also ring-fenced with no recourse to Investor. All of the companies meet debt covenants today, but we will consider injecting more equity if it is value-creating to de-lever them.

### Mark-downs within Private Equity Investments

Valuations within Private Equity Investments were marked down significantly during the year. However, this was partly offset by positive currency effects of more than SEK 2 bn., in principal equally split between Investor Growth Capital and EQT. Investor Growth Capital has been hit less by the credit turmoil so far since its venture stage holdings do not use much leverage financing. They are targeting secular growth trends, and are therefore less cyclically vulnerable. However, the current downturn will affect these holdings. Increased focus has been placed on reducing cash-burn and accelerating the path towards break-even. Raising new capital is a daunting task currently and companies need to focus on the cheapest source of financing – internally generated cash flow.

The value of our investments in the EQT funds decreased substantially during the year as a result of contracting multiples and weaker operating results. Following a number of years of smooth sailing, the buy-out industry clearly faces a challenging market environment. A serious decline in demand in combination with high financial leverage in the portfolio companies means challenges and risks for buyout-companies. Firms with an industrial approach, like EQT, should be better positioned to generate attractive returns also going forward. EQT has an exceptional track-record in weak as well as strong markets. Based on this, we expect EQT to make good decisions going forward.

### Solid financial position creates opportunities

As discussed earlier, we have a solid financial position allowing us to implement our strategy of increasing the Operating Investments, strengthening our ownership in selected Core Investments and continuing to develop our Private Equity activities. We will not time all new investments perfectly and we do not know if the market will be higher or lower by the end of the year. However, we do believe that current valuation levels offer potential for attractive investments measured over a 5-10 year period, assuming you can sustain some pain until the markets recover. We will continue to be patient and disciplined in our approach, but we must be prepared to take risk in order to generate high returns. Surely this will mean making some wrong calls – only the person making no decisions will fully avoid mistakes. To quote the legendary hockey player Wayne Gretzky: "You miss 100 percent of the shots you don't take". The best way is to acknowledge the mistakes early and move on.

Dear fellow shareholders, we regret the unsatisfactory results in 2008. While we expected 2008 to be a difficult year, we underestimated the force of the downturn. I believe we have been successful in our ambition to ensure that our financial strength is maintained in order to emerge strongly from the current downturn. Going forward, we remain fully dedicated to building the wealth of our shareholders. We cannot guarantee success but we will try to do as Mr. Gretzky: "I skate to where the puck is going to be, not where it has been".

Börje Ekholm
*President and Chief Executive Officer*

# Key figures

The net asset value declined from SEK 155.2 bn. to SEK 115.3 bn. during 2008, outperforming the general market for the year. The net result for 2008, including change in value, was SEK –36.7 bn. and our net cash position was SEK 9.4 bn. at year-end.

## Overview of net asset value

| | Owner-ship % (capital) | 12/31 2008 SEK/share | 12/31 2008 SEK m. | 12/31 2007 SEK/share | 12/31 2007 SEK m. |
|---|---|---|---|---|---|
| **Core Investments** | | | | | |
| ABB | 7.3 | 25 | 19,170 | 40 | 30,771 |
| AstraZeneca | 3.6 | 21 | 15,837 | 19 | 14,290 |
| Atlas Copco | 16.6 | 18 | 13,557 | 24 | 18,227 |
| Ericsson | 5.1 | 13 | 9,611 | 16 | 12,417 |
| SEB | 20.7 | 11 | 8,608 | 30 | 22,662 |
| Electrolux | 12.7 | 3 | 2,614 | 5 | 3,969 |
| Husqvarna | 15.4 | 3 | 2,330 | 5 | 4,134 |
| Saab AB | 19.8 | 2 | 1,545 | 4 | 2,799 |
| Scania | – | – | – | 19 | 14,612 |
| OMX | – | – | – | 4 | 3,412 |
| **Total** | | 96 | 73,272 | 166 | 127,293 |
| **Operating Investments** | | | | | |
| Mölnlycke Health Care | 62 | 9 | 6,166 | 7 | 5,729 |
| Lindorff | 57 | 4 | 3,541 | – | – |
| Gambro Holding (Gambro & CaridianBCT) | 49 | 4 | 3,386 | 4 | 3,217 |
| The Grand Group | 100 | 2 | 1,338 | 2 | 1,337 |
| 3 Scandinavia | 40 | 2 | 1,301 | 1 | 920 |
| Other | | 1 | 646 | 1 | 603 |
| **Total** | | 22 | 16,378 | 15 | 11,806 |
| **Private Equity Investments** | | | | | |
| Investor Growth Capital | 100 | 10 | 7,968 | 10 | 7,518 |
| EQT | n.a. | 10 | 7 327 | 13 | 10,200 |
| **Total** | | 20 | 15,295 | 23 | 17,718 |
| **Financial Investments** | | 1 | 1,246 | 4 | 2,583 |
| Other Assets and Liabilities | | – | –266 | –1 | –613 |
| **Total Assets** | | 139 | 105,925 | 207 | 158,787 |
| Net cash(+) net debt(–) | | 11 | 9,415 | –4 | –3,583 |
| **Net Asset Value** | | 150 | 115,340 | 203 | 155,204 |

## Development of the Group

| SEK m. | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|
| Change in value | –39,492 | –1,534 | 28,106 | 43,663 |
| Dividends | 4,903 | 3,884 | 3,302 | 2,415 |
| Operating costs[1] | –576 | –552 | –576 | –548 |
| Other profit/loss items | –1,571 | –2,165 | –2,346 | –1,672 |
| **Profit/loss** | **–36,736** | **–367** | **28,486** | **43,858** |
| Dividends paid | –3,637 | –3,449 | –2,685 | –1,726 |
| Other | 509 | –300 | –426 | –38 |
| **Change in net asset value** | **–39,864** | **–4,116** | **25,375** | **42,094** |

1) Includes costs for long-term share-based remuneration programs. For the period 1/1-12/31 2008, the total cost was SEK 21 m.

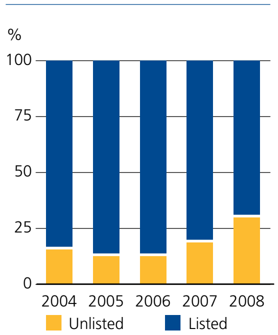
## Operating costs

| SEK m. | Total cost | NAV | Management cost/ assets, % |
|---|---|---|---|
| Investor Group | 555 | 115 ,340 | 0.48 |
| **Split by business area** | | | |
| Core Investments | 80 | 73,272 | 0.11 |
| Operating Investments | 102 | 16,378 | 0.62 |
| Private Equity Investments | 200 | 15,295 | 1.31 |

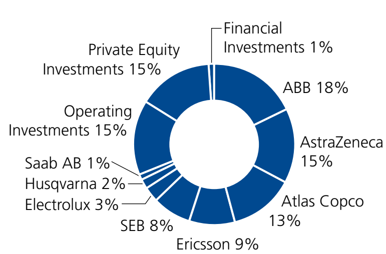
## Valuation methods

| | |
|---|---|
| Core Investments | The closing bid price (for the most actively traded class of share) multiplied by the number of shares held. |
| Operating Investments | The equity method is applied to associated companies. Key figures are disclosed quarterly in order for the market to be able to form their own opinion using peer multiples or other bench-marks of other comparable listed companies. |
| Private Equity Investments | A "fair value" is determined of each holding primarily by using the valuation of the company from the most recent financing round, or by applying relevant multiples to the holding's key ratios of other comparable listed companies. |
| Financial Investments | The holding's closing bid price multiplied by the number of shares held or a third-party valuation. |

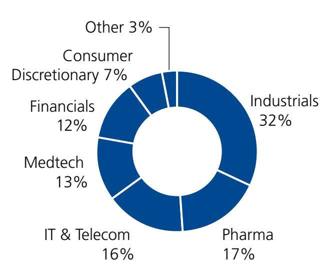
### Unlisted / Listed



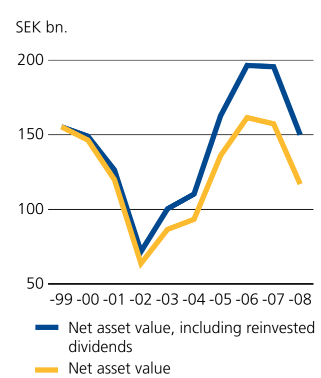

### Split of total assets




### Total assets by sector




### Development of net asset value



# Vision, business concept and goal

## Vision

To be internationally recognized as a premier investor, developing best-in-class companies and consistently creating long-term shareholder value.

## Business concept

To create long-term shareholder value by owning companies with solid potential for value creation and applying our financial strength, experience, knowledge and network to make them best-in-class.

## Goal

To generate a total shareholder return (sum of share price change and dividend) in excess of market cost of capital over a business cycle. Market cost of capital is defined as the risk-free interest rate (average interest for ten-year government bonds) plus a risk premium.

## Goal fulfillment in 2008

Total shareholder return during 2008 was an unsatisfactory –18 percent. The return has however exceeded our return requirement over the last 5, 15 and 20 years. We have not met the requirement over 10 years.

**Development of total shareholder return**

| Years | Risk-free interest rate, %[1] | Risk premium, % | Return requirement, % | Investor, total return, % | SIXRX, return index, %[2] |
|---|---|---|---|---|---|
| 1 | 3.7 | 4.5 | 8.2 | –18.0 | –39.0 |
| 5 | 3.9 | 4.5 | 8.6 | 14.1 | 4.7 |
| 10 | 4.6 | 4.5 | 9.1 | 6.1 | 3.4 |
| 15 | 5.7 | 4.5 | 10.5 | 12.0 | 9.2 |
| 20 | 6.9 | 4.5 | 11.8 | 12.1 | 9.1 |

1) Risk-free average interest rate for ten-year government bonds.
2) Average annual return.

"Our goal is to generate a total shareholder return in excess of market cost of capital over a business cycle."

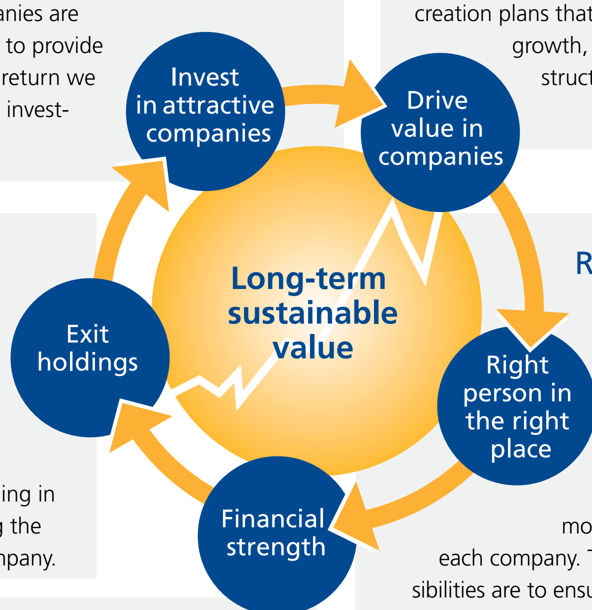
# Strategies for value creation

## Invest in attractive companies

We continuously review our portfolio in order to ensure we own companies that can sustainably generate returns exceeding the market cost of capital. Our flexible investment horizon and our long track record developing international companies give us a unique position. We prefer to invest in sectors and geographies we are familiar with. Listed companies are a central part of our business, but to provide a potential for unique proprietary return we will continue to grow our unlisted investments.

## Drive value in companies

Our work with the companies aims to make them best-in-class and thereby create value. We achieve this by having a strategic influence built on a significant ownership position. We take an active role in the Board to drive and follow up on value creation plans that focus on operational excellence, growth, capital structure and industrial structure.




## Exit holdings

We evaluate the long-term return potential of all investments. If our assessment shows that the potential of a holding does not meet our requirements, or is higher in another ownership structure, we look to exit the holding in a value-creating way while finding the best industrial solution for the company.

## Right person in the right place

Our experience confirms, time after time, that people build successful companies. Therefore, it is vital to have the right people in the right place at the right time. Central to our governance model is to have the right Board in each company. The Board's most important responsibilities are to ensure that the company has a sustainable value-creating strategy, diligently follow up on execution to be able to pro-actively initiate corrective actions and to get the right management team in place to secure execution. It is important that the owners, the Board and management have fully aligned interests. We therefore believe that the Board and management should have large ownership stakes and remuneration linked to value created for the shareholders.

## Financial strength

As an owner, it is important that we always have a strong financial position in order not to be a limitation to our holdings as they pursue strategic initiatives. We are always willing to consider injecting additional capital if it is value-creating to the shareholders. Therefore, our ambition is to have a leverage of 5-10 percent of total assets. We can allow a maximum leverage of 25 percent if we have a plan to bring the leverage back to our target range.

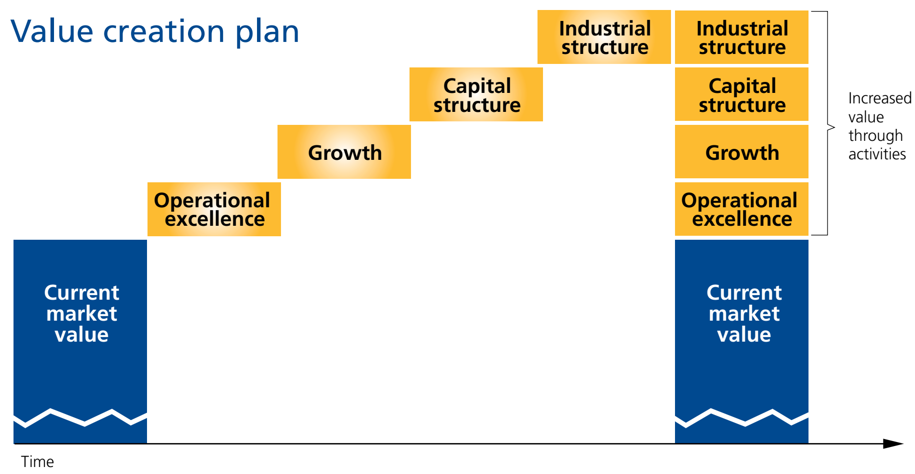
### Examples from 2008

We invested in Lindorff and strengthened our ownership positions in several Core Investments. During the year, we also developed a model in which Board members receive a portion of their Board fee in the form of synthetic shares. The model was introduced in Atlas Copco, Electrolux, Ericsson and Husqvarna. We made two large exits, OMX and Scania, which had strong industrial merits and were also value creating for our shareholders. Several of our holdings have taken steps to reduce costs to combat the current economic climate. Falling values have generated attractive investments for Investor Growth Capital. We have worked actively to further strengthen a strong balance sheet and as a result ended the year in a significant net cash position. Our financial strength has meant that we were able to make selective investments and maintain a high credit rating despite the turbulence on the market.

# Active ownership

We develop value creation plans for all holdings. These plans take an owner's perspective in identifying measures that can generate the most incremental value going forward.

The value creation plans are developed by our business teams. The plans are presented and discussed with our board representatives for each company. We extensively monitor the companies on an ongoing basis and benchmark their performance in relation to the plan and in comparison to competitors. The long-term goal is that the companies will be best-in-class and generate returns that exceed our return requirement. The value creation plans target four main areas: operational excellence, growth, capital structure and industrial structure.




### Operational excellence

Detailed benchmarking relative to competitors forms the basis for our work to identify potential actions for improving long-term profitability and efficiency. The benchmark includes, for example, the current and historic performance of each company along a large number of metrics such as gross margins, operational costs (including SG&A and R&D), flexibility of cost structures, level of off-shoring and working capital.

### Value-creating growth

Goals are set for the growth of each company based on the potential of the underlying industry and the companies' potential for expansion, both organically and through acquisitions. This includes, for example, a focus on expansion in geographic markets, new customer bases, new applications on existing products and growth through innovation.

### Right capital structure

Holdings should have an appropriate capital structure allowing them to implement their business plan. In today's economic environment, it is important that a company's financial position can withstand significant demand contractions. In case they are overcapitalized, the surplus should be refunded to the owners. If they are undercapitalized, the owners should be willing to inject equity, assuming it is value-creating. Capital structure can for example be adjusted via dividend levels, new rights issues, redemption programs and share buy back programs.

### Right industrial structure

Value creation can sometimes be achieved by changing the company's structure. This could be achieved through major industrial transactions (for example merger and acquisitions), divesting non-core business activities, or by breaking up a company if parts can create better value by being managed on an independent basis.

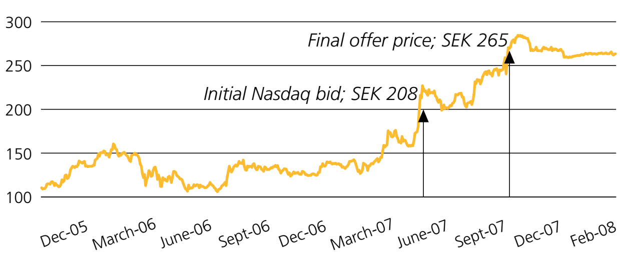
# Case study in value creation

**Year of investment:**
Investor was a co-founder in 1985
**Total investment:** SEK 0.8 bn.
**Ownership at exit:** 11%
**Type of exit:** Industrial sale
**Proceeds of sale:** SEK 3.4 bn.
**Buyer:** Nasdaq/Borse Dubai
**P/E multiple at exit:** 35

Investor was one of the co-founders of OMX in 1985. At that time, OMX was a derivate software company, and it later started the first derivative exchange in the Nordic region. OMX acquired the Stockholm Stock Exchange in 1998 and then successfully consolidated a majority of the Nordic and Baltic exchanges.

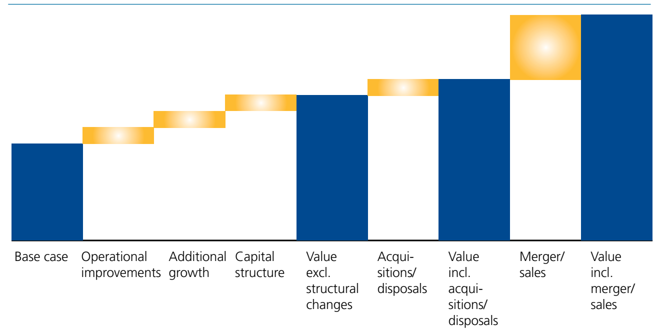
While working on the value creation plan for OMX in 2006, it became apparent that regulatory (e.g. the MiFID directory) and technological changes would sharpen competition. Therefore, lowering the cost base was vital in order to maintain OMX's competitive position in the industry. A number of efficiency improvements that could be implemented in the existing company structure were identified. However, it became evident that scale was a major cost driver and that finding an industrial combination would be the best way to significantly reduce costs. Additionally, this would also be the best way to maximize shareholder value for OMX. Work intensified in 2007 as we judged the timing from a shareholder perspective to be attractive. An agreement with Nasdaq was reached in 2007 and later with Borse Dubai. The sale was finalized in the beginning of 2008.

**Share price**




Source: Alert IR/Ecovision and Investor

**Value creation plan for OMX 2006**




**Initial investment:**
Part of the original portfolio from when Investor was founded in 1916
**Ownership at exit:** Capital 11%, votes 20%
**Type of exit:** Sale of block of shares
**Proceeds of sale:** SEK 17.5 bn.
**Buyer:** Volkswagen
**Value-creation since listing:** Annual total return 18%
**Premium at exit:** 54% premium in relation to market value.
The sale of Scania was finalized in July 2008.

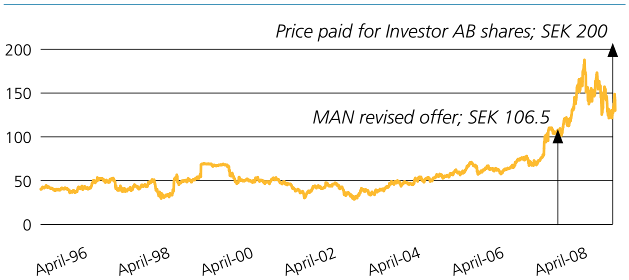
Scania, the heavy truck and bus manufacturer, was part of our original portfolio in 1916. In 1991, we took Saab-Scania private and split it into separate companies; the defence group Saab, the car manufacturer Saab Automobile (later divested) and heavy commercial vehicles manufacturer Scania. Scania was listed again in 1996 and we remained the lead owner.

In 2000, the European Commission rejected a takeover of Scania by Volvo. In order for Scania to gain an industrial lead shareholder we decided to divest a majority of our holding, 34 percent, to Volkswagen, and we entered into an agreement with Volkswagen to retain our remaining 9.1 percent of capital for two years.

In our value-creation plan for Scania in 2006, we identified a strong growth potential in Eastern Europe, additional cost-efficiency measures and a possibility to optimize the capital structure. Later in 2006 MAN, one of Scanias competitors, made a hostile bid for Scania. We rejected the bid since it did not reflect the full value and potential of Scania and it was not structured in the right way. In this process, we increased our holding. MAN's bid was withdrawn in January 2007. During the bid process, Volkswagen also became the dominant shareholder in MAN. In early 2007, Volkswagen acquired additional shares in Scania. After these acquisitions, MAN and Volkswagen combined reached more than 50 percent ownership in Scania and had effective control of the company.

Volkswagen continued to strengthen its ownership in Scania during 2007. Scania faced rumours around its ownership and future, which could have had serious negative effects on the company's operations. In order to attain a clear ownership structure in Scania, while creating value for our shareholders, we agreed in March 2008 to divest the remainder of our holding in Scania to Volkswagen. As a result, Scania has an industrial majority shareholder with a strong capacity to expand this very successful company.

**Share price**




Source: Alert IR/Ecovision and Investor

# Core Investments

Core Investments is our largest business area and consists of listed companies with strong positions in international markets. We have significant minority positions and work actively through the Boards of the companies to identify and implement value-creating actions. Our Core Investments are ABB, AstraZeneca, Atlas Copco, Ericsson, SEB, Electrolux, Husqvarna and SAAB.

Our Core Investments have a long track record working with established business models and strong market positions. They are actively traded on major exchanges. This in combination with relatively low leverage ratios means that the risk profile, and consequently the return requirement, is lower than for our other business areas.

The ownership horizon is long-term and returns are mainly generated via value appreciation, share redemptions and dividends. Returns are also generated when holdings are divested.

## The year 2008

In 2008 we made divestments of SEK 20.9 bn. and selective add-on investments of SEK 2.1 bn. In total, net divestments amounted to SEK 18.8 bn. during 2008. Core Investments was negatively affected by falling stock markets, but outperformed the market. Core Investments had an impact of SEK –31.5 bn. on income in 2008, corresponding to –25 percent.

### FOCUS ON TWO TRANSACTIONS

The most important event during the first quarter of the year was the agreement to sell our shares in Scania to Volkswagen. The transaction was a good industrial solution for Scania and clarified the ownership situation. It also created significant value for our shareholders since we received SEK 200 per share, which is SEK 8.6 bn. more than the MAN bid we rejected earlier. The sale contributed in total SEK 17.5 bn. and was an important reason behind our strengthened cash position during the year.

In February, the sale of OMX to Nasdaq and Borse Dubai was finalized. The transaction generated a strong return. Nasdaq and OMX together form a leading global exchange that offers cost-efficient and attractive solutions to its customers. The sale of our shares in OMX generated SEK 3.4 bn.

### OWNERSHIP STRENGTHENED IN SEVERAL COMPANIES

A strong ownership position is an important part in influencing and driving value creation plans in our holdings. When valuations fall below our fundamental long-term valuation we are ready to invest. Given our view of the business environment, we have only made minor add-on investments in Atlas Copco, SEB, Husqvarna and Electrolux during the year. Our investments in these companies are at levels we consider to be attractive in the long-term.

> "A strong ownership position is an important part in influencing and driving value creation plans in our holdings."

## Our strategy

### ATTRACTIVE MIX OF INVESTMENTS

Having the right mix of investments is important for creating sustainable value. The long-term potential for our companies is evaluated on an ongoing basis. When we decide to divest, we always look for the best industrial solution for our holdings, while maximizing value for our shareholders. We want to own companies that are or have the possibility to become best-in-class. We are convinced that companies with leading market positions, a high degree of innovation, a good corporate culture and strong management teams can generate higher long-term returns. Furthermore, they are better positioned to take advantage of the changes in the economic environment.

### VALUE CREATION THROUGH COMMITTED OWNERSHIP

We exercise ownership in our Core Investments primarily through Board representation. We consider it to be of utmost importance to have the right Board in place with the appropriate expertise and experience for the challenges the company faces. The Board has the important responsibility of challenging and questioning management. However, the Board must also be prepared to support management with difficult decisions that may have a negative short-term effect but strengthen the company for the future. Our Board representatives are supported by analysts, and jointly they form business teams, who monitor the companies, their competitors and their markets on an ongoing basis.

To contribute to the development of our Core Investments in a structured manner, we develop a value creation plan for each company that includes goals for operational excellence, growth, capital structure and industrial structure. (See page 8 for more details on value creation plans.)

We believe it is important that the interests of the shareholders, the Board and the management are fully aligned. Therefore, we support remuneration systems linked to shareholder return. In 2008, several of our Core Investments decided to modify their remuneration structure for Board members and replace part of the current Board fee with shares.

"We are convinced that companies with leading market positions, a high degree of innovation, a good corporate culture and strong management teams can generate higher long-term returns."

## Goal

To generate a return exceeding the market cost of capital defined as the risk-free interest rate plus a risk premium over a business cycle. Currently this corresponds to approximately 8 percent per year.

## Goal fulfillment

Performance should be measured over a long time and not for a single year. The return of –25 percent for 2008 is nevertheless unsatisfactory, although the business area significantly outperformed the general Swedish market (SIXRX) –39 percent.

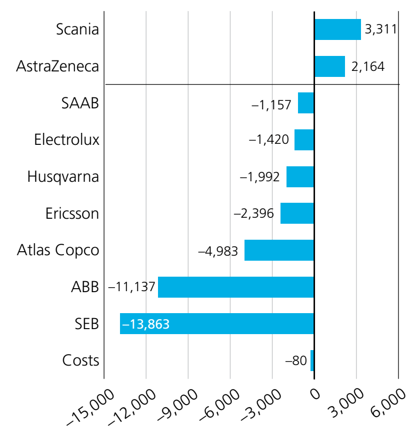
## Strategy

- Maintain an attractive mix of investments.
- Be a substantial owner with strategic influence so we can develop and implement value creation plans.

**Average annualized return**

| Year | Return, % |
|---|---|
| 1 | –25 |
| 5 | 8 |
| 10 | 6 |

**Impact of Core Investments on income, 2008 SEK m.**




**Overview of Core Investments[3]**

| | Number of shares[1] 12/31 2008 | Ownership capital[2] 12/31 2008, % | Ownership votes[2] 12/31 20 08, % | Shares of total assets 12/31 2008, % | Value, SEK/share 12/31 2008 | Value, SEK m. 12/31 2008 | Net purchases(+)/ sales(–), SEK m. 2008 | Total return 2008, % | Value, SEK m. 12/31 2007 |
|---|---|---|---|---|---|---|---|---|---|
| ABB | 166,330,142 | 7.3[4] | 7.3[4] | 18 | 25 | 19,170 | – | –36 | 30,771 |
| AstraZeneca | 51,587,810 | 3.6[5] | 3.6[5] | 15 | 21 | 15,837 | – | +16 | 14,290 |
| Atlas Copco | 204,244,326 | 16.6 | 22.3 | 13 | 18 | 13,557 | +884 | –29 | 18,227 |
| Ericsson | 164,078,702 | 5.1 | 19.4 | 9 | 13 | 9,611 | – | –19 | 12,417 |
| SEB | 142,527,895 | 20.7 | 21.1 | 8 | 11 | 8,608 | +723 | –62 | 22,662 |
| Electrolux | 39,165,071 | 12.7 | 28.8 | 3 | 3 | 2,614 | +225 | –36 | 3,969 |
| Husqvarna | 59,201,258 | 15.4 | 28.7 | 2 | 3 | 2,330 | +318 | –44 | 4,134 |
| Saab AB | 21,611,925 | 19.8 | 38.0 | 1 | 2 | 1,545 | – | –43 | 2,799 |
| Scania | – | – | – | – | – | – | –17,483 | – | 14,612 |
| OMX | – | – | – | – | – | – | –3,419 | – | 3,412 |
| Total | | | | 69 | 96 | 73,272 | –18,752 | | 127,293 |

1) Holdings, including any shares on loan.
2) Calculated in accordance with the disclosure regulations of Sweden's Financial Instruments Trading Act (LHF), unless specified otherwise.
3) Valued according to the class of shares held by Investor, with the exception of Saab and Electrolux, for which the most actively traded class of shares is used.
4) Calculated in accordance with Swiss disclosure regulations.
5) Calculated in accordance with British disclosure regulations.

ABB

**18%**

*of total assets*

ABB is a global leader in power and automation technologies with products and services that enable utility and industry customers to improve their performance while lowering environmental impact. The ABB Group of companies operates in more than 100 countries and employs 120,000 people. The company has a truly global footprint with close to 50 percent of revenues coming from emerging markets.
Chairman: Hubertus von Grünberg
CEO: Joe Hogan (since September, 2008)

**Key figures, USD m.**

| | 2008 | 2007 | 2006[1] | 2005 |
|---|---|---|---|---|
| Sales | 34,912 | 29,183 | 23,281 | 22,442 |
| Operating income | 4,552 | 4,023 | 2,557 | 1,742 |
| Operating margin, % | 13.0 | 13.8 | 11.0 | 7.8 |
| Net income after tax | 3,118 | 3,757 | 1,390 | 735 |
| Earnings per share, USD | 1.36 | 1.66 | 0.65 | 0.36 |
| Dividend per share, CHF | 0.48[2] | 0.48 | 0.24 | 0.12 |
| Book equity | 11,158 | 10,957 | 6,038 | 3,142 |
| Net debt[3] | –5,443 | –5,436 | –1,444 | 508 |
| Market capitalization, SEK bn. | 264.2 | 427.3 | 267.5 | 159.4 |
| Number of employees | 120,000 | 112,000 | 108,000 | 104,000 |

1) 2006 adjusted for changes to activities within operations that are being divested.
2) Proposed dividend.
3) According to the company's own definition.

### ABB 2008

ABB has continued its strong financial development in 2008 with a revenue growth of 16 percent in local currencies and an EBIT margin of 13 percent. The order growth has also been positive at 7 percent, but weakened during the fourth quarter of the year due to the financial crisis and the slowing global economy. In line with its communicated strategy, the company has made several bolt-on acquisitions during the second half of the year. Joe Hogan took on the responsibility as new CEO in September 2008.

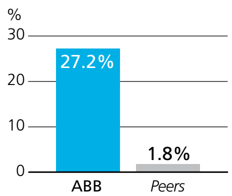
### Investor's engagement in ABB

Share capital: 7.3%   Voting rights: 7.3%
Market value of holding: SEK 19,170 m.
Board Members from Investor's management or Board: Jacob Wallenberg

### INVESTOR'S VIEW OF ABB

ABB's strong market positions in combination with the structural demand from emerging markets give the company good long-term growth opportunities. Power is a secular growth area benefitting from growing re-investment needs as well as a need for more efficient power transmission. ABB should continue its focus on capturing growth opportunities but, given the deteriorating business environment, must also continue its focus on operational improvements and to adjust the cost base where necessary. In the medium to long-term, increasing the company's aftermarket business is important to improve growth and profitability. ABB is entering the downturn with a strong balance sheet, which is an advantage in today's market and gives the company the opportunity to act on interesting business opportunities.

**Average annualized return, five years**




*Simple average for peers: Emerson, Schneider, Honeywell, Rockwell and Siemens*

**Total annual return**

| Years | ABB | SIXRX |
|---|---|---|
| 1 | –36.2 | –39.1 |
| 5 | 27.2 | 4.7 |
| 10 | 1.8 | 3.3 |
| 15 | 4.5 | 9.1 |
| 20 | 8.4 | 9.1 |

**www.abb.com**

AstraZeneca

**15%**

*of total assets*

AstraZeneca is one of the world's leading pharmaceutical companies focused on research in medicines and pharmaceuticals in six therapy areas: cancer, cardiovascular, gastrointestinal, infection, neuroscience and respiratory & inflammation. The company is active in more than 100 countries, with the United States, Europe and Japan being the most important markets.
Chairman: Louis Schweitzer
CEO: David Brennan

**Key figures, USD m.**

| | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|
| Sales | 31,601 | 29,559 | 26,475 | 23,950 |
| Operating income | 9,144 | 8,094 | 8,216 | 6,502 |
| Operating margin, % | 28.9 | 27.4 | 31.0 | 27.2 |
| Net profit after tax | 6,130 | 5,627 | 6,063 | 4,724 |
| Earnings per share, USD (core EPS)[1] | 5.10 | 4.38 | 3.92 | n.a. |
| Dividend per share, USD | 2.05[2] | 1.80 | 1.72 | 1.30 |
| Book equity | 15,912 | 14,778 | 15,304 | 13,597 |
| Net debt[3] | 7,174 | 9,112 | –6,537 | –5,402 |
| Market capitalization, SEK bn. | 444.2 | 403.6 | 564.8 | 616.1 |
| Number of employees | 65,000 | 67,000 | 66,600 | 65,000 |

1) The core EPS figure is used from 2007.
2) Proposed dividend.
3) According to the company's own definition.

### ASTRAZENECA 2008

During the year AstraZeneca has successfully defended important intellectual property and thereby increased the predictability of its business for the coming years. Due to close cost control, the company has delivered satisfactory financial results, despite the fact that AstraZeneca's most important products are not growing as rapidly as before. The slowdown in growth is partly because of deteriorating market conditions in the West, and partly because of a growing maturity for these products. Operating profit (adjusted for items affecting comparability) rose by 9 percent during the year, based on constant exchange rates. The company has continued to strengthen its research portfolio. At year-end 2008, AstraZeneca had 12 projects in final testing, two more than at year-end 2007.

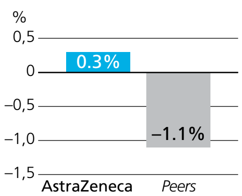
### Investor's engagement in AstraZeneca

Share capital: 3.6%   Voting rights: 3.6%
Market value of holding: SEK 15,837 m.
Board Members from Investor's management or Board:
Håkan Mogren (Vice Chairman)

### INVESTOR'S VIEW OF ASTRAZENECA

As market conditions continue to become more and more challenging, it is important that the company continues to carry out rationalization measures for improved productivity. It is of major importance that AstraZeneca brings forward new innovative products and continuously works on strengthening the research pipeline. The most important driver of long-term value for AstraZeneca, and the industry, continues to be improvement of R&D productivity.

**Average annualized return, five years**




*Simple average for peers: Merck, Pfizer, Eli Lilly, Wyeth, Schering Plough, Roche, GlaxoSmithKline, Novartis, Bristol-Myers Squibb and Sanofi-Avensis*

**Total annual return**

| Years | AstraZeneca | SIXRX |
|---|---|---|
| 1 | 15.9 | –39.1 |
| 5 | 0.3 | 4.7 |
| 10 | 2.0 | 3.3 |
| 15 | 7.6 | 9.1 |
| 20 | 16.5 | 9.1 |

**www.astrazeneca.com**

Atlas Copco

# 13%

*of total assets*

Atlas Copco is a global industrial group of companies headquartered in Stockholm. The company develops and manufactures compressed air equipment, construction and mining equipment, industrial tools and related services and rentals. The group operates through a number of divisions within three business areas: Compressor Technique, Construction and Mining Technique and Industrial Technique. The products are sold under different brands through a worldwide sales and service network reaching 170 countries.
Chairman: Sune Carlsson
President and CEO: Gunnar Brock (suceeds by Ronnie Leten, June 1, 2009)

**Key figures, SEK m.**

| | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|
| Sales | 74,177 | 63,355 | 50,512 | 42,205 |
| Operating income | 13,806 | 12,066 | 9,203 | 6,938 |
| Operating margin, % | 18.6 | 19.0 | 18.2 | 16.4 |
| Net profit after tax[1] | 10,190 | 7,469 | 15,373 | 6,581 |
| Earnings per share, SEK[1] | 8.33 | 6.09 | 12.24 | 5.22 |
| Dividend per share, SEK[4] | 3.00[3] | 3.00 | 22.38[2] | 2.13 |
| Book equity | 23,768 | 14,640 | 32,708 | 25,808 |
| Net debt[5] | 21,686 | 19,775 | –12,364 | 7,229 |
| Market capitalization, SEK bn. | 78.4 | 114.6 | 138.9 | 107.4 |
| Number of employees | 34,043 | 32,947 | 25,900 | 22,578 |

1) Including results from divested operations and adjusted for share split.
2) Including the dividend for 2006, SEK 2.38 per share (adjusted for share split), and an extra distribution of SEK 20 per share (adjusted for share split) through mandatory redemption.
3) Proposed dividend.
4) Adjusted for share split.
5) According to the company's own definition. In 2007 and 2008 adjusted for the fair value of interest rate swaps.

## ATLAS COPCO 2008

Driven by strong market positions and a continued strong market climate, not the least within the mining industry, Atlas Copco showed strong growth and profitability during the first nine months of the year. In the fourth quarter, however, demand growth turned negative in all major geographies and in all three business areas. This had a severe effect on order intake, which was significantly lower compared to the same quarter last year. The company has announced actions to cope with the rapid decline in demand, aimed at preserving profitability and cash flow.

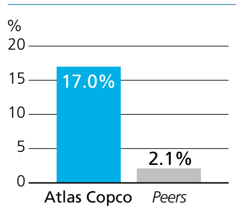
### Investor's engagement in Atlas Copco

Share capital: 16.6% Voting rights: 22.3%
Market value of holding: SEK 13,557 m.
Board Members from Investor's management or Board: Sune Carlsson (Chairman), Jacob Wallenberg (Vice Chairman) and Johan Forssell

## INVESTOR'S VIEW OF ATLAS COPCO

Atlas Copco has world-leading market positions and a strong corporate culture. The company has an impressive track record and compared to its international competitors, its business areas are best-in-class. For Atlas Copco, 2009 will represent both challenges and opportunities. To meet the widely expected falling demand, the company must continue its efficiency improvements and cost-cutting initiatives. Specifically, it will be important to adjust certain functional costs and bring down the inventory. At the same time, the current challenging times will undoubtedly offer interesting business opportunities. Given Atlas Copco's strong starting point, we believe that the company is ready to act on such opportunities.

**Average annualized return, five years**




*Simple average for peers: Ingersoll-Rand, Gardner Denver, Sandvik, Caterpillar, Metso, Stanley Works and Cooper Industries*

**Total annual return**

| Years | Atlas Copco | SIXRX |
|---|---|---|
| 1 | –28.7 | –39.1 |
| 5 | 17.0 | 4.7 |
| 10 | 14.1 | 3.3 |
| 15 | 15.6 | 9.1 |
| 20 | 16.3 | 9.1 |

**www.atlascopco.com**

ERICSSON

# 9%

*of total assets*

Ericsson is a world-leading provider of telecommunications equipment and related services. More than 1,000 customers in 175 countries utilize Ericsson equipment. The company's main customers are mobile and fixed network operators. Ericsson also offers mobile telephones through a joint venture with Sony and handset technology platforms through a joint venture with ST Microelectronics. Ericsson is organized in three business units: Networks, Global Services and Multimedia.
Chairman: Michael Treschow
President and CEO: Carl-Henric Svanberg

**Key figures, SEK bn.**

| | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|
| Sales | 208.9 | 187.8 | 177.8 | 151.8 |
| Operating income | 16.3 | 30.6 | 35.8 | 33.1 |
| Operating margin, % | 7.8 | 16.3 | 20.2 | 21.8 |
| Net profit after tax | 11.3 | 21.8 | 26.4 | 24.3 |
| Earnings per share, SEK | 3.52 | 6.84 | 8.23 | 7.64 |
| Dividend per share, SEK | 1.85[1] | 2.50 | 2.50 | 2.25 |
| Book equity | 140.8 | 134.1 | 120.1 | 104.7 |
| Net debt[2] | –34.7 | –24.3 | –40.7 | –50.6 |
| Market capitalization | 191.0 | 245.1 | 446.1 | 440.7 |
| Number of employees | 78,750 | 74,000 | 63,781 | 56,055 |

1) Proposed dividend.
2) According to the company's own definition.

## ERICSSON 2008

Despite a challenging year for the telecom equipment industry, Ericsson reported sales growth of 11 percent for the full year of 2008. To counter the challenging industry and the lower overall profitability level, Ericsson initiated a cost reduction program of SEK 4 bn. during the year. Furthermore, the company made a strategic decision to combine its mobile platform business with ST Microelectronic in order to gain scale and position.

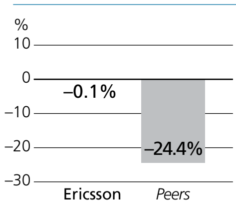
### Investor's engagement in Ericsson

Share capital: 5.1% Voting rights: 19.4%
Market value of holding: SEK 9,611 m.
Board Members from Investor's management or Board: Börje Ekholm

## INVESTOR'S VIEW OF ERICSSON

Ericsson remains well positioned in a challenging industry and is in many aspects best-in-class compared to its peers. The overall economic downturn has primarily impacted the handset industry and, to a less extent so far, the infrastructure industry. However, the infrastructure industry and Ericsson will not be immune to the downturn. To maintain strategic flexibility and to remain competitive in these industries, both Ericsson and Sony Ericsson have initiated imperative cost adjustment programs, with a gradual shift of their resources to low-cost countries. For the future, it is important that Ericsson, alongside keeping a competitive cost base, continues to strategically position itself in the growth market segments.

**Average annualized return, five years**




*Simple average for peers: Alcatel-Lucent, Motorola, Nokia, Cisco and Nortel*

**Total annual return**

| Years | Ericsson | SIXRX |
|---|---|---|
| 1 | –19.3 | –39.1 |
| 5 | –0.1 | 4.7 |
| 10 | –9.3 | 3.3 |
| 15 | 4.3 | 9.1 |
| 20 | 12.0 | 9.1 |

**www.ericsson.com**

**SEB**

# 8%

*of total assets*

SEB is a North European financial group serving some 400,000 corporate customers and institutions and five million private individuals. SEB offers universal banking services in Sweden, Germany and the Baltic countries - Estonia, Latvia and Lithuania. It also has local presence in the other Nordic countries, Poland, Ukraine and Russia and a global presence through its international network in major financial centers. SEB is a universal bank in all its home markets, with its areas of strength being corporate and investment banking as well as wealth management. The Group has a staff of around 21,000.
Chairman: Marcus Wallenberg
CEO: Annika Falkengren

**Key figures, SEK bn.**

| | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|
| Total operating income | 41.1 | 40.4 | 38.7 | 34.2 |
| Operating profit | 12.5 | 17.0 | 15.6 | 11.2 |
| Net profit after tax | 10.0 | 13.6 | 12.6 | 8.4 |
| Earnings per share, SEK | 14.66 | 19.97 | 18.72 | 12.58 |
| Dividend per share, SEK | 0.00[1] | 6.50 | 6.00 | 4.75 |
| Total assets | 2,511 | 2,344 | 1,934 | 1,890 |
| Core Tier 1 ratio, %[2] | 8.57 | 8.39 | 7.17 | 6.40 |
| Tier 1 ratio, %[2] | 10.08 | 9.87 | 8.19 | 7.53 |
| Assets under management | 1,201 | 1,370 | 1262 | 1,118 |
| Book equity | 83.7 | 76.7 | 67.3 | 56.7 |
| Market capitalization | 41.7 | 113.7 | 149.3 | 115.0 |
| Number of employees | 21,291 | 19,506 | 19,672 | 18,948 |

1) Proposed dividend.
2) Basel II for 2007-2008 and Basel I for 2005-2006

### SEB 2008

The operating environment for SEB in 2008 has been extraordinarily turbulent as the global financial crisis has spread over the world. Falling stock markets, widening credit spreads and an unstable funding environment has led to falling profitability for the banking system, including SEB. Net profit fell by 26 percent and the ROE was 13 percent versus 19 percent in 2007. To counter the effects of the economic downturn, SEB aims at accelerating its focus on cost efficiency, and will also strengthen its capital base by SEK 19.5 bn. by cancelling the dividend and raising SEK 15 bn. of new equity in a rights issue.

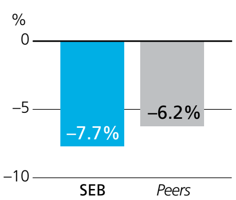
### Investor's engagement in SEB

Share capital: 20.7% Voting rights: 21.1%
Market value of holding: SEK 8,608 m.
Board Members from Investor's management or Board:
Jacob Wallenberg (Vice Chairman)

### INVESTOR'S VIEW OF SEB

SEB has strong market positions in merchant banking and wealth management and a solid platform for further expansion in Northern and Eastern Europe. The ongoing financial crisis has however put the banking sector under a lot of stress, and the downside risk of banks' high financial leverage has become evident. In light of this turbulence and a potential severe downturn in the economy, SEB must continue to improve the operational efficiency and thoroughly handle its credit risks. The proposed capital raise in the beginning of 2009 and the cancelling of the dividend, combined with a disciplined management of capital, will enable SEB to operate successfully through a downturn in the economy.

**Average annualized return, five years**




*Simple average for peers: Svenska Handelsbanken, Danske Bank, Nordea, Swedbank, DnB NOR ASA*

**Total annual return**

| Years | SEB | SIXRX |
|---|---|---|
| 1 | –61.8 | –39.1 |
| 5 | –7.7 | 4.7 |
| 10 | 1.3 | 3.3 |
| 15 | 5.3 | 9.1 |
| 20 | 5.1 | 9.1 |

**www.seb.se**

**Electrolux**

# 3%

*of total assets*

Electrolux is a global leader in home appliances and appliances for professional use. The company sells more than 50 million products to customers on more than 150 markets every year. The company focuses on innovations that are thoughtfully designed and based on extensive consumer insight to meet the real needs of consumers and professionals. Electrolux products include refrigerators, dishwashers, washing machines, vacuum cleaners and ovens sold under well-known brands such as Electrolux, AEG-Electrolux, Eureka and Fridgidaire.
Chairman: Marcus Wallenberg
President and CEO: Hans Stråberg

**Key figures, SEK m.**

| | 2008 | 2007 | 2006 | 2005[6] |
|---|---|---|---|---|
| Sales | 104,792 | 104,732 | 103,848 | 100,701 |
| Operating income | 1,543 | 4,837 | 4,575 | 4,024 |
| Operating margin, % | 1.5 | 4.6 | 4.4 | 4.0 |
| Net profit after tax[1] | 366 | 2,925 | 2,648 | –142 |
| Earnings per share, SEK[1] | 1.29 | 10.41 | 9.17 | –0.49 |
| Dividend per share, SEK | 0.00[2] | 4.25 | 4.00 | – |
| Book equity | 16,385 | 16,040 | 13,194[3] | – |
| Net debt[4] | 4,556 | 4,703 | –304 | – |
| Market capitalization, SEK bn. | 20.7 | 30.6 | 37.5[5] | – |
| Number of employees | 55,177 | 56,898 | 55,471 | 57,842 |

1) Excluding items affecting comparability.
2) Proposed dividend.
3) After distribution of SEK 5.6 bn.
4) According to the company's own definition.
5) Before distribution of SEK 5.6 bn.
6) Excluding Husqvarna.

### ELECTROLUX 2008

The financial turmoil and the weak economic climate during the year have negatively affected the global demand for appliances. Volumes and price/mix are declining as many consumers are postponing their purchases and choosing less expensive products. The negative development for the appliances industry in North America has continued and volumes are now 16 percent lower than the peak in 2005. During the year volumes were also weak in Europe, declining by 4.4 percent, of which Western Europe declined by 5.3 percent and Eastern Europe declined by 2.1 percent. Focus in Electrolux during the year has been to manage the cost base through personnel reductions, continued transfer of production to low cost countries and reduced product costs. Despite the weak market, the launch of Electrolux as a major appliance brand in North America has so far been successful.

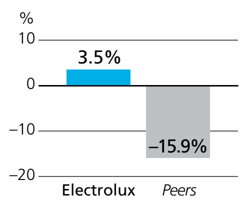
### Investor's engagement in Electrolux

Share capital: 12.7% Voting rights: 28.8%
Market value of holding: SEK 2,614 m.
No person from Investor's management or Board serves on the Board

### INVESTOR'S VIEW OF ELECTROLUX

As one of the largest manufacturers of home appliances in the world, Electrolux should at least be able to deliver an operating margin in line with the industry average. To accomplish this goal, we believe that the company's ongoing restructuring program and cost savings, as well as design initiatives and investments to strengthen the brand, are essential. In the near term, considering the current macro economic situation, it is of importance that Electrolux adjusts its cost base and focus on cash flow to have financial flexibility.

**Average annualized return, five years**




*Simple average for peers: Whirlpool, Indesit and Arcelik*

**Total annual return**

| Years | Electrolux | SIXRX |
|---|---|---|
| 1 | –35.8 | –39.1 |
| 5 | 3.5 | 4.7 |
| 10 | 4.4 | 3.3 |
| 15 | 10.6 | 9.1 |
| 20 | 8.8 | 9.1 |

**www.electrolux.com**

## Husqvarna

**2%**
*of total assets*

Husqvarna is the world's largest producer of lawn mowers, chainsaws and portable petrol-powered garden equipment such as trimmers and blowers. The Group is also a world leader in diamond tools and cutting equipment for the construction and stone industries. The product line include products for consumers and professional users. Following the acquisition of Gardena, the range has been extended to include irrigation equipment for the consumer market. The group's products are sold in over 100 countries.
Chairman: Lars Westerberg
President and CEO: Magnus Yngen

**Key figures, SEK m.[1]**

| | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|
| Sales | 32,342 | 33,284 | 29,402 | 28,768 |
| Operating income | 2,361 | 3,564 | 3,121 | 2,927 |
| Operating margin, % | 7.3 | 10.7 | 10.6 | 10.2 |
| Net profit after tax | 1,288 | 2,036 | 1,862 | 1,641 |
| Earnings per share, SEK[2] | 3.34 | 5.29 | 4.83 | 4.26 |
| Dividend per share, SEK | 0[4] | 2.25 | 2.25[3] | – |
| Book equity | 8,815 | 7,389 | 6,264 | 4,755 |
| Net debt[5] | 13,552 | 12,012 | 4,250 | – |
| Market capitalization, SEK bn. | 15.8 | 29.5 | 31.8 | – |
| Number of employees | 15,720 | 16,093 | 11,412 | 11,681 |

1) Due to the spin-off of Husqvarna from Electrolux in 2006, financial information for 2004 is not comparable with 2005 and 2006. Financial information for 2005 and 2006 is based on Husqvarna's pro forma financial statements.
2) Earnings per share in 2005 and 2006 have been adjusted for a bonus issue of 88.9 million shares in 2007.
3) Before bonus issue of 88.9 million shares.
4) Proposed dividend.
5) According to the company's own definition.

### HUSQVARNA 2008

The outdoor equipment market has been negatively affected by the financial turmoil and the recession in the global economy. Weaker demand and increased uncertainty among retailers and consumers had a negative effect on Husqvarna's organic growth and profitability during the year. To adjust to the lower volumes the company launched a restructuring program, affecting 1,000 employees. Magnus Yngen succeeded Bengt Andersson, who retired, as CEO during the fall.

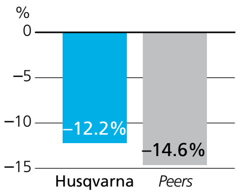
### Investor's engagement in Husqvarna

Share capital: 15.4% Voting rights: 28.7%
Market value of holding: SEK 2,330 m.
Board Members from Investor's management or Board: Börje Ekholm

### INVESTOR'S VIEW OF HUSQVARNA

Husqvarna has world-leading market positions, strong brands and a global sales organization. The company has shown good growth, organically as well as through acquisitions, and we see good future growth opportunities when the global economy has stabilized. There is profitability potential from both the improvement of the internal cost structure and the realization of cost synergies related to conducted acquisitions. In the near term, it is important for Husqvarna to focus on strengthening cash flow by for example reducing costs, realizing synergies and improving working capital. Husqvarna announced in February 2009 a rights issue of approximately SEK 3 bn. to strengthen the financial position. The demand situation is highly uncertain. At the same time, the current market environment may open up for interesting business opportunities. All in all, we believe it is value creating to strengthen Husqvarna's financial position.

**Average annualized return, 2.5 years[1]**




*Simple average for peers: Toro, Blount and Briggs&Stratton*

1) Return since listing in June 2006.

**Total annual return**

| Years | Husqvarna | SIXRX |
|---|---|---|
| 1 | –44.2 | –39.1 |
| 5 | – | 4.7 |
| 10 | – | 3.3 |
| 15 | – | 9.1 |
| 20 | – | 9.1 |

**www.husqvarna.com**

## SAAB

**1%**
*of total assets*

Saab is a high technology company serving the global market with products, services and solutions ranging from military defense to commercial aerospace and civil security. Sweden is Saab's most important market, although exports – primarily to Europe, Africa and Asia – account for 2/3 of sales. Defense forces, commercial aircraft manufacturers and public authorities are examples of important customers.
Chairman: Marcus Wallenberg
President and CEO: Åke Svensson

**Key figures, SEK m.**

| | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|
| Sales | 23,796 | 23,021 | 21,063 | 19,314 |
| Operating income | 166 | 2,607 | 1,745 | 1,652 |
| Operating margin, % | 0.7 | 11.3 | 8.3 | 8.6 |
| Net profit after tax | –242 | 1,941 | 1,347 | 1,199 |
| Earnings per share, SEK | –2.31 | 17.60 | 11.91 | 10.89 |
| Dividend per share, SEK | 1.75[1] | 4.50 | 4.25 | 4.00 |
| Book equity | 9,240 | 10,981 | 9,802 | 9,179 |
| Net debt[2] | 1,693 | 1,627 | –605 | –2,856 |
| Market capitalization, SEK bn. | 7.8 | 14.3 | 23.2 | 17.7 |
| Number of employees | 13,294 | 13,757 | 13,577 | 12,830 |

1) Proposed dividend
2) According to the company's own definition.

### SAAB 2008

2008 was a challenging year for Saab with further cuts to and uncertainties around the Swedish defense budget and delays in commercial aerospace projects related to Airbus and Boeing. This, in combination with intense marketing campaigns for the Gripen fighter to potential export countries, led to significant write-downs and deteriorating profitability. Despite strong interest in the Gripen aircraft, Norway announced in November that they had selected the U.S. aircraft JSF over Gripen as the next generation fighter aircraft. As a result of the headwinds and uncertainties facing Saab, the cost savings program launched in 2007, aimed at SEK 1.0 bn. in cost savings by 2010, was increased to SEK 1.5 bn.

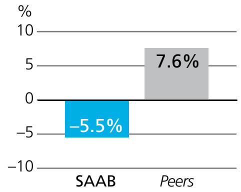
### Investor's engagement in SAAB

Share capital: 19.8% Voting rights: 38.0%
Market value of holding: SEK 1,545 m.
Board Members from Investor's management or Board: Lennart Johansson

### INVESTOR'S VIEW OF SAAB

The environment in which Saab is operating became increasingly challenging during the year with increased uncertainty around future defense budgets and deteriorating macroeconomic climate, particularly affecting the commercial aerospace area. Given the current situation in combination with Saab being a small player, yet with a broad product portfolio, it will be crucial for the company to focus its strategy to sustain a long-term competitive position and fulfilling its long-term financial targets. In addition, to improve the current situation, near term focus must be on realizing the cost savings program and to decrease working capital tie-up to improve free cash flow generation.

**Average annualized return, five years**




*Simple average for peers: BAE, Finmeccanica, Thales, Cobham, EADS, Ultra, Dassault, Meggitt*

**Total annual return**

| Years | Saab | SIXRX |
|---|---|---|
| 1 | –43.2 | –39.1 |
| 5 | –5.5 | 4.7 |
| 10 | 1.3 | 3.3 |
| 15 | – | 9.1 |
| 20 | – | 9.1 |

**www.saabgroup.se**

# Operating Investments

Our Operating Investments are medium to large-size companies with international operations, sound profitability, strong cash flow generation and attractive potential for growth. We prefer to invest in an unlisted environment, but we may also invest in listed companies. Our Operating Investments are Mölnlycke Health Care, Lindorff, Gambro, CaridianBCT, 3 Scandinavia, Grand Hôtel, Novare and Kunskapsskolan.

The ambition within Operating Investments is to build a unique portfolio with the potential to generate significant value and cash flow. Cash flow is achieved by optimizing leverage over time and returning surplus liquidity to owners through dividends and refinancings.

Because of the leverage ratios and because unlisted holdings have limited liquidity, this business area has higher risk than Core Investments does.

All new investments after the creation of the business area in 2006 have been made in partnership with other investors. Through such partnerships, the risk is shared and both owners' networks become available. For us, this also means increased flexibility and a potential for making more investments. Any discrepancy in investment horizon between the owners is contractually regulated.

## The year 2008

One focus area throughout the year has been to implement the value creation plans in each company. Important steps have been taken, even if there is still work to be done, to achieve our long-term goals for the companies. The other focus area has been the search for new investments.

Operating Investments had an effect of SEK –710 m. on income in 2008. A negative effect was expected since change programs and investments were implemented to create long-term value.

We have not yet seen any real effect of the weakening economy within our Operating Investments. However, we believe it is prudent to plan for all sectors to be potentially negatively affected going forward.

### ACQUISITION OF LINDORFF

During the summer we closed the acquisition of the credit management company, Lindorff, together with its previous majority shareholder, Altor. The company has a strong position in the Nordic credit management market and we believe there are attractive growth opportunities for the company in Europe. Due to the current situation on the credit market, the weakening economy in general and the ongoing trend toward increased outsourcing of receivables, the expansion prospects for Lindorff are promising. The company has a solid financial position and we are prepared to inject more capital if significant value-creating acquisition opportunities arise. Our ownership after full conversion is 57 percent.

### NEW INVESTMENT OPPORTUNITIES

We analyzed a number of potential new investment opportunities during the year and worked actively with several projects. However, timing issues and differences in valuation expectations between sellers and buyers led to a low transaction volume in 2008. With regard to the privatization of Vin & Sprit, which we bid on with EQT, the final buyer was prepared to pay a price that we deemed unattractive in light of the risk and return profiles.

## Debt financing

The debt financings within Operating Investments typically have a long average maturity. Except for 3 Scandinavia, debt is also ring-fenced with no recourse to us. The leverage level in a company depends on the operating risk or gearing of the business and its ability to generate stable cash flow. Basically, a business with a stable demand and high cash conversion can sustain a higher leverage.

Deploying leverage is tax efficient and serves as a means to focus the company's attention on generating cash flow. In case a company has a capital need, we as an owner can quickly inject additional capital into the holdings, for example in connection with acquisitions.

We continuously monitor the leverage ratio in our holdings to ensure they are appropriate. Over the last few years, the leverage ratios in the industry have in general been quite high due to availability of cheap financing. In case it is value-creating to de-lever a company, we will consider these opportunities.

As of year-end 2008, all Operating Investments fulfilled the requirements set out in their respective covenants.

## Our strategy

### DEVELOP EXISTING COMPANIES

The work within the business area is based on the value creation plan for each individual holding. Measures are intended to strengthen long-term profitability and increase growth. These plans include the recruitment of senior managers, the establishment and follow-up of goals, strategies, business models, profitability, growth, business development, capitalization and organizational structures. (See page 8 for more details on value creation plans.)

The investment horizon is long-term, five to ten years or longer. As a result, we are searching for companies with a platform for long-term profitable growth. Our flexible investment horizon allows us, for example, to remain owner of a holding should it be listed and develop it further. Over the first one to three years of our

"By growing the portion of unlisted holdings, we can generate proprietary returns that are unique for our shareholders."

ownership, major investments are often made to strengthen long-term profitability and growth. These investments and action programs normally have a short-term negative impact on profitability and consequently on our net asset value, since these Operating Investments are valued using the equity method. However, the measures are expected to create value long-term.

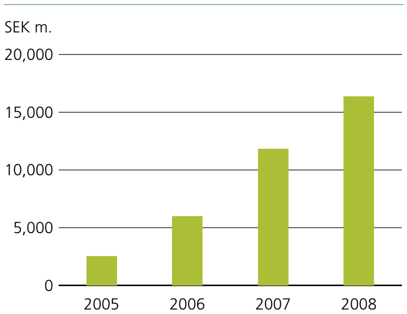
**GROWING OPERATING INVESTMENTS**
Growing the Operating Investments business area is important for reaching our overall objective of generating attractive returns. By growing the portion of unlisted holdings, we can generate proprietary returns that are unique for our shareholders. It is therefore expected that the business area will continue to expand during 2009. Due to the turbulence in the financial markets in 2008 and thanks to our strong financial position, our competitive position has been further strengthened.

## Goal
To generate a return significantly exceeding market cost of capital defined as the the risk-free interest rate plus a risk premium over a business cycle, appropriately reflecting the holdings liquidity as well as its financial and operating risk profile. Currently, the return objective exceeds 15 percent per year.

## Goal fulfilment
The business area, started on January 1, 2006. In view of the investments made in recent years in existing and new holdings, we are confident that we will reach our goal measured over a business cycle. Given the short history of the business area, it is to early to measure goal fulfilment.

## Strategy
- Develop existing holdings in a private equity-like environment, but with a long-term ownership horizon.
- Grow the business area's share of total assets by creating value in existing holdings and making new investments.
- Ensure that the Board and management have ownerships stakes and remuneration linked to value creation for the owners.

**Value of Operating Investments[1]**




1) According to the equity method.

**Impact of Operating Investments on income**

| | SEK m. |
|---|---|
| Mölnlycke Health Care | 145 |
| Lindorff | –49 |
| Gambro Holding | –156 |
| 3 Scandinavia | –610 |
| Other | –40 |
| **Total** | **–710** |

**Overview of Operating Investments**

| | 12/31 2008 | | | 12/31 2007 | |
|---|---|---|---|---|---|
| | Ownership, capital, % | Value SEK/ share | Value SEK m. | Value SEK/ share | Value SEK m. |
| Mölnlycke Health Care | 62 | 9 | 6,166[1] | 7 | 5,729 |
| Lindorff | 57 | 4 | 3,541[1] | – | – |
| Gambro Holding | 49 | 4 | 3,386[2] | 4 | 3,217 |
| The Grand Group | 100 | 2 | 1,338 | 2 | 1,337 |
| 3 Scandinavia | 40 | 2 | 1,301[1] | 1 | 920 |
| Other | – | 1 | 646 | 1 | 603 |
| **Total** | | **22** | **16,378** | **15** | **11,806** |

1) Refers to Investor's share of equity on November 30, 2008, and shareholders' loans.
2) Refers to Investor's share of equity on November 30, 2008.

# Growth momentum regained

Mölnlycke Health Care made major investments in product development and expanded its global sales organization during the year. The geographic reach expanded, for example, into Japan and China. In addition, the Surgical Division made one complementary acquisition.

Mölnlycke Health Care, headquartered in Gothenburg, Sweden, is an international manufacturer and provider of single-use surgical and wound care solutions, primarily for the professional healthcare sector. The company has a market-leading position and strong potential for international growth, both organically and by means of acquisitions.
Chairman: Gunnar Brock
President and CEO: Pierre Guyot

**BACKGROUND TO THE INVESTMENT**

Mölnlycke Health Care is the result of a merger between Mölnlycke Health Care, Regent Medical and Medlock Medical in 2005. At the time of our investment in 2007, the merged companies were integrated. Our investment case was based on reinvigorating growth after a few years of internal focus. The sector that Mölnlycke Health Care operates in enjoys long-term growth trends, such as global demographic shifts that include an ageing population, a rise in wealth-related illnesses and a close focus on infection control. The company has also shown strong predicted profitable growth in new markets and a strong market position in existing markets.

**DEVELOPMENTS IN 2008**

• ***Value-creating growth***

The Wound Care Division recorded an all time high in sales, in local currencies, and with strong market share gains.

A breakthrough on the Japanese market was the first approval of a wound care product with Safetac®-technology. The Mepilex® Border range was launched successfully in July.

Within the Surgical Division, the sale of customized procedure trays (ProcedurePak®) and surgical gloves demonstrated solid sales growth in Europe. In conjunction with the sales growth of ProcedurePak, the production facility in Karvina, Czech Republic, was expanded.

The company is continuing its growth in the Asia-Pacific region. The build-out in Japan continued with further investments made in the sales force, infrastructure and IT.

The sales organization was expanded, primarily in the U.S. and in China.

• ***Acquisition***

Within the Surgical Division, the French company Pharmaset was acquired. Pharmaset will extend the Mölnlycke Health Care offering by adding an assortment of procedure kits to the current Procedure Pak range.

• ***Research and development***

Investments were made in R&D in areas such as advanced wound care and surgical gloves.

• ***Operational efficiency***

In order to meet market demand for Mepilex, an antibacterial dressing, a new production line, was started in the Finnish factory in Mikkeli, which increased capacity by 50 percent. An extensive upgrade of the enterprise software application and business solution was also installed. In order to increase sales of customized procedure trays, significant investments are being made to launch an innovative IT platform to adapt and integrate relevant sales and administrative procedures and thereby facilitate the expansion of the business area.

**FINANCIAL PERFORMANCE**

In constant currencies, top line and EBITDA growth was close to 10 percent in 2008. Strong cash conversion and stable capacity allow the company to use high leverage.

Mölnlycke Health Care's impact on Investor's income amounted to SEK 145 m. (–32)[1)] in 2008.

**INVESTOR'S VIEW OF MÖLNLYCKE HEALTH CARE**

We expect market demand for Mölnlycke Health Care's products to continue to grow. The current portfolio of products and the product development pipeline should give Mölnlycke Health Care good possibilities to grow over and above market growth with profitability.

We have not yet seen any real effect of the weakening economy but we believe it is prudent to plan for the company to be potentially negatively affected going forward.

www.molnlycke.com

1) Refers to the result from the March 30, 2007 acquisition date to November 30, 2007.

**Key figures[1]**

| Income statement items, EUR m. | 2008 | 2007[2)] |
|---|---|---|
| Net sales | 791 | 771 |
| Normalized EBITDA | 214 | 213 |
| **Balance sheet items, EUR m. 12/31** | **2008** | **2007** |
| Net debt | 1,855 | 1,912 |

1) Income statement and balance sheet items are reported with one month's delay.
2) Pro forma – we only owned the company for part of the year.

**Investor's engagement**

Year of investment: 2007
Share of capital and voting rights: 62% and 46%, respectively
Value of holding: SEK 6,166 m.
Other owner: Morgan Stanley Principal Investments
Serving on the board from Investor: Lennart Johansson and Johan Röhss

# Growth potential from a Nordic platform

Lindorff was acquired during the third quarter of 2008 in partnership with Altor. Since it was acquired, the company has continued to grow via new contracts on existing markets and, for the first time, bank debt portfolios were purchased in Germany. The current economic environment should present Lindorff with attractive opportunities for expansion, but it may have short term negative effects on profitability.

Lindorff headquartered in Oslo, Norway is a leading credit management company in the Nordic region with a growing European presence. Lindorff has offices in Denmark, Estonia, Latvia, Lithuania, Russia, the Netherlands, Germany, Norway, Finland and Sweden. Its primary business areas are Capital, which incorporate acquisitions of credit portfolios, and Collection, which includes receivables management services.
Chairman: Hugo Maurstad
President and CEO: Urs Baumann

### BACKGROUND TO THE INVESTMENT

We acquired Lindorff in partnership with Altor, which previously owned a 65 percent stake in the company. Our ownership after full conversion is approximately 57 percent. Lindorff offers a wide selection of receivables management services and has a successful history of profitable growth. It is a leader in the Nordic region and the pieces are in place to continue the company's expansion into Europe. We believe these services will experience strong long-term growth given current trends toward increased outsourcing of credit management services and consolidation opportunities in Continental Europe. We identified a growth strategy that should generate attractive returns for our shareholders.

### DEVELOPMENTS SINCE THE ACQUISITION IN 2008

• ***Strong demand***

Demand for Lindorff's services has been strong since the acquisition. Net sales grew by 18 percent in 2008. Within the Collection business area, Nordea chose Lindorff to be the vendor for its receivables management services in Norway. Within the Capital business area, initial bank debt portfolios were purchased in Germany. This is an important first step for Lindorff to gain a position in the German market for non-performing loans and consumer credits.

• ***Growth plans***

The weakened world economy has presented, and will continue to present, Lindorff with attractive opportunities for expansion within the Collection business area. In addition, as a result of the turmoil in the bank and credit sectors, the available stock and pricing of credit portfolios are already beneficial for Lindorff's Capital business area.

### FINANCIAL PERFORMANCE

The value of our investment in Lindorff amounted to SEK 3,541 m. at year-end. We have invested in total SEK 3,504 m. Given the magnitude of the current economic downturn, we may experience some delayed payments both in the Capital and Collection business areas, which would have a negative impact on the revenues and profitability until the market adjusts.

Lindorff had a total impact of SEK –49 m. (–) on Investor's income in 2008. Lindorff's negative impact stems from the holding company level and consists mainly of currency effects, interest costs and amortization of surplus values made in connection with acquisitions.

### INVESTOR'S VIEW OF LINDORFF

The focus during 2009 will remain on efficiency improvements in the core markets and investment and development initiatives in new markets. We expect volume in the core markets to develop favorably while collection will be more difficult due to the macro economy. These trends will be favorable in the medium-term but may put near-term profitability under pressure. The new market initiatives are likely to have a small negative impact on profitability short-term, but are expected to make a positive contribution in the medium-term, 12-18 months out. We will also continue to evaluate value-creating add-on acquisitions in Europe. The company has a good financial position.

www.lindorff.com

**Key figures[1]**

| Income statement items, EUR m.[2] | 2008 | 2007[4] |
|---|---|---|
| Net sales | 398 | 336 |
| Normalized EBITDA[3] | 103 | 92 |

| Balance sheet items, EUR m. 12/31 | 2008 |
|---|---|
| Net debt | 615 |

1) Income statement items and balance sheet items are reported with one month's delay.
2) Pro forma, since we owned the company for only part of the year.
3) After portfolio depreciation.
4) Pro forma, refers to the period 1/1 2007-12/31 2007.

**Investor's engagement**

Year of investment: 2008
Share of capital and voting rights: 57%[1] and 50%, respectively
Value of holding: SEK 3,541 m.
Other owner: Altor
Serving on the Board from Investor: Börje Ekholm and Petra Hedengran
1) Capital after full conversion

GAMBRO

# Focus on improved efficiency and new products

The main focus for Gambro during 2008 has been to improve and position the company for long-term profitability and growth. A number of new products were launched, the highlight of these being the Artis™ system, a new generation hemodialysis system. Gambro is still burdened by previous under-investments in R&D, quality and infrastructure. The efficiency program continued throughout the year with a focus on improving profitability.

Gambro is a global medical technology company and a leader in developing, manufacturing and supplying products, therapies and services for in-center care and self-care hemodialysis, peritoneal dialysis, renal intensive care and hepatic care.
Chairman: Peter Sjöstrand
President and CEO: Thomas Glanzmann

## DEVELOPMENTS IN 2008

**• *Efficiency gains and better use of resources***
A new facility in Opelika, Alabama (USA), opened for production during the year. The plant is manufacturing a new dialyzer filter, Polyflux Revaclear, and is expected to produce 10 million filters per year by 2010. The Polyflux Revaclear dialyzer's feature a proprietary membrane technology and an advanced design, which combine to deliver outstanding clinical performance for treatment of dialysis patients.

A new facility also opened in the Czech Republic as part of the ongoing consolidation of bloodline manufacturing in Europe.

**• *Organizational changes***
The restructuring process is proceeding as planned. Staff numbers were decreased and the operating footprint was simplified. In the fourth quarter a decision was made which includes further cost reductions.

**• *Research and product development***
The significant investments made in innovation and product development since the acquisition in 2006 resulted in multiple product launches during the year. For the first time since 2001, two new hemodialysis monitors (Artis™ and AK 96) were introduced with good customer feedback. In addition to Polyflux Revaclear, Gambro also introduced a new dialyzer filter (Evodial™) in a number of European markets. Evodial is the world's first heparin-grafted hemodialysis filter designed to reduce the systemic use of heparin during dialysis.

Gambro is renewing its dialysis monitor fleet. Until this is done, the company will have additional costs.

**• *Sales***
Key sales growth regions in 2008 were Asia Pacific and Americas. The growth in Americas was an effect of the sales of the dialysis machines for emergency care, Prismaflex® System on the U.S. market. On the European market sales have been flat.

**• *New cooperation agreements***
New cooperation agreements were signed during the year. The global agreement with Debiotech covers the joint development of an innovative, cost-efficient, user-friendly, automated solution for peritoneal dialysis. The agreement with Sandoz encompasses the launch of Sandoz Binocrit®, a blood doping agent for treating chronic kidney failure. The agreement with Dipylon Medical grants Dipylon exclusive rights to Gambro's advanced membrane technology for use in its diagnostic catheters intended for cardiac monitoring.

## FINANCIAL PERFORMANCE

As expected, investments made to strengthen long-term profitability continued to have a negative effect on Gambro's profit. Net sales increased by one percent in 2008. Normalized EBITDA was negatively affected by currency effects, quality improvement effects and investments in new product launches.

## INVESTOR'S VIEW OF GAMBRO

Gambro is making good progress. The ongoing restructuring will take time to complete and give full benefits. The current financial position may put restrictions on the speed of change, but we are willing to make additional investment if required and if these investments are value-creating.

We have not yet seen any real effect of the weakening economy but we believe it is prudent to plan for the company to be potentially negatively affected going forward.

www.gambro.com

**Key figures[1)]**

| Income statement items, SEK m. | 2008 | 2007 |
|---|---|---|
| Net sales | 11,172 | 11,049 |
| Normalized EBITDA | 1,707 | 1,869 |

1) Income statement items are reported with one month's delay.

**Investor's engagement**

Year of investment: 2006
Share of capital and voting rights: 49%[1)]
Value of holding: See Gambro Holding below
Other owner: EQT IV
Serving on the board from Investor: Lennart Johansson
1) We also indirectly own 10 percent through our investments in EQT IV.

Gambro Holding owns Gambro and CaridianBCT. The companies are jointly financed and are included in Gambro Holding. Since net debt of the companies has not been formally distributed, net asset value, the effect of Investor's income and net debt are reported as a total for the two companies. The increase in net debt is a currency translation effect attributable to the SEK depreciation in comparison with EUR and USD.

In 2007, net debt in Gambro Holding was taken down using the proceeds from the divesting of the clinics. The leverage of the company is ring-fenced and without guaranties to the owner. Both companies are active in businesses with limited cyclicality. Gambro is in the middle of a restructure phase, which naturally affects profitability and costs. Gambro Holding had a total impact of SEK –156 m. (–326) on Investor's income in 2008.

The holding in Gambro Holding was valued at SEK 3,386 m. on December 31, 2008, compared to our initial investment of SEK 4,172 m.

**Key figures[1)]**

| SEK m. 12/31 | 2008 | 2007 |
|---|---|---|
| Net debt | 25,483 | 22,939 |

1) Net debt is reported with one month's delay. The reported net debt in Swedish currency does not represent the basis for covenant calculations.

# New products gain traction

CaridianBCT's growth remained strong as the core product offerings continued to grow and were joined by the newly launched state-of-the-art products, Atreus System and Mirasol PRT. During 2008, the company carried out the planned name change from Gambro BCT to CaridianBCT.

CaridianBCT is a leading global provider of technology, products and services in automated blood collections, therapeutic systems, whole blood processes and pathogen reduction technologies – specializing in blood collection, safety, component separation and cell therapy. The company is dedicated to developing and commercializing technology that serves customers in the blood banking and transfusion medicine industries. CaridianBCT has demonstrated a high capacity for innovation and meeting customer needs.
Chairman: Mats Fischier
President and CEO: David Perez

**DEVELOPMENTS IN 2008**

• ***New organization***

In order to realize efficiency gains and differentiate its product range, CaridianBCT was organized into four business areas: Automated Collections, Therapeutic Systems, Whole Blood Processes and Pathogen Reduction Technologies.

• ***Product development and sales***

During the year, the sales volumes of the core platform has been solid. The Automated Collection business area signed a multi-year agreement with the American Red Cross to continue the use of CaridianBCT's core product, the Trima Accel® system, throughout the U.S. Sales of Trima Accel system and the Vista® Information System from a global perspective have been strong.

The Therapeutic Systems business area launched the Spectra Optia® system, the replacement for the COBE® Spectra system, which continues to demonstrate success.

The Whole Blood Processes business area received FDA clearance in the U.S. for the first of a suite of planned products for the Atreus® system. The Atreus system is the first self-contained, automated manufacturing system cleared for distribution in the U.S. Two important contracts were won in North America by the end of the year. The launch of the Atreus system in Europe continues to gain momentum.

The Pathogen Reduction Technologies business area received clearance from the FDA and the U.S. Department of Defense to initiate clinical trials for whole blood processing with Mirasol® PRT. Mirasol PRT is a milestone in the development of a transportable pathogen reduction and blood safety system for treating whole blood. The Mirasol PRT system also received the CE Mark for its second application, plasma, as well as for storing treated platelets in Platelet Additive Solution (PAS) during the year. This expands the initial CE Mark approval of the Mirasol PRT system for platelets granted in October 2007. Growth was good across all geographic areas, but particularly strong in EMEA, Latin America, Japan, and China.

**FINANCIAL PERFORMANCE**

The company recorded a 17 percent increase in net sales compared to last year. The normalized EBITDA margin was 25 percent (27) and was still affected by significant investments in the development, roll-out and commercialization of the new products.

**INVESTOR'S VIEW OF CARIDIANBCT**

CaridianBCT has a strong position in the market. Continued growth is the most essential for the company, not only for the already well-established business areas, Automated Collections and Therapeutic Systems, but also for the newly launched products, Atreus system and Mirasol PRT. It is vital that further investments within product development continue, as well as the work to secure approval for new products. As these emerging products gain momentum and join CaridianBCT's strong core product performance, the company expects to continue to provide long-term, profitable growth.

We have not yet seen any real effect of the weakening economy but we believe it is prudent to plan for the company to be potentially negatively affected going forward.

www.caridianbct.com

**Key figures[1)]**

| Income statement items, USD m. | 2008 | 2007 |
|---|---|---|
| Net sales | 455 | 388 |
| Normalized EBITDA | 112 | 106 |

1) Income statement items are reported with one month's delay.

**Investor's engagement**

Year of investment: 2006
Share of capital and voting rights: 49%[1)]
Value of holding: See Gambro Holding below
Other owner: EQT IV
Serving on the Board from Investor: Johan Röhss
1) We also indirectly own 10 percent through our investments in EQT IV.

**BACKGROUND TO THE INVESTMENT**

Gambro was acquired in June 2006. The company had strong market positions in dialysis and blood technology, areas with attractive growth potential in which we have solid knowledge and a strong network. An analysis showed that the company was facing a number of major challenges that could be better managed if Gambro was a non-listed company. The measures in our value-creating plan included:

- dividing Gambro into three separate entities to streamline operations, since the synergies between business areas were considered limited (completed),
- divesting the clinics business Gambro Healthcare (completed),
- improving profitability by increasing efficiency throughout the value chain (ongoing),
- investing to enhance quality and lift the import ban for Gambro in the U.S. (ongoing/completed),
- substantial investments in new products within CaridianBCT (ongoing),
- implementing a more efficient capital structure (completed),
- evaluating acquisitions in existing and complementary areas (ongoing) and
- strengthening the organization through significant management changes and other measures (ongoing).

# Important milestones reached

For 3 Scandinavia, 2008 was a break through year as the company was EBITDA breakeven on a monthly basis as of mid-2008. 3 Scandinavia is a pioneer in mobile broadband and today offers mobile broadband connections with speeds up to 21 Mbps. At year-end, 3 Scandinavia had 1,231,000 subscribers and an Average Revenue per User (ARPU) clearly exceeding that of its competitors.

3 Scandinavia is a mobile operator providing mobile broadband services in Sweden and Denmark. The company also holds a 3G license for the Norwegian market. 3 Scandinavia is the market leader in both the Swedish and Danish 3G markets today, and leads the market in services, including music, Windows Live Messenger, mobile broadband and mobile TV channels.
Chairman: Marcus Wallenberg
President and CEO: Peder Ramel

**BACKGROUND TO THE INVESTMENT**

The mobile operator 3 Scandinavia was established in 1999 by us and Hong Kong-based Hutchison Whampoa on the basis of a shared conviction in the potential of mobile broadband. This potential lies in capturing the growth emerging from the migration from fixed to mobile voice and data. In 2000, 3 Scandinavia was granted a 3G license for Sweden. Licenses were subsequently obtained for Denmark and Norway.

**DEVELOPMENTS IN 2008**

• ***Subscriber growth***

3 Scandinavia's product offering continues to be very well received by the market and customer satisfaction is steadily increasing. 3 Scandinavia has won several awards for the best mobile broadband in Sweden (the Mobil, PC För Alla and M3 magazines) and has been praised for the high quality of its voice coverage. In 2008, 3 Scandinavia attracted net 331,000 customers, corresponding to a growth of 37 percent.

A joint sales effort with Sweden's largest cable operator Com Hem will enable access to 1.8 million new customers as Com Hem will sell 3 Scandinavia's mobile broadband.

• ***Market leading ARPU***

Average Revenue per User (ARPU) fell during the year due to increased share of sales of mobile broadband (ISP). The ARPU level at 3 Scandinavia clearly exceeds the levels of other operators.

• ***Leading range of services***

During the year, 3 Scandinavia has continuously upgraded the network and doubled mobile broadband speeds to 14.4 Mbps in some locations. Furthermore, the company has upgraded parts of its network to HSPA Evolved technology (21 Mbps), and is the second operator in the world to do so. Full commercial launch is expected during the first half of 2009.

At the Swedish Post and Telecom Agency's spectrum auction, 3 Scandinavia secured the two frequency blocks it needed to continue to be a leader within mobile high-speed transfers. The purchase ensured that 3 Scandinavia will be able to launch LTE (Long-Term Evolution) in the future, which offers downloading speeds of more than 300 Mbps.

3 Scandinavia also launched the BlackBerry smart phone with simplified mobile e-mail solutions and a new mobile TV service (HDTV).

• ***Operational leverage***

Reaching EBITDA breakeven illustrates that 3 Scandinavia was able to grow its subscriber base while maintaining cost control, which means that the company has a high operational leverage.

**FINANCIAL PERFORMANCE**

Net sales rose by almost 19 percent compared with the same period last year. The company as a whole was EBITDA positive as of mid-2008

During the year, we invested SEK 931 m. in 3 Scandinavia. As of December 31, 2008, we invested a total of SEK 6 bn. in the company. The company is financed by external loans amounting to SEK 10.5, of which we guarantee our pro-rata share of SEK 4.2 bn.

The previously communicated peak financing level of SEK 25 bn. was almost reached by the end of the year. As earlier communicated we are prepared to allow for an increase to our total investment, given a continued attractive return profile. Part of this investment has been made with shareholder loans and, consequently, the accumulated interest of these loans has not been included in the total invested figure.

3 Scandinavia had an effect of SEK –610 m. on Investor's income in 2008 (–798).

**INVESTOR'S VIEW OF 3 SCANDINAVIA**

Growth remains the key lever to creating additional value in the business, with cash flow break even being the next major financial milestone. The voice business remains a key asset, and keeping existing customers and attracting new ones will remain in focus. Maintaining market leadership in mobile broadband will be imperative to drive continued growth in broadband. Therefore the company needs to continue developing new services and offerings, while increasing both the speed and performance of its network.

Given the weakening consumer and business sentiment, we are closely monitoring developments in order to take appropriate actions. We have not yet seen any real effect of the weakening economy but we believe it is prudent to plan for the company to be potentially negatively affected going forward.

www.tre.se

**Key figures[1)]**

| Income statement items, SEK m. | 2008 | 2007 | 2006 |
|---|---|---|---|
| Net sales | 5,147 | 4,329 | 3,142 |
| Normalized EBITDA[2)] | –106 | –730 | –1,528 |
| **Balance sheet items, SEK m.** | **2008** | **2007** | **2006** |
| Net debt | 10,235 | 10,167 | 10,087 |
| **Other key figures[3)], 12/31** | **2008** | **2007** | **2006** |
| Number of subscribers | 1,231,000 | 900,000 | 671,000 |
| ARPU[4)] (SEK) | 379 | 431 | 404 |
| Non-voice ARPU[4)] (%) | 36 | 27 | 23 |
| Postpaid/prepaid ratio | 90/10 | 90/10 | 88/12 |

1) Income statement and balance sheet items are reported with one month's delay.
2) EBITDA for 3 Scandinavia is defined as: EBITDA after deducting all customer acquisition and retention costs.
3) Other key figures are reported without any delay.
4) Average monthly revenue per user (ARPU) refers to the past 12-month period.

**Investor's engagement**

Year of investment: 1999
Share of capital and voting rights: 40%
Value of holding: SEK 1,301 m.
Other owner: Hutchison Whampoa
Serving on the Board from Investor: Johan Bygge

GRAND HÔTEL
STOCKHOLM – SWEDEN

# Challenging economic environment

The economic slowdown affected travel, and thus occupancy levels, negatively. The decrease derived mainly from fewer business travelers, especially from the U.S. and the UK. However, the Food and Beverages business segment within Grand Hôtel showed increasing sales.

The Grand Hôtel Stockholm is Scandinavia's leading hotel with 368 guest rooms and a number of conference areas, restaurants and bars. The hotel opened in 1874 and the rooms and interiors are unique, as is the hotel's location in the center of Stockholm. The Grand Hôtel Stockholm is owned by The Grand Group, which is a wholly owned subsidiary of Investor.
Chairman: Peter Wallenberg Jr
President and CEO: Nils Axing

### DEVELOPMENTS IN 2008

- The restaurant Mathias Dahlgren Matsalen at Grand Hôtel received one star and the rating "Rising Star" in Guide Michelin 2008 and the chef Mathias Dahlgren was awarded the title "Chef de l'Avenir" by the International Academy of Gastronomy, an award for young, talented chefs. The hotel's other restaurant, Matbaren, also received recognition as "environmental experience of the year" by the White Guide.
- The conversion of the Burmanska Palace into hotel and conference rooms of the highest international standard, which was completed in 2007, received an award from the Master Builders Association.
- A Spa facility is under way and will be launched during the later part of 2009. A partnership agreement has been signed with Raison d'Etre Spa, which will operate the new facility.

### FINANCIAL PERFORMANCE

Grand Hôtel's net sales were hurt by the economic slowdown and sales declined 7 percent compared to last year. However, the Food and Beverages business segment within Grand Hôtel showed stable sales compared to last year. The Grand Group's normalized EBITDA was SEK 107 m. (122). The net debt is SEK 452 m., and is included in Investor's consolidated net debt.

### INVESTOR'S VIEW OF GRAND HÔTEL

The business cycle has a major impact on the operations of the hotel, which means that a slowing economy places heavy demands on increasing occupancy rates and requires a sharper focus on costs. The planned launch of the spa facilities in 2009 is expected to broaden the hotel's service offerings and increase the customer base. We believe that the hotel's long-term potential for improving profitability and growth remains solid.

www.grandhotel.se

**Key figures**

| Income statement items, SEK m. | 2008 | 2007 | 2006 |
|---|---|---|---|
| Net sales | 404 | 433 | 324 |
| Normalized EBITDA | 107 | 122 | 64 |

**Investor's engagement**

Year of investment: 1968
Share of capital and voting rights: 100%
Value of holding: SEK 1,338 m.
Serving on the Board from Investor: Peter Wallenberg Jr and Kristian Sildeby (replaced by Johan Bygge, Jan. 2009)

Novare
HUMAN CAPITAL

Novare Human Capital comprises eight companies with specialist expertise in Human Resources (HR). All Novare Human Capital companies focus on supporting the development of businesses and their employees. We founded Novare Human Capital in 2001 for the purpose of providing HR support to our smaller portfolio companies.

Novare Human Capital and its subsidiaries has developed into a fully fledged HR support organization including executive search, recruitment, training, consultancy, development of incentive programs, interim management and due diligence of individuals. In addition, Novare Human Capital assists us in structuring and updating our unique network. Given this, the company is both an investment that has the goal of generating a good return and a strategic resource.

Since 2006, we have a 50 percent stake in Novare Human Capital.

www.novare.se

Kunskapsskolan

Kunskapsskolan was founded in 1999 and is the leading independent school operator in Sweden. The company currently operates 22 secondary schools and ten upper secondary schools with a total of 10,000 students and 750 employees. Utilizing a common educational concept, students are offered a personalized education with a clear goal orientation.

Investor Growth Capital invested in Kunskapsskolan in 2002, and was transferred to the Operating Investments business area in 2007. The focus going forward will be on continued growth in present and new schools. We own 30 percent of Kunskapsskolan.

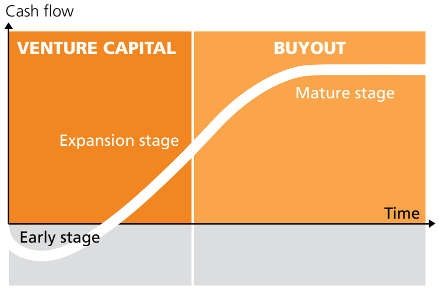
www.kunskapsskolan.se

# Private Equity Investments

Private Equity Investments make venture capital stage investments in promising growth-oriented companies through its subsidiary Investor Growth Capital. The business area also invests in larger companies through EQT's funds, where we are the largest investor and a sponsor. Investments are made in Northern Europe, the U.S. and Asia.

Private Equity Investments consist of venture capital investments in growth-oriented companies and levered control or co-control investments (buyouts) in medium to large size companies with clear development potential. Venture capital activities are conducted by Investor Growth Capital, a wholly owned subsidiary. Buyout investments are made indirectly through EQT's funds, where we are the largest investor and a sponsor.

**Timing of Private Equity Investments**




Venture capital investments are primarily made in early and expansion stages, while buyout investments are mainly made in companies that are relatively mature.

Private Equity Investments involve higher risk but also have higher return potential. To balance the risk profile in the business area, Investor Growth Capital and EQT have a large number of holdings in their portfolios. For EQT, the higher risk is mainly due to a higher leverage ratio. For Investor Growth Capital, the higher risk is associated with operational risk since the companies are in development and growth phases for new products. Returns for the business area are generated and evaluated when each investment is exited. Typical exits include initial public offerings or trade sales to industrial or financial players.

## Active ownership

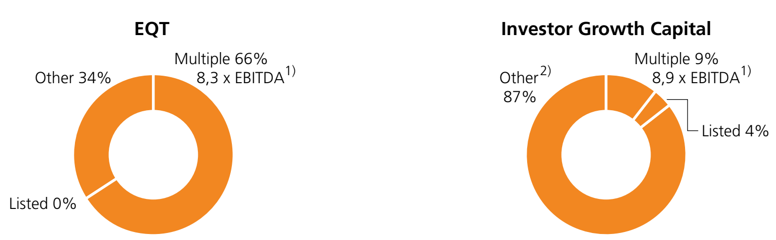
Both organizations assume an active ownership role and the involvement can range from supporting holdings in the development of their business, strategy and vision, to providing access to key industrial competence in our network and legal and financial expertise during different stages of development and in different geographical markets.

Through Investor Growth Capital's growth companies, we can also discover important new technologies and business trends at an early stage. Moreover, we build know-ledge that can benefit all other areas of our business.

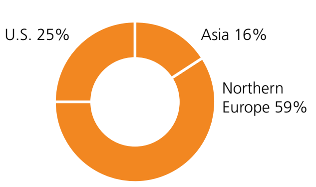
We were one of the founders of EQT and remain a sponsor. As a sponsor we have committed capital early to each new EQT fund, and we remain the largest investor. We receive the same economic return on our investments as other investors in each fund. However, as a sponsor we also participate in the profit sharing agreements in each fund and share in the surplus generated from management fees. EQT can also benefit from our industrial network.

Private Equity Investments had an impact of SEK –3.5 bn. on income in 2008. Valuations were marked down significantly during the year, although this was partly offset by positive currency effect for the whole business area of about SEK 2 bn.

**Valuation method**




**Geographic distribution, Private Equity Investments**




1) The average EBITDA multiple is based on the results from the past 12 months. The corresponding multiple in 2007 was 9.2 for EQT and 8.4 for Investor Growth Capital.
2) Valuations are based on the latest externally priced financing round or, for investments made within the last 12-month period, the acquisition amount.

"The weak market resulted in much lower valuations of potential new investments, creating attractive investment opportunities."

### Mixed performance in 2008

Due to the poor environment in the credit and securities markets, exit opportunities within Private Equity Investments were limited. Therefore, the number of exits was low and the business area net invested during the year. The credit crisis also led to a contraction in the merger and acquisition market in general. However, the weak market resulted in much lower valuations of potential new investments, creating attractive investment opportunities.

### Goal

Average annualized return (IRR) of 20 percent or more on realized investments before administrative expenses, over a business cycle.

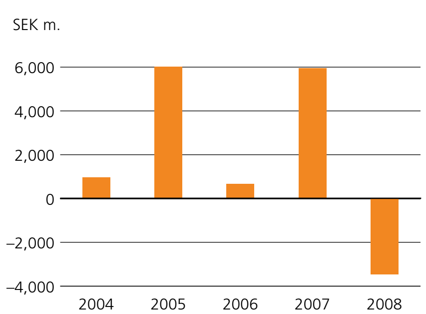
### Goal fulfillment

Private Equity Investments have exceeded the targeted return requirement since 1998, when the business area was given its current shape and structure. The realized return has totaled 23 percent, which exceeds our return requirement.

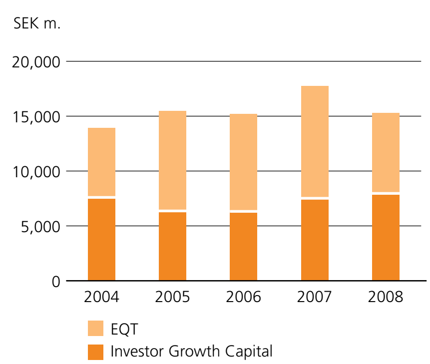
### Strategy

- Drive and develop current investments.
- Invest in new attractive companies with sizeable value creation potential.
- Manage to successfully exit as markets permit.

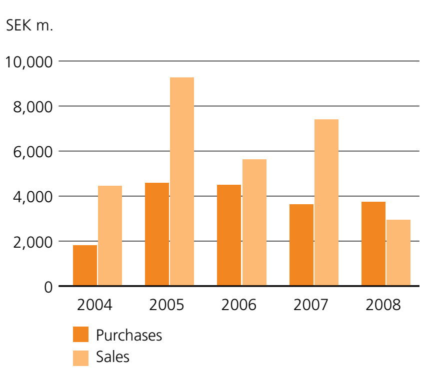
**Trend of earnings, Private Equity Investments**




**Value of Private Equity Investments**




**Purchases and sales, Private Equity Investments**



# Investments in EQT's funds

EQT

EQT makes control and co-control investments, buyouts, in medium to large-sized companies in the U.S., Northern Europe and Greater China. The investment cycle is normally three to seven years. All investments are made through a fund vehicle. EQT has raised several funds, each with different investors and a separate focus. All funds are advised by EQT Partners. The operations, including decision making process, of EQT is fully independent from Investor. Since we are a part owner in the funds together with about 100 external investors, we provide limited information about EQT, which distributes information about its activities itself. EQT Partners has more than 200 employees in ten countries, of which approximately 100 are investment professionals with broad industrial and financial backgrounds. EQT Partners has offices in Copenhagen, Frankfurt, Helsinki, Hong Kong, London, München, New York, Oslo, Shanghai, Stockholm, Warszaw and Zürich.

We were one of the three founders of EQT in 1994 and have been a sponsor and the largest investor in all thirteen funds.

EQT had an impact of SEK –2.9 bn. on Investor's net income 2008. The negative impact was due to falling market comparables and declining operating results. However, the negative development was partly offset by a positive currency effect. Our remaining capital commitment to all EQT funds totals SEK 8.5 bn.

***Events in 2008***

- EQT I and EQT III exited Duni AB.
- EQT III sold its holding in Finn-Power.
- EQT IV sold its remaining stake in Tognum to Daimler.
- EQT V completed, through ESML Intressenter, the acquisition of Securitas Direct. The acquisition of SAG was also completed.
- EQT Opportunity divested Pfaff-silberblau and acquired Granngården and TitanX.
- EQT Greater China II acquired Chinese LBX Pharmaceuticals.
- EQT Partners expanded into Central and Eastern Europe with a new office and team in Warsaw.
- EQT and ATP announced that they acquired KMD in Denmark.

**EQT's funds**

| SEK m. | Year started | Investor's share of fund | Total capital commitments | Investor's capital commitments | Investor's share of invested capital[1] |
|---|---|---|---|---|---|
| EQT I[2] | 1995 | 18% | 3,260 | 587 | 587 |
| EQT II[2] | 1998 | 18% | 6,193 | 1,100 | 970 |
| EQT III[2] | 2001 | 32% | 21,881 | 7,014 | 6,256 |
| EQT IV[2] | 2004 | 19% | 27,352 | 5,101 | 4,225 |
| EQT V | 2006 | 12% | 46,498 | 5,552 | 2,608 |
| EQT Denmark[2] | 1998 | 18% | 1,493 | 262 | 214 |
| EQT Finland[2] | 1999 | 32% | 719 | 228 | 228 |
| EQT Asia[2] | 2000 | 62% | 2,520 | 1,547 | 1,141 |
| EQT Expansion Capital I | 2003 | 16% | 2,023 | 333 | 285 |
| EQT Opportunity | 2005 | 25% | 4,066 | 1,016 | 483 |
| EQT Greater China II | 2006 | 37% | 4,213 | 1,551 | 553 |
| EQT Expansion Capital II | 2007 | 15% | 5,186 | 779 | 228 |
| EQT Infrastructure | 2008 | 10% | 12,767 | 1,277 | 23 |
| Total[3] | | | 138,171 | 26,347 | 17,801 |

1) Also includes capital invested in holdings that have been sold.
2) Fully invested.
3) The following rates were used to translate to SEK: DKK = 1.47 (EQT Denmark), EUR = 10.94 (EQT Finland, EQT III, IV, V, EQT Expansion Capital I, II, EQT Opportunity, EQT Infrastructure), USD = 7.73 (EQT Asia, EQT Greater China II).

www.eqt.se

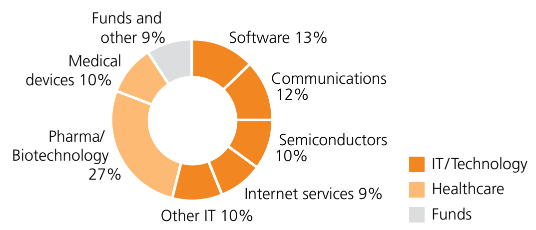
# Investor Growth Capital

Investor Growth Capital focuses on venture capital investments in growth companies that are in an expansion phase, either into new markets or via new product launches. In exceptional cases, investments are also made in earlier stage companies. Investments are concentrated in the IT/technology and health-care sectors. Within healthcare we invest in medical device and pharmaceutical companies, and in diagnostics products, healthcare services and biotechnology. In the IT/technology sector, the focus is on software and technology-driven services, semiconductors, telecom and datacom equipment, Internet services and services for new media. The Clean Tech sector is also of interest to us. However, valuations have been too high and many products are in very early stages of development to justify more investments.

Investor Growth Capital operates from Amsterdam with recommendations generated from offices in the U.S. (New York and Menlo Park), Stockholm, and Asia (Hong Kong, Beijing and Tokyo), with a total of 29 investment professionals. We typically acquire minority stakes and exercise strategic influence through Board representation. The investment horizon is normally three to seven years. The holdings are equity-financed and use little debt financing. The focus in the past year has been on developing existing holdings and finding new, interesting investment opportunities.

Investor Growth Capital had an impact of SEK –0,4 bn. on net income. Lower market values for public comparable companies and falling market values for listed holdings negatively affected valuations. This was partly offset by a strengthening of the USD compared to the SEK. The holdings within Investor Growth Capital are targeting fundamental growth trends and are therefore less cyclically exposed. However, we expect these holdings to be impacted by the weakening business environment. Due to the current market conditions, the number of exits was lower in 2008, although we managed to make several exits at attractive prices through sales to large industrial companies. Lower company valuations creates interesting investment opportunities and during the year Investor Growth Capital net invested for SEK 0.8 bn.

**Sector distribution, Investor Growth Capital**



# Investor Growth Capital

## U.S. portfolio

The U.S. portfolio represents approximately 55 percent of Investor Growth Capital's total assets and consists of 42 active holdings. The investments are in the healthcare and IT/technology sectors in North America. Investments range from SEK 50 m. to SEK 300 m.

North America offers a broad, deep venture capital market with many players. We have established a strong position as a result of our long presence, solid track record and professional reputation.

***New investments in 2008***
- **Achillion:** Develops small molecule drugs for treatment of viral and bacterial infections.
- **Cayenne Medical:** Develops orthopedic products for treatment of athletic injuries of joints.
- **Contextweb:** Provides advanced, real-time solutions to maximize the use of online advertising.
- **InQuira:** Leading supplier of software solutions that aid large companies in mapping and analyzing customer relationships over multiple channels, such as online sales, in-store sales, distributors and support.
- **Novariant:** Leading provider of premier industrial solutions for precision positioning and intelligent machine control systems to render more effective work within farming and mining.
- **Recellular:** World's largest recycler and reseller of used cellular phones and accessories.
- **SkyCross:** Delivers antenna solutions for mobile phone, home entertainment and computing applications.
- **Tangoe:** Global leader in on-demand fixed and wireless telecommunications expense management.

In addition to these new investments, follow-on investments were for example made in Axiomed and Biolex.

***Example of holdings sold in 2008***
- Exigen, Navini Networks and Visiprise

## European portfolio

The European portfolio represents approximately 27 percent of Investor Growth Capital's total assets and consists of 26 active holdings. The investments focus mainly on expansion-stage bioscience and technology companies in the Nordic region. Initial investments normally vary between SEK 50 m. and SEK 200 m.

Since the Nordic region is our natural home market, Investor Growth Capital has a strong flow of potential investments in this region. We have also gradually built a network of partners in Continental Europe in recent years to increase the international scope of our investments.

***New investments in 2008***
- **AirPlusTV:** Establishes and launches pay TV offerings for the new digital terrestrial network on the Continent.
- **CMA Microdialysis:** Develops a continuous sensor technology for monitoring heart and intensive care patients.
- **Keybroker:** Handles search marketing on the Internet. Is a partner to Europe's largest search advertisers.
- **OnePhone:** Offers small and medium-size companies a complete single telephony solution consisting of a proprietary mobile telephone network and a broad selection of software-based switchboard functionality.
- **PocketMobile:** Delivers a modern mobile platform for companies with vehicle fleets and mobile workers.
- **Synosia Therapeutics:** Develops and intends to commercialize innovative and clinically differentiated products for unmet medical needs in psychiatry and neurology.

In addition to these new investments, follow-on investments were for example made in Tobii, and the investment in Swedish Orphan International was refinanced to return capital to the owners.

***Example of holdings sold in 2008***
- Doxa, Gyros and Åmic

## Asian portfolio

The Asian portfolio represents approximately 18 percent of Investor Growth Capital's total assets and consists of 25 active holdings. The investments are in expansion-stage technology companies in greater China and Japan in the semiconductor, software and Internet/media sectors. Investments range from SEK 20 m. to SEK 150 m.

We established ourself as an early player in the venture capital market in China and have a well-established position. The venture capital market in China, like the concept of entrepreneurship, is in the early stages of development and we see attractive potential for growth in the region. We are one of the few foreign players in Japan, which gives us a competitive advantage in the market.

***New investments in 2008***
- **Byecity:** An online Chinese travel agency for outboundtrips.
- **Liba:** The largest online consumer portal for interior design products and services in China.
- **Magelo:** Provides a broad range of online gaming products. A Hong Kong-based company.
- **Skyview:** China's leading airport media company offering resources to advertisers at major domestic and international airports.
- **Zephyr:** Specialized manufacturer of high quality small-scale wind turbines for back-up power generation. A Japanese company.

In addition to the following new investments, follow-on investments were for example made in FOI.

# Employees and network

Our strategic assets include our reputation, network and employees. In addition to the three business areas, our organization consists of employees in Business Information Services, Corporate Communications, Corporate Governance, Finance, Human Resources, Information Technology, Office Support, Risk Management, Trading and Treasury.

Our long history of owning and developing companies has created a strong international reputation. A key strategic asset is our network of international industrialists that helps us identify attractive investment opportunities and recruit the right talent to our organization and holdings. We continuously work to develop our brand and network.

## Our employees

Having the right people in the right place at the right time is critical for successful execution for all companies, including our own. Therefore, we dedicate significant resources in developing our employees. To recruit and retain the right people, we emphasize creating an attractive workplace with focus on competence, professionalism and quality awareness. We also regularly evaluate our employees to ensure we get the right performance as well as we have the right mix of competence. Our employees work at our offices in Stockholm, Amsterdam, Beijing, Hong Kong, Menlo Park, New York and Tokyo.

### DIVERSITY CREATES A DYNAMIC WORKPLACE

Diversity creates a dynamic and more creative workplace, but it is also a necessary element if we are to succeed as an active owner in holdings in different industries and different geographical markets. As a result, we have built a team of employees with different nationalities, ages, gender, expertise and backgrounds.

In 2008, we continued our efforts to increase the representation of women in senior management positions within business in general but also in Investor and our holdings. We have been active in the debate, participating in seminar panels and several networks for women in senior management positions. A number of employees also participated in the Novare Management Program, a management training program for women.

### OUR CULTURE GUIDES OUR ACTIONS

A strong and clear corporate culture is of importance for our ability to achieve our vision and goals. We are constantly developing our corporate culture on the basis of our Core Values. We conducted an employee survey during the year to ensure that our development is moving forward and that we are creating an attractive and profitable workplace, which ultimately creates value for our shareholders.

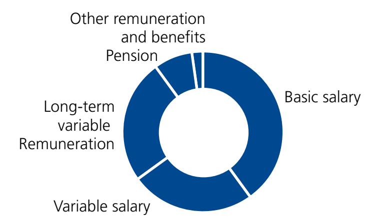
### PERSONNEL DEVELOPMENT

Since the competence of our employees is of central importance to our ability to develop best-in-class companies, we offer each employee the opportunity to advance their education and enhance their professional knowledge on a continuous basis. Employees participate in planning and performance reviews with their closest supervisor once or twice a year to discuss the form of competence development, among other matters. We work actively to ensure that vital expertise is shared throughout the organization. As part of our efforts to create a developing workplace, we have created an internal recruitment market to announce available positions on our intranet.

### REMUNERATION

We offer competitive remuneration in line with market conditions to ensure that competent employees can be recruited and retained in the company. We offer employees a total compensation consisting of a basic salary, variable salary and long-term share-based remuneration. The outcome of the variable salary depends on the employee's fulfillment of personal yearly goals, while the outcome of the share-based component depends on how successful the organization is in creating long-term value for our shareholders. The share-based component of an employee's salary requires a personal investment in Investor shares. In total, the employees have made personal investments in Investor shares of SEK 37 m. In addition to the salary, employees get pensions and other benefits. For more information, see Note 5, page 79.

**Components of total remuneration**




## Our global network

By building and developing companies for almost 100 years, we have created a unique global network that is a strategic asset and competitive advantage. From the network we can draw on resources for evaluating new investment opportunities as well as find potential Board members in

"A key strategic asset is our network of international industrialists that helps us identify attractive investment opportunities and recruit the right talent to our organization and holdings."

our investments. Our network of contacts has a breadth and depth that benefits our business dealings in several different ways. We work continuously on maintaining present relations at the same time as we create new contacts. We are constantly striving to develop relationships that generate a flow of attractive investments and that help holdings advance their businesses. In the recruitment process, the network is also crucial for finding the right employees, managers and advisers.

To give our holdings access to the network, we regularly arrange network meetings with representatives from portfolio companies. Current issues are discussed and experience and knowledge are exchanged. We also have frequent informal contact, and meetings and participate in different network programs run by Novare, for example Forum Novare, Novare Management Program and Novare Management Parent.

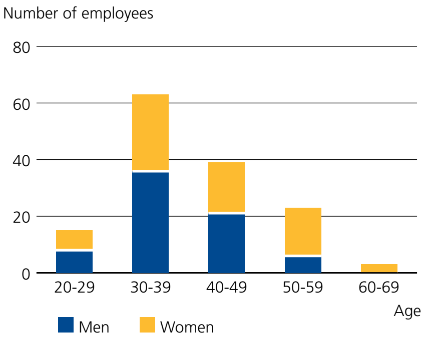
### Facts & figures on employees

- Number of employees on December 31, 2008: 143 (148).
- Average number of full-time employees in 2008: 139 (141).
- Average age: 40.5 years.
- About SEK 20,000 was invested in education per employee.
- The percentage of female employees was 50 percent (48).
- The percentage of women in senior management positions was 22 percent (18).
- Personnel turnover was 3.4 percent.

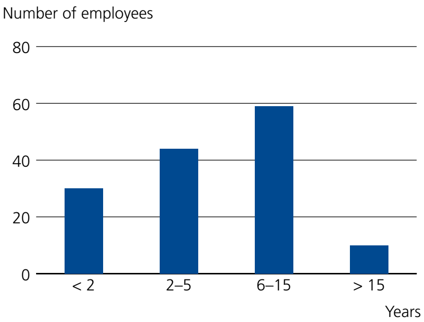
### Core values

- **Create value:** we create value in everything we do with a long-term view and short-term impatience.
- **Continuous improvement:** we think forward – there is always a better way.
- **Contribute your view:** we state, listen to and respect different views. We encourage integrity, openness and dialogue. When a decision is made, we take our responsibility.
- **Care for people:** we are fair and open to one another. We contribute to growth and success as individuals and in teams. We are accountable for the results.

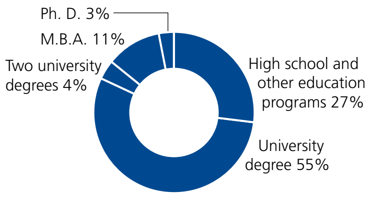
### Age distribution




### Years of employment




### Employees by education



# Investor shares

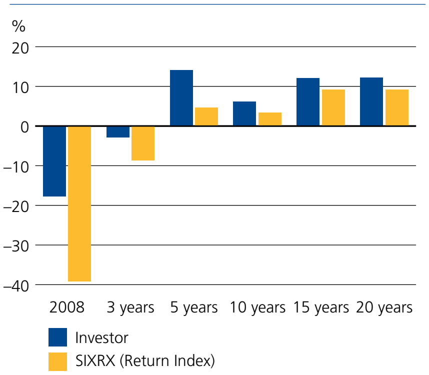
In 2008, stock markets were characterized by high volatility and dramatic swings. Most stock markets around the world experienced falling indexes of a magnitude not seen since the 1930s. Our total return was –18 percent, which proved to be significantly better than both the Stockholm Stock Exchange and most major international indexes.

The price of Investor's A share declined 21 percent during the year from SEK 142.75 to SEK 112.50. The B share declined 20 percent from 147 to 117. The total return for the Investor share in 2008 was –18 percent and the average annualized total return has been 14 percent over the past five-year period.

### Turnover

During 2008, the turnover of Investor shares totaled 491.3 m. (815.6), of which SEK 42.2 m. were A shares (57.7) and SEK 449.1 m. were B shares (757.9). This corresponded to a turnover rate of 14 (18) percent for the A share and 132 (165) percent for the B share, compared with 132 percent (130) for the Nordic Exchange as a whole. On average, SEK 2.6 m. (3.3) Investor shares were traded daily. Our share was the sixteenth most actively traded share on the Stockholm Stock Exchange in 2008.

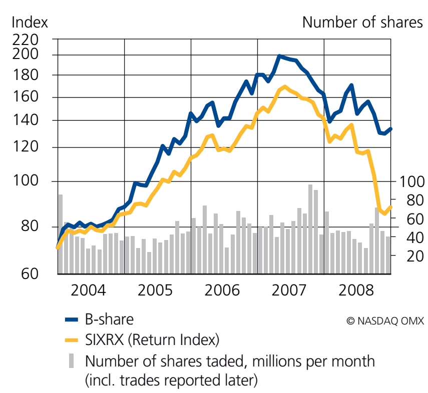
**Average total return Investor vs. SIXRX**




### Ownership structure

At year-end 2008, our share capital totaled SEK 4,795 m., represented by 767,175,030 shares, each with a quota value of SEK 6.25. We had a total of 139,997 (134,321) shareholders at year-end 2008. In terms of numbers, the largest category of shareholders is private investors, and in terms of the percentage of share capital held, institutional owners dominate. The largest single shareholder category is foundations, of which the three largest Wallenberg foundations combined own 22.3 percent of the share capital and 48.0 percent of the voting rights.

**Total return compared to SIXRX**

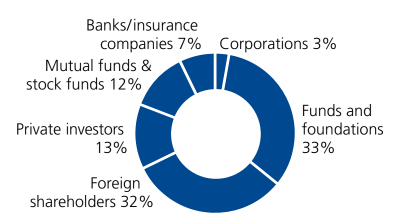



### Increasing foreign ownership

The ambition in recent years has been to broaden our shareholder base and attract a larger share of international shareholders. We believe that an increase in the percentage of long-term foreign owners will have a structurally positive effect on total shareholder return.

As during previous periods of volatility and turbulence on the stock markets, foreign ownership on the Stockholm Stock

**Distribution of shareholders** (% of capital)




**Investor's 15 largest shareholders listed by capital stake[1]**

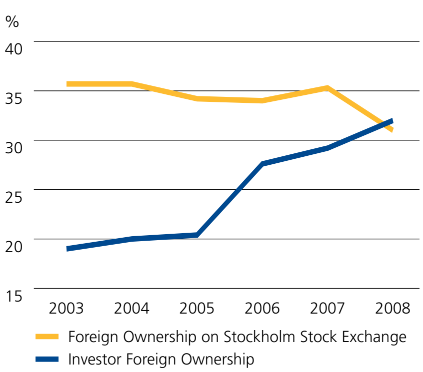
| | 12/31 2008 | | 12/31 2007 | |
|---|---|---|---|---|
| | % of capital | % of votes | % of capital | % of votes |
| Knut and Alice Wallenbergs Foundation | 18.6 | 40.0 | 18.6 | 40.0 |
| Alecta | 3.0 | 2.3 | 3.6 | 2.4 |
| Swedbank Robur funds | 2.5 | 3.3 | 4.0 | 3.0 |
| AMF Pension and pension funds | 2.4 | 1.2 | 1.4 | 1.0 |
| SEB-Foundation | 2.3 | 4.9 | 2.3 | 4.9 |
| Marianne and Marcus Wallenbergs Foundation | 2.3 | 4.9 | 2.1 | 4.4 |
| Skandia Liv insurance company | 2.3 | 4.1 | 2.3 | 4.0 |
| The Northern Cross Invest (Harbour Internat.) | 2.3 | 0.5 | 1.9 | 0.4 |
| Third Avenue Management LLC | 2.2 | 4.4 | 1.4 | 3.0 |
| Handelsbanken funds | 1.6 | 0.6 | 0.9 | 0.3 |
| Marcus and Amalia Wallenbergs memorial Fund | 1.4 | 3.1 | 1.3 | 2.8 |
| SEB Investment Mangement | 1.3 | 0.7 | 1.4 | 0.7 |
| Oppenheimer Funds | 1.3 | 0.4 | 1.0 | 1.7 |
| Capital World Investors | 1.3 | 0.3 | – | – |
| Second AP-fund | 1.1 | 0.2 | 1.1 | 0.3 |

1) Swedish owners are directly registered or registered in the name of nominees. Foreign owners through filings, custodian banks are excluded. Source: Euroclear Sweden AB.

Exchange decreased in 2008. Despite this trend, the percentage of foreign shareholders in Investor increased by 3 percentage points during 2008, to 32 percent. Some of the measures implemented during the year to increase the percentage of long-term foreign shareholders include:

- An increased focus on identifying and actively attracting the right type of foreign shareholder (investor targeting).
- A doubling of the number of investor meetings.
- Increased number of roadshows.
- Roadshows in capital markets that are new to Investor, such as the United Arab Emirates and Canada.
- More comprehensive and value-focused investor relation material.

**Foreign ownership of capital**




## Employee stock ownership

All employees are given the opportunity to invest 5 percent or more of their gross salary, depending on their position, in Investor shares. Approximately 80 percent of Investor's employees are shareholders. In total, the employees have made own personal investments in Investor shares of SEK 37 m. within the programs for long-term share based remuneration. The President, senior management and certain key personnel are required to invest a significant portion of their fixed salary in Investor shares. Personal investments means that the program has both an up- and downside. The President for example, invested SEK 1.2 m. in the program 2006 and thereby received a grant of long-term share based program for a theoretical value of SEK 3.3 m. When the program vested at year-end 2008, the value of the own investment had fallen to SEK 1.0 m. and the value of the share based program to SEK 1.6 m. For more information, see Note 5, page 79.

## Repurchases of own shares

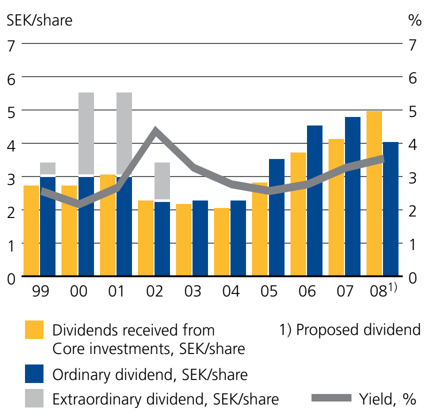
In 2008, 1,083,000 shares were repurchased to hedge our program for share-based remuneration. No other buybacks of own shares have been carried out since we consider it more attractive from a long-term return perspective to invest capital in new and existing holdings with a high return potential.

## Proposed dividend and distribution policy

The Board and the President propose a dividend to shareholders of SEK 4.00 per share (4.75), corresponding to a maximum of SEK 3,069 m. (3,637).

Our policy is to distribute a high percentage of dividends received from Core Investments, as well as to make a distribution from other net assets, corresponding to a yield in line with the equity market. Our goal is also to generate a steadily rising annual dividend. The dividend level proposed is based on the stated dividend policy, taking into account the uncertain economic outlook.

**Dividend**




1) Proposed dividend

**Why invest in Investor's shares?**

- Our business model to actively develop holdings is well proven and has continuously generated healthy long-term returns to shareholders.
- The strategy to increase the portion of unlisted investments implies a growing percentage of proprietary assets with high return potential.
- Our strong financial position with a net cash position amounting to SEK 9.4 bn. at year-end enables us to act on attractive opportunities in the present volatile market.
- We are a transparent company providing comprehensive financial information on a continuous basis.
- The liquidity of Investor shares is one of the highest on the Nordic Stock Exchange.
- The administration cost is significantly lower (approximately 0.48 percent over net asset value) than many other investment alternatives, such as funds.

**Brief facts**

- Listed since 1917.
- A shares and B shares are traded on the Large Cap list of the Nordic Exchange (NASDAQ OMX) in the "Financial" sector.
- The only difference between the A and B share classes is that the A share carries one vote while the B share carries 1/10th vote.
- Total number of outstanding shares: 767,175,030, of which 455,484,186 B shares and 311,690,844 A shares.
- Ticker codes B share: INVEB SS (Bloomberg), INVEb.ST (Reuters) and W:ISBF (Datastream).
- Market capitalization on December 31: SEK 88 bn. (Sixth largest company on the Stockholm Stock Exchange.)

# Letter from the Chairman

Investor's continued focus on long-term value has been a core strength amid the global economic challenges and dramatic financial market dislocations of 2008. The Board, together with the management team, has worked diligently throughout the year to ensure that Investor is well positioned to withstand current market turbulence and ready to take advantage of opportunities that will inevitably arise. We have been able to react quickly to the increased risks in these unprecedented difficult times because we have both a formal process and the organizational flexibility to guarantee a swift response in a very dynamic market environment.

The past financial year will be remembered for a number of momentous events, from the state bail-out of some financial institutions to a historic U.S. presidential election.

For Investor, 2008 was no less eventful. While we pursued continuity and consistency we also made investment decisions in the year in line with our reconfirmed strategy.

The caution we voiced early, evidenced in my letter to you in last year's annual report, about the fragile credit environment and the threat of recession was somewhat prescient. Despite that I could not have foreseen the depth and breadth of the downturn now facing many key markets.

I remain confident that the world will emerge from the current economic crisis, but it will take time. The global economy is experiencing a painful, but necessary rebalancing that has been prompted by the high levels of debt incurred by individuals, businesses and governments in several key markets during the past years of cheap finance.

As we move in unchartered waters, leadership from both governments and businesses alike is essential to instill a sense of hope and direction. We must also be attentive to the risk for political and social unrest by engaging in a dialogue with all key stakeholders such as employees, customers as well as the general public.

### Learning the lessons

As a small trade-dependent country exposed to changing international economic circumstances, Sweden has learned to embrace the mechanisms needed to sustain momentum during difficult times. We welcome international investment in core industries. We promote partnerships between management and unions to sustain jobs and investment. We invest for the long-term despite short-term falls in profitability.

Perhaps one of the most important lessons to learn from previous downturns is that it is critical to continue to invest in research and development as well as sales and marketing as key sources of competitive advantage. Even in the most difficult economic circumstances, industry must maintain investment in this critical area.

### Balancing our portfolio

Investor's strategic direction remains firmly in place as we continue to adjust the mix of our portfolio, particularly shifting the balance of listed and unlisted companies.

One important change in our portfolio completed in 2008 was the sale of our shareholding in Scania to Volkswagen. Although Scania had been an important part of Investor's portfolio for 90 years, I am convinced that we acted in Scania's best interest by securing its future as a premium brand supported by a strong industrial owner such as Volkswagen which took over as lead shareholder in 2000.

We said at the time the proceeds from the sale, some SEK 17 bn., would be used to invest in new and existing businesses that we believe can generate attractive long-term returns.

An important new investment in 2008 was Lindorff, a well positioned company in a market with underlying favorable fundamentals. As the leading credit management company in the Nordic Region, Lindorff is benefitting from growth in Europe's consumer credit markets and the trend towards outsourcing.

### Creating value for over 90 years

Our business model is the source of our long-lived stability. We are an active and engaged, long-term owner that provides support through good and bad times for our businesses. Our success is measured by how well we develop best-in-class companies in order to deliver above market returns for our shareholders. Despite the many challenges faced by our portfolio companies in 2008, they continue to offer long-term competitive advantage in their chosen sectors. Many of our investments are recognized market leaders, performing well across key criterion for success such as customer satisfaction, technological innovation, operational efficiency and, of course, profitability.

Given our strong financial position, we remain confident about Investor's future potential. This does not mean that we are complacent about the serious economic impact from events of the past year and the challenges we face in 2009 and beyond. The 26 percent decline in the net asset value of our portfolio

"One of the most important lessons to learn from previous downturns is that it is critical to continue to invest in research and development as well as sales and marketing as key sources of competitive advantage."

in 2008 was very disappointing. Even if we did perform better than the market overall, we did not deliver the returns our shareholders rightly expect and we must do better. We will continue to pursue our strategy aimed at generating real returns and wealth gained from added value.

### Maintaining the agenda

There are some who predict that current economic pressures will force some newer priorities off the business agenda, particularly those which encompass sustainability. I believe that it is crucial to continue to tackle such important issues as climate change, corporate social responsibility and the environment. In fact, it is when we operate in fragile circumstances that greater attention must be paid to these concerns. As some of our portfolio companies have shown, it is a commercial imperative.

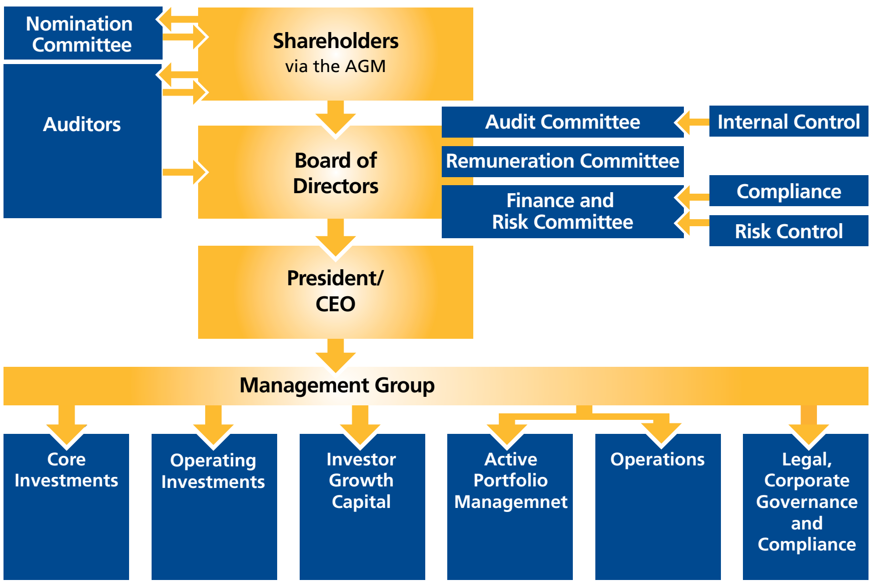
As we close the books on 2008 and look forward to the challenges of 2009, I would like to express the gratitude of the Board of Directors to the entire Investor team for their commitment and discipline during a year of such uncertainty and anxiety. In particular, we wish to commend Börje Ekholm, who has now completed his first three years as CEO of Investor, for his skillful execution of complex transactions, particularly his outstanding handling of the OMX and the complex Scania transactions.

We also want to thank our shareholders who have trusted our long-term approach to generate strong returns through benign and difficult economic cycles. We take our responsibilities seriously and value your confidence in our strategy. With your continued support, we remain optimistic about the future of Investor as it approaches a century of activity.

Jacob Wallenberg
*Chairman of the Board*

# Corporate Governance Report

**Overall structure of governance at Investor**




Primary external regulations affecting Investor's governance:

- Swedish Companies Act
- Accounting legislation, such as the Swedish Accounting Act and Swedish Annual Accounts Act
- NASDAQ OMX Stockholm AB Rule Book for Issuers
- Swedish Code of Corporate Governance

Examples of internal documents affecting Investor's governance:

- Articles of Association
- Instructions, formal work plans
- Policies and guidelines
- Process descriptions for each business area

Corporate governance practices define the decision-making systems through which owners, directly or indirectly, control a company. Good corporate governance means that decision processes are defined with an explicit allocation of responsibilities and effective controls from all executive and shareholder functions of the company to all levels within the organization, such that together, they follow the company's strategy and focus on achieving the company's stated business goals.

**Investor complies with the Swedish Code of Corporate Governance in 2008:**

- Investor does not deviate from the Swedish Code of Corporate Governance in 2008
- Investor complies with the NASDAQ OMX Stockholm AB Rule Book for Issuers and good stock market practice

Good corporate governance creates value by, among other things, ensuring that there is effective decision-making, which, in turn, can lead to competitive market advantages. Good corporate governance also consists of openness towards company owners, such that they can monitor how the company develops.

For Investor, whose business is owning and actively creating value in companies, good corporate governance is fundamental. This applies to Investor's own organization as well as the companies in which Investor is an owner.

Investor contributes to the corporate governance of the companies in which it invests by taking a leading, active ownership role. This means that Investor works with value creation plans and makes a serious commitment to finding the right composition for the Boards in these companies. For more information about Investor's role as an active owner, please refer to page 8.

This corporate governance report explains how the work of corporate governance has been conducted at Investor during the 2008 financial year.

Investor is a Swedish public stock corporation that is listed on the NASDAQ OMX Stockholm AB. Authority, management and control are distributed between the shareholders, the Board, the President and the Management Group in accordance with current legislation, regulations and instructions.

Investor adheres to the Swedish Code of Corporate Governance. This corporate governance report has been prepared in accordance with the revised Code that came into effect on July 1, 2008. No parts of this corporate governance report have been reviewed by Investor's auditor.

**More information about laws and Swedish corporate governance practices is among others available at the following websites:**

- The Swedish Corporate Governance Board, www.bolagsstyrning.se, for the Swedish Code of Corporate Governance
- NASDAQ OMX Stockholm AB, www.omxnordicexchange.com, for the Rule Book for Issuers
- Finansinspektionen, www.fi.se, for Finansinspektionen's Statute Book and information about supervisory persons

## Corporate governance at Investor

Investor's corporate governance practices are regulated by Swedish legislation, in particular the Swedish Companies Act, and the NASDAQ OMX Stockholm AB Rule Book for Issuers. Swedish industry's self-regulation practices are also highly relevant to Swedish corporate governance practices, as the Swedish Corporate Governance

Board was established to protect and further develop the Swedish Code of Corporate Governance.

In addition to legislation, regulations and recommendations, Investor's Articles of Association constitute a central document for the company's governance. The Articles of Association establish, for example, the company's name, where the Board is registered, the focus of Investor's business activities and information concerning the share capital.

The company's highest decision-making authority is the Annual General Meeting (AGM), where Investor's shareholders exercise their influence over the business. The AGM is convened no less than once per year to decide how the Nomination Committee is to be appointed, among other matters.

The Nomination Committee proposes, for example, the composition of the Board for resolution by the AGM.

On behalf of Investor's owners, the Board oversees management of the company's affairs. Investor's Board is headed by Jacob Wallenberg, who is Chairman. The Board appoints the President, who is responsible for day-to-day management of the company in accordance with the directions of the Board. The division of responsibilities between the Board and President is detailed clearly in instructions and formal work plans that have been approved by the Board. To increase the efficiency and depth of the Board's work on certain issues, the Board has established three committees: the Audit Committee, the Remuneration Committee and the Finance and Risk Committee.

Important support functions for the committees are Internal Control, Risk Control and Compliance. The Internal Control function serves as an objective support function for the Board in verification of the internal control. The role of Risk Control is to provide support in identifying and managing risks. The Compliance function identifies legal risks and ensures that laws and regulations are observed.

Internal policies and guidelines constitute important control documents in all parts of the company, since they clarify responsibilities and powers within particular areas, such as information security, compliance and risk.

External auditors, appointed by the AGM, audit the Board and the President's administration of the company, as well as the company's financial reports.

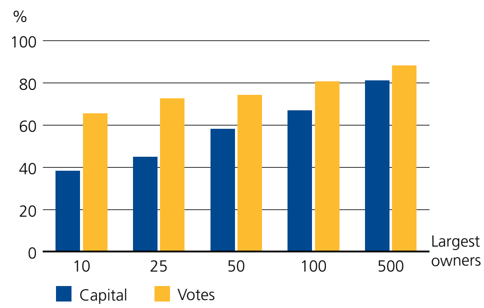
The Management Group is made up of the President and the Head of Core Investments, Operating Investments, Investor Growth Capital, Active Portfolio Management, Operations and Legal, Corporate Governance and Compliance.

The actions of management and personnel are also governed by Investor's corporate culture. A strong, clearly defined corporate culture plays an important role in enabling the company to achieve its vision and goals. The Management Group focuses actively on engaging all employees in developing the corporate culture and living by the values expressed through it. The corporate culture at Investor is based on four core values: Create value, Continuous improvement, Contribute your view and Care for people. For more information, see the section on "Employees and Network" in this annual report.

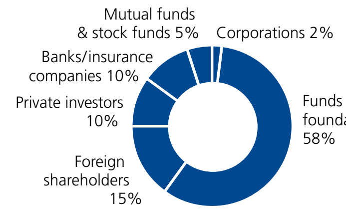
## Shares, ownership and distribution policy in Investor

At year-end 2008, Investor had 139,997 shareholders according to the register of shareholders maintained by Euroclear Sweden AB, former VPC AB. In terms of ownership share, institutional owners dominate. The largest single shareholder category is foundations. Investor's share capital totaled SEK 4,795 m., represented by a total of 767 million shares, of which 312 million are Class A shares and 455 million Class B shares. A shares carry one vote while B shares carry 1/10th vote, although both share classes carry the same dividend entitlement.

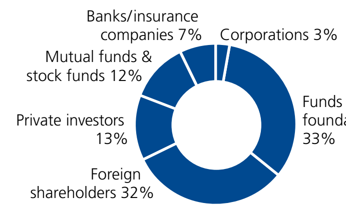
**Shareholder structure**




**Distribution of shareholders, percentage of votes**




**Distribution of shareholders, percentage of capital**




**Investor's Distribution Policy**

- A high percentage of dividends received from Core Investments are distributed
- Shareholders receive a distribution from other net assets corresponding to a yield in line with the equity market
- Investor AB's goal is to generate a steadily rising annual dividend

The 2008 AGM decided on a dividend payment of SEK 4.75 per share to shareholders

## Annual General Meeting and its right of decision

Investor's AGM is held in the Stockholm area during the first half of the year. The time and venue of the meeting are announced publicly, no later than to coincide with the release of the company's

**Investor's 10 largest shareholders listed by voting rights on December 31, 2008[1)]**

| | % of votes | % of capital |
|---|---|---|
| Knut and Alice Wallenberg Foundation[2)] | 40.0 | 18.6 |
| SEB Foundation | 4.9 | 2.3 |
| Marianne and Marcus Wallenberg Foundation[2)] | 4.9 | 2.3 |
| Third Avenue Management LLC | 4.4 | 2.2 |
| Skandia Liv insurance company | 4.1 | 2.3 |
| Swedbank Robur Mutual Funds | 3.3 | 2.5 |
| Marcus and Amalia Wallenberg Memorial Fund[2)] | 3.1 | 1.4 |
| Alecta | 2.3 | 3.0 |
| AMF Pension and pension funds | 1.2 | 2.4 |
| Third AP-fund | 0.8 | 0.5 |

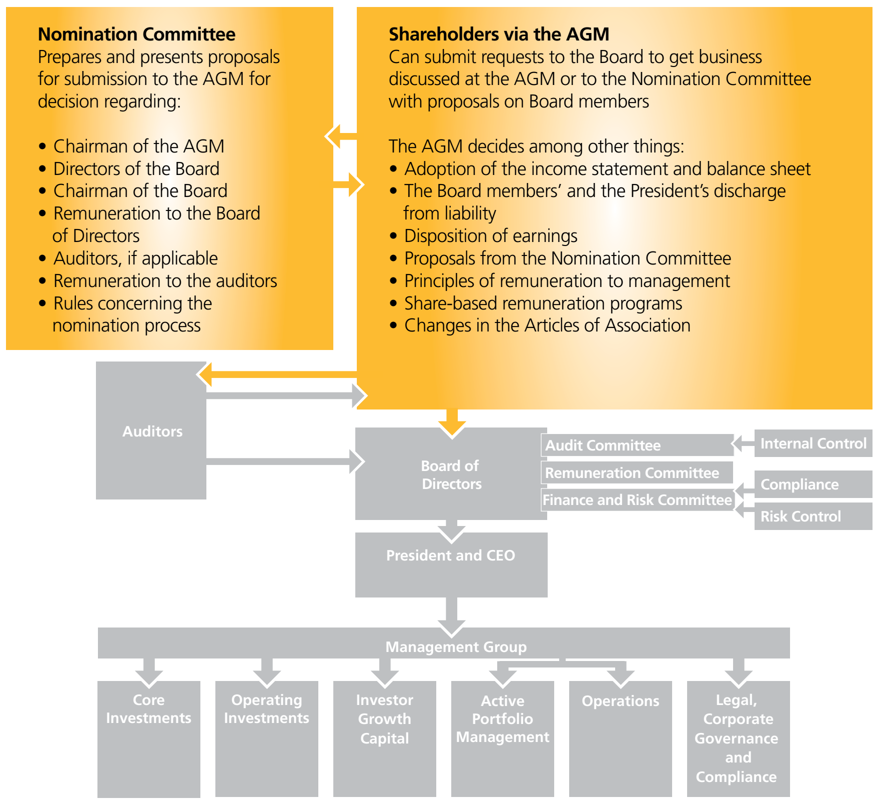
1) Directly registered, or registered in the name of nominees, with Euroclear Sweden AB.
2) The three largest Wallenberg foundations own a total of 48 percent of the votes and 22 percent of the capital.

third-quarter report. Shareholders are also informed, no later than at the time the third quarter report is published, about their right to have business discussed at the AGM and the deadline for submitting requests to this effect to the company so that such business may be included in the notice of the AGM. The notice of the AGM is published no earlier than six weeks, but no later than four weeks, before the date of the AGM. The business of the AGM is to report on the company's development over the past fiscal year and to make decisions on a number of central issues, such as changes to the company's Articles of Association, the election of auditors, discharging the Board from liability for the fiscal year, remuneration for the Board and auditors, approval of the number of Board members and the Board for the period up to the close of the next AGM, and the dividend. Investor always strives to ensure that the Board, the Management Group, the Nomination Committee and the auditor are present at the AGM.

**Voting rights at Investor's General Meetings**

- All those present at a General Meeting of shareholders having the right to vote may do so for the full number of shares they own and represent without restriction on their voting rights.
- A shares are entitled to one vote
- B shares are entitled to 1/10th vote

**The overall structure of the shareholders' governance**




To be entitled to participate in and vote at the AGM, shareholders must be recorded in the register of shareholders and must report their intention to attend by a specified date. Shareholders who cannot attend the AGM in person may appoint a proxy. To enable non-Swedish-speaking shareholders to participate, the AGM's proceedings are simultaneously interpreted into English. All information material is available in both Swedish and English.

Decisions at the meeting usually require a simple majority vote. However, for certain items of business taken up at the AGM, the Swedish Companies Act requires that a proposal be approved by a higher percentage of the shares and votes represented at the AGM.

## INVESTOR'S 2008 ANNUAL GENERAL MEETING

Investor's 2008 AGM was held on April 3 at the City Conference Centre in Stockholm. The meeting was attended by around 1,000 shareholders, including proxies, representing 70.2 percent of the votes and 49.7 percent of the capital. Investor's Board and Management, as well as the company's auditor and Nomination Committee, were present at the meeting.

The President's presentation at the AGM was published on Investor's website on the day after the AGM. The minutes from the AGM are available on the website in Swedish and English. The website also provides access to all documents required for the AGM.

**Repurchases of own shares**

- Since 2000, the Board has requested and been granted a mandate by the Annual General Meeting to buy back the company's shares
- In 2008, 1,083,800 shares were repurchased to hedge Investor's program for long-term share-based remuneration and for the allocation of synthetic shares as a part of Board remuneration
- Investor currently considers it more attractive from a long-term ownership perspective to invest capital in new and existing holdings with a high return potential than to repurchase own shares

### INVESTOR'S 2009 ANNUAL GENERAL MEETING

Investor's 2009 AGM will take place on March 31 at the City Conference Centre in Stockholm. All shareholders wishing to have business taken up at the meeting may deliver their proposal to the Chairman of the Board, or, alternatively, contact the Nomination Committee with any proposed nominations. Information on the AGM is published on Investor's website.

**Votes and capital represented at Investor AGMs**

| Year | % of votes | % av capital |
|---|---|---|
| 2008 | 70.2 | 49.7 |
| 2007 | 72.5 | 53.5 |
| 2006 | 72.7 | 52.8 |
| 2005 | 73.1 | 55.5 |

## Nomination committee

The AGM decides how Investor's Nomination Committee will be appointed. At the 2008 AGM, it was decided that the company shall have a Nomination Committee consisting of one representative from each of the four shareholders or groups of shareholders controlling the largest number of votes, plus the Chairman of Investor's Board. The composition of the Nomination Committee is based on the register of recorded shareholders and shareholder groups from Euroclear Sweden AB as of the last business day in August 2008 and other reliable shareholder information that has been provided to the company at such time.

**Nomination Committee members for 2009 AGM**

| Member | Representing | Independent in relation to the company and its management | Independent in relation to the company's major shareholders/ shareholder groups in terms of votes | 8-31-08 % of votes | 12-31-2008 % of votes |
|---|---|---|---|---|---|
| Johan Stålhand | Wallenberg foundations | Yes | No[1] | 47.61 | 47.96 |
| Lars Isacsson | SEB Foundation | Yes | Yes | 4.92 | 4.92 |
| Curtis Jensen | Third Avenue Management LLC | Yes | Yes | 4.44 | 4.44 |
| Caroline af Ugglas | Skandia Liv insurance company | Yes | Yes | 4.00 | 4.12 |
| Jacob Wallenberg | Chairman of Investor AB | Yes | No[2] | | |

1) Representing the Wallenberg foundations
2) Member of the Knut and Alice Wallenberg Foundation

The four largest shareholders (taking into account shareholder groups) appointed the following representatives, in addition to the Chairman, to Investor's Nomination Committee prior to the 2009 AGM: Johan Stålhand (Wallenberg foundations, Investor's largest shareholder in terms of votes controlled), Lars Isacsson (SEB Foundation), Caroline af Ugglas (Skandia Liv) and Curtis Jensen (Third Avenue Management LLC). The composition of the Nomination Committee was made public on September 24, 2008. The Nomination Committee represents altogether approximately 60 percent of the votes in Investor. At the first meeting of the Nomination Committee, Johan Stålhand was appointed Chairman.

The current Nomination Committee marks the first time a foreign shareholder was appointed to Investor's Nomination Committee. Investor looks favorably on the active involvement of both national and international long-term shareholders and believes that such a development will benefit Swedish corporate governance in the long run.

The composition of the Nomination Committee meets the independence criteria of the Swedish Code of Corporate Governance.

### ROLE OF NOMINATION COMMITTEE

According to a decision taken at Investor's 2008 AGM, the role of the Nomination Committee is to prepare and present proposals for submission to the 2009 AGM regarding the following: AGM Chairman, Board and Chairman of the Board, Board remuneration (apportioned among Chairman, Board members and Committees), audit fees and proposals for rules concerning the nomination process for the 2010 AGM.

### WORK OF THE NOMINATION COMMITTEE FOR 2009 AGM

Since the 2008 AGM, the Nomination Committee has held three meetings, for which minutes were taken, as well as maintaining informal contact between meetings.

To determine the extent to which the current Board meets the demands that the Board will be subject to as a consequence of the company's current position and future direction, the Nomination Committee discussed the size and composition of the Board in terms of industry and international experience and expertise. One important criterion is the principle that the composition of the Board should reflect and allow scope for the different areas of expertise and experiences that are required for the implementation of Investor's philosophy of active ownership and long-term ownership commitment. As a basis for its work, the Nomination Committee studied the evaluation of the Board and its work and viewed the Chairman's report on the company's activities, goals and strategies.

Each proposed Board member has provided the Nomination Committee with supporting documentation for the committee's assessment of independence.

The Nomination Committee also studied the evaluation of auditing activities for the year and the proposal presented by the Audit Committee regarding fees payable for the auditing activities.

The Nomination Committee's proposal, its statements regarding the composition of the proposed Board and supplementary information regarding the proposed Board members are made public when notice of the AGM is made, and these items are also presented at the 2009 AGM together with a report on the work of the Nomination Committee.

## Board of Directors

The Board is elected by the shareholders to serve a mandate period beginning at the AGM and ending at the close of the AGM the following year. On behalf of Investor's owners, the Board administers the company by establishing goals and strategies, evaluating the operational management and ensuring that systems are in place for monitoring and control of established goals. The Board is also responsible for ensuring that accurate information is released to the company's stakeholders, laws and regulations are complied with and ethical guidelines and internal policies are in place. Investor's Board forms a quorum when more than half of the members are present. The Board's role to assure the quality of Investor's financial reporting is described in the section "Board of Directors report on internal controls and risk management regarding financial reporting".

The Articles of Association state that Investor's Board shall consist of no less than three and no more than 11 directors. The AGM decides the exact number of members. The Board is assisted by a secretary, who is not a member of the Board. Board members are to devote the time and attention to Investor that their assignment demands. Each Board member is responsible for requesting any supplementary information that he/she might feel is necessary for making well-based decisions. New Board members learn about Investor's business operations by attending a comprehensive internal orientation course involving, for example, meetings with all of Investor's departmental managers. Board members are continuously updated on new regulations, practices and statutory requirements that may affect the business.

**Composition of the Board in 2008**

| Board member | Elected | Position | Born | Nationality | Independent of the company and it management | Independent of the company's major owners |
|---|---|---|---|---|---|---|
| Jacob Wallenberg | 1998 | Chairman | 1956 | Swedish | Yes | No[2] |
| Anders Scharp | 1988 | Vice Chairman | 1934 | Swedish | Yes | Yes |
| Sune Carlsson | 2002 | Member | 1941 | Swedish | Yes | Yes |
| Börje Ekholm | 2006 | Member | 1963 | American/Swedish | No[1] | Yes |
| Sirkka Hämäläinen | 2004 | Member | 1939 | Finnish | Yes | Yes |
| Håkan Mogren | 1990 | Member | 1944 | Swedish | Yes | Yes |
| Grace Reksten Skaugen | 2006 | Member | 1953 | Norwegian | Yes | Yes |
| O. Griffith Sexton | 2003 | Member | 1944 | American | Yes | Yes |
| Lena Treschow Torell | 2007 | Member | 1946 | Swedish | Yes | Yes |
| Peter Wallenberg Jr | 2006 | Member | 1959 | Swedish | Yes | No[2] |

1) Chief Executive Officer
2) Member of Knut and Alice Wallenberg Foundation

### CHAIRMAN OF THE BOARD

The AGM appoints the Chairman of the Board. The duties of the Chairman include organizing and leading the work of the Board and ensuring that the Board regularly updates and improves its knowledge of the company, communicating views from the owners and serving as support for the President. The Chairman and the President produce proposals for the agenda of Board meetings. The Chairman verifies that the Board's decisions are implemented efficiently and is also responsible for ensuring that the work of the Board is evaluated annually and the Nomination Committee is informed of the result of this evaluation.

In addition to his active involvement in Investor, Board Chairman Jacob Wallenberg is also involved in a number of other companies and is a member of a number of international organizations. He has built up an extensive international network and participates in work on various policy issues, for example within the European Round Table (ERT), The Peterson Institute and The World Economic Forum's Business Council. Jacob Wallenberg is also active in a number of advisory organizations and acts as vice Chairman of the International Business Leaders Advisory for the Mayor of Shanghai (IBLAC) and as an advisor to London's mayor in the International Business Advisory Council (IBAC).

### RULES FOR PROCEDURES AND WRITTEN INSTRUCTIONS FOR THE BOARD

In addition to laws and recommendations, the work of the Board is governed by a formal work plan, Rules for Procedures and Written Instructions for the Board. The Board reviews its formal work plan annually and adopts it via a decision by the Board. During the year, a review of Investor's formal work plan was made based upon proposed changes in the Swedish Code of Corporate Governance as well as the changes in, for example, the Swedish Companies Act and the Annual Accounts Act.

The formal work plan is divided into five sections in order to clarify and regulate the practices and tasks of the Board. The five sections consist of the Board's formal work plan and instructions to the President, the Remuneration Committee, the Audit Committee and the Finance and Risk Committee.

The formal work plan also describes which points shall always be included on the agenda for each Board meeting as well as on the agenda for the statutory Board meeting. The formal work plan clearly states that, at every meeting, minutes shall be kept by the Board's secretary, who may not be a member of the Board. Furthermore, the formal work plan states how the minutes are to be prepared and distributed to members and how the Board is to be informed in connection with the issue of press releases, for example. The work plan also includes guidelines governing which decisions the Board may delegate to the President.

## EVALUATION OF THE WORK OF THE BOARD

Once a year, in accordance with the Board's formal work plan, the Chairman of the Board initiates an evaluation of the work conducted by the Board. During 2008, this evaluation was carried out by an external consultant with specialist expertise in evaluating Boards. Each Board member was given a questionnaire to answer anonymously. The questionnaire was divided into six sections and dealt with, for example, the climate of cooperation, the breadth of knowledge and how the work of the Board was performed. The objective of the questionnaire was to understand how the Board members felt about the work performed by the Board and identify any measures that could improve the efficiency of this work. A secondary objective was also to gain an understanding of the type of issues the Board believes should be afforded greater scope and the areas in which additional expertise might be needed within the Board. The external consultant followed up the questionnaire with individual discussions with each of the Board members to obtain additional insight into the work performed by the Board. The external consultant compiled and analyzed the evaluation and, based on the outcome, provided recommendations for rectifying measures. The results of the evaluation were discussed by the Board.

The results of the evaluation were presented to the Nomination Committee by the Chairman.

Investor's Board continually evaluates the work of the President by monitoring the development of the business in relation to the established goals. A formal performance review is carried out once a year and discussed with the President.

## INVESTOR'S BOARD IN 2008

Since the 2008 AGM, the Board has consisted of ten members and no deputies. At the 2008 AGM, Jacob Wallenberg, Anders Scharp, Sune Carlsson, Börje Ekholm, Sirkka Hämäläinen, Håkan Mogren, Grace Reksten Skaugen, O. Griffith Sexton, Lena Treschow Torelland and Peter Wallenberg, Jr. were re-elected. Börje Ekholm, President, is the only Board member who is also a member of the company's management. The AGM elected Jacob Wallenberg as Chairman for the period up to the next AGM. The Board appointed Anders Scharp vice Chairman at the statutory meeting.

The Nomination Committee proposed reelection of each of the Board members and assessed that these ten members were well suited for the activities of Investor's Board during the period of mandate until the 2009 AGM. Given its philosophy of active ownership and long-term ownership involvement, it is important for Investor to have Board members with extensive experience and insight into Investor AB and its business model. For a more detailed presentation of the Board, see page 52.

## INDEPENDENCE OF THE BOARD MEMBERS

The compilation of Investor's Board complies with the NASDAQ OMX Stockholm AB Rule Book for Issuers regarding the independence of Board members and, as such, it also fulfills the requirements of the Swedish Code of Corporate Governance.

The revised Swedish Code of Corporate Governance has adopted the same rules and regulations regarding independence as those found in the NASDAQ OMX Stockholm AB Rule Book for Issuers and, for independence criteria, the Swedish Code of Corporate Governance refers to these stock exchange regulations. For Investor, this means that Anders Scharp and Håkan Mogren are considered to be independent in relation to the company and its management, since the Swedish Code of Corporate Governance removed the 12-year limit for which Board members may serve. Likewise, Peter Wallenberg, Jr. is also considered to be independent in relation to the company and its management since the Swedish Code of Corporate Governance removed its rule stating that a Board member may not have served as President or employee in a closely-held company during the last five or three years, respectively.

Some of the Board members are directors of companies that form part of Investor's Core Investments and receive board fees from these companies. In the opinion of the Nomination Committee and the company, these Board fees do not mean that these persons are dependent on Investor or its management. The results of an overall assessment of each Board member's independence are presented in enclosed table.

## WORK CONDUCTED BY THE BOARD IN 2008

The past year was a very turbulent year on the financial and industrial markets. This turbulence has also had an impact on the work conducted by the Board. During the year, the Board held 13 meetings, including seven regular, one statutory and five extraordinary meetings. The attendance record of each Board member is shown in the table on page 53. The secretary at the Board meetings was attorney Hans Wibom. Before meetings, Board members were provided with comprehensive written information on the issues that were to be discussed.

The meetings early in the year devoted a significant amount of time to Scania, which eventually led to the sale of Investor's Scania holdings to Volkswagen. The sale was one of the largest business transactions on the Swedish market in 2008 and extensive work and preparation for the sale was carried out by the Board. The sale also served to strongly secure Investor's liquidity, which was particularly satisfying given the weakening of the world economy during the later months of the year. In Operating Investments, Lindorff was acquired following discussions at a number of meetings by the Board regarding the acquisition and related financial and strategic issues. The Board utilized documentation submitted by

Investor's management during these discussions.

However, due to the developments on the global market, the work of the Board in 2008 consisted of a significantly higher number of internal and external presentations about the financial markets in both individual countries and the world in general than normal. During these meetings, the Board discussed the developments and their effects on industries, markets and individual companies, paying particularly close attention to Investor's associated companies as well as the company's long-term strategy. For example, presentations were held by three external lecturers at Investor's Board meeting in New York in June 2008.

The financial reports presented at every regular Board meeting, including those prior to the year-end and quarterly reports, are an important aspect of the Board's work. The Board also receives monthly reports on the company's financial position. Given the uncertainty on the financial market, the Board also focused more closely on the company's financial position and liquidity during the year. At regular Board meetings, reports were delivered on the ongoing operations in the business areas, together with in-depth analysis and proposed actions regarding one or more associated companies.

Committee work is an important part of the Board's role. A more detailed description of the work conducted by the committees is presented in each committee's respective section.

During the year, the company's management presented value-creating plans for Core Investments, including analyses of the business and development potential of Core Investments in the business areas in which it operates. These analyses and their implications were discussed and assessed by the Board both with a focus on individual companies and in the context of overall strategic discussions. Similar presentations and discussions also took place with regard to the companies in Operating Investments: Gambro, Mölnlycke Health Care, Lindorff and 3 Scandinavia.

In Operating Investments, the Board dealt with the completed acquisition of Lindorff, received detailed presentations and considered a number of potential acquisitions, including Vin & Sprit, for which, however, French Pernod Ricard was prepared to pay a significantly higher price.

Reports, which were also discussed by the Board, were presented regarding the composition of the portfolio and developments in the Private Equity business area, including Investor's involvement in EQT and the operations of Investor Growth Capital.

Changes to the market and legislation also led to stricter requirements for the treatment of corporate governance issues, compliance issues and issues relating to the nomination process and Board remuneration, above all with regard to Core Investments but also in relation to companies in the other business areas.

In addition to participating in meetings of the Audit Committee, the company's auditor also attended a Board meeting during which Board members had the opportunity to pose questions to the auditor without representatives of the company's management being present. In 2008, the Board's work was also evaluated by an external auditor to provide information as a basis for the work of the Nomination Committee and the ongoing work of the Board.

**Important events in Investor's corporate governance in 2008**

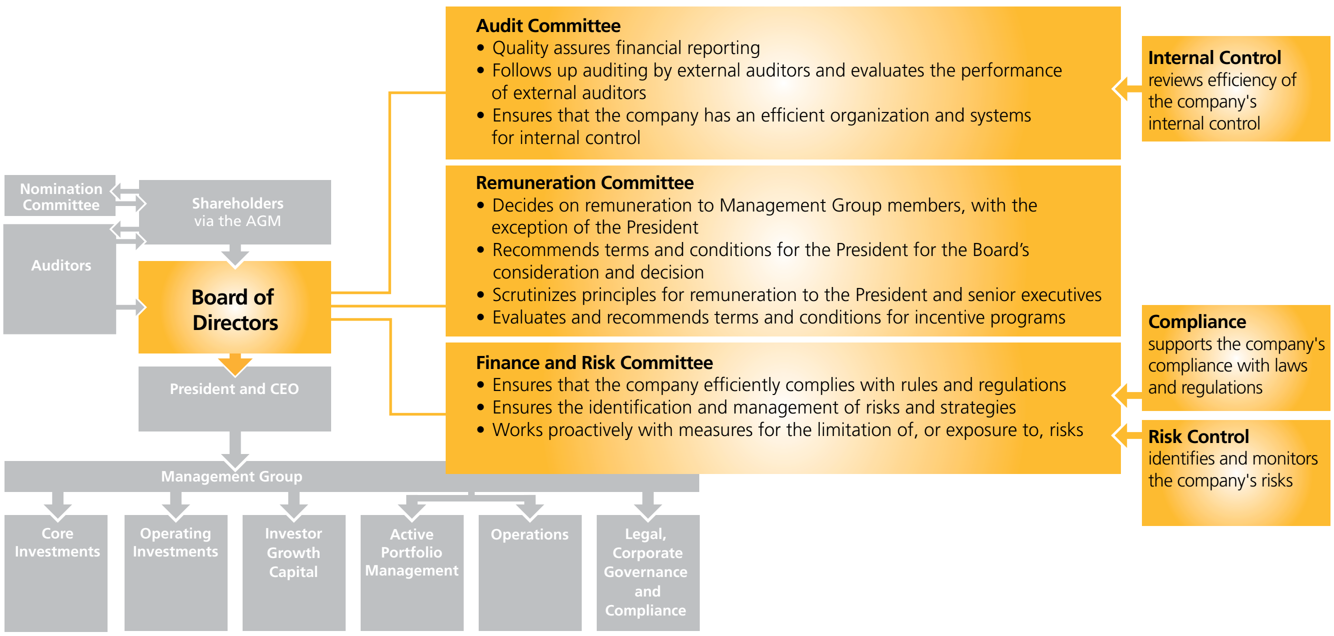
- Until the 2009 AGM, and for the first time, a foreign shareholder was appointed to Investor's Nomination Committee (page 37)
- Overview of the Board's formal work plan based on changes to the Swedish Code of Corporate Governance and proposed changes on the Swedish Companies Act and the Swedish Annual Accounts Act (page 38)
- Evaluation of the Board by an external consultant (page 39)
- Comprehensive evaluation of Investor's long-term share-based remuneration program for management and employees (page 42)
- Changes to the Management Group (page 42)
- The AGM decided that Board remuneration partly shall be paid in the form of synthetic shares (page 43)
- The Board and the Management Group initiated and implemented an extensive risk assessment within the entire organization (page 48).

## BOARD COMMITTEES AND COMMITTEE WORK IN 2008

As part of the company's efforts to increase the efficiency and depth of the Board's work on certain issues, the Board has established three committees: the Audit Committee, the Remuneration Committee and the Finance and Risk Committee. The committees function above all is a preparatory and administrative role. They are empowered to make decisions on business that the Board, under the instructions issued to the committees has delegated to them, and on other issues in their respective areas of responsibility that are not matters of principle. The committees are subsequently required to inform the Board of any such decisions. The issues considered and the decisions taken at meetings of the committees are to be recorded in the minutes of the meeting and reported on at the following Board meeting.

The members of the committees are appointed at the statutory Board meeting for one year at a time and their work is governed by the committee instructions, which are subject to annual approval.

**Overall structure of governance for the Board**




## AUDIT COMMITTEE

The Audit Committee is an important channel of communication between the Board and the company's auditor. Via in-depth analysis of specific areas, the Audit Committee supports the Board in its work to assure the quality of the company's financial reporting, as well as in following up the results of the audit by the external auditors. The Internal Control function provides a support function to the Audit Committee.

## MEMBERS OF THE AUDIT COMMITTEE

At its statutory meeting in 2008, the Board appointed the following persons to the Audit Committee: Sune Carlsson (Chairman), Håkan Mogren, Jacob Wallenberg and Peter Wallenberg, Jr. With reference to the independence criteria set out in the NASDAQ OMX Stockholm AB Rule Book for Issuers, the composition of the Audit Committee meets the independence criteria of the Swedish Code of Corporate Governance.

## WORK OF THE AUDIT COMMITTEE IN 2008

During the year, the committee held five meetings at which minutes were taken. When necessary, the Board members also discussed issues outside of any such meetings. All meetings were attended by the company's auditor, CFO and Head of Finance and Risk Management.

The Audit Committee's continuous quality assurance efforts related to Investor's financial reporting are comprised of analyses of the auditors' reports on the year-end financial statements and regular reviews as well as follow-up on the reviews conducted by the Internal Control function.

The valuation principles for the different business areas are central to Investor's financial reporting and as such, these principles are regularly scrutinized by the Audit Committee. During 2008, special attention was devoted to the valuation principles for the EQT investments and Operating Investments. In addition, both structural and specific tax issues were discussed during the year. Each interim report is analyzed by the Audit Committee and discussed with the CFO and the auditors for completeness and accuracy.

Every year, the Audit Committee evaluates the audit process and informs the Nomination Committee of the results of the evaluation.

The Internal Control function is a support function for the committee in its task of keeping continuously updated on and evaluating how well the company's systems of internal control operate. Each time the committee meets, the Internal Control function reports on any specific auditing measures that have been taken. Among other things, in 2008, an audit was conducted of certain processes associated with Active Portfolio Management and Operating Investments and the results from the year's in-depth risk analysis were presented.

### REMUNERATION COMMITTEE

The main task of the Remuneration Committee is to prepare issues relating to remuneration and other terms and conditions of employment on behalf of both management and other employees. The committee carries out thorough and independent analysis of all aspects of Investor's overall remuneration program and presents a comprehensive picture of the financial consequences of the remuneration program.

### MEMBERS OF THE REMUNERATION COMMITTEE

At its statutory meeting in 2008, the Board appointed the following persons to the Remuneration Committee: Jacob Wallenberg (Chairman), Anders Scharp and O. Griffith Sexton.

With reference to the independence criteria set out in the NASDAQ OMX Stockholm AB Rule Book for Issuers, the composition of the Remuneration Committee meets the independence criteria of the Swedish Code of Corporate Governance.

### WORK OF THE REMUNERATION COMMITTEE IN 2008

In 2008, the committee had six meetings at which minutes were taken, and continuous informal contacts between these meetings. All meetings were attended by the company's head of Human Resources.

During the year, the committee conducted a comprehensive evaluation of the long-term share-based remuneration program for management and employees that was adopted at the 2008 AGM. The evaluation has been made from three perspectives: the employee's motivation, the control effects of the program and the effects of the program on the shareholder value. The evaluation included an internal employee survey, in-depth interviews with key employees at the company, external assessments from two independent experts, analysis of research within the area, an assessment of the institution's guidelines and an estimation of the effect of various parameters on valuation. There will be minor modifications to the long-term share-based remuneration program that will be presented at the 2009 AGM. The Board consider the fundamental principles of the program to be appropriate and they will remain in their current form. The program is proposed to have a structure which is easier to explain and which creates a more clear connection to the long-term shareholder value. For more information about the Board's proposal for the long-term share-based remuneration program 2009, refer to the information about the AGM on the company's website.

The committee also reviewed and approved the remuneration structures for employees and started the remuneration review for management that takes place every other year. The President's goals for 2008 were evaluated and assessed.

The Remuneration Committee also discussed strategically important personnel-related issues, such as leadership development and succession issues. In 2008, the Remuneration Committee was especially involved in strategic personnel-related issues arising from the changes that took place in the Management Group during the year. Henry E. Gooss stepped down and Stephen Campe was appointed the new head of Investor Growth Capital and a new member of the Management Group.

### FINANCE AND RISK COMMITTEE

In addition to complying with the requirements of the Code, Investor's Board appoints a Finance and Risk Committee each year. The role of the committee is to ensure effective compliance with regulations and to assure effective and reliable processes for identifying, managing, controlling and monitoring risks. The Finance and Risk Committee deals with operational, IT, security and financial risks, including market, credit and liquidity risks. It is empowered to make decisions within its areas of responsibility and shall subsequently inform the Board of any such decisions. The Finance and Risk Committee is supported by the Compliance and Risk Control functions.

### MEMBERS OF THE FINANCE AND RISK COMMITTEE

Since the 2008 AGM, the Finance and Risk Committee has consisted of Board members Sirkka Hämäläinen (Chairman), Grace Reksten Skaugen and Jacob Wallenberg.

### WORK OF THE FINANCE AND RISK COMMITTEE IN 2008

During the year, the committee held five meetings at which minutes were taken, four ordinary meetings and one extra meeting. Informal contacts were maintained between these meetings as needed. Representatives of management and the specialist functions attended the meetings. At each meeting, the Risk Control function reports on the current risk situation in, and follows up on limits for, each area of operation, in accordance with applicable policies. In 2008, the Finance and Risk Committee spent a great deal of time discussing the volatility and uncertainty on the market and how Investor should position itself given this turbulence.

The Compliance function reported on changes in legislation and regulations and any subsequent updates to the company policies. In 2008, the policy for the Operating Investments business area was at the top of the agenda.

The Finance and Risk Committee also analyzed the Group's legal structure, provided input for the framework to an in-depth risk analysis conducted within the organization and discussed the company's insurance structure during the year. Finally, the committee revised sections of the risk policy with regard to mandates and Value-at-Risk limits related to a change in the risk calculation system.

**Investor's auditor: KPMG AB**

- Auditor in charge: Carl Lindgren
- Born 1958
- Authorized public accountant at KPMG AB
- Chairman of the Board at KPMG AB
- Auditor in charge for Investor since 2003
- Other auditing assignments: Arla, Brummer & Partners, Intrum Justitia, MTG and Nordea
- Holds 0 shares in Investor AB

## Auditors

The company's auditors are appointed by the AGM. The term of the audit engagement is until the close of the AGM held in the fourth – or, in some cases, the third – fiscal year after the auditors' election. The task of the auditors is, on behalf the shareholders, to audit the company's annual accounts, accounting records and the administration by the Board and the President. The auditor in charge also presents an audit report to the AGM. The shareholders are welcome to put questions to the auditor at the AGM.

Under its Articles of Association, Investor is required to have one or two auditors, with at most two deputies. A registered firm of auditors may also be appointed as the company's auditor. At the 2007 AGM, the registered firm of accountants KPMG AB was appointed auditor until the close of the 2011 AGM, with authorized public accountant Carl Lindgren to serve as auditor in charge until further notice.

**Remuneration paid to auditors 2006–2008**

| SEK m. | 2008 | 2007 | 2006 |
|---|---|---|---|
| For auditing services: | | | |
| KPMG AB | 9 | 6 | 9 |
| Ernst & Young AB[1] | n.a. | n.a. | 0 |
| For other services: | | | |
| KPMG AB | 1 | 1 | 1 |
| Ernst & Young AB[1] | n.a. | n.a. | 0 |
| Total Group | 10 | 7 | 10 |

1) AGM-appointed auditor until 2006
n.a.=not applicable

Over the past three years, auditing firms have conducted a limited number of assignments on behalf of Investor other than auditing services. These have mainly consisted of services associated with auditing, such as in-depth reviews during an audit. The independence of the auditor vis-à-vis the company is assured by allowing selected auditors only to conduct services other than auditing to a limited extent. See the table for more information on remuneration to the auditors over the past three years. Fees paid to the auditors are also specified in Note 6 to this annual report.

## Remuneration

### BOARD REMUNERATION

Remuneration to the Board for the coming fiscal year is decided each year by the AGM and is paid to Board members not employed by the company.

The Nomination Committee believes it is to the advantage of the company and its shareholders if Board members are shareholders or are subject to a similar exposure to changes in the price of Investor's share. In order to further increase the Board members' long-term interest in the company's financial performance in a way similar to that of shareholders, the Nomination Committee laid forth a proposal that modifies the structure of the Board fee adopted by the 2008 AGM. The new structure will allow Board members to elect to receive 25 percent or 50 percent of the gross remuneration before tax in the form of synthetic shares, excluding fees for work on committees. For administrative reasons, Board members with a foreign tax domicile can elect to receive 100 percent of the remuneration in cash. The number of synthetic shares allocated is based on a volume weighed average of the market price for Investor class B shares during the five trading days immediately following the publication of the first interim report of 2008. Synthetic shares are entitled to a cash payment of an amount per synthetic share after a period of five years, i.e. in 2013. Board members are credited for dividends paid in respect of Investor's B shares during the holding period (until 2013) via the allocation of additional synthetic shares.

**Attendance record and Board remuneration in 2008**

| ● Member<br>○ Chairman | Audit Committee | Remuneration Committee | Finance and Risk Committee | Attendance record, Board Meetings | Attendance record, Committee Meetings | Board fee excl. Committee fees: Cash, SEK | Board fee excl. Committee fees: Value of synthetic shares, SEK[2] | Board fee excl. Committee fees: Number of synthetic shares[1)2)] | Committee fees: Audit Committee, SEK | Committee fees: Remuneration Committee, SEK | Committee fees: Finance and Risk Committee, SEK | Total Board Remuneration incl. synthetic shares, SEK[2] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Jacob Wallenberg | ● | ○ | ● | 100% | 100% | 937,500 | 937,500 | 6,949 | 125,000 | 125,000 | 62,500 | 2,187,500 |
| Anders Scharp | | ● | | 92% | 100% | 250,000 | 250,000 | 1,853 | | 62,500 | | 562,500 |
| Sune Carlsson | ○ | | | 100% | 100% | 250,000 | 250,000 | 1,853 | 187,500 | | | 687,500 |
| Börje Ekholm | | | | 100% | | | | | | | | – |
| Sirkka Hämäläinen | | | ○ | 100% | 100% | 500,000 | | | | | 125,000 | 625,000 |
| Håkan Mogren | ● | | | 100% | 100% | 250,000 | 250,000 | 1,853 | 125,000 | | | 625,000 |
| O. Griffith Sexton | | ● | | 100% | 100% | 500,000 | | | | 62,500 | | 562,500 |
| Grace Reksten Skaugen | | | ● | 100% | 100% | 500,000 | | | | | 62,500 | 562,500 |
| Lena Treschow Torell | | | | 92% | | 250,000 | 250,000 | 1,853 | | | | 500,000 |
| Peter Wallenberg Jr | ● | | | 92% | 80% | 250,000 | 250,000 | 1,853 | 125,000 | | | 625,000 |
| Total | | | | | | 3,687,500 | 2,187,500 | 16,215 | 562,500 | 250,000 | 250,000 | 6,937,500 |

1) Based on volume weighed average price for Investor's B shares during the five trading days immediately following the publication of the first interim report of 2008 (4/11 - 4/17): SEK 134,9081
2) At point of allocation
For total value of Board fee including synthetic shares at year-end, see Note 5

**Board remuneration 2006 - 2008**

| SEK | 2008 | 2007 | 2006 |
|---|---|---|---|
| Chairman | 1,875,000 | 1,875,000 | 1,875,000 |
| Vice Chairman | 500,000 | 500,000 | 500,000 |
| Director | 500,000 | 500,000 | 500,000 |
| Chairman Audit Committee | 187,500 | 187,500 | 187,500 |
| Member Audit Committee | 125,000 | 125,000 | 125,000 |
| Chairman Remuneration Committee | 125,000 | 125,000 | 125,000 |
| Member Remuneration Committee | 62,500 | 62,500 | 62,500 |
| Chairman Finance and Risk Committee | 125,000 | 125,000 | 125,000 |
| Member Finance and Risk Committee | 62,500 | 62,500 | 62,500 |

As a result, Board members will receive less cash remuneration in 2008 than in 2007, but will receive in exchange a number of synthetic shares, based on the market price of Investor's B shares after the 2008 AGM, that is equal in value to the amount deducted from the cash remuneration. The total remuneration to the Board approved by the AGM was SEK 6,937,500. The distribution of Board fees is shown in the tables below and in Note 5 to this annual report. For the detailed conditions in respect of synthetic shares, please visit the company website.

The Chairman receives a higher fee than other Board members, which reflects the extra duties that this position involves.

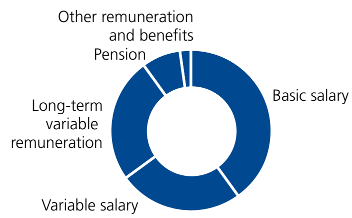
Members of the Board who are not employed by the company do not participate in Investor's share-based remuneration programs.

## REMUNERATION TO MANAGEMENT AND OTHER EMPLOYEES

Investor's remuneration policy aims to offer employees total remuneration in line with the market to enable the right senior executives and other personnel to be recruited and retained. To be able to decide what market-level total remuneration involves and to evaluate prevailing rates, benchmarking studies are carried out every year on behalf of the Remuneration Committee in relevant sectors and markets.

The total remuneration for the President is determined by the Board. Remuneration issues concerning other members of the Management Group are decided by the Remuneration Committee, with the Board being informed of the decision afterwards. Investor applies, throughout the organization, the principle that the immediate superior of every manager must always be informed of and must approve the recruitment and remuneration of any replacement for an employee.

**Components of total remuneration**



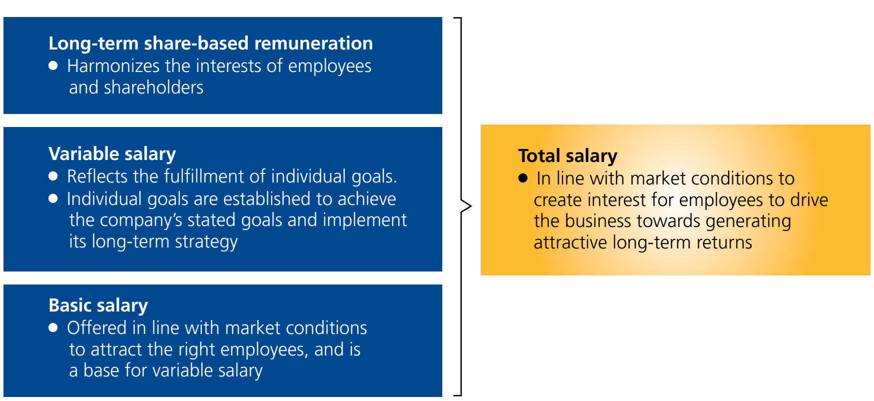

Of the total remuneration, basic salary, variable salary and long-term share-based remuneration form the governing instruments for the company. This combination of remuneration components provides Investor with appropriate instruments to influence and evaluate the performance of employees during the year and to establish a common interest between the company and its owners to drive the business towards generating attractive long-term returns.

## REMUNERATION COMPONENTS AS GOVERNING INSTRUMENTS FOR ATTRACTIVE LONG-TERM RETURNS

The basic salary is reviewed annually for all Investor employees, with the exception of Management Group members, whose basic salary is reviewed every other year. The basic salary constitutes the basis for calculating variable salary.

A majority of the employees at Investor benefit from a variable salary component. This is based on goals that are set each year and followed up at the end of the year. The annual variable salary is thus clearly connected to the work input and performance of the individual. The goals, which may be both quantitative and qualitative, link into the company's long-term strategy. The President's overall goals for the year are established by the President and the Chairman jointly. The actual goals are proposed by the Remuneration Committee subject to the Board's approval. Goals for other employees are established by each employee's manager. The variable portion of salaries in 2008 differs between business areas and amounts to a maximum of 40 percent of basic salary for the President. The variable salary component for other employees makes up between 0 and 80 percent of the basic salary, although for a limited number of key individuals the variable component may amount to 100 percent of the basic salary.

**Remuneration components as governing instruments**



**Management remuneration 2007 - 2008**

| SEK 000s | Year | Basic salary | Variable salary | Theoretical value of granted long-term share-based remuneration | Total salary | Pension cost excluding payroll tax | Other remunera-tions and benefits | Total remunera-tion |
|---|---|---|---|---|---|---|---|---|
| President and CEO | | | | | | | | |
| Börje Ekholm | 2008 | 8,254 | 2,706 | 4,405 | 15,365 | 2,627 | 750 | 18,742 |
| | 2007 | 8,260 | 2,781 | 4,500 | 15,541 | 2,565 | 636 | 18,742 |
| Other members of the management | 2008 | 17,244 | 9,371 | 6,677 | 33,292 | 5,917 | 588 | 39,797 |
| group | 2007 | 16,331 | 7,763 | 7,242 | 31,336 | 4,217 | 487 | 36,040 |

The amounts are calculated according to the accruals concept, including any changes to the reserve for vacation pay provisions, etc. See Note 5 to this annual report for more information on remuneration for the company's management and other employees and the different programs for long-term share-based remuneration.

If the President considers that an employee of the company has made an exceptional contribution during the year, the President may decide to award the employee an extra variable salary component. However, any such award is conditional on specific approval by the Remuneration Committee. When an additional variable salary is awarded, the variable portion of salary can, in individual cases, exceed 100 percent of the basic salary.

Members of personnel employed in the Active Portfolio Management business participate in a profit-sharing program in which they are paid a variable salary component corresponding to 20 percent of the profits of the business, which may result in the variable salary component exceeding 100 percent of the basic salary. For more information, please see Note 5 to this annual report.

Over the years 1999-2008, Investor operated a program of long-term share-based remuneration in the form of an employee stock option program, which from the year 2000 was offered to all employees. This program has been approved by the Investor Board. As of 2004, the programs have also been approved by the AGM. The Board's ambition is to establish a structure that secures the commitment of personnel and bases their remuneration on Investor's long-term growth. Through the program, part of the total remuneration to employees is linked to the long-term development of the company and the Investor share, thus exposing employees to both rises and falls in the company's share price.

The Board developed a new long-term share-based remuneration program for the 2006 AGM. The 2008 program corresponds in all material respects to the program for 2006. The long-term share-based remuneration program consists of two components:

- a share-based savings plan, and
- a performance-based share program.

In 2008, the Remuneration Committee conducted a comprehensive evaluation of the long-term share-based remuneration program adopted at the 2008 AGM. The results of the evaluation resulted in some modifications to the long-term share program that will be presented at the 2009 AGM. Read more about the evaluation under "Work of the Remuneration Committee in 2008".

For more information on salaries and other remuneration, see Note 5 to this annual report.

## President, management and organization

The President and Chief Executive Officer (CEO), Börje Ekholm, is responsible for Investor's day-to-day operations. Written instructions establish how responsibilities are divided between the Board and President. The President's responsibilities cover ongoing investments and divestments, personnel, finance and accounting issues, regular contact with the company's stakeholders (such as public authorities and the financial markets) and ensuring that the Board receives the information it needs to make well-founded decisions.

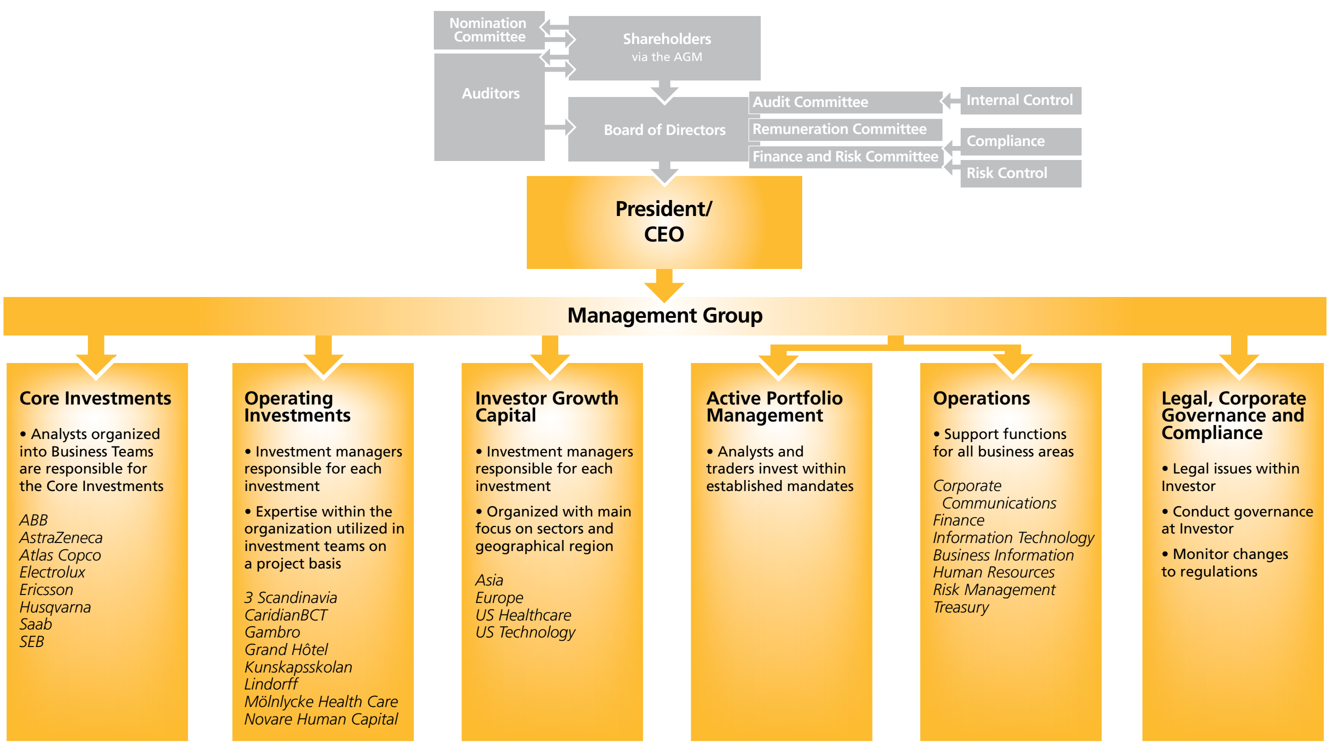
The President reports to the Board. The President is also a member of the Investor Board and attends all Board meetings, other than the meeting when the Board evaluates his performance and when the Board meets the auditor without the presence of persons from the company's management.

The President has appointed a Management Group that has day-to-day responsibility for different parts of Investor's business. In addition to the CEO, the Management Group is made up of Johan Bygge, Johan Forssell, Petra Hedengran, Lennart Johansson and Stephen Campe, who replaced Henry E. Gooss in December. Each member of the Management Group is responsible for one or several units: Core Investments, Operating Investments, Investor Growth Capital, Active Portfolio Management, Operations and Legal, Corporate Governance and Compliance. For a more detailed presentation of the President and the Management Group, see page 51 of this annual report.

The Management Group has a scheduled meeting once a week to conduct and follow up current projects and issues in the organization. In addition to the weekly meetings, the Management Group holds regular meetings four to five times a year to discuss overall strategic issues. In 2008, in addition to specific business transactions, the Management Group discussed the revised Swedish Code of Corporate Governance, risk assessment procedures within the organization and personnel and organizational changes.

The Core Investments business area, headed by Johan Forssell, employs a number of analysts, each responsible for one or more of the Core Investments. The analysts continuously research each holding and their sectors and competitors to identify value-creating initiatives and determine their return potential. Investor takes an active role in nominating Board representatives for its Core Investments.

**Overall structure of governance for the Management Group**




The Operating Investments business area, under the leadership of Lennart Johansson, consists of four investment managers, but also utilizes the expertise of other relevant areas of the organization on a project basis in investment teams, when conducting its analysis and evaluation of new investments. This type of project organization was used during the year, for example, in respect to the acquisition of Lindorff. Investor is normally represented in the Board for Operating Investments and takes a driving role in developing the companies.

Investor Growth Capital is managed by Stephen Campe, who is also in charge of the New York organization. Managers have been appointed for the operation of Investor Growth Capital offices in Asia, Europe and the United States. Each office has investment professionals with knowledge of the local markets and expertise in the sectors they manage. Investor Growth Capital is normally represented by its investment professionals on the Boards of the holdings. The business flow follows a standardized process comprising decision-making and implementation, as well as documentation, evaluation and follow-up of holdings.

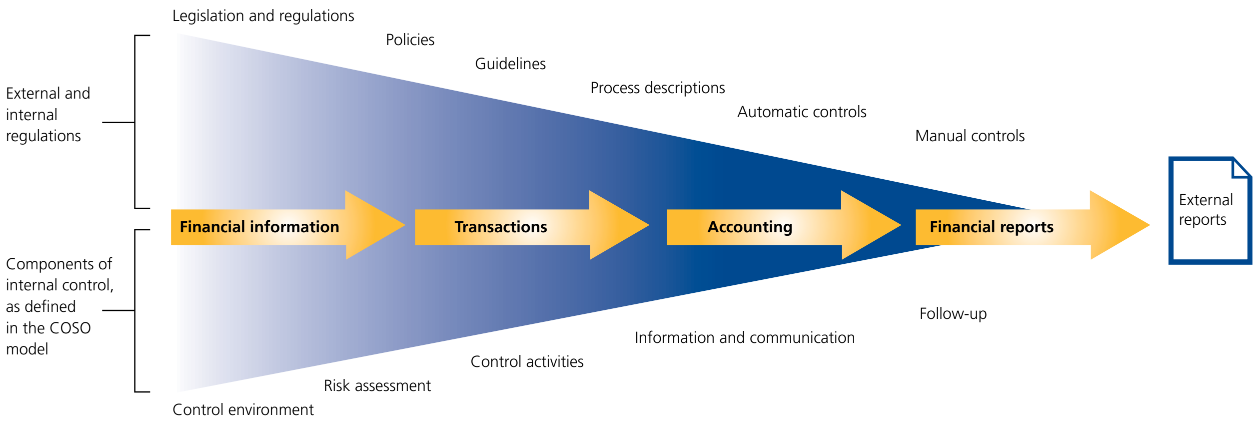
Decisions on commitments made to EQT funds are taken by the Board. The President and the CFO are responsible for day-to-day commitments and their follow-up in EQT funds. Decisions on other financial investments are taken by the President or a person appointed by the President.

Johan Bygge, Investor's CFO, heads the Active Portfolio Management and Operations units. Active Portfolio Management is controlled by mandates and limits set by the Board. The department comprises both traders and analysts. Activities are supervised and monitored daily by the Risk Control function. An evaluation of the mandate and limits for Active Portfolio Management was carried out during the year. The Operations unit includes the Corporate Communications, Finance, IT, Business Information Services, Human Resources, Risk Control and Treasury functions. Each function's responsibilities and processes are governed by set policies and guidelines. In order to efficiently support the business operations, the organization of Operations is adapted to the changes made within each business area. Operations has its own Management Group that meets weekly and consists of representatives from each department.

Petra Hedengran is responsible for the Legal, Corporate Governance and Compliance functions. The Legal function is responsible for legal issues within Investor.

The Corporate Governance unit is partly engaged in actively handling corporate governance issues for Investor and its holdings and partly in monitoring changes in corporate governance legislation and regulations. Work on corporate governance issues includes developing proce-

**Assurance process for information in financial reporting**




The diagram provides an overview of how legislation, regulations, guidelines and controls together assure accurate and comprehensive information in financial reporting.

dures for the nomination process and analysis and monitoring of shareholders' rights. In 2008, the regulations governing public takeover bids on the stock market were discussed. In addition, revisions to the Swedish Code of Corporate Governance and the impact of the pending implementation of the EU directive on the Swedish Companies Act and the Annual Accounts Act were followed.

The Compliance function strives to provide an effective process for identifying changes in legislation and regulations and to raise awareness of legal risks. The Compliance function strives to ensure that the company meets the requirements of laws and contractual conditions, prevents the development, or minimizes the extent, of undesired situations and their effects and maintains internal regulatory systems to this end. In 2008, the Compliance function participated in an in-depth risk analysis within the organization, conducted a comprehensive review of internal policies and procedures and trained personnel in compliance issues.

## Board of Director's report on internal control and risk management regarding financial reporting

This report on internal controls and risk management was submitted by Investor's Board and prepared in compliance with the Swedish Code of Corporate Governance, sections 10.5 and 10.6, and is thereby limited to internal controls in respect of financial reporting[1]. This report is not a part of the formal annual accounts.

Pursuant to the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board is responsible for the internal control. Internal control and risk management comprises a part of the Board's and management's governance and follow-up of the business operations. Internal control is intended to ensure the appropriate and efficient management of the operations, the reliability of the financial reporting and compliance with laws, ordinances and internal regulations. In 2008, Investor's Board and management placed particular attention on the risk assessment process, which is described in more detail below under "Risk Assessment".

Internal control and risk management are an integral part of all processes at Investor. Investor's system of internal control and risk management with regard to financial reporting is designed to manage risks involved in the processes related to financial reporting and to ensure a high level of reliability in external reporting. Investor's main business is the management of financial transactions and the company's internal control over the financial reporting is focused primarily on ensuring efficient and reliable management of and accounting for purchases and sales of securities and accurate valuation of holdings of securities.

The system of internal control is normally described as it is defined in the framework for internal control issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). According to this framework, internal control is described as comprising the control environment, risk assessment, control activities, information and communication and monitoring.

### CONTROL ENVIRONMENT

An effective control environment forms the foundation for the effectiveness of a company's internal control system. It is built on an organization with clear decision-making channels, powers and responsibilities that are defined by clear guidelines, and a corporate culture based on shared values and the individual's awareness of his/her role in maintaining effective internal control.

1) "Financial reporting" refers to interim reports, the year-end report and the annual report.

All of Investor's business areas have policies, guidelines and detailed process descriptions for the various phases of each business flow, from transaction management to bookkeeping and the preparation of external reports. These documents establish rules for responsibility for a specific task, which mandate and powers are to be included and how validation is to be carried out. The governing documents are updated as needed to ensure they always reflect current legislation and regulations and changes in processes. In 2008, the Compliance function provided the organization with information and training regarding applicable governing documents.

**The continuous process of risk management within Investor**


### RISK ASSESSMENT

Risk assessment, i.e. identification and evaluation of the company's risks, is an annual process at Investor. The risk assessment is a self-evaluation and also includes establishing action plans to mitigate identified risks.

The Finance and Risk Committee and the Audit Committee within the Board are responsible for identifying and managing significant financial risks and any risks of material weaknesses in financial reporting. In consultation with the Management Group, it was decided that a new approach to risk assessment should be taken in 2008 that, using an overall perspective, creates a clearer connection between operational governance and risk management. Management also wanted to increase risk awareness within the organization and ensure that all business areas, processes and departments adopt the same approach to the company's risks. Risk analyses were conducted during the year in groups with representatives from all of the functions to encompass the company's processes as a whole, from transactions to accounting, and to ensure that the occurrence of risks between departments was also identified. Investment managers and personnel from the administration of securities, Group accounting, IT, Compliance, financial controllers and the Internal Control function participated in the risk assessment. In addition, a representative from the Management Group was present at all risk seminars.

The risk assessment covered the business flow in its entirety and took into consideration systems, control activities and key individuals. The identified risks were placed in relationship to Investor's assets, such as financial assets, brand, personnel, information and IT/infrastructure. Where necessary, action plans were established to minimize the probability and effect of identified risks. The risk assessment encompassed all process at Investor and was not limited to the risks within financial reporting. The identified risks were then compiled in a company-wide risk map.

On the basis of the risks assessed for each business area, the Audit Committee determines which of the risks identified should be prioritized by the Internal Control function during the year. Focus is placed on risks of material weaknesses in the financial reporting for significant income statement and balance sheet items that are, relatively speaking, higher because of the complexity of the process, or where there is a risk that the effects of potential weaknesses may become significant because of the high transaction values involved. As a result of the assessments made, actions such as improved control routines are taken in order to further ensure accurate financial reporting. The Finance and Risk Committee monitors follow-up of actions for other risks.

A more detailed description of Investor's risks is available in the Administration Report on page 55 and in Note 29 on page 101.

### CONTROL ACTIVITIES

To ensure that the business is conducted efficiently and that financial reporting gives a true and fair picture at any one time, every process incorporates a number of control activities. These involve all levels of the organization from the Board and company management to other employees. The purpose of control activities is to prevent, detect and rectify weaknesses and deviations. At Investor, control activities include approval of business transactions, reconciliation with external counterparts, daily monitoring of risk exposure, daily bank and custody reconciliations, monthly follow-up of outcomes and analytical follow-up of decisions.

Investor's financial reports are analyzed and validated by the company's financial controllers. The validation process consists of both automatic checks, including deviation reporting, and manual checks such as a reasonability assessment of the values found. The effectiveness of the automatic checks in the IT systems is monitored regularly on the basis of information received from system administrators in the business process.

In 2008, the risk analysis led to the development of some control activities in the Core Investments, Operating Investments and Active Portfolio Management business areas. Action plans were established, a number of which have already been implemented. The Finance function's validation processes for the financial reports were finely adjusted during the year.

**Financial information is regularly released via:**

- Investor's annual report
- Interim reports and the year-end report
- Press releases about events that may have a significant impact on the company's share price
- Investor's corporate website

### INFORMATION AND COMMUNICATION

To ensure that information provided externally is accurate and comprehensive, Investor's Board approved a communications policy defining the way in which (by whom, what and how) this information must be issued.

In order to achieve effective and accurate distribution of information both internally and externally, all areas of the organization must communicate and exchange relevant information. Guidelines are in place at Investor to govern how financial information is communicated between management and other personnel. One condition for accurate distribution of information is that effective procedures for information security must be in place. The information security project initiated in 2007 continued during 2008.

Investor regularly publishes up-to-date information on its website so that shareholders and stakeholders can follow Investor's operations and performance. Interim and annual reports are released in Swedish and English. News and events that are considered likely to have an impact on Investor's share prices are also announced in press releases.

### FOLLOW-UP

Both the Board and the Management Group regularly follow-up on the compliance and effectiveness of the company's internal control to ensure the quality of its processes. Investor's financial situation and strategy regarding the company's financial position are discussed at every Board meeting, during which the Board receives detailed monthly reports on the financial situation and development of the business. The Audit Committee plays an important role in ensuring that the required control activities for important areas of risk are embedded in the processes for financial reporting. The Audit Committee, Management and Internal Control function regularly follow up reported shortcomings.

The Internal Control function serves as an objective support resource to the Board with regard to the internal control structure, partly by investigating major areas of risk and partly by performing follow-ups and investigative auditing assignments in selected areas. The function works proactively by proposing improvements in the control environment. The Internal Control function plans its work together with the Audit Committee, management and external auditors, and regularly reports on its work to the Audit Committee throughout the year.

In 2008, the Internal Control function conducted a special review of the valuation process in conjunction with the monthly financial reporting of holdings in EQT and for the Operating Investment business area. In 2008, the Internal Control function made specific reviews of personnel changes in vital roles within the organization. In addition, the Internal Control function followed up that the actions resulting from the reviews conducted in previous years were implemented, including the process of foreign subsidiaries with respect to monthly financial reporting.

**For more information about Investor's corporate governance, please visit our website at www.investorab.com**

Here you will find:

- AGMs since 2004 and adherent documentation
- Nomination Committees since 2005 and adherent documentation
- The Articles of Association
- Information about the Board, committees and their work
- Information about the auditors
- Information about the company's management
- Information about remuneration
- Corporate governance reports since 2004
- Internal control reports since 2005

## Corporate Social Responsibility and sustainable enterprise

Corporate Social Responsibility (CSR) is the commitment by and responsibility of companies for participating in the development of society at large. The companies' strategy and management of CSR issues is a part of the company's governance.

Investor interprets the concept of CSR as covering a number of issues, such as the environment, human rights and working conditions. We have a long tradition of behaving as a responsible company and owner. For some years, we have had a policy in place that controls our work in CSR. Investor's basic principle is that companies that take account of the interests of their stakeholders and society at large improve their potential for healthy long-term profitability. Our activities are based on two separate perspectives: our role as an owner and investor, and our role as an employer.

## CORPORATE SOCIAL RESPONSIBILITY AS AN OWNER

In the companies where Investor has an influence, we strive to ensure that operations are conducted in a responsible and ethical manner. Just as with every other issue relating to our holdings, our influence is mainly exercised via our work on the Board. Part of the evaluation process for new investments includes an assessment of the risks, or opportunities, related to CSR issues.

Since CSR risks and challenges differ between companies, industries and countries, each company must identify and address the CSR issues relevant to its particular operations. Compliance with legislation and regulations is a basic requirement. In addition, we recommend that companies draw up policies and goals for the CSR issues that are most relevant and important to them. Several of Investor's holdings work actively on CSR issues and have made great progress in this area. Here are some examples:

- AstraZeneca actively works with areas such as the impact of medicine on the environment, animal ethics, patient safety, the availability of medicine in developing countries and supplier contacts. For example, AstraZeneca is one of the few pharmaceutical companies in the world with its own environmental laboratory in Great Britain where the company carries out environmental risk assessments of medicine.
- For the fourth year in a row, Atlas Copco was named one of the 100 most sustainable companies in the world. Atlas Copco's production units are certified to ISO 14001 and the company also requires an environmental management system of its suppliers. In product development they work for lowered energy consumption within the products lifecycle.
- Ericsson has met its targets to improve the energy efficiency of its 3G base stations by up to 80 percent by end 2008, from a 2001 baseline. New targets were set for 2009, which specify that Ericsson will reduce its life-cycle carbon footprint by 40 percent over the next five years. In 2008, Ericsson was honored with the prestigious Wall Street Journal Technology Innovation Award for its design concept Ericsson Tower Tube.
- Grand Hôtel has environmental objectives in a number of areas; the most important is cooling and heating of the hotel, waste handling and a large proportion of organic food. They comply with the environmental label scheme, the Swan.
- Husqvarna is a leader in several areas in terms of products with reduced environmental impact. Two examples are the X- TORQ® engine for hand-held products and the robotic lawn mower, AUTO-MOWER™. The patented X- TORQ® engine, reduces fuel consumption by up to 20 percent and exhausts emissions by up to 60 percent, and complies with the strictest emissions requirements in the U.S. and Europe. The newly launched AUTO-MOWER™ Solar Hybrid, a new version of the robotic lawnmower, is powered by a combination of solar cells and batteries. The solar cells reduce energy consumption and results in longer battery life.
- In 2002, Mölnlycke Health Care was one of the first in the medical device industry to become certified under ISO 14001, and sound environmental practices on a global scale have been a priority since. The company has an extensive environmental policy and its main environmental objectives include minimizing the environmental impact of transportation, improving production waste disposal, following good recycling practice and replacing hazardous materials. The company has met several of its important targets.
- SEB incorporated the phrase "be considered a good corporate citizen" in its mission statement and, consequently, launched a number of important initiatives. It issued its very first Corporate Responsibility Report in 2007 in accordance with GRI Guidelines. It also adopted, through its Wealth Management Division, the United Nations Principles for Responsible Investments (PRI). SEB is a member of the United Nations Global Compact.

Activities in the CSR field are under constant development. We remain convinced that well structured processes and clear CSR-strategy will be important for risk management and value creation also in the coming years of tougher economic climate.

## CORPORATE SOCIAL RESPONSIBILITY AS A COMPANY AND EMPLOYER

Investor supports the OECD Guidelines for Multinational Enterprises, which contain recommendations on employment, human rights, the environment, the disclosure of information and other areas of responsible business conduct. Investor applies an environmental policy that strives to minimize environmental impact through conservative use of resources, recycling and other measures. Investor's direct impact on the environment is regarded as minor since the company conducts office-based activities on a very limited scale in a handful of locations worldwide. In late 2007, a review of Investor's environmental activities was initiated at the company's headquarters. A follow-up review was conducted in 2008. The results from the emissions measurements were reported as part of the Carbon Disclosure Project (CDP).

Investor's sponsorship activities normally include some form of social engagement. Youth, education and entrepreneurship are prioritized areas. Investor sponsors, for example:

- Young Enterprise Sweden (Ung Företagsamhet), entrepreneurship training in the form of a competition at upper secondary school level;
- IFS, an organization that supports persons in Sweden of foreign heritage, with starting and developing companies;
- SIFE (Students for Free Enterprise), social entrepreneurship at university level; and
- Zon Moderna, an educational art outreach project for upper secondary school students, offered at Moderna Museet in Stockholm.

# Management Group

***Börje Ekholm***
born 1963
Director since 2006
President and Chief Executive Officer since 2005
Member of the Management Group since 1997, employed in 1992

***Board assignments***
Chalmersinvest AB, Husqvarna AB, KTH Holding AB, Lindorff Group AB, Scania AB, Telefonaktiebolaget LM Ericsson and University Board of KTH

***Work experience***
Head of New Investments: Investor AB
CEO: Novare Kapital
Analyst: Core Holdings, Investor AB
Associate: McKinsey & Co Inc.

***Education***
M.B.A., INSEAD, Fontainebleau and M.Sc. in Engineering, Royal Institute of Technology, Stockholm

***Shares in Investor***
296,591

***Johan Bygge***
born 1956
Chief Financial Officer
Member of the Management Group since 2007, employed in 2007

***Board assignments***
The Association of Exchange-Listed Companies, The Association for Generally Accepted Principles in the Securities Market, Getinge AB, Grand Hotel, Hi3G (3 Scandinavia), Isaberg Rapid AB, Novare Human Capital, The Swedish Industry and Commerce Stock Exchange Committee

***Work experience***
Executive Vice President, CFO, Chief Administrative Officer and Corporate Controller: AB Electrolux
Deputy Group Treasurer and Deputy Group Controller: Telefonaktiebolaget LM Ericsson
Arthur Andersen

***Education***
Degree in Economics and Business Administration, Stockholm School of Economics

***Shares in Investor***
11,465

***Stephen Campe***
born 1965
Head of Investor Growth Capital
Member of the Management Group since December 2008, employed in 1998

***Board assignments***
AxioMed Spine Corporation, Applied Spine Technologies, Inc., CardioOptics Inc., Cayenne Medical, Inc, CHF Solutions, Inc., Galil Medical Ltd. and Intuity Medical, Inc.

***Work experience***
Managing Director: Investor Growth Capital
Consultant: McKinsey & Company
Investment Banker

***Education***
M.B.A., Yale School of Management, Bachelor of Applied Science, University of Pennsylvania, Bachelor of Science in Economics, The Wharton School, University of Pennsylvania

***Shares in Investor***
0

***Johan Forssell***
born 1971
Head of Core Investments
Member of the Management Group since 2006, employed in 1995

***Board assignments***
Atlas Copco AB and SSE MBA Research Foundation

***Work experience***
Head of Research, Head of Capital Goods and Healthcare sector, Head of Capital Goods sector and Analyst Core Holdings: Investor AB

***Education***
M.Sc. in Finance, Stockholm School of Economics

***Shares in Investor***
28,599

***Petra Hedengran***
born 1964
Head of General Counsel, Corporate Governance and Compliance
Member of the Management Group since 2007, employed in 2007

***Board assignments***
Lindorff Group AB

***Work experience***
Partner and Head of Banking and Financing Group: Advokatfirman Lindahl
Legal Counsel and General Counsel Nordic Region: ABB Financial Services AB
Assistant Judge: Stockholms Tingsrätt
Associate: Gunnar Lindhs Advokatbyrå

***Education***
Bachelor of Laws, University of Stockholm

***Shares in Investor***
5,116

***Lennart Johansson***
born 1955
Head of Operating Investments
Member of the Management Group since 2006, employed in 2003

***Board assignments***
Gambro AB, Gambro Holding, IBX Group AB, Mölnlycke Health Care AB and Saab AB

***Work experience***
CEO: b-business partners
CEO: Emerging Technologies AB
Deputy CEO/Senior Executive Vice President, Senior Vice President Accounting: Atlas Copco AB
Audit and Control Business Area Controller: Atlas Copco Industrial Technique
Management Consultant: Nordic Management, SMG

***Education***
Degree in Economics and Business Administration, Stockholm School of Economics

***Shares in Investor***
12,897

*See Note 5 for employee stock options held by Management Group members.*


Johan Forssell


Börje Ekholm


Petra Hedengran


Johan Bygge


Stephen Campe


Lennart Johansson

# Board of Directors

***Jacob Wallenberg***
born 1956
Chairman since 2005
Vice Chairman 1999-2005
Director since 1998

***Other board assignments***
Vice Chairman: Atlas Copco AB, SAS AB and SEB Skandinaviska Enskilda Banken AB (SEB)
Director: ABB Ltd, The Coca-Cola Company, The Knut and Alice Wallenberg Foundation, The Nobel Foundation and Stockholm School of Economics

***Work experience***
Chairman: W Capital Management AB and SEB
Director: Thisbe AB
President and CEO: SEB
Executive Vice President and Head of Enskilda Division, SEB
Advisor to the President and CEO of SEB and
Executive Vice President and CFO: Investor AB

***Education***
B.Sc. in Economics and M.B.A., Wharton School, University of Pennsylvania
Reserve Officer, Swedish Navy

***Independent/Dependent*** [1]
Independent in relation to the company and its management
Dependent in relation to the company's major shareholders

***Committees***
Chairman: Remuneration Committee
Member: Audit Committee and Finance and Risk Committee

***Shares in Investor*** [2]
335,924

***Anders Scharp***
born 1934
Vice Chairman since 2005
Director since 1988

***Other board assignments***
Chairman: Alecta's National Board
Member: The Royal Swedish Academy of Engineering Sciences (IVA)

***Work experience***
President, CEO and Chairman: AB Electrolux
Chairman: AB Ph. Nederman & Co, AB SKF, Saab AB, Scania AB, Incentive AB, Saab-Scania AB, Atlas Copco AB and The Swedish Employers' Confederation
Director: The Federation of Swedish Industries and The Association of Swedish Engineering Industries

***Education***
M.Sc. in Engineering, Royal Institute of Technology, Stockholm

***Independent/Dependent*** [1]
Independent in relation to the company and its management
Independent in relation to the company's major shareholders

***Committees***
Member: Remuneration Committee

***Shares in Investor*** [2]
100,000

***Sune Carlsson***
born 1941
Director since 2002

***Other board assignments***
Chairman: Atlas Copco AB
Director: Autoliv Inc. and Stena AB

***Work experience***
Vice Chairman: Scania AB
President and CEO: AB SKF
Executive Vice President: ASEA AB and ABB Ltd

***Education***
M.Sc. in Engineering, Chalmers University of Technology, Gothenburg

***Independent/Dependent*** [1]
Independent in relation to the company and its management
Independent in relation to the company's major shareholders

***Committees***
Chairman: Audit Committee

***Shares in Investor*** [2]
30,000

***Börje Ekholm***
born 1963
Director since 2006
See also information on page 51

***Independent/Dependent*** [1]
Dependent in relation to the company and its management
Independent in relation to the company's major shareholders

***Sirkka Hämäläinen***
born 1939
Director since 2004

***Other board assignments***
Chairman: Finnish National Opera
Vice Chairman: KONE Corporation
Director: SanomaWSOY

***Work experience***
Economist and Head of Department: Bank of Finland
Director General: Economics Department, Finnish Ministry of Finance
Governor and Chairman: Bank of Finland
Member of the Executive Board: European Central Bank

***Education***
D.Sc. in Economics, Helsinki School of Economics

***Independent/Dependent*** [1]
Independent in relation to the company and its management
Independent in relation to the company's major shareholders

***Committees***
Chairman: Finance and Risk Committee

***Shares in Investor*** [2]
2,450

***Håkan Mogren***
born 1944
Director since 1990

***Other board assignments***
Non-Executive Deputy Chairman: AstraZeneca PLC
Director: Groupe Danone and The Marianne and Marcus Wallenberg Foundation
Member: The Royal Swedish Academy of Engineering Sciences (IVA)

***Work experience***
Chairman: Affibody AB, The Swedish-American Foundation, Reckitt Benckiser plc and The Sweden-Japan Foundation
Director: Norsk Hydro ASA and Rémy Cointreau SA
President and CEO: Astra AB and AB Marabou

***Education***
D.Sc. in Applied Biochemistry, Royal Institute of Technology, Stockholm

***Independent/Dependent*** [1]
Independent in relation to the company and its management
Independent in relation to the company's major shareholders

***Committees***
Member: Audit Committee

***Shares in Investor*** [2]
7,458

1) Independent/Dependent in accordance with NASDAQ OMX Stockholm AB and the Swedish Code of Corporate Governance.
2) Excl. synthetic shares, for more information about synthetic shares see Note 5.

Jacob Wallenberg

Lena Treschow Torell

Peter Wallenberg Jr

Grace Reksten Skaugen

Håkan Mogren

***Grace Reksten Skaugen***
born 1953
Director since 2006

***Other board assignments***
Chairman: Entra Eiendom AS and Ferd Holding AS
Director: StatoilHydro ASA

***Work experience***
Director: Atlas Copco AB, OperaSoftware ASA, Storebrand ASA and Tandberg ASA
Consultant: Argentum Fondinvesteringar AS
Director: Corporate Finance Enskilda Securities, Oslo
Special Project Adviser: AS Aircontractgruppen, Oslo
Venture Capital Consultant: Fearnley Finance Ltd, London
Microelectronics Research Officer: Columbia University, New York

***Education***
M.B.A., BI Norwegian School of Management, Careers in Business Program, New York University, Ph.D., Laser Physics, Imperial College of Science and Technology, London University, B.Sc., Honours, Physics, Imperial College of Science and Technology, London University

***Independent/Dependent*** [1)]
Independent in relation to the company and its management
Independent in relation to the company's major shareholders

***Committees***
Member: Finance and Risk Committee

***Shares in Investor*** [2)]
1,100

***O. Griffith Sexton***
born 1944
Director since 2003

***Other board assignments***
Director: Morgan Stanley

***Work experience***
Advisory Director and Managing Director: Morgan Stanley

***Education***
M.B.A., Stanford University Graduate School of Business and B.S.E., Princeton University

***Independent/Dependent*** [1)]
Independent in relation to the company and its management
Independent in relation to the company's major shareholders

***Committees***
Member: Remuneration Committee

***Shares in Investor*** [2)]
1,800

***Lena Treschow Torell***
born 1946
Director since 2007

***Other board assignments***
Chairman: MISTRA (The Foundation for Environmental Strategic Research), and Euro-CASE (European Council of Applied Sciences and Engineering)
Director: The Chalmers University of Technology Foundation, Dagens Industri AB, Micronic Laser Systems AB, Saab AB, AB SKF and AB Ångpanneföreningen (ÅF)

***Work experience***
President: Royal Swedish Academy of Engineering Sciences
Director: Getinge AB, Imego AB, IRECO Holding AB, Gambro AB and Telefonaktiebolaget LM Ericsson
Research Director: Joint Research Centre, European Commission, Brussels
Vice President: Chalmers University of Technology, Gothenburg
Professor: Materials Physics, Chalmers University of Technology
Professor: Solid State Physics, Uppsala University, Uppsala

***Education***
Ph.D., Physics, University of Gothenburg
Docent, Physics, Chalmers University of Technology

***Independent/Dependent*** [1)]
Independent in relation to the company and its management
Independent in relation to the company's major shareholders

***Shares in Investor*** [2)]
16,500

***Peter Wallenberg Jr***
born 1959
Director since 2006

***Other board assignments***
Chairman: Foundation Asset Management AB, The Grand Hôtel Holdings and The Marcus and Amalia Wallenberg Memorial Fund
Vice Chairman: The Knut and Alice Wallenberg Foundation, The Royal Swedish Automobile Club and The Stockholm Chamber of Commerce
Director: Scania AB, SEB Kort AB and Stockholm International Fairs

***Work experience***
Director: General Motors Norden AB
President and CEO: The Grand Hôtel Holdings
General Manager: The Grand Hôtel
President: Hotel Division Stockholm-Saltsjön AB
General Manager: The Grand Hôtel, Saltsjöbaden, and Hotel Skansen, Båstad

***Education***
BSBA Hotel Administration, University of Denver, International Bachaloria, American School, Leysin, Switzerland

***Independent/Dependent*** [1)]
Independent in relation to the company and its management
Dependent in relation to the company's major shareholders

***Committees***
Member: Audit Committee

***Shares in Investor*** [2)]
57,598

***Honorary Chairman Peter Wallenberg***
born 1926

Honorary Chairman since 1997
Chairman 1982-1997
Director 1969-1982

***Other board assignments***
Chairman: The Knut and Alice Wallenberg Foundation
Honorary Chairman: Atlas Copco AB

***Education***
Bachelor of Laws, University of Stockholm

1) Independent/Dependent in accordance with NASDAQ OMX Stockholm AB and the Swedish Code of Corporate Governance.
2) Excl. synthetic shares, for more information about synthetic shares see Note 5.

Anders Scharp

Sirkka Hämäläinen

O. Griffith Sexton

Sune Carlsson

Börje Ekholm

# Contents of Financials

# Administration Report

The Board of Directors and the President of Investor AB (publ.), 556013-8298, hereby present their annual report on the operations of the Parent Company and Group for fiscal year 2008, the company's ninety-second year of business. The following Income Statements, Balance Sheets, specifications of changes in equity, statements of cash flows, accounting principles and notes to the financial statements constitute an integral part of the annual report.

## Fiscal Year 2008

### OPERATIONS

Investor is the largest industrial holding company in the Nordic region. Investor's business concept is to generate attractive long-term returns by investing in companies with solid potential for value creation and by leveraging Investor's experience, knowledge and network to make them best-in-class. Operations are conducted in the business areas Core Investments (including a number of multinational listed corporations ABB, AstraZenica, Atlas Copco, Electrolux, Ericsson, Husqvarna, Saab and SEB), Operating Investments (including companies such as Gambro Holding, Lindorff, Mölnlycke Health Care and 3 Scandinavia), Private Equity Investments (with operations in the United States, Northern Europe and Asia) and Financial Investments.

Investor is listed on the OMX Nordic Exchange in Stockholm, where the company's class A and class B shares are traded.

### GROUP

The Group's performance is best reflected by Investor's net asset value (market value of total assets less net debt) – corresponding to shareholders' equity – and the way it develops. On December 31, 2008, Investor's net asset value amounted to SEK 115,340 m. (155,204). During 2008, the net asset value changed by SEK –39,864 m. (–4,116). The change consisted mainly of the net result for the year, totaling SEK –36,736 m. (–367), and the dividend to shareholders amounting to SEK–3,637 m. (–3,449).

Consolidated operating income was SEK –36,521 m. (273). The net result before tax was SEK –36,809 m. (–211). The change from last year was mainly due to a decline in the value of the Core Investments, amounting to SEK –35,269 m. (–7,537), and in Private Equity Investments totaling SEK –3,582 m. (5,907). The difference between net income for the year, SEK –36,736 m. (–367), and the change in net asset value, SEK –39,864 m. (–4,116), consisted of dividends paid, SEK –3,637 m. (–3,449), and other changes in the Group's shareholders' equity totaling SEK 509 m. (–300).

Investments in shares and participations, and receivables, totaled SEK 10,665 m. (15,940). Sales of shares and participations and receivables, amounted to SEK 24,602 m. (13,984). On December 31 2008, total assets of the Investor Group amounted to SEK 140,659 m. (177,231), of which shareholders' equity represented SEK 115,340 m. (155,204). The equity/assets ratio was 82 percent (88).

At the close of the fiscal year, the Group's short-term investments and cash and cash equivalents amounted to SEK 27,972 m. (15,008). Interest-bearing liabilities and derivatives, used to control exposure to changes in interest rates and foreign currency totaled SEK –18,360 m. (–18,398). Outstanding loans that fall due for payment during 2009-2011 have a nominal amount of SEK 1,151 m.

At year-end, consolidated net cash was SEK 9,415 m., compared to a net debt position of SEK –3,583 m. at the close of 2007, of which pension provisions and similar commitments accounted for SEK –197 m. (–192). At year-end, net cash represented 7 percent (–2) of total assets.

### PARENT COMPANY

Financial reporting in the Parent Company differs from consolidated reporting with regard to the valuation of associated companies, which represent the majority of the Core Investments. These are reported in the Parent Company at cost but at fair value in the Group.

Operating loss of the Parent Company amounted to SEK –4,500 m. (12,537). A substantial portion of the loss was mainly attributable to SEB, Ericsson and Husqvarna. Loss for the year was SEK –4,785 m. (14,163).

During the year, Parent Company investments in financial assets totaled SEK 7,018 m. (17,780), including SEK 4,157 m. (11,230) in shares and share holder loans to Group companies. Sales of financial assets amounted to SEK 21,131 m. (9,427), including SEK 0 m. (3,125) in Group companies.

On December 31, 2008, total assets of the Parent Company amounted to SEK 123,308 m. (139,181), of which shareholders' equity represented SEK 92,999 m. (101,564). The decrease in equity was attributable mainly to a loss for the year, SEK –4,785 m. (14,163), and dividend payments of SEK –3,637 m. (–3,449) to shareholders.

### SEGMENTS

#### Core Investments

Core Investments consists of major listed companies for which Investor has a long investment horizon. On December 31, 2008, Investor's Core Investments comprised ABB, AstraZeneca, Atlas Copco, Electrolux, Ericsson, Husqvarna, Saab and SEB.

The value of Core Investments totaled SEK 73,272 m. (127,293) at year-end 2008. SEB and ABB had the biggest negative impact during 2008, SEK –13,863 m. and SEK –11,137 m., respectively. Scania had the most positive impact, SEK 3,311 m.

In 2008, a total of SEK 2,150 m. (5,571) was invested in shares, while share sales totaled SEK 20,902 m. (6,015). SEK 723 m. was invested in shares in SEB, SEK 318 m. in Husqvarna, SEK 225 m. in Electrolux and SEK 884 m. in Atlas Copco. The sale of Scania for SEK 16,823 m. was a major portion of sales during the year. OMX was divested for the amount of SEK 3,419 m. In addition, Scania shares for SEK 660 m. were sold in connection with redemption program in Scania.

During the year Investor received dividends from the Core Investments amounting to SEK 3,803 m. (3,161). Increase was mainly attributable to higher dividends from SEB, ABB and Atlas Copco.

#### Operating Investments

On December 31, 2008, Operating Investments consisted of Gambro Holding, Lindorff, Mölnlycke Health Care, 3 Scandinavia, The Grand Group, Kunskapsskolan, Novare Human Capital, EQT Partners and the other advisory companies in Private Equity Investments, and a small number of real estate holdings. Operating Investments comprises companies in which Investor has a majority or large ownership interest in the underlying investment and is therefore involved in the holdings to an even greater extent than in other business areas.

At year-end 2008, the net asset value of Operating Investments was SEK 16,378 m. (11,806), of which Mölnlycke Health Care accounted for SEK 6,166 m. (5,729), Lindorff for SEK 3,541 (–) Gambro Holding for SEK 3,386 m. (3,217), The Grand Group for SEK 1,338 m. (1,337) m. and 3 Scandinavia for SEK 1,301 m. (920).

***Mölnlycke Health Care***

Mölnlycke Health Care was acquired during 2007 by Investor in partnership with Morgan Stanley Principal Investments. The company has two divisions: Wound Care and Surgical. The value creation plan that formed the basis of the acquisition was implemented during the year. Under the plan, the product range was simplified on an ongoing basis in order to optimize efficiency. The growth was strong during the year.

Mölnlycke Health Care had an effect of SEK 145 m. (–32) on Investor's income in 2008.

***Lindorff***

Lindorff was acquired during 2008 by Investor in partnership with Altor. The value creation plan that formed the basis of the acquisition was implemented during the year. Under the plan, the product range was simplified on an ongoing basis in order to optimize efficiency.

Lindorff had an effect of SEK –49 m. (–) on Investors income in 2008.

***Gambro Holding***

Gambro Holding consists two companies: Gambro and CaridianBCT. In Gambro, investments implemented to strengthen long-term profitability continued to have an adverse impact on net results, as expected. However, underlying operations are performing strongly. CaridianBCT (former Gambro BCT) showed strong growth during the year. Despite investments in development and the launch of new products, the company's EBITDA results, adjusted for currency effects, were in line with those of the preceding year.

Gambro Holding had an effect of SEK –156 m. (–326) on Investor's income in 2008.

***3 Scandinavia***

During 2008, 3 Scandinavia increased its customer uptake in Sweden and Denmark by 331,000 to 1,231,000. The development in the product mix resulted in a decrease in average revenue per user (ARPU) and the percentage of non-voice ARPU also continued to increase during the year.

3 Scandinavia reached a positive result (before tax, net interests and depreciations but after costs caused by newly customer acquisitions and retention costs (EBITDA)) on a monthly basis during the summer 2008.

During 2008, Investor provided SEK 930 m. (1,080) in financing to 3 Scandinavia. As of December 31, 2008, Investor has provided 3 Scandinavia with financing totalling SEK 5,981 m. (5,051).

3 Scandinavia had an impact of SEK –610 m. (–798) on Investor's income for the year.

***The Grand Group***

The decline in economic activity, and therefore the decline in the number of business travelers, had a negative impact on Grand Hotel. The hotel hosted fewer guests than during the previous year, but Mat & Dryck showed strong growth. A Spa-facility is underway and will be launched during the latter part of 2009, which will broaden the hotel's service offerings and increase the customer base.

In 2008, The Grand Group contributed SEK 22 m. (46) to Investor's income.

***Kunskapsskolan***

In 2002, Investor Growth Capital invested in Kunskapsskolan, one of Sweden's leading independent school operators. Kunskapsskolan has approximately 10,000 students.

In 2008, Kunskapsskolan contributed SEK 2 (–) to Investor's income.

***Novare Human Capital***

The uncertainty on the financial market combined with the decline in economic activity had a negative impact on recruitment during the year. As a result, Novare's gross sales declined compared to the previous year.

Novare contributed SEK –1 m. (3) to Investor's income for the year.

***EQT Partners AB***

EQT Partners contributed SEK 21 m. (19) to Investor's income for the year.

## Private Equity Investments

Private Equity Investments consists of the investments in growth companies within Investor Growth Capital and debt-financed buyouts of more mature companies through investments in EQT's funds.

At year-end 2008, the total value of Investor's Private Equity Investments was SEK 15,295 m. (17,718).

A total of SEK 3,729 m. (3,627) was invested during 2008, while holdings were sold for a total of SEK 2,937 m. (7,401).

The average annualized return on investments during the period 1998-2008 met the targeted return requirement of 20 percent.

***Investor Growth Capital***

Investor Growth Capital's activities are focused primarily on expansion stage investments in growth companies in the med-tech sector in Northern Europe and the United States and in the IT/technology sector in Northern Europe, the United States and Asia. The value of investments in Investor Growth Capital totaled SEK 7,968 m. (7,518) on December 31, 2008.

A total of SEK 1,887 m. (1,985) was invested during 2008, while holdings were sold for a total of SEK 1,123 m. (1,674).

***EQT***

Investment activities in EQT are conducted via a number of funds operating primarily with external capital. Advisory services are provided through EQT Partners, in which Investor has a 31 percent stake. The funds are EQT I, EQT II, EQT III, EQT IV, EQT V, EQT Denmark, EQT Finland, EQT Opportunity, EQT Expansion Capital I, EQT Expansion Capital II, EQT Asia, EQT Greater China II and EQT Infrastructure. The funds invest in companies operating in different industries that have major potential for profitability improvements, growth and value creation.

The market value of Investor's investments in the EQT funds totaled SEK 7,327 m. (10,200) on December 31, 2008, with outstanding commitments amounting to SEK 8,546 m. (7,991) on the same date.

A total of SEK 1,842 m. (1,642) was invested during 2008, while holdings were sold for a total of SEK 1,814 m. (5,727).

### Financial Investments

Financial Investments are investments with a short ownership horizon. On December 31, 2008, these holdings consisted primarily of holdings managed via Investor's active portfolio management, shares in the RAM One hedge fund and the investment made in Aker Holding AS during the year.

The total value of Financial Investments on December 31, 2008, was SEK 1,246 m. (2,583), of which SEK 486 m. (1,248) was in Investor's active portfolio management and SEK 657 m. (841) in the RAM One hedge fund.

Financial Investments had an impact of SEK –639 m. (–173) on Investor's income during the year. Both the active portfolio and RAM One had a negative impact on Investor during the year.

## OPERATING COSTS

Consolidated costs totaled SEK –555 m. (–535) in 2008. Of these costs, SEK –200 m. (–205) was attributable to the Private Equity Investments business area, which has a business model that involves a higher share of administrative costs than other Investor business areas.

The calculation of commitments within the framework of long-term share-based remuneration programs resulted in additional costs of SEK –21 m. (–17) in 2008. Since the programs are hedged financially, there is a corresponding positive effect of the hedging in net financial items. The purpose of the hedging is to minimize the effects of the programs on equity when the price of the Investor share increases.

## PERSONNEL AND ENVIRONMENT

The number of full-time equivalent employees in Investor's wholly owned investing activities totaled 139 in 2008, compared to 141 in 2007.

During the year, a number of activities were conducted in the human resources area. One was to draw up an action plan, on the basis of an earlier survey, to enable women to pursue a career and reach a management position in the company. To further consolidate Investor's corporate culture, work continued on the company's core values during the year.

Investor's direct impact on the environment is considered to be minor, in that the company conducts office-based activities on a very limited scale in a handful of locations worldwide. Investor has an environmental policy that aims to minimize the company's environmental impact.

## RISKS AND UNCERTAINTY FACTORS

The following is a brief description of the most significant risks and uncertainty factors affecting the Group and Parent Company. 2008 has been an exceptional year with increased risk and insecurity among others in the financial market. See Note 29 for a more detailed description of Investor's risk exposure and risk management.

### Commercial risks

Commercial risks consist mainly of a high level of exposure to a particular industry or an individual holding, changes in market conditions for finding attractive investment candidates or barriers that may arise and prevent exits from a holding at the chosen time. During 2008, the proportion of Investor's unlisted holdings rose, leading to a somewhat lower level of liquidity in the portfolio. However, the overall risk in the portfolio is limited by the fact that the portfolio consist of a number of investments in different industries and countries.

### Operational risks

Operational risks are defined as the risk of loss due to inadequacies in the internal control process or system, or the risk of loss caused by external events. These risks are monitored continuously by the Risk Control function and the function for Internal Control.

### Financial risks

The main financial risk that the Investor Group is exposed to are price risks, such as risks associated with changes in the value of a financial instrument because of fluctuations in mainly share prices, exchange rates or interest rates. The majority of Investor's exposure to share prices is in Core Investments, but also in Private Equity Investments and Active Portfolio Management. The company is directly exposed to currency risks primarily in Private Equity Investments, while Core Investments and Operating Investments are indirectly exposed to currency risks. Interest rate risks are present in excess liquidity and the debt portfolio. Currency risks in the company's borrowings are hedged at the same time as interest rate risks are controlled with derivatives.

Other risks arising in financing activities are liquidity, financing and credit risks. These risks are monitored continuously by the Risk Control function.

### Other risks

Other risks include the possibility of non-compliance with external regulations and legislation, contract-based undertakings and the company's internal rules. In addition, there are risks associated with IT, the handling of confidential information and the spread of rumors and speculations about the company. These risks are being managed by the Compliance function and the function for Internal Control.

### Uncertainty factors

Uncertainty factors that affect operations, which also make forecasts regarding the company's future development unsure, relate mainly to changes in share prices, foreign exchange rates, prices of unlisted holdings and the development of various industrial sectors.

## FUTURE DEVELOPMENT

Investor's strategy for the future, in which the company will seek to grow its unlisted investments, is clearly set out.

In the future, Core Investments will continue to constitute the largest share of Investor's portfolio, and will therefore be the key value driver. Investor will continue to actively develop and exercise influence over the companies, primarily through board representation.

It is anticipated that the Operating Investments business area will grow in the future, given attractive investment opportunities, and Investor will continue to maintain a high level of involvement in the underlying operations of these holdings.

In Private Equity Investments, Investor will continue to seek out new investment opportunities and develop the companies in the portfolio managed by Investor Growth Capital. Investor will also continue to invest in EQT's funds.

### SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Since the majority of Investor's holdings are listed, the turbulence in the financial market had a negative impact on Investor's net asset value in the beginning of 2009.

Investor has agreed to underwrite SEK 3.5 bn., corresponding to 23.5 percent of SEB's SEK 15 bn. announced rights issue.

Husqvarna announced during the first quarter 2009 a rights issue of approximately SEK 3 bn. to strengthen the company's financial position. Investor has agreed to underwrite approximately SEK 1 bn.

### SHARES AND OWNERSHIP

#### Structure of share capital

On December 31, 2008, the Parent Company's share capital was represented by the following shares, each with a quota value of SEK 6.25.

| Class of share | Number of shares | Number of votes | % of capital | % of votes |
|---|---|---|---|---|
| A 1 vote | 311,690,844 | 311,690,844 | 40.6 | 87.2 |
| B 1/10 vote | 455,484,186 | 45,548,418 | 59.4 | 12.8 |
| | 767,175,030 | 357,239,262 | 100.0 | 100.0 |

#### Other share information

The largest shareholder in Investor AB is the Knut and Alice Wallenberg Foundation, with 18.6 percent of the capital and 40.0 percent of the voting rights.

A total of 2,483,800 Investor class B shares are held by the company following a buyback of shares to hedge the 2006, 2007 and 2008 long-term share-based remuneration programs. These shares represent 0.3 percent of the total number of shares outstanding and correspond to a nominal value of SEK 15.5 m. The cost of acquiring the shares was SEK 366 m.

Of the above-mentioned shares, 1,083,800 class B shares in Investor were repurchased in 2008. These shares represent 0.1 of the total number of shares outstanding and correspond to a nominal value of SEK 6.8 m. The cost of acquisition was SEK 153 m.

The 2008 Annual General Meeting authorized the Board to buy back Investor shares, subject to the condition that the company's holding of its own shares must not exceed 1/10 of all shares outstanding in the company.

In accordance with Investor's Articles of Association, resolutions on the appointment and dismissal of Board members and on the amendment of the Articles of Association will be submitted to voting by the Annual General Meeting.

### REVIEW OF PROGRAM FOR LONG-TERM SHARE-BASED REMUNERATION

During the year, a project group, which was appointed by the Remuneration Committee, has made a comprehensive evaluation of the long-term variable remuneration program for the management and the employees, which was adopted at the Annual General Meetings 2006-2008. The evaluation took three perspectives into consideration: employee motivation, effects of the performance criteria and shareholder value. The review was conducted via a broad survey of Investor employees, interviews with about 10 key people, collection and analysis of views and comments from external parties as well as studies and analysis of academic research. Results show that participation has been high and that the programs are appreciated among employees. Support from different owners, foreign as well as domestic, has been steady. The fact that the programs require own investment by the employees, and the involvement that comes out of that, has been particularly appreciated. In total, employees have invested SEK 37 m. of own funds across the three programs. From a shareholder perspective, it is worth noting that the programs have an upside and a downside. The President, for example, invested SEK 1.2 m. in the program in 2006 and thereby received a grant of long-term share based program for a theoretical value of SEK 3.3 m. When the program vested at year-end 2008, the value of this investment had fallen to SEK 1.0 m. and the value of the share-based program to approximately SEK 1.6 m.

The potential for improvements that was identified in the evaluation were simplified follow-up of the programs development over time and a stronger focus on goals via improved leverage. As a result of the evaluation, the fundamental principles set forth in the 2006-2008 programs will remain unchanged and the program proposed to the Annual General Meeting 2009 will be modified in two respects in comparison to the program for 2008.

### PROPOSAL FOR LONG-TERM SHARE-BASED REMUNERATION PROGRAM

The Board of Directors has decided to propose to the Annual General Meeting 2009 a program for long-term variable remuneration, which in its structure is basically identical with the program from 2008. The value of, and the cost for, the long-term variable remuneration program is in line with the program from last year. The evaluation, per above, has resulted in a modification in two aspects in comparison with the 2008 program. Firstly, the price at which a Performance Share can be acquired has been increased from 50 to 100 percent of the share price at the Acquisition Date. As the price at which shares can be acquired is increased, the theoretical value of teach Performance Share is lower, and, accordingly, the number of Performance Shares that can be received is increased so that it corresponds to the same value as was the result of the program 2008. Secondly, the two financial goals, which in the programs for 2006-2008 have determined the number of Performance Shares which the Senior Management may be entitled to purchase in the future, have been replaced by one goal, absolute total return on the Investor share. It is proposed that the long-term share-based remuneration program, as before, should be hedged either through repurchase of the company's shares or through total return swaps. The Board's final proposal will be announced in the Notice of the 2009 Annual General Meeting.

### PROPOSED GUIDELINES FOR GUIDELINES ON REMUNERATION TO SENIOR EXECUTIVES

The Board's proposed guidelines on salaries and other remuneration to the president and other members of the company's management, to apply during the period until the next Annual General Meeting, are as follows:

"Management" and "senior executives" refer to the President and the other members of the Management Group. The Management Group consists of the President Börje Ekholm, Johan Bygge, Stephen Campe (as of December 1, 2008), Johan Forssell, Petra Hedengran and Lennart Johansson. Henry E. Gooss was a part of the Management Group during the period from January1, to November 30, 2008.

The Board of Directors' proposal below complies in all material respects with the guidelines for remuneration previously given to the Management and is based on agreements entered into between Investor and each executive. Fees received for Board work in Core Investments may be retained by the employee, but will be taken into account in the determination of the employee's total remuneration.

The preparation of decisions on remuneration will adhere to the following procedures. In so far as the President is concerned, the Remuneration Committee will propose salary, criteria for the variable salary and other terms of employment to be confirmed by the Board. For other executives, the president will, after having discussed the matter with the relevant executive, suggest corresponding terms, to be confirmed by the Remuneration Committee and reported to the Board.

Investor strives to offer competitive remuneration which will enable the company to recruit and retain executives. The total remuneration shall be based on factors such as position, performance and individual qualification.

The total remuneration for members of the company's management comprises:

- basic salary,
- variable salary,
- long-term share-based remuneration,
- pension, and
- other remuneration and non-monetary benefits.

Basic salary, variable salary and long-term share-based remuneration together comprise the employee's total salary.

Basic salary will be reviewed annually from 2009 and constitute the basis for calculating variable salary.

Variable salary is dependent upon the individual's capacity to meet annually set goals. The outcome of the variable salary is reviewed annually. For the management the variable salary can fluctuate pursuant to position and employment agreements and generally amounts to 40-65 percent (in exceptional cases 100 percent) of the basic salary. The total variable salary for the current Management Group can vary between SEK 0 and 15.8 m. during 2009, depending on whether the goals have been met. In accordance with the terms for 2008, the outcome should only be related to the fulfillment of the individual's goals, whereby it becomes clearer that remuneration is related to the work contributions and performance of the individual. The goals are both qualitative and quantitative and shall be based on factors which support the company's long-term strategy.

Senior executives in certain business areas may participate in profit-sharing and parallel investment programs and be entitled to variable remuneration based on the development of a certain investment or an entire business area.

It is proposed that long-term share-based remuneration should be structured fundamentally in the same way as in the 2008 program, as described earlier.

As in previous years, pension benefits will consist partly of a defined-benefit pension plan based on premiums on parts of salary up to 30 basic income amounts and a defined-contribution plan on parts of salary above 20 basic income amounts. The ratio of pension provisions to basic salary depends on the age of the senior executive. In respect of employees working abroad, adjustments may be made in line with local pension practice. The age of retirement for the president and other senior executives shall be 60 years.

Non-monetary benefits and other remuneration shall be on market terms and shall contribute to facilitating the senior executive's discharge of his or her tasks.

A mutual six-month term of notice applies between the president and the company. If the company terminates employment, the president will receive severance pay corresponding to 12 months of basic salary. If no new employment has been obtained after one year, the president is entitled to a maximum of 12 months of additional severance pay. The terms and conditions for other senior executives are the same as those for the president with regard to terms of notice and severance pay. Other employees in Investor have no contracted right to severance pay.

The Board may, if special circumstances are at hand in a certain case, decide to deviate from the guidelines.

For more information on the most recently approved guidelines on remuneration to senior executives, see Note 5, Employees and payroll costs.

### BOARD'S STATEMENT ON THE PROPOSED DISPOSITION OF EARNINGS

Investor's distribution policy is to declare dividends attributable to a high percentage of dividends received from the Core Investments, as well as to make a distribution from other net assets.

As shown on the following page, the proposed dividends amount to SEK 3,059 m. Dividends received from the Core Investments amounted to SEK 3,803 m. in 2008. The Group's equity attributable to the shareholders of the Parent Company was SEK 115,340 m. on December 31, 2008, and unrestricted equity in the Parent Company was SEK 74,269 m. Unrestricted equity includes SEK 18,596 m. attributable to value changes when valuation at fair value.

With reference to the above, and to other information that has come to the knowledge of the Board, it is the opinion of the Board that the proposed dividend is defendable with reference to the demands that the nature, scope and risks of Investor's operations place on the size of the company's and the Group's equity, and the company's and the Group's consolidation needs, liquidity and position in general.

# Proposed Disposition of Earnings

The Board of Directors propose that the inappropriate earnings in Investor AB at the disposal of the Annual General Meeting:

| Total available funds for distribution: | |
|---|---|
| Retained earnings | 79,054,093,169 |
| Net loss for the year | –4,785,221,141 |
| **Total SEK** | **74,268,872,028** |

| To be allocated as follows: | |
|---|---|
| Dividend to shareholders, SEK 4.00 per share | 3,058,764,920[1)] |
| Funds to be carried forward | 71,210,107,108 |
| **Total SEK** | **74,268,872,028** |

The consolidated accounts and annual accounts have been prepared in accordance with the international accounting standards in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards and generally accepted auditing standards in Sweden and give a true and fair view of the Group's and Parent Company's financial position and results of operations.

The Administration Report for the Parent Company and the Group gives a true and fair view of the Parent Company's and the Group's operations, position and results, and describes significant risks and uncertainty factors that the Parent Company and Group companies face.

The annual accounts and the consolidated financial statements were approved for release on February 23, 2009. The Consolidated Income Statement and Balance Sheet, and the Income Statement and Balance Sheet of the Parent Company, will be presented for adoption by the Annual General Meeting on March 31, 2009.

1) Calculated on the total number of outstanding shares. No dividend is paid for the Parent Company's holding of own shares, whose exact number is determined on the record date for cash payment of the dividend. On December 31, 2008, the Parent Company's holding of own shares totaled 2,483,800.

Stockholm, February 23, 2009

Jacob Wallenberg
*Chairman*

Anders Scharp
*Vice Chairman*

Peter Wallenberg Jr
*Director*

Sune Carlsson
*Director*

Grace Reksten Skaugen
*Director*

O. Griffith Sexton
*Director*

Håkan Mogren
*Director*

Sirkka Hämäläinen
*Director*

Lena Treschow Torell
*Director*

Börje Ekholm
*President and Chief Executive Officer*

Our Audit Report was submitted on February 24, 2009

KPMG AB

Carl Lindgren
*Authorized Public Accountant*

The information in this annual report is that which Investor AB (publ) is required to disclose under Sweden's Securities Market Act.
The annual report was released to the media for publication at 8.30 a.m. CET on March 9, 2009.

# Consolidated Income Statement

| Amounts in SEK m. | Note 2 | 2008 | 2007 |
|---|---|---|---|
| Dividends | | 4,903 | 3,884 |
| Changes in value | 3 | –39,492 | –1,534 |
| Net sales | | 417 | 446 |
| Cost of services sold | 4 | –391 | –427 |
| Operating costs | 4, 5, 6, 7 | –555 | –535 |
| Costs of long-term share-based remuneration | 5 | –21 | –17 |
| Share of results of associates | 8 | –1,382 | –1,544 |
| **Operating profit/loss** | | **–36,521** | **273** |
| | | | |
| **Profit/loss from financial items** | | | |
| Financial income | 9 | 4,727 | 887 |
| Financial expenses | 9 | –5,015 | –1,371 |
| **Net financial items** | | **–288** | **–484** |
| | | | |
| **Profit/loss before tax** | | **–36,809** | **–211** |
| | | | |
| Tax | 10 | 73 | –156 |
| **Profit/loss for the year** | | **–36,736** | **–367** |
| | | | |
| **Attributable to:** | | | |
| Equity holders of the Parent | | –36,718 | –365 |
| Minority interest | | –18 | –2 |
| **Profit/loss for the year** | | **–36,736** | **–367** |
| | | | |
| Basic earnings per share, SEK | 11 | –47.99 | –0.48 |
| Diluted earnings per share, SEK | 11 | –47.99 | –0.48 |

# Consolidated Balance Sheet

| Amounts in SEK m. | Note | 12/31 2008 | 12/31 2007 |
|---|---|---|---|
| ASSETS | | | |
| Property, plant and equipment and intangible assets | 12, 13, 14 | 2,376 | 2,464 |
| Shares and participations in investing activities | 8,15 | 96,581 | 152,317 |
| Long-term receivables | 16 | 11,318 | 4,823 |
| Deferred tax assets | 10 | 20 | 13 |
| **Total non-current assets** | | **110,295** | **159,617** |
| Tax assets | | 129 | 94 |
| Prepaid expenses and accrued income | 17 | 1,044 | 776 |
| Other receivables | 16 | 172 | 272 |
| Shares and participations in active portfolio management | 18 | 1,047 | 1,464 |
| Short-term investments | 19 | 18,821 | 9,998 |
| Cash and cash equivalents | 20 | 9,151 | 5,010 |
| **Total current assets** | | **30,364** | **17,614** |
| **TOTAL ASSETS** | | **140,659** | **177,231** |

| Amounts in SEK m. | Note | 12/31 2008 | 12/31 2007 |
|---|---|---|---|
| EQUITY | 21 | | |
| Share capital | | 4,795 | 4,795 |
| Other contributed equity | | 13,533 | 13,533 |
| Reserves | | 565 | –112 |
| Retained earnings, including profit/loss for the year | | 96,345 | 136,845 |
| **Equity attributable to shareholders of the Parent Company** | | **115,238** | **155,061** |
| Minority interest | | 102 | 143 |
| **Total equity** | | **115,340** | **155,204** |
| LIABILITIES | | | |
| Long-term interest-bearing liabilities | 22 | 21,591 | 18,837 |
| Pensions and similar obligations | 23 | 197 | 192 |
| Provisions | 24 | 83 | 89 |
| Deferred tax liabilities | 10 | 522 | 665 |
| Other non-current liabilities | | 0 | 0 |
| **Total non-current liabilities** | | **22,393** | **19,783** |
| Current interest-bearing liabilities | 22 | 818 | 271 |
| Trade payables | | 47 | 44 |
| Tax liabilities | | 76 | 159 |
| Accrued expenses and prepaid income | 25 | 1,337 | 1,298 |
| Other liabilities | 26 | 638 | 450 |
| Provisions | 24 | 10 | 22 |
| **Total current liabilities** | | **2,926** | **2,244** |
| **Consolidated total liabilities** | | **25,319** | **22,027** |
| **TOTAL EQUITY AND LIABILITIES** | | **140,659** | **177,231** |

See Note 28 for the Group’s assets pledged as securities and contingent liabilities.

# Consolidated Statement of Changes in Equity

| Amounts in SEK m. | Note 21 | Share capital | Other contribut-ed equity | Reserves | Retained earnings, incl. profit/loss for the year | Total | Minority interest | Total equity |
|---|---|---|---|---|---|---|---|---|
| | | Equity attributable to shareholders of the Parent Company | | | | | | |
| **Opening balance 1/1 2008** | | **4,795** | **13,533** | **–112** | **136,845** | **155,061** | **143** | **155,204** |
| Translation reserve, change for the year | | | | 798 | | 798 | 16 | 814 |
| Revaluation reserve, change for the year | | | | 3 | 10 | 13 | | 13 |
| Hedging reserve, change for the year | | | | –124 | | –124 | | –124 |
| Other changes in net assets recognized directly in equity | | | | | | | –4 | –4 |
| **Total change in net assets recognized directly in equity, excluding transactions with shareholders** | | | | **677** | **10** | **687** | **12** | **699** |
| Profit/loss for the year | | | | | –36,718 | –36,718 | –18 | –36,736 |
| **Total change in net assets, excluding transactions with shareholders** | | | | **677** | **–36,708** | **–36,031** | **–6** | **–36,037** |
| Dividends | | | | | –3,637 | –3,637 | | –3,637 |
| Disposal of partly owned subsidiaries | | | | | | | –35 | –35 |
| Stock options exercised by employees[1)] | | | | | –26 | –26 | | –26 |
| Equity-settled share-based payment transactions[2)] | | | | | 24 | 24 | | 24 |
| Repurchases of own shares | | | | | –153 | –153 | | –153 |
| **Balance at year-end 2008** | | **4,795** | **13,533** | **565** | **96,345** | **115,238** | **102** | **115,340** |

| Amounts in SEK m. | Note 21 | Share capital | Other contribut-ed equity | Reserves | Retained earnings, incl. profit/loss for the year | Total | Minority interest | Total equity |
|---|---|---|---|---|---|---|---|---|
| | | Equity attributable to shareholders of the Parent Company | | | | | | |
| **Opening balance 1/1 2007** | | **4,795** | **13,533** | **–69** | **140,908** | **159,167** | **153** | **159,320** |
| Translation reserve, change for the year | | | | 171 | | 171 | 5 | 176 |
| Revaluation reserve, change for the year | | | | –3 | –20 | –23 | | –23 |
| Hedging reserve, change for the year | | | | –211 | | –211 | | –211 |
| Other changes in net assets recognized directly in equity | | | | | | | 0 | 0 |
| **Total change in net assets recognized directly in equity, excluding transactions with shareholders** | | | | **–43** | **–20** | **–63** | **5** | **–58** |
| Profit/loss for the year | | | | | –365 | –365 | –2 | –367 |
| **Total change in net assets, excluding transactions with shareholders** | | | | **–43** | **–385** | **–428** | **3** | **–425** |
| Dividends | | | | | –3,449 | –3,449 | | –3,449 |
| Disposal of partly owned subsidiaries | | | | | | | –13 | –13 |
| Stock options exercised by employees[1)] | | | | | –121 | –121 | | –121 |
| Equity-settled share-based payment transactions[2)] | | | | | 16 | 16 | | 16 |
| Repurchases of own shares | | | | | –124 | –124 | | –124 |
| **Balance at year-end 2007** | | **4,795** | **13,533** | **–112** | **136,845** | **155,061** | **143** | **155,204** |

1) For programs up to 2005 the exercise of employee stock options affects equity negatively by the difference between the market value of the share and the strike price of the option. This effect is offset by the result from the equity-swaps and equity options used to protect the Group and for which the value change is accounted for in the Income Statement. See also Note 5, Employees and payroll costs. For programs as of 2006 equity is affected by the strike price of the option since Investor has chosen to repurchase shares that are subscribed for by employees.

2) Calculated in accordance with IFRS 2 Share-based Payment.

# Consolidated Statement of Cash Flows

| Amounts in SEK m. | Note 20 | 2008 | 2007 |
|---|---|---|---|
| **Operating activities** | | | |
| Core Investments | | | |
| Dividends received | | 3,803 | 3,161 |
| Operating Investments | | | |
| Dividends received | | 145 | 74 |
| Cash receipts | | 423 | 632 |
| Cash payments | | –313 | –544 |
| Private Equity Investments | | | |
| Dividends received | | 330 | 256 |
| Financial Investments and operating costs | | | |
| Dividends received | | 26 | 62 |
| Cash receipts | | 22,815 | 26,728 |
| Cash payments | | –23,116 | –27,349 |
| **Cash flows from operating activities before net interest and income tax** | | **4,113** | **3,020** |
| Interest received[1)] | | 2,577 | 1,958 |
| Interest paid[1)] | | –2,825 | –2,323 |
| Income tax paid | | –261 | –239 |
| **Cash flows from operating activities** | | **3,604** | **2,416** |
| | | | |
| **Investing activities** | | | |
| Core Investments | | | |
| Acquisitions | | –2,150 | –5,567 |
| Divestments | | 20,902 | 6,014 |
| Operating Investments | | | |
| Acquisitions, etc. | | –997 | –2,690 |
| Divestments | | –2 | 292 |
| Increase in long-term receivables | | –3,652 | –4,208 |
| Private Equity Investments | | | |
| Acquisitions, etc. | | –4,008 | –4,060 |
| Divestments | | 2,937 | 7,401 |
| Financial Investments | | | |
| Acquisitions, etc. | | –53 | –184 |
| Divestments | | 425 | 366 |
| Net changes, short-term investments | | –8,782 | 3,049 |
| Acquisitions of property, plant and equipment | | –64 | –47 |
| **Cash flows from investing activities** | | **4,556** | **366** |
| | | | |
| **Financing activities** | | | |
| Borrowings | | – | 3,960 |
| Repayment of borrowings | | –269 | –3,769 |
| Repurchases of own shares | | –153 | –124 |
| Dividends paid | | –3,637 | –3,449 |
| **Cash flows from financing activities** | | **–4,059** | **–3,382** |
| | | | |
| **Cash flows for the year** | | **4,101** | **–600** |
| Cash and cash equivalents at beginning of the year | | **5,010** | **5,608** |
| Exchange difference in cash | | 40 | 2 |
| **Cash and cash equivalents at year-end** | | **9,151** | **5,010** |

1) Gross flows from interest swap contracts are included in interest received and interest paid.

# Parent Company Income Statement

| Amounts in SEK m. | Note | 2008 | 2007 (Restated) |
|---|---|---|---|
| **Investing activities** | | | |
| Dividends | | 3,923 | 3,193 |
| Changes in value | 3 | 3,361 | 12,775 |
| Write-downs of associates | 39 | –11,369 | –3,013 |
| Operating costs | 5, 6 | –232 | –324[1)] |
| **Net profit/loss – Investing activities** | | **–4,317** | **12,631** |
| Net sales | | 8 | 26 |
| Operating costs | 5, 6 | –191 | –120 |
| **Operating profit/loss** | | **–4,500** | **12,537** |
| **Profit/loss from financial items** | | | |
| Results from participations in Group companies | 34 | –12 | 2,114 |
| Results from other receivables that are non-current assets | 35 | 2,089 | 1,175 |
| Interest income and similar items | 36 | 241 | 161 |
| Interest expense and similar items | 37 | –2,603 | –1,824 |
| **Profit/loss after financial items** | | **–4,785** | **14,163** |
| Tax | 10 | – | – |
| **Profit/loss for the year** | | **–4,785** | **14,163** |

1) Restated due to changes in accounting policies, the effect on the Parent Company´s result as of December 2007 was SEK 4 m. For further explanation see Note 1, Accounting policies, section Changes in accounting policies.

# Parent Company Balance Sheet

| Amounts in SEK m. | Note | 12/31 2008 | 12/31 2007 (Restated) |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Intangible assets | | | |
| Capitalized expenditure for software | 12 | 11 | 7 |
| Property, plant and equipment | | | |
| Equipment | 13 | 20 | 22 |
| Financial assets | | | |
| Participations in Group companies | 38 | 29,839 | 28,963[1] |
| Participations in associates | 39 | 28,095 | 40,585 |
| Other long-term holdings of securities | 40 | 35,008 | 49,046 |
| Receivables from Group companies | 41 | 23,997 | 18,906 |
| **Total non-current assets** | | **116,970** | **137,529** |
| | | | |
| **Current assets** | | | |
| Current receivables | | | |
| Trade receivables | | 3 | 2 |
| Receivables from Group companies | | 6,452 | 1,601 |
| Receivables from associates | | 0 | 1 |
| Tax assets | | 19 | 19 |
| Other receivables | | 1 | 1 |
| Prepaid expenses and accrued income | 17 | 13 | 28 |
| | | 6,488 | 1,652 |
| Cash and cash equivalents | 20 | 0 | 0 |
| **Total current assets** | | **6,488** | **1,652** |
| | | | |
| **TOTAL ASSETS** | | **123,458** | **139,181** |

1) Restated, see Note 1, Accounting policies, section Changes in accounting policies.

# Parent Company Balance Sheet

| Amounts in SEK m. | Note | 12/31 2008 | 12/31 2007 (Restated) |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | 21 | | |
| Restricted equity | | | |
| Share capital | | 4,795 | 4,795 |
| Statutory reserve | | 13,935 | 13,935 |
| | | 18,730 | 18,730 |
| Unrestricted equity | | | |
| Fair value fund | | –167 | –179 |
| Accumulated profit/loss | | 79,221 | 68,850[1] |
| Profit/loss for the year | | –4,785 | 14,163[1] |
| | | 74,269 | 82,834 |
| **Total equity** | | **92,999** | **101,564** |
| **Provisions** | | | |
| Provisions for pensions and similar obligations | 23 | 167 | 160 |
| Other provisions | 24 | 92 | 109 |
| **Total provisions** | | **259** | **269** |
| **Non-current liabilities** | | | |
| Loans | 22 | 17,867 | 17,454 |
| Liabilities to Group companies | | 10,566 | 5 302 |
| **Total non-current liabilities** | | **28,433** | **22,756** |
| **Current liabilities** | | | |
| Loans | 22 | 818 | 271 |
| Trade payables | | 12 | 28 |
| Liabilities to Group companies | | 161 | 13,513 |
| Liabilities to Associated companies | | 1 | – |
| Tax liabilities | | – | 2 |
| Other liabilities | | 17 | 20 |
| Accrued expenses and prepaid income | 25 | 758 | 758 |
| **Total current liabilities** | | **1,767** | **14,592** |
| **TOTAL EQUITY AND LIABILITIES** | | **123,458** | **139,181** |
| **ASSETS PLEDGED AS SECURITIES AND CONTINGENT LIABILITIES** | | | |
| Assets pledged as securities | 28 | 601 | 277 |
| Contingent liabilities | 28 | 10,365 | 10,514 |

1) Restated, see Note 1, Accounting policies, section Changes in accounting policies.

# Parent Company Statement of Changes in Equity

| Amounts in SEK m. | Note 21 | Restricted equity<br>Share capital | Restricted equity<br>Statutory reserve | Unrestricted equity<br>Fair value fund | Unrestricted equity<br>Accumulated profit/loss | Unrestricted equity<br>Profit/loss for the year | Total equity |
|---|---|---|---|---|---|---|---|
| **Opening balance 1/1 2008** | | **4,795** | **13,935** | **–179** | **83,013** | | **101,564** |
| Hedging reserve, change for the year | | | | 12 | | | 12 |
| Profit/loss for the year | | | | | | –4,785 | –4,785 |
| **Total change in net assets, excluding transactions with shareholders** | | | | **12** | | **–4,785** | **–4,773** |
| Dividends | | | | | –3,637 | | –3,637 |
| Stock options exercised by employees[1)] | | | | | –26 | | –26 |
| Equity-settled share-based payment transactions[2)] | | | | | 24 | | 24 |
| Repurchases of own shares | | | | | –153 | | –153 |
| **Balance at year-end 2008** | | **4,795** | **13,935** | **–167** | **79,221** | **–4,785** | **92,999** |

| Amounts in SEK m. | Note 21 | Restricted equity<br>Share capital | Restricted equity<br>Statutory reserve | Unrestricted equity<br>Fair value fund | Unrestricted equity<br>Accumulated profit/loss | Unrestricted equity<br>Profit/loss for the year (restated) | Total equity |
|---|---|---|---|---|---|---|---|
| **Opening balance 1/1 2007** | | **4,795** | **13,935** | | **72,512** | | **91,242** |
| Effect of changed accounting principles before 2007[3)] | | | | | 16 | | 16 |
| **Restated opening balance 1/1 2007** | | **4,795** | **13,935** | | **72,528** | | **91,258** |
| Hedging reserve, change for the year | | | | –179 | | | –179 |
| Profit/loss for the year[3)] | | | | | | 14,163 | 14,163 |
| **Total change in net assets, excluding transactions with shareholders** | | | | **–179** | | **14,163** | **13,984** |
| Dividends | | | | | –3,449 | | –3,449 |
| Stock options exercised by employees[1)] | | | | | –121 | | –121 |
| Equity-settled share-based payment transactions[2)] | | | | | 16 | | 16 |
| Repurchases of own shares | | | | | –124 | | –124 |
| **Balance at year-end 2007** | | **4,795** | **13,935** | **–179** | **68,850** | **14,163** | **101,564** |

1) For programs up to 2005 the exercise of employee stock options affects equity negatively by the difference between the market value of the share and the strike price of the option. For program as of 2006 equity is affected by the strike price of the option since Investor has chosen to repurchase shares that are are subscribed for by employees.
2) Calculated in accordance with IFRS 2 Share-based Payment.
3) Restated due to adoption of the new regulations for share-based payments to employees in subsidiaries. The change has affected the equity for 2007 by 20 m., of which 4 m. is related to the profit/loss for the year. For further explanation see Note 1, Accounting policies, section Changes in accounting policies.

# Parent Company Statement of Cash Flows

| Amounts in SEK m. | Note 20 | 2008 | 2007 |
|---|---|---|---|
| **Operating activities** | | | |
| Dividends received | | 3,923 | 3,193 |
| Administrative costs | | –467 | –605 |
| **Cash flows from operating activities before net interest and income taxes** | | **3,456** | **2,588** |
| Interest received[1] | | 2,085 | 551 |
| Interest paid[1] | | –2,088 | –1,246 |
| Income taxes paid | | 0 | –8 |
| **Cash flows from operating activities** | | **3,453** | **1,885** |
| **Investing activities** | | | |
| Share portfolio | | | |
| Acquisitions | | –2,861 | –6,546 |
| Divestments | | 21,381 | 6,303 |
| Other items | | | |
| Dividends from subsidiaries | | – | 200 |
| Capital contributions to subsidiaries | | –888 | –2,578 |
| Acquisitions of items of property, plant and equipment/intangible assets | | –8 | –7 |
| **Cash flows from investing activities** | | **17,624** | **–2,628** |
| **Financing activities** | | | |
| Borrowings | | – | 3,700 |
| Repayment of borrowings | | –269 | –3,769 |
| Change, inter-company transactions | | –17,018 | 4,385 |
| Repurchases of own shares | | –153 | –124 |
| Dividends paid | | –3,637 | –3,449 |
| **Cash flows from financing activities** | | **–21,077** | **743** |
| Cash flows for the year | | 0 | 0 |
| Cash and cash equivalents at beginning of the year | | 0 | 0 |
| **Cash and cash equivalents at year-end[2]** | | **0** | **0** |

1) Gross flows from interest swap contracts are included in interest received and interest paid.
2) Cash and cash equivalents is related to the Parent Company´s share of the cash pool which is owned by another Group Company. The balance is reclassified and included in "Change, inter-company transactions".

# Notes to the Financial Statements

## Note 1 Accounting policies

### ACCOUNTING AND MEASUREMENT PRINCIPLES

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and interpretations from the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union. In addition, the Swedish Financial Reporting Board's recommendation concerning supplementary accounting policies for groups, RFR 1.1 "Supplementary Accounting Regulations for Groups", has been applied.

The Parent Company applies the same accounting principles as the Group, except where noted below in the section "Accounting Policies of the Parent Company." Any differences between the accounting policies of the Parent Company and those of the Group are caused by limitations to the application of IFRS in the Parent Company because of the Swedish Annual Accounts Act and the Swedish law on safeguarding pension commitments ("Tryggandelagen"), and to some extent for tax reasons.

#### Basis of preparation of the financial statements for the Parent Company and the Group

The Parent Company's functional currency is the Swedish krona, which also is the reporting currency for the Parent Company and for the Group. The financial statements are therefore prepared in Swedish kronor. All amounts, unless otherwise stated, are rounded to the nearest million.

Non-current assets and non-current liabilities consist basically of amounts that are expected to be recovered or settled after more than 12 months from the Balance Sheet date. Current assets and current liabilities consist mainly of amounts that are expected to be recovered or settled within 12 months from the Balance Sheet date.

In order to prepare the financial reports in accordance with IFRS, management must make estimates and assumptions that affect the accounting principles and the amounts recognized for assets, liabilities, revenues and expenses. The actual outcome may differ from these estimates and assumptions.

The estimates and assumptions are reviewed regularly. Changes in estimates are reported in the period the change is made, if the change has only affected this period, or in the period the change is made and in future periods if the change affects both the current period and future periods.

Estimates made by management when applying IFRS that have a significant effect on the financial statements, and estimates that can result in significant adjustments of the financial statements in the following year, are disclosed in "Note 32 Key estimates and assumptions".

The accounting policies of the Group, specified below, have been consistently applied to all periods presented in the consolidated financial statements, unless otherwise noted below. The accounting policies of the Group have been consistently applied to reporting and consolidation of subsidiaries and associates.

The accounting policies of the Parent Company, specified below, have been consistently applied to all periods presented in the financial statements of the Parent Company. Certain comparative figures have been reclassified to be in agreement with the presentation of the current year's financial statements. In cases when reclassification refers to significant amounts, special information is provided.

#### Changes in accounting policies

*New accounting policies in 2008*

As of fiscal year 2008, Investor is applying "IFRIC 11, IFRS 2 – Group and Treasury Share Transactions", which addresses how share-based payment arrangements are to be classified in entities that receive services from their employees. The effect of the applied regulation is described in "Accounting Policies Of The Parent Company".

In addition to the adoption of IFRIC 11 the following new accounting policies have been introduced in 2008:

- "IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", is being applied as of January 1, 2008. This interpretation provides guidance on how a pension asset or liability may be affected by a statutory or contractual minimum funding requirement. IFRIC 14 has had no effect on Investor's accounting records.
- Amendments to IAS 39 and IFRS 7 and approved by EU. From July 1, 2008, it is possible to reclassify some financial assets. This revision is due to the global financial turmoil which has negatively affected the market and activity for trading in some specific financial assets. No financial assets have been reclassified in Investor in relation to the amendment of IAS 39 and regulation 1725/2003/EG.

*New IFRS regulations and interpretations to be applied in 2009 or later*

The following new standards, amendments to standards and interpretations, which may become relevant for Investor, have not been applied when preparing the financial statements:

- Amendments to "IAS 1 Presentation of Financial Statements: A Revised Presentation", in which the presentation of the financial statements are changed in some respects and new non-mandatory changes are proposed to the titles of financial statements. The revised standard will not affect how reported amounts are determined. The revised IAS 1 standard will be applied as of January 1, 2009.
- Amendments to "IFRS 2 Share-based Payment: Vesting Conditions and Cancellations", which clarifies the definition of vesting conditions and that all other features of a share-based payment are non-vesting conditions. The revised standard also clarifies the accounting treatment of vesting conditions. The amendments will be applied as of January 1, 2009, and will have no effect on Investor's accounting records.
- Revised "IFRS 3 Business Combinations" will be applied to acquisitions after January 1, 2010. This regulation will have no effect on Investor's accounting records.
- Revised "IAS 27 Consolidated and Separate Financial Statements", which allows changes to consolidated reporting and the reporting of business combinations. The revised standard will be applied to acquisitions after January 1, 2010. This regulation will have no effect on Investor's accounting records.
- "IFRS 8 Operating Segments", which defines an operating segment and the information that an entity is required to report about operating segments in financial reports. The standard will be applied as of January 1, 2009.
- Amendments to "IAS 23 Borrowing Costs", to be applied as of January 1, 2009, which requires capitalization of borrowing costs that are directly attributable to the acquisition, construction or production of assets that take considerable time to prepare for their intended use or sale. This amendment will have no effect on Investor's accounting records.

### SEGMENT REPORTING

A segment is a distinguishable component of the Group that is either engaged in providing certain products or services (business segment) or products or services within a particular economic environment (geographical segment), and that is subject to risks and returns that are different from those of other segments. Segment information is reported in accordance with IAS 14 for the Group only. The business areas Core Investments, Operating Investments, Private Equity Investments and Financial Investments constitute the primary format for reporting the Group's operations by segment. Since the internal reporting structure is based on a corresponding format, the business areas are the most appropriate primary reporting format to use.

No segment reporting is presented based on geographic areas because none could be identified that correspond to the definition "a distinguishable component of an entity that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments." Since the geographic risks for holdings depend on the markets in which they operate, the geographic operating areas of each holding could constitute a meaningful format for segment reporting based on geographic areas if it had been possible to obtain this information. This information is difficult to obtain because Investor has a large number of holdings and is usually a minority owner.

Other possible formats for segment reporting based on geographic areas, such as the registered headquarters of the holdings or, alternatively, the Investor office from which the holdings are administered, are judged to be of very limited value, since the operations of these units are dependent on developments in other geographic areas. Geographic areas are not used for internal reporting purposes either.

### CONSOLIDATION PRINCIPLES

#### Subsidiaries

Subsidiaries are entities that are controlled by Investor AB. Control is the power to, directly or indirectly, govern the financial and operating policies of an entity so as to obtain economic benefits from its activities. When assessing whether an enterprise controls another enterprise, the existence and effect of potential voting rights currently exercisable or convertible are considered.

Subsidiaries are reported in accordance with the purchase method. Under this method, an acquisition is treated as a transaction in which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The consolidated cost is determined by an analysis at the time of the business combination. In the analysis, the cost of the participations or operations is determined, as well as the fair value of the identifiable assets and the

## Note 1 cont'd. Accounting policies

assumed liabilities and contingent liabilities on the transaction date. The cost of the shares in the subsidiary and the operations, respectively, consists of the fair values on the transfer date for assets, liabilities incurred or assumed, and equity instruments issued and used as consideration for the net assets acquired and the transaction cost directly attributable to the acquisition. In a business combination where cost exceeds the net carrying amount of acquired assets and assumed liabilities and contingent liabilities, the difference is recognized as goodwill in the Balance Sheet. When the difference is negative, it is recognized directly in the Income Statement.

The financial statements of subsidiaries are consolidated from the date of the acquisition until the date when control ceases.

#### Associates

Associates are companies in which Investor has significant influence. The Investor Group is mainly involved in venture capital operations which means that investments in associates are recognized as financial instruments at fair value through profit or loss in accordance with IAS 39 and IAS 28, Item 1.

Associates within Operating Investments are reported using the equity method because these companies are being integrated to a greater extent with the Group's operating activities, compared with other venture capital investments.

*Operating Investments*

Associates in which Investor has a large ownership stake in the underlying investment and is involved in the operations more than in other business areas are reported as Operating Investments. From the date significant influence is gained, interests in associates are recognized using the equity method in the consolidated financial statements.

When applying the equity method, the carrying amount of shares in associates in the consolidated financial statements corresponds to the Group's share of equity in the associates, consolidated goodwill, and any residual value of consolidated surplus values and values less than the carrying amount.

In the Consolidated Income Statement, the Group's share of associates' net results after tax and minority interest, adjusted for any depreciation, impairment losses or reversed acquired surplus values and values less than carrying amount, is recognized as "Share of results of associates". Dividends received from an associate reduce the carrying amount of the investment. On acquisition of the investment, any difference between the cost of the holding and the investor's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is accounted for in accordance with "IFRS 3 Business Combinations".

When the Group's share of reported losses in the associate exceeds the carrying amount of the participations in the Group, the value of the participations is reduced to zero. Losses are also settled against long-term financial dealings with no security whose substance is part of the investor's net investment in the associate. Continuing losses are not recognized, unless the Group has guaranteed to cover losses incurred in the associate. The equity method is applied until the date when the Group's significant influence ceases.

*Shares and participations in investing activities*

The Investor Group is mainly involved in venture capital operations. According to IAS 28, Item 1, Shares and Participations, including those where Investor has significant influence, are recognized at fair value through profit or loss, according to IAS 39.

#### Transactions that are eliminated in consolidation

Intra-group receivables and payables, revenue and expenses, and unrealized gains or unrealized losses arising in intra-group transactions are fully eliminated in the preparation of the consolidated financial statements.

Unrealized gains arising from transactions with associates that are consolidated using the equity method are eliminated to the extent that corresponds to the Group's interest in the company. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no indication of impairment loss.

### FOREIGN CURRENCY

#### Foreign currency transactions

Foreign currency transactions are translated into the functional currency at the exchange rate on the date of the exchange transaction. Functional currency is the currency of the primary economic environments in which Group companies operate. Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate on the Balance Sheet date. Non-monetary assets and liabilities recognized at historical cost are translated using the exchange rate on the date of the transaction. Non-monetary assets and non-monetary liabilities recognized at fair value are translated into the functional currency using the exchange rate on the date of measurement at fair value.

Exchange differences arising on translation are recognized in the Income Statement with the exception of certain financial instruments. See the section "Financial Instruments" below.

*Financial statements of foreign operations*

Assets and liabilities in foreign operations, including goodwill and other consolidated surplus values and values less than the carrying amount, are translated into Swedish kronor using the exchange rate on the Balance Sheet date. Revenues and expenses for a foreign operation are translated into Swedish kronor using an average exchange rate that approximates the exchange rates on the dates of the transactions. Foreign currency translation differences when translating foreign operations are recognized directly in equity as a translation reserve. When a foreign operation is divested, cumulative translation differences attributable to the company are realized in the Consolidated Income Statement. Cumulative translation differences are reported as a separate capital category under equity, the translation reserve, and consist of translation differences accumulated since January 1, 2004. Cumulative translation differences prior to January 1, 2004 are allocated to other categories under equity and are not separately disclosed.

*Hedges of net investments in foreign operations*

Translation differences arising when translating a net investment in a foreign operation and related effects of hedges of the net investment are recognized directly in the translation reserve under equity. When a foreign operation is divested, cumulative translation differences attributable to the company are realized in the Consolidated Income Statement less any currency hedges.

### REVENUES

Revenues consist mainly of dividends. Revenues are reported in the Income Statement when it is probable that future economic benefits associated with the transaction will flow to the company and the amount of benefits can be measured reliably. Revenues are measured at the fair value of the consideration received or receivable.

Dividends are recognized when the right to receive payment is established.

### CHANGES IN VALUE

For items that were held in the Balance Sheet at the beginning and at the close of the period, the change in value consists of the difference in value between these two dates. For items in the Balance Sheet that were realized during the period, the change in value consists of the difference between the consideration received and the value at the beginning of the period. For items in the Balance Sheet that were acquired during the period, the change in value consists of the difference between the value at the close of the period and the acquisition cost.

### EXPENSES

#### Operating costs

Operating costs refer mainly to costs of administrative nature, such as payroll costs, rental charges, travel expenses and consultant costs.

#### Fees and reimbursements of costs for auditors

When evaluating if an assignment carried out by the company's auditors is to be considered as an audit engagement or other type of assignment, the company applies the definition used in the recommendation (RedR1) of FAR SRS, the institute for the accountancy profession in Sweden.

#### Operating lease contracts

Costs for operating lease contracts are recognized in the Income Statement on a straight-line basis over the lease term. Incentives received when entering an agreement are deducted from the total recognized cost of leasing in the Income Statement on a straight-line basis over the lease term.

### FINANCIAL INCOME AND EXPENSES

Financial income and financial expenses consist of interest income from bank deposits, receivables and interest-bearing securities, interest expenses on loans, exchange rate differences, changes in the value of financial investments and liabilities and derivatives used to finance operations.

Interest income on receivables and interest expenses on liabilities are estimated using the effective interest rate method. The effective interest rate is the rate that discounts estimated future payments or receipts through the expected life of the financial instrument or the net carrying amount of the financial asset or liability. Transaction costs, including issuing costs, are expensed immediately since the receivables or payables are measured at fair value through profit or loss, and are amortized over the term when measured at amortized cost. All borrowing costs are recognized in profit and loss using the effective interest rate method regardless of how the borrowed funds have been utilized. Costs relating to credit facilities are recognized as interest and are amortized on a straight-line basis over the term of the facilities. Net profits and net losses consist of other results from financial items and are mainly changes in the movement of derivatives, such as loans used for hedge accounting.

The change in value reported in net financial items is calculated in a corresponding manner as changes in value recognized in operations. See "Changes in value" above.

## TAXES

The Group's total tax charge consists of current tax and deferred tax. Current tax is tax that must be paid or received and refers to the current year. Current tax also includes adjustments of current tax attributable to earlier periods. Deferred tax is based on the temporary differences between the tax base of an asset or liability and its carrying amount. Temporary differences are not recognized for goodwill. Furthermore, temporary differences attributable to investments in subsidiaries or associates are not recognized to the extent it is probable that such differences will not reverse within the foreseeable future. The measurement of deferred tax is based on the extent to which underlying assets and liabilities are expected to be realized or settled. Deferred tax is measured at the tax rates and with the tax regulations decided on the Balance Sheet date. If the calculations yield a deferred tax asset, this tax asset is recognized as an asset only if it is probable that it will be realized.

The taxes are reported in the Income Statement, except when the underlying transaction is charged directly to equity, whereby the associated tax effect is reported as equity.

## INTANGIBLE ASSETS

### Capitalized expenditure for software

Direct costs of software intended for own administrative use are recognized as an asset in the Balance Sheet when costs are expected to generate future economic benefits in the form of more efficient processes. Other development costs are recognized as incurred. Capitalized costs for software are depreciated using the straight line method over an estimated useful life of five years from the date they become available for use.

## PROPERTY, PLANT AND EQUIPMENT

Items of property plant and equipment are recognized as assets in the Balance Sheet when it is probable that the future economic benefits associated with the assets will flow to the company and the cost of the assets can be measured reliably. The carrying amount for an item of property, plant and equipment is derecognized in the Balance Sheet when it is disposed of or sold. Gains or losses on the sale or disposal of an asset are determined as the difference between the selling price and the carrying amount of the asset less direct selling costs. Gains or losses are recognized in operating income.

### Equipment

Equipment is carried at cost in the Group less accumulated depreciation and any impairment losses. Costs include the original purchase price and directly attributable costs required to bring the asset to working condition for its intended use. Examples of such directly attributable costs are costs for delivery and handling, installation, consulting fees and legal fees.

### Owner-occupied property

Owner-occupied property is recognized at fair value less accumulated depreciation and revaluation adjustments. Property is revalued with sufficient regularity to ensure that the carrying amount does not differ materially from that which is determined using fair value on the Balance Sheet date. The fair value of owner-occupied property is determined by valuations performed by external independent valuers.

When an asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to equity under the heading "Revaluation reserve." If the increase consists of a reversal of a previously recognized impairment loss on the same asset, the increase is recognized as a reduced cost in the Income Statement. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognized as an expense. If there is a balance in the revaluation reserve attributable to the asset, the decrease is recognized directly to the revaluation reserve. The difference between the depreciation based on the revalued amount and the depreciation according to the original cost is transferred from the revaluation reserve to retained earnings.

Accumulated depreciation is recalculated in proportion to the change in the asset's increased cost so the carrying amount of the asset, the net of the adjusted cost and adjusted depreciation after revaluation is consistent with the revalued amount. When an asset is divested, the revaluation reserve is transferred to retained earnings without affecting profit or loss.

Owner-occupied property for which the components have different useful lives are treated as separate components (such as the framework, roof and basic installations) of owner-occupied property.

*Subsequent expenditure relating to owner-occupied property*

Subsequent expenditure is included in the cost only if it is probable that the future economic benefits associated with the asset will flow to the company and that the cost can be measured reliably. All other subsequent expenditures are recognized as an expense in the period in which it is incurred.

The assessment of whether a subsequent expenditure is included in the cost depends on whether the expenditure relates to replacements of identified components, or parts thereof, in which case the expenditure is capitalized. Even in cases where a new component has been created, the expenditure is added to the cost. Any undepreciated carrying amounts of replaced components, or parts of components, are disposed and expensed in connection with the replacement. Repairs are recognized as incurred.

### Leased assets

In the consolidated financial statements, leases are classified as either financial or operating leases. The lease is a financial lease when the economic risks and rewards incident to ownership of a leased asset are essentially transferred to the lessee, otherwise the lease is classified as an operating lease. Investor's leases are exclusively operating leases, and refer mainly to office rents and office machines.

### Depreciation principles

Depreciation is calculated with the straight-line method over the estimated useful life of the asset. Land is not depreciated. The Group applies depreciation based on components, in which depreciation is based on the useful life of each component. Estimated useful lives:

| | |
|---|---|
| Buildings | |
| Framework | 50 –100 years |
| Large components | 5 – 25 years |
| Equipment and computers | 3 – 10 years |

The residual value and the useful life of an asset are reviewed each year.

## FINANCIAL INSTRUMENTS

Financial instruments recognized in the Balance Sheet on the assets side include shares and participations in investing activities, loans and trade receivables, short-term investments, cash and cash equivalents and derivatives. On the liabilities side, financial instruments include loans, shares on loan, trade payables and derivatives.

### Recognition and derecognition in the Balance Sheet

A financial asset or financial liability is recognized in the Balance Sheet when the company becomes party to the instrument's contractual terms. Trade receivables are recognized in the Balance Sheet when an invoice is sent. A liability is recognized when the counterparty has performed and there is a contractual obligation to pay, even if an invoice has not yet been received. Trade payables are recognized when an invoice is received.

A financial asset is derecognized in the Balance Sheet when the rights in the agreement have been realized, become due or when the company loses control over them. This applies also for part of a financial asset. A financial liability is derecognized in the Balance Sheet when the obligations in the contract are fulfilled or extinguished in some other way. This applies also for part of a financial liability.

A financial asset and a financial liability are offset and recognized as a net amount in the Balance Sheet only if there is a legal right to offset the amount and there is an intention to settle the items in a net amount or to realize the asset and settle the liability at the same time. Acquisitions and divestments of financial assets are recognized on the transaction date, which is the date when the company commits to acquire or divest the asset.

### Classification and measurement

Financial assets that are non-derivatives are initially measured at cost corresponding to the instrument's fair value, including transaction costs. This principle applies to all financial instruments except those belonging to the

## Note 1 cont'd. Accounting policies

financial asset category recognized at fair value through profit or loss, which are recognized at fair value excluding transaction costs.

A financial instrument is classified on initial recognition depending on the purpose for which it was acquired. The classification determines how the financial instrument is measured after initial recognition, as described below.

Derivative instruments are initially recognized at fair value, in which transaction costs are expensed in the current period. After initial recognition, the derivative instrument is recognized as described below. If the derivative instrument is used for hedge accounting and is effective, changes in the value of the derivative instrument are recognized in the same line in the Income Statement as the hedged item. The ineffective portion is recognized in the same way as the changes in the value of derivatives not used for hedge accounting. If hedge accounting is not applied when using interest rate swaps, the coupon rate is recognized as interest and other changes and the value of interest rate swaps are recognized as net gains/net losses.

Cash and cash equivalents consist of cash and demand deposits in banks and similar institutions, and short-term investments with a maturity of three months or less from the acquisition date, which are subject to an insignificant risk of changes in value.

### Financial assets at fair value through profit or loss

This category consists of two subcategories: financial assets that are initially classified in this category (fair value option) and financial assets held for trading. Financial assets in this category are recognized continuously at fair value through profit or loss.

*Financial assets recognized with fair value option*

Cash and cash equivalents, short-term investments and shares and participations in investing activities have been classified in this category.

In this category, Investor has chosen, on initial recognition, to designate financial assets that are managed and measured on the basis of fair values, in accordance with the risk management and investment strategy of management. In accordance with IAS 28, Item 1, participations in associates over which Investor has significant influence (except investments of this type in Operating Investments) are recognized at fair value through profit and loss.

*Financial assets held for trading*

Shares and participations in active portfolio management are recognized as financial assets held for trading as well as derivatives with a positive fair value, with the exception of derivatives identified as effective hedging instruments.

### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are recognized at amortized cost, which is determined on the basis of the effective interest rate on the acquisition date. Trade receivables are recognized at the expected received amount, less bad debts, which have been separately reviewed. Trade receivables have a short expected term and are therefore measured at the nominal amount without a discount.

### Available-for-sale financial assets

The available-for-sale financial assets category includes financial assets that are not designated in any of the other categories, or financial assets that the company has initially chosen to designate in this category. Holdings of participations not recognized as subsidiaries, associates or with the fair value option are recognized in this category. Assets in this category are recognized continuously at fair value and changes in value are charged against equity, except those that are impaired (see the section on impairment below). When an asset is sold, the accumulated profit/loss, previously recognized in equity, is recognized in the Income Statement.

### Financial liabilities at fair value through profit or loss

This category includes financial liabilities held for trading. For Investor, this includes shares on loan in the Active Portfolio Management unit and derivatives with a negative fair value, with the exception of derivatives that are identified and effective hedge instruments. When shares on loan are sold, an amount is entered as a liability corresponding to the fair value of the shares. Financial liabilities in this category are recognized continuously at fair value with changes in value recognized in the Income Statement.

### Other financial liabilities

This category includes loans and other financial liabilities, such as trade payables. Loans are recognized at amortized cost, except when they are used for fair value hedging (see "Hedging of the Group's interest rate exposure – fair value hedges" below). Amortized cost is calculated based on the effective interest determined when the loan was obtained. This means that surplus values and values less than the carrying amount, as well as direct issuing costs, are amortized over the life of the liability. Trade payables have a short expected term and are recognized at the nominal amount on an undiscounted basis.

### Financial guarantees

The Group has financial guarantee contracts in which the Group has a commitment to reimburse the holder of a debt instrument for loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified contract terms. Financial guarantee contracts are initially recognized at fair value less the fair value of contracted guarantee fees. However, if the difference is positive, an asset is not included on the Balance Sheet. Financial guarantee contracts are then recognized continuously at the higher amount of the best estimate of the present value of anticipated net fees to settle the guarantee commitment, after deduction for the present value of future guarantee fees, and the original amount booked as a liability after deduction for cumulative amortization applying the straight-line method over the contracted guaranteed period. In cases when payment on market terms is contracted for the guarantee commitment, it is initially recognized neither as an asset nor liability and revenue from the guarantee contracts is recognized on a straight-line basis over the guarantee period.

### Derivatives and hedge accounting

Derivatives, such as forwards, options and swaps are used to offset risks for exchange rate changes and share price changes and for exposure to interest rate risks. Derivatives are initially measured at fair value through profit or loss, in which transaction costs are charged to the Income Statement for the period. After initial recognition, the derivative instrument is recognized at fair value and changes in the value are recognized as described below. Changes in the value of derivative instruments are recognized in the Income Statement as income or expense in operating profit or in net financial items based on the purpose of the derivatives and whether the use is related to an operating item or a financial item.

In hedge accounting, changes in the value of hedging instruments are recognized in the Income Statement at the same time as changes in the value of the hedged items. To qualify for hedge accounting under IAS 39, a derivative must be clearly correlated to the hedged item. Furthermore, the hedge must be effective, formal documentation must be prepared and it must be possible to measure the effectiveness. Hedging results are reported in the Income Statement on the same date as gains or losses on the hedged items.

If the criteria for hedge accounting are no longer met, the derivatives are recognized at fair value through profit or loss according to the principle above.

*Receivables and liabilities in foreign currency*

Forward exchange contracts or currency swaps are used to hedge receivables and liabilities against foreign exchange rate risks. Hedge accounting is not used to protect against foreign exchange risk since an economic hedge is reflected in the financial statements with the underlying receivable or liability and hedge instrument being recognized at the exchange rate on the Balance Sheet date and changes in exchange rates being recognized in the Income Statement.

*Economic hedging of long-term share-based remuneration*

Share swaps and share options are used to protect cash flows, earnings and equity from the effects of long-term share-based remuneration when the price of the Investor share rises. These derivatives do not qualify for hedge accounting and are therefore recognized at fair value through profit or loss.

*Hedging the Group's interest rate exposure – cash flow hedges*

Investor uses interest rate swaps to control the uncertainty of future interest flows for loans caused by fluctuations in interest rates. In the Balance Sheet, interest rate swaps are valued at fair value. In the Income Statement, the coupon is recognized on an ongoing basis as interest income or income expense and other changes in the value of the interest rate swap are recognized directly to the hedging reserve under equity as long as the criteria for hedge accounting and effectiveness are met. The ineffective component of the hedge is reported in the same way as changes in the value of derivatives not used for hedge accounting. The hedging reserve is dissolved through the result when the hedged item affects the result.

## Note 1 cont'd. Accounting policies

*Hedging the Group's interest rate exposure – fair value hedges*
Investor uses interest rate swaps to hedge the risk of changes in the fair value of its own borrowings with fixed interest rates. The interest rate swaps are recognized at fair value in the Balance Sheet and the hedged item is recalculated at the fair value of the hedged risk (the risk-free interest rate). Changes in the fair value for the derivative and hedged item are recognized in the Income Statement.

The interest rate coupon is recognized on an ongoing basis as interest income or interest expense.

### IMPAIRMENT

The carrying amounts of the Group's assets are reviewed on each Balance Sheet date for an indication of impairment. IAS 36 is applied to review any impairment needs for assets other than financial assets, which are reviewed in accordance with IAS 39, and taxes that are reviewed in accordance with IAS 12.

#### Impairment testing of property, plant and equipment and intangible assets, and participations in subsidiaries and associates

If there is an indication of impairment, the recoverable amount of that asset is estimated in accordance with IAS 36. An impairment loss is recognized if the carrying amount of an asset exceeds the recoverable amount. An impairment loss is recognized in the Income Statement. The recoverable amount is the highest of the fair value less costs to sell and value in use. When determining the value in use, future cash flows are discounted using a discount rate that takes into account the risk-free interest rate and risk associated with the specific asset.

#### Impairment testing of financial assets

On each reporting date, the company evaluates if there is objective evidence that a financial asset or group of assets is in need of impairment. Objective evidence consists partly of observable circumstances that have occurred and which negatively affect the possibility to recover the acquisition value, and partly of the duration or extent to which the fair value of an investment has declined for an investment in a financial investment classified as an available-for-sale financial asset.

The recoverable amount of assets in the category "Loans and receivables", which are recognized at amortized cost, is determined as the present value of future cash flows discounted at the effective rate at initial recognition of the asset. Assets with short maturities are not discounted. An impairment loss is recognized in the Income Statement.

Since the majority of the Group's assets belong to the category "Financial assets at fair value through profit or loss", negative changes in value affect the Income Statement on an ongoing basis.

#### Reversal of impairment losses

An impairment loss is reversed only if there is no longer an indication of impairment and the assumption used as the basis for calculating the recoverable value has changed. An impairment loss is only reversed to the extent that it does not increase the carrying amount of an asset above the carrying amount that would have been determined for the asset had no impairment loss been recognized, taking into account the depreciation of the asset.

Impairment of loans and receivables recognized at amortized cost are reversed if a later increase in the recoverable amount can be objectively attributed to an event that occurred after impairment.

### REPURCHASES OF OWN SHARES

Repurchases of own shares are recognized as an item deductible from equity. Cash proceeds from the sale of such equity instruments are recognized as an increase in equity. Any transaction costs are recognized directly under equity.

### DIVIDENDS

Dividends are recognized as a liability after the Annual General Meeting has approved the dividend for the year.

### EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit/loss for the year attributable to shareholders of the Parent Company and on the weighted average number of shares outstanding during the year. When calculating diluted earnings per share, the average number of shares is adjusted to take into account the effects of dilutive potential ordinary shares originating during the reported periods from stock option and share programs issued to employees

The potential ordinary shares are not considered as diluting if they should lead to a better earnings per share after dilution, which is the case if the earnings of the current year should be negative; if the strike price with the addition of future services that are accounted for in accordance with IFRS 2 is higher than the average share price of the period; if performance terms that need to be fulfilled are not fulfilled as per the Balance Sheet date. The dilution is small if the difference between the stock share price and the strike price, with the addition of future services that are accounted for in accordance with IFRS 2, is small. If there is a greater difference between these two, the dilution becomes greater.

### EMPLOYEE BENEFITS

#### Post-employment benefits

The Group has both defined benefit pension plans and defined contribution pension plans. All pension plans in foreign subsidiaries are defined contribution plans. For employees in Sweden, the majority of the pension plans are defined benefit plans that are secured with the insurance company SPP Livsförsäkring. In addition, there are a small number of unfunded defined benefit pension obligations for former employees.

*Defined contribution plans*
Defined contribution plans are classified as plans under which the company's obligations are limited to paying fixed contributions. In such cases, the size of the employee's pension depends on the contributions that the company makes to the plan or to an insurance company and the return that the capital contributions generate. Consequently, the employee carries the actuarial risk (that benefits will be lower than expected) and the investment risk (that the invested assets will be insufficient for providing the expected benefits). The company's obligations to pay contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss when due as employees provide services to the company during a period.

*Defined benefit plans*
In defined benefit pension plans, payments are made to employees and former employees based on their salary at the time of retirement and the number of years of service. The Group carries the risk for making the payments. The Group's net obligation under defined benefit plans is measured separately for each plan by an estimation of future benefits earned by the employees both in current and prior periods. This benefit is discounted to a present value. The discount rate is the rate at the Balance Sheet date on government bonds with a life corresponding to the pension obligations of the Group. The measurement is made by a qualified actuary using the projected unit credit method. Actuarial gains and actuarial losses are recognized in the Income Statement as incurred.

When the benefits of a plan are improved, the portion of the increased benefits relating to past service is recognized as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are fully vested, the expense is recognized immediately in profit or loss.

When there is a difference between how the pension costs are determined for a legal entity and the Group, a provision or receivable for a special employer's contribution is recognized, based on this difference. The present value of the provision or receivable is not determined.

*Plans comprising several employers*
In cases when there is a defined benefit plan comprising several employers, such as SPP Livförsäkring AB, and there is not sufficient information available to enable the reporting of the plan as a defined benefit plan, the plan is recognized as a defined contribution plan.

#### Termination benefits

A cost for termination benefits is recognized only if the company is demonstrably committed, without realistic possibility of withdrawal, by a formal plan to terminate an employee's employment before the normal date. When benefits are offered to encourage voluntary departure from the company, a cost is recognized if it is probable that the offer will be accepted and the number of employees accepting the offer can be reliably estimated.

#### Short-term benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A provision is made for the anticipated cost of bonus payments and profit-sharing programs when the Group has a current obligation to make such payments as a consequence of services received from employees and the obligation can be estimated reliably.

## Note 1 cont'd. Accounting policies

### Share-based payment transactions

During the past few years Investor AB has implemented stock option and share programs for employees (see also "Note 5 Employees and payroll costs"). These programs enable employees to acquire or receive shares in the company. The fair value of the granted options and shares is recognized as a personnel cost with a corresponding increase in equity. The fair value is determined on the grant date and is allocated over the vesting period. The fair value of the granted options is determined in accordance with the Black & Scholes valuation model, taking into consideration the terms and non-vesting conditions on the grant date. The recognized cost corresponds to the fair value of the estimated number of options and shares that are expected to vest. This cost is adjusted in subsequent periods to reflect the actual number of vested options and shares. However, no adjustment is made when options expire because the share price does not reach the level needed for the options to vest.

Remunerations as cash based (synthetic) shares is valued at fair value and is accounted for as cost and a corresponding liability. The initial fair value calculation is revalued on each Balance Sheet date and at the final exercise. The cost is based on the fair value and is distributed over the vesting period. All fair value changes calculated on the liability are to be classified as personnel cost in the Income Statement.

Social security contributions related to share-based payments to employees for services rendered are recognized as expenses allocated to the period in which the employees render the services.

The provision for social security contributions is based on the fair value of the options and shares at the reporting date. For employee stock option programs introduced before November 7, 2002, the requirements for recognition and measurement in IFRS 2 have not been applied in accordance with the transition rules in IFRS 1.

## PROVISIONS

A provision is reported in the Balance Sheet when there is a legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be needed to settle the obligation and when a reliable estimate of the amount can be made.

A restructuring provision is recognized when the group has a detailed, formal plan for the restructuring and the restructuring plan has commenced or has been publicly announced. No provision is made for future operating losses.

## CONTINGENT LIABILITIES

A contingent liability is recognized when there is a possible obligation relating to past events and whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company; or when there is an obligation which is not recognized as a liability or a provision as it is not probable that an outflow of resources will be required to settle the obligation.

## ACCOUNTING POLICIES OF THE PARENT COMPANY

Unless otherwise noted, the Parent Company applies the same accounting policies as the Group.

### Compliance with issued standards and laws

The Parent Company has prepared its annual financial statements in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation, RFR 2.1 "Accounting for legal entities", has been applied. RFR 2.1 states that the Parent Company, in the annual financial statements of the legal entity, shall apply all IFRS standards and statements adopted by the European Union, to the extent this is practicable within the framework of the Swedish Annual Accounts Act and taking into account the relation between accounting and taxation. The recommendation specifies the exceptions from IFRS.

*New IFRS regulations and interpretations to be applied in 2009 or later*

- Amendments to IAS 27 Consolidated and Separate Financial Statements will be applied as of January 1, 2009. The amendment will have impact on the accounting for dividends received from subsidiaries. Dividends should be recognized in the Income Statement going forward. The present regulation states that dividends received in some situations should reduce the investment in subsidiaries. The amendment describes situations were dividends should be considered an indication of write downs. This amendment will have no effect on Investor's accounting records.

### Changes in accounting policies

The Parent Company is applying the same accounting policies as in 2007 except the adoption of IFRIC 11, IFRS 2 – Group and Treasury Share Transactions, which addresses how share-based payment arrangements are to be classified in entities that receive services from their employees. Up to December 31, 2007, the total cost of the share-based payment for the employees in Investor Group was recorded in the Parent Company. The Parent Company has voluntarily adopted IFRIC 11 which means that, in cases where a Parent Company grants rights to its equity instruments to employees of a subsidiary, the cost calculated in accordance with the interpretation is to be recognized as a capital contribution to a subsidiary that receives services from its employees. In accordance with the transition regulations, this interpretation is being applied retroactively and has affected the Parent Company's equity and participations in subsidiaries for fiscal year 2007 by SEK 20 m. Starting in 2008, the cost incurred for the share-based payment arrangements for employees in the subsidiaries will be invoiced to the subsidiaries and cash settled on a timely basis.

### Differences between the accounting policies of the Group and Parent Company

*Associates and subsidiaries*

Investments in associates and subsidiaries are recognized in the Parent Company under the cost method. On each Balance Sheet date, the carrying amounts are reviewed for objective proof of impairment. Distributions received are recognized only if they relate to profits arising after the date of acquisition. Distributions in excess of such profits are considered a recovery of investment and reduce the cost of the investment.

*Group contributions and shareholders' contributions*

In accordance with a statement from the Swedish Financial Accounting Standards Council, shareholders' contributions are recognized directly in equity by the receiver and are capitalized in shares and participations by the giver to the extent that no impairment loss is required. Since the Parent Company is taxed in accordance with the regulations for investment companies, it cannot receive or make group contributions.

*Financial income and expenses*

In the Parent Company, net financial items include dividends from subsidiaries.

*Financial guarantee contracts*

The Parent Company's financial guarantee contracts consist primarily of guarantees on behalf of subsidiaries or associates. A financial guarantee contract is a contract in which the company has a commitment to reimburse the holder of a debt instrument for loss it incurs because a specified debtor fails to make payment when due in accordance with the contract terms. The Parent Company applies RFR 2.1, Item 72, to account for financial guarantee contacts, which involves a relief, compared with the rules in IAS 39 for financial guarantee contracts issued on behalf of subsidiaries and associates. The Parent Company recognizes financial guarantee contracts as a provision on the Balance Sheet when the company has a commitment for which payment is most likely required to settle the commitment.

*Taxes*

The Parent Company is taxed in accordance with the regulations for investment companies in Sweden. Capital gains on shares are not taxable and corresponding capital losses are non-deductible. The company instead declares a standard income of 1.5 percent on the market value of listed shares carrying voting rights of less than 10 percent at the beginning of the year, or in excess of 10 percent but which were held for less than 12 months at the beginning of the year.

Dividends received and interest income are taxable, while administrative costs and interest expenses are deductible, as well as dividends paid. As a consequence of these tax regulations, the Parent Company normally does not pay income tax. For the same reason, the Parent Company does not report deferred tax attributable to temporary differences.

## Note 2 Segment reporting

*Group*

| Performance by business area 2008 | Core Investments[1] | Operating Investments[2] | Private Equity Investments[3] | Financial Investments[4] | Investor Groupwide | Total |
|---|---|---|---|---|---|---|
| Net sales | | 417 | | | | 417 |
| Dividends, etc. | 3,803 | 756 | 319 | 25 | | 4,903 |
| Changes in value | –35,269 | –8 | –3,582 | –633[5] | | –39,492 |
| Cost of services sold | | –391 | | | | –391 |
| Operating costs[6] | –80 | –102 | –200 | –31 | –142 | –555 |
| Costs of long-term share-based remuneration | | | | | –21 | –21 |
| Share of results of associates | | –1,382 | | | | –1,382 |
| **Operating profit/loss** | **–31,546** | **–710** | **–3,463** | **–639** | **–163** | **–36,521** |
| Net financial items | | | | | –288 | –288 |
| Tax | | | | | 73 | 73 |
| **Profit/loss for the year** | **–31,546** | **–710** | **–3,463** | **–639** | **–378** | **–36,736** |
| Other (currency, etc.) | | 581[7] | | | –72[8] | 509 |
| Dividends paid | | | | | –3,637 | –3,637 |
| **Effect on net asset value** | **–31,546** | **–129** | **–3,463** | **–639** | **–4,087** | **–39,864** |
| **Net asset value by business area 12/31 2008** | | | | | | |
| Carrying amount | 73,272 | 16,378 | 15,295 | 1,246 | | 106,191 |
| Other assets[9] | | | | | 1,884 | 1,884 |
| Other liabilities[9] | | | | | –2,150 | –2,150 |
| Net cash[10] | | | | | 9,415 | 9,415 |
| **Total net asset value** | **73,272** | **16,378** | **15,295** | **1,246** | **9,149** | **115,340** |
| Investments in property, plant and equipment | 4 | 57 | 3 | | | 64 |
| Depreciation | –6 | –67 | –5 | | | –78 |
| Cash flow for the year | 22,555 | –4,396 | –741 | 536 | –13,853 | 4,101 |

1) Core Investments consists of major listed companies for which Investor has a long-term investment horizon.
2) Operating Investments comprises companies in which Investor has a majority or large ownership interest in the underlying investment and is therefore involved in the holdings to an even greater extent than in other business areas.
3) Private Equity Investments consists of the investments in growth companies within Investor Growth Capital and debt-financed buy-outs of more mature companies through investments in EQT's funds.
4) Financial Investments are investments with a short-term ownership horizon.
5) Changes in value include sale proceeds from active portfolio management amounting to SEK 23,653 m.
6) Change in operating costs for the different business areas in comparison to 2007 is mainly due to changes in the cost-allocation model made in 2008.
7) Refers to the translation reserve and hedging reserve attributable to associated companies.
8) The amount includes the effects of long-term share-based remuneration, repurchases of own shares and changes in the hedging and translation reserves.
9) Other assets and liabilities refers to current assets/liabilities, deferred taxes and provisions.
10) Net debt/cash refers to short-term investments, cash and cash equivalents, interest-bearing liabilities with related derivatives and pensions.

## Note 2 cont'd Segment reporting

*Group*

| Performance by business area 2007 | Core Investments[1] | Operating Investments[2] | Private Equity Investments[3] | Financial Investments[4] | Investor Groupwide | Total |
|---|---|---|---|---|---|---|
| Net sales | | 446 | | | | 446 |
| Dividends, etc. | 3,161 | 410 | 251 | 62 | | 3,884 |
| Changes in value | –7,537 | 291 | 5,907 | –195[5] | | –1,534 |
| Cost of services sold | | –427 | | | | –427 |
| Operating costs[6] | –159 | –55 | –205 | –40 | –76 | –535 |
| Costs of long-term share-based remuneration | | | | | –17 | –17 |
| Share of results of associates | | –1,544 | | | | –1,544 |
| **Operating profit/loss** | **–4,535** | **–879** | **5,953** | **–173** | **–93** | **273** |
| Net financial items | | | | | –484 | –484 |
| Tax | | | | | –156 | –156 |
| **Profit/loss for the year** | **–4,535** | **–879** | **5,953** | **–173** | **–733** | **–367** |
| Other (currency, etc.) | | 76[7] | | | –376[8] | –300 |
| Dividends paid | | | | | –3,449 | –3,449 |
| **Effect on net asset value** | **–4,535** | **–803** | **5,953** | **–173** | **–4,558** | **–4,116** |
| **Net asset value by business area 12/31 2007** | | | | | | |
| Carrying amount | 127,293 | 11,806 | 17,718 | 2,583 | | 159,400 |
| Other assets[9] | | | | | 1,897 | 1,897 |
| Other liabilities[9] | | | | | –2,510 | –2,510 |
| Net debt[10] | | | | | –3,583 | –3,583 |
| **Total net asset value** | **127,293** | **11,806** | **17,718** | **2,583** | **–4,196** | **155,204** |
| Investments in property, plant and equipment | 5 | 41 | 1 | | | 47 |
| Depreciation | –6 | –83 | –9 | | | –98 |
| Cash flow for the year | 3,608 | –6,444 | 3,597 | 291 | –1,652 | –600 |

1) Core Investments consists of major listed companies for which Investor has a long-term investment horizon.
2) Operating Investments comprises companies in which Investor has a majority or large ownership interest in the underlying investment and is therefore involved in the holdings to an even greater extent than in other business areas.
3) Private Equity Investments consists of the investments in growth companies within Investor Growth Capital and debt-financed buy-outs of more mature companies through investments in EQT's funds.
4) Financial Investments are investments with a short-term ownership horizon.
5) Changes in value include sale proceeds from active portfolio management amounting to SEK 27,380 m.
6) Change in operating costs for the different business areas in comparison to 2007 is mainly due to changes in the cost-allocation model made in 2008.
7) Refers to the translation reserve and hedging reserve attributable to associated companies.
8) The amount includes the effects of long-term share-based remuneration, repurchases of own shares and changes in the hedging and translation reserves.
9) Other assets and liabilities refers to current assets/liabilities, deferred taxes and provisions.
10) Net debt/cash refers to short-term investments, cash and cash equivalents, interest-bearing liabilities with related derivatives and pensions.

## Note 3 Changes in value within investing activities

| 2008 | Core Investments | Operating Investments | Private Equity Investments | Financial Investments[1] | Total |
|---|---|---|---|---|---|
| Group | | | | | |
| Changes in value of holdings in the closing balance | –38,147 | –8 | –3,032 | –685 | –41,872 |
| Changes in value of assets divested during the year | 2,878[2] | 0 | –550 | 52 | 2,380 |
| **Total** | **–35,269** | **–8** | **–3,582** | **–633** | **–39,492** |
| Of which changes in value caused by exchange rate changes | – | – | 2,265 | –69 | 2,196 |
| Of which changes in value determined with valuation techniques | – | – | –2,908 | –1 | –2,909 |
| **2007** | | | | | |
| Group | | | | | |
| Changes in value of holdings in the closing balance | –12,642 | – | 3,367 | –230 | –9,505 |
| Changes in value of assets divested during the year | 5,105[2] | 291 | 2,540 | 35 | 7,971 |
| **Total** | **–7,537** | **291** | **5,907** | **–195** | **–1,534** |
| Of which changes in value caused by exchange rate changes | – | – | –122 | –42 | –164 |
| Of which changes in value determined with valuation techniques | – | – | 1,382 | –27 | 1,355 |

| 2008 | Core Investments | Operating Investments | Private Equity Investments | Financial Investments | Total |
|---|---|---|---|---|---|
| Parent Company | | | | | |
| Changes in value of holdings in the closing balance | 627 | – | –2 | – | 625 |
| Changes in value of assets divested during the year | 2,878[2] | – | –114 | –28 | 2,736 |
| **Total** | **3,505** | **–** | **–116** | **–28** | **3,361** |
| Of which changes in value caused by exchange rate changes | – | – | –4 | –49 | –53 |
| Of which changes in value determined with valuation techniques | – | – | –114 | – | –114 |
| **2007** | | | | | |
| Parent Company | | | | | |
| Of which changes in value caused by exchange rate changes | 7,804 | – | 117 | –188 | 7,733 |
| Changes in value of assets divested during the year | 5,105[2] | – | 0 | –63 | 5,042 |
| **Total** | **12,909** | **–** | **117** | **–251** | **12,775** |
| Of which changes in value caused by exchange rate changes | – | – | –6 | –32 | –38 |
| Of which changes in value determined with valuation techniques | – | – | 119 | – | 119 |

1) Including Active Portfolio Management. Changes in the value of holdings remaining in the balance at the end of the year SEK –510 m. (–49). Changes in the value of assets divested during the year SEK 81 m. (87).
2) Divestments include share redemption programs.

## Note 4 Operating costs and Cost of services sold

*Operating costs*

| | 2008 | 2007 |
|---|---|---|
| *Group* | | |
| *Investing activities* | | |
| Payroll costs | 200 | 253 |
| Depreciation | 6 | 11 |
| Other operating expenses | 105 | 140 |
| | **311** | **404** |
| *Operating investments* | | |
| Payroll costs | 22 | 21 |
| Depreciation | 1 | 0 |
| Other operating expenses | 79 | 34 |
| | **102** | **55** |
| *Groupwide* | | |
| Payroll costs | 100 | 38 |
| Depreciation | 2 | 4 |
| Other operating expenses | 40 | 34 |
| | **142** | **76** |
| **Total** | **555** | **535** |

*Cost of services sold*

| | 2008 | 2007 |
|---|---|---|
| *Group* | | |
| *Operating investments* | | |
| Payroll costs | 154 | 157 |
| Depreciation | 67 | 84 |
| Other operating expenses | 170 | 186 |
| **Total** | **391** | **427** |

## Note 5 Employees and payroll costs

Investor's operations are divided into wholly owned investing activities and other activities. The wholly owned investing activities comprise the activities of the Parent Company, the Active Portfolio Management unit and Investor Growth Capital. The payroll costs shown below for these units are included in "Operating costs" in the Income Statement. Other activities comprise the operations of The Grand Group. The costs shown for these activities are included in "Cost of services sold".

| *Average number of employees* | 2008 | | 2007 | |
|---|---|---|---|---|
| | Total | of which women | Total | of which women |
| *Wholly owned investing activities* | | | | |
| Parent Company, Sweden | 91 | 52 | 93 | 52 |
| *Wholly owned subsidiaries* | | | | |
| Sweden | 15 | 3 | 15 | 3 |
| United States | 20 | 6 | 20 | 6 |
| United Kingdom | – | – | 1 | 1 |
| Hong Kong | 7 | 2 | 6 | 2 |
| Netherlands | 6 | 3 | 6 | 3 |
| **Total, wholly owned investing activities** | **139** | **66** | **141** | **67** |
| *Other activities* | | | | |
| The Grand Group, Sweden | 324 | 161 | 334 | 164 |
| **Total, other activities** | **324** | **161** | **334** | **164** |
| **Total** | **463** | **227** | **475** | **231** |

**Gender distribution in Boards and senior management**
At year-end 2008, the Board of the Parent Company consisted of 30 percent women (30) and 70 percent men (70). The Management Group of the Parent Company consisted of 17 percent women (17) and 83 percent men (83). The gender distribution in the Boards of Investor's wholly owned investing activities consisted of 16 percent women (17) and 84 percent men (83). The gender distribution in the Boards of the other activities of the Investor Group consisted of 22 percent women (25) and 78 percent men (75).

*Expensed wages, salaries, Board of director fees and other remuneration, as well as social security contributions*

| | 2008 | | | | | | | 2007 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Basic salary | Variable salary | Long-term share-based remuneration | Pension costs | Costs for employee benefits | Social security contributions[1)] | Total | Basic salary | Variable salary | Long-term share-based remuneration | Pension costs | Costs for employee benefits | Social security contributions[1)] | Total |
| *Wholly owned investing activities* | | | | | | | | | | | | | | |
| Parent Company | 81 | 21 | 28 | 38 | 13 | 28 | 209 | 83 | 24 | 19 | 34 | 11 | 35 | 206 |
| Wholly owned subsidiaries in investing activities | 59 | 26 | 2 | 7 | 2 | 13 | 109 | 57 | 30 | – | 9 | 0 | 9 | 105 |
| **Total, wholly owned investing activities** | **140** | **47** | **30** | **45** | **15** | **41** | **318** | **140** | **54** | **19** | **43** | **11** | **44** | **311** |
| *Other activities* | | | | | | | | | | | | | | |
| The Grand Group | 97 | 2 | – | 5 | 3 | 29 | 136 | 91 | 3 | – | 4 | 2 | 34 | 134 |
| **Total, other activities** | **97** | **2** | **–** | **5** | **3** | **29** | **136** | **91** | **3** | **–** | **4** | **2** | **34** | **134** |
| **Total** | **237** | **49** | **30** | **50** | **18** | **70** | **454** | **231** | **57** | **19** | **47** | **13** | **78** | **445** |

1) Of which SEK –9 m. (–7) refers to social security contributions for long-term share-based remuneration. The cost of long-term share-based remuneration, including social security contributions, amounts to SEK 21 m. (17), as reported in the Consolidated Income Statement.

## Note 5 cont'd Employees and payroll costs

*Expensed wages and salaries distributed by country and between senior executives and other employees*

| | 2008 | | | | 2007 | | | |
|---|---|---|---|---|---|---|---|---|
| | Senior executives | *Of which variable salary* | Other employees | Total | Senior executives | *Of which variable salary* | Other employees | Total |
| *Wholly owned investing activities* | | | | | | | | |
| Parent Company | 37 | *9* | 65 | 102 | 36 | *8* | 71 | 107 |
| *Wholly owned subsidiaries* | | | | | | | | |
| Sweden | 5 | *2* | 15 | 20 | 7 | *4* | 14 | 21 |
| United States | 7 | *3* | 33 | 40 | 6 | *2* | 37 | 43 |
| United Kingdom | – | – | – | – | 0 | *0* | 2 | 2 |
| Hong Kong | 5 | *2* | 14 | 19 | 5 | *2* | 12 | 17 |
| Netherlands | 2 | *1* | 4 | 6 | 2 | *1* | 2 | 4 |
| **Total, wholly owned investing activities** | **56** | ***17*** | **131** | **187** | **56** | ***17*** | **138** | **194** |
| *Other activities* | | | | | | | | |
| The Grand Group | 3 | *0* | 96 | 99 | 3 | *0* | 91 | 94 |
| **Total, other activities** | **3** | ***0*** | **96** | **99** | **3** | ***0*** | **91** | **94** |
| **Total** | **59** | ***17*** | **227** | **286** | **59** | ***17*** | **229** | **288** |

**Absenteeism due to illness**

Absenteeism due to illness in the Parent Company (as a percentage of work time) was 2.86 percent in 2008 (3.37), of which women 2.73 percent (3.48) and men 3.00 percent (3.22); 20.10 percent (38.52) of absenteeism due to illness refers to a continuous period of 60 days or more. Absenteeism due to illness for employees for age 30–49 was 3.64 percent (4.70) and for employees over 50 years of age 1.66 percent (1.34). (Absenteeism for employees under the age of 29 is not reported since there are fewer than ten employees in this category.).

**Salary and other remuneration**

The following text and tables describe Investor's remuneration policy and remuneration for senior executives in the company. Senior executives are defined as "top management" and "other senior executives".

"Top management" is defined as:
- the Chairman of the Board,
- Board members not employed by the company who receive special remuneration in addition to the fee received for Board duties, and
- the Chief Executive Officer and President.

"Other senior executives" refers to: Johan Bygge, Stephen Campe (from December 1, 2008), Johan Forssell, Petra Hedengran and Lennart Johansson. During the period January 1 to November 30, 2008, Henry E. Gooss was a member of the Management Group. These persons, together with the President, comprise Investor's Management Group.

Investor's Remuneration Committee is appointed each year by the Board. The committee's main purpose is "to enable an independent and thorough review of all aspects of Investor's total remuneration program and to make decisions about executive remuneration in the company."

For decision-making, the Remuneration Committee continuously receives information and views from the President, the CFO and head of Human Resources, among others. The committee also obtains views, reports and information for decision-making from external advisers. Internal and external information used for decision-making purposes helps ensure that Investor's remuneration program is in line with market conditions and competitive. Read more about the work of the Remuneration Committee in Investor's Corporate Governance report.

***Remuneration policy***

In order to achieve long-term competitive returns for the shareholders, Investor strives to offer its staff remuneration in line with market conditions, which makes it possible to recruit the most suitable executives and employees and to retain them in the company. The total remuneration - which consists of basic salary, variable salary, long-term variable remuneration programs, pensions and other remuneration and benefits - is considered when determining the salaries for Investor's staff. The combination of the foregoing remuneration components means that the company has appropriate control instruments and that a common interest to run the business towards long-term competitive return on the shares is created between the company's employees and owners. Comparative studies of relevant industries and markets are carried out annually in order to determine what constitutes a total remuneration in line with market conditions and to evaluate current remuneration levels. The result of such studies is an important variable when determining Investor's remuneration policy and, as a consequence, when deciding on the total remuneration for the Management and other employees.

Investor conducts investment activities on markets in Asia, Northern Europe and the USA and competes for staff with primarily private equity firms, investment banks, hedge funds and consultant companies.

The principles for total remuneration for Investor's employees are:
- that employees in Investor's different operations shall receive a total remuneration that is competitive and in line with market conditions;
- that the allocation between basic salary, variable salary and long-term variable remuneration shall be in proportion to the employee's position and to what is customary on the market for such positions;
- that the remuneration shall be based on factors such as position, performance and individual qualification;
- that the remuneration shall establish a common interest between shareholders and employees through connection to the company's long-term development;
- that the remuneration shall attract the top competence, which is necessary to develop the business in accordance with Investor's strategy to be "best-in-class";
- that the remuneration shall not discriminate on the basis of gender, ethnic background, national origin, age, disability or any other circumstance; and
- that the remuneration shall encourage each individual employee to establish a significant ownership of Investor shares in relation to the employee's financial conditions.

Investor strives to establish a model where the possible variable salary and long-term variable remuneration constitutes a considerable part of the calculated total remuneration. Clear individual goals for the variable salary create appropriate opportunities for Investor to clarify the expectations on performance of individual employees and therefore provide the possibility to reward good performance and achieved goals. The long-term variable remuneration is affected by the long-term share price development, and the relevant employees are thus expected to act in harmony with the interests of the long-term shareholders.

## Note 5 cont'd Employees and payroll costs

As the remuneration is variable, the company's costs will also be correspondingly variable, meaning that under-performance will result in lower remuneration and thereby lower costs for the company. The alternative to variable salary and long-term variable remuneration would be to only offer basic salary, but in such case the positive effects and incentives which Investor's model strives to establish would not be achieved.

In addition to remuneration from Investor, the President and members of the Management Group receive Board fees from the Core Investments companies in which they are Board members. This is taken into consideration when determining each individual's total remuneration.

*Basic salary*
Basic salary is reviewed annually for all Investor employees, with the exception of Management Group members, whose basic salary before 2009 is reviewed every other year. Any adjustment to an employee's basic salary is usually effective from January 1.

The annual review of basic salary takes into account the employee's performance, any changes to his or her areas of responsibility, the company's development and salary trends in the market. In cases when the person's areas of responsibilities change considerably during the year, basic salary can be reviewed on those occasions. Basic salary constitutes the basis for calculating variable salary.

*Variable salary*
The majority of Investor's employees have variable salary. Variable salary in 2008 is based on annually set goals, the outcome of which is reviewed on a yearly basis. The variable portion of salary in 2008 differs between business areas and amounts to a maximum of 40 percent of basic salary for the President. For other employees, variable salary ranges between 0 and 80 percent of their basic salary, although for a very limited number of key personnel, the variable portion of salary can be a maximum of 100 percent of their basic salary. In cases when the President decides that a person in the company has made an exceptional contribution during the year, he can award an additional variable salary. However, this additional variable salary has to be specifically approved by Investor's Remuneration Committee. When an additional variable salary is awarded, the variable portion of salary can, in individual cases, exceed 100 percent of basic salary.

The established goals must be reached in order to receive the variable salary and the annual variable salary is thereby clearly linked to an individual's work efforts and performance. Goals are both quantitative and qualitative and based on factors that are in agreement with Investor's long-term strategy. Goals are reviewed at the end of the year. The focus of the goals for the President each year is set in a dialog between the President and the Chairman. The specific goals for the President are proposed by the Remuneration Committee and later approved by the Board. Goals for other employees are established by each employee's manager.

*Long-term share-based remuneration*
For long-term variable remuneration programs, it has been the Board's ambition to create a structure that commits the employees and is based on the long-term development of Investor such that a part of remuneration to employees is related to the long-term performance of Investor and the Investor share, thereby exposing the employee to share price increases and decreases.

In 1999, Investor introduced the principle that part of an employee's remuneration is be connected to the company's long-term share price development. The principle has encompassed all employees since 2000. From 1999 to 2005, this has been carried out mainly in the form of employee stock option programs[1)].

A combined employee stock option and restricted stock program was introduced for senior executives for 2004 and 2005.

In 2006, a Stock Matching Plan was introduced for all Investor employees, as well as a performance-based share program for top management. "Top Management" is defined as the President, other members of the Management Group and about 15 other senior executives in the company ("Senior Management") and the 2008 program corresponds in all material respects to the program for 2007.

For all programs introduced as of 2004, the Board's decision has been conditional on the Annual General Meeting approving the scope and basic principles for each program. For the 2009 program, a project group appointed by the Remuneration Committee conducted a comprehensive evaluation of the long-term variable remuneration programs (see page 58). The programs are described below.

2006–2008
The programs consist of the following two components:

1) Stock Matching Plan in which all employees may participate.
In the Stock Matching Plan, an employee could acquire shares in Investor at the market price during a two-week period, determined by the Board, after the release of Investor's first quarterly report in 2008, 2007 and 2006, respectively (the "Measurement Period"). After a three-year vesting period, two options (Matching Options) will be granted for each Investor share acquired by the employee, as well as a right to acquire one Investor share (Matching Share) for SEK 10. The Matching Share may be acquired during a four-year period after the vesting period[2)]. Each Matching Option entitles the holder to purchase one Investor share, during the corresponding period, at a strike price corresponding to 120 percent of the average volume-weighted price paid for Investor shares during the Measurement Period.

The President, the other executives and approximately 15 other senior employees within Investor ("Senior Management") are obligated to invest at least 5 percent of their basic salary in Investor shares according to the Stock Matching Plan. Other employees are not obligated to invest but have a right to invest to such an extent that the value of the allotted Matching Options and Matching Shares amounts to maximum 10 or 15 percent of basic salary.

Senior Management has the right to invest to such an extent that the value of the allotted Matching Options and Matching Shares amounts to maximum between 10 and 20 percent of their respective basic salary. In order to participate fully in the Stock Matching Plan, the President has to invest approximately 21 percent of his basic salary in Investor shares. If the President, through the investment mentioned above, participates fully in the Stock Matching Plan, the theoretical value of the right to receive a Matching Share and two Matching Options per acquired share under the Stock Matching Plan is 20 percent of the basic salary. As of 2009, the President is entitled to exercise Matching Shares and Matching Options during a period twelve months from the earlier of (i) seven years from the date of allocation and (ii) two months from the expiry of the year during which the President terminates his employment. The President has invested approximately SEK 4.3 m. in the Stock Matching Plan 2006-2008.

2) Performance-Based Share Program, in which Senior Management participates in addition to the Stock Matching Plan
Under this program, which presumes participation in the above mentioned Stock Matching Plan, Senior Management, after a three-year vesting period, has the right during four years to acquire additional Investor shares ("Performance Shares") for SEK 10 per share (in the 2008 program the acquisition price was increased to 50 percent of what was paid per Participation Share for Employees). This is conditional upon whether certain financial goals relating to the development of Investor's net asset value (NAV) and the total return on the Investor shares (TSR) are met during the vesting period.

Two-thirds of the turnout is dependent on the development of Investor's net asset value. Investor's average yearly development of the net asset value, including dividends, must exceed the interest on 10-year government bonds by more than 8 percentage points to give Senior Management the right to acquire the highest amount of Performance Shares, which is dependent on the development of the net asset value. There will be no allotment of Performance Shares related to the development of the net asset value if the development of the net asset value does not exceed the 10-year interest on government bonds by at least 2 percentage points. If the development is between the 7-year interest on government bonds plus 2 percentage points and the 10-year interest on government bonds plus 8 percentage points, a proportional (linear) allotment will occur. The development of the net asset value during the three-year vesting period is measured as the average during three quarters in the beginning of the period, compared with the average during three quarters at the end of the period.

One-third of the turnout is dependent upon the total return on the Investor share. Investor's annual running total return, including reinvested dividends, must exceed the development of the share index called SIXRX Total Return by more than 4 percentage points to give Senior Management the right to acquire the highest amount of Performance Shares, which are dependent on the total return. There will be no allotment of Performance Shares related to the total

1) Employee stock options refer to commitments in accordance with Chapter 10, Section 11, paragraph 2 of the Swedish Income Tax Law.

2) The President is entitled to exercise Matching Shares and Performance Shares from the earlier of (i) ten years from the date of allocation and (ii) two months from the expiry of the year during which the President terminates his employment.

## Note 5 cont'd Employees and payroll costs

*The calculation of the fair value on the grant date, according to IFRS 2, was based on the following conditions:*

| | 2008 | | | 2007 | | | 2006 | | |
|---|---|---|---|---|---|---|---|---|---|
| Instrument | Matching Share | Matching Option | Performance Share | Matching Share | Matching Option | Performance Share | Matching Share | Matching Option | Performance Share |
| Averaged volume-weighted price paid for Investor B shares | 138.58 | 138.58 | 138.58 | 176.74 | 176.74 | 176.74 | 129.93 | 129.93 | 129.93 |
| Strike price | 10.00 | 166.20 | 69.29 | 10.00 | 212.00 | 10.00 | 10.00 | 155.90 | 10.00 |
| Assumed volatility[1] | 25% | 25% | 25% | 20% | 20% | 20% | 20% | 20% | 20% |
| Assumed average term | 5 years | 5 years | 5 years | 5 years | 5 years | 5 years | 5 years | 5 years | 5 years |
| Assumed percentage of dividend[2] | 0% | 3.5% | 0% | 0% | 3% | 0% | 0% | 3% | 0% |
| Risk-free interest | 4.01% | 4.01% | 4.01% | 3.82% | 3.82% | 3.82% | 3.08% | 3.08% | 3.08% |

1) The assumed volatility was based on future forecasts based on the historical volatility of Investor B shares, in which the term of the instrument is an influencing factor. The historical volatility has been in the interval of 15 to 30 percent.
2) The dividend for Matching Shares and Performance Shares is compensated for by increasing the number of shares.

Information regarding assumed valuation, see below, section Accounting effects of employee stock option and share programs.

*Summary of terms for the 2006–2008 long-term share-based remuneration programs*

*Matching Shares 2006–2008*

| Year issued | Holder[1] | Number of Matching Shares granted | Number at the beginning of the year | Adjustment for dividend | Matching shares forfeited in 2008 | Matching Shares exercised in 2008 | Number of Matching Shares on December 31, 2008 | Percentage of total outstanding shares | Number of vested Matching Shares | Theoretical value[2] | Fair value[3] | Strike price | Maturity date | Vesting period (years) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2006 | MG | 31,038[4] | 31,939 | 1,173 | 0 | 0 | 33,112 | 0.00% | 33,112 | 109.19 | 121.34 | 10.00 | 12-31-12 | 3 |
| 2006 | OSE | 11,593 | 10,188 | 349 | 293 | 1,025 | 9,219 | 0.00% | 9,219 | 109.19 | 121.34 | 10.00 | 12-31-12 | 3 |
| 2006 | OE | 52,866 | 48,115 | 1,689 | 3,251 | 1,240 | 45,313 | 0.01% | 45,313 | 109.19 | 121.34 | 10.00 | 12-31-12 | 3 |
| 2007 | MG | 23,845[5] | 23,845 | 877 | 0 | 0 | 24,722 | 0.00% | – | 150.91 | 168.48 | 10.00 | 13-31-12 | 3 |
| 2007 | OSE | 9,354 | 8,582 | 301 | 589 | 216 | 8,078 | 0.00% | – | 150.91 | 168.48 | 10.00 | 13-31-12 | 3 |
| 2007 | OE | 36,995 | 34,804 | 1,237 | 2,434 | 398 | 33,209 | 0.01% | – | 150.91 | 168.48 | 10.00 | 13-31-12 | 3 |
| 2008 | MG | 30,725[6] | 0 | 0 | 0 | 0 | 30,725 | 0.00% | – | 116.71 | 130.40 | 10.00 | 14-31-12 | 3 |
| 2008 | OSE | 12,745 | 0 | 0 | 0 | 0 | 12,745 | 0.00% | – | 116.71 | 130.40 | 10.00 | 14-31-12 | 3 |
| 2008 | OE | 44,605 | 0 | 0 | 0 | 338 | 44,267 | 0.01% | – | 116.71 | 130.40 | 10.00 | 14-31-12 | 3 |
| **Total** | | **253,766** | **157,473** | **5,626** | **6,567** | **3,217** | **241,390** | **0.03%** | **87,644** | | | | | |

1) MG = Management Group, OSE = Other senior executives, OE = Other employees.
2) The value of Matching Shares on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model.
3) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values. See above for specification of the basis of calculation.
4) Of which 8,992 were granted to the President.
5) Of which 8,652 were granted to the President.
6) Of which 11,544 were granted to the President.

*Matching Options 2006–2008*

| Year issued | Holder[1] | Number of Matching Options granted | Number at the beginning of the year | Matching Options forfeited in 2008 | Number of Matching Options exercised in 2008 | Number of Matching Options on December 31, 2008 | Percentage of total outstanding shares | Number of vested Matching Options | Theoretical value[2] | Fair value[3] | Strike price | Maturity date | Vesting period (years) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2006 | MG | 62,076[4] | 62,076 | 0 | 0 | 62,076 | 0.01% | 62,076 | 15.62 | 12.47 | 155.90 | 12-31-12 | 3 |
| 2006 | OSE | 23,186 | 19,800 | 0 | 1,341 | 18,459 | 0.00% | 18,459 | 15.62 | 12.47 | 155.90 | 12-31-12 | 3 |
| 2006 | OE | 105,732 | 93,516 | 0 | 8,555 | 84,961 | 0.01% | 84,961 | 15.62 | 12.47 | 155.90 | 12-31-12 | 3 |
| 2007 | MG | 47,690[5] | 47,690 | 0 | 0 | 47,690 | 0.01% | – | 22.80 | 18.84 | 212.00 | 13-31-12 | 3 |
| 2007 | OSE | 18,708 | 17,164 | 0 | 1,150 | 16,014 | 0.00% | – | 22.80 | 18.84 | 212.00 | 13-31-12 | 3 |
| 2007 | OE | 73,990 | 69,609 | 0 | 5,677 | 63,932 | 0.01% | – | 22.80 | 18.84 | 212.00 | 13-31-12 | 3 |
| 2008 | MG | 61,450[6] | 0 | 0 | 0 | 61,450 | 0.01% | – | 16.41 | 18.98 | 166.20 | 14-31-12 | 3 |
| 2008 | OSE | 25,490 | 0 | 0 | 0 | 25,490 | 0.00% | – | 16.41 | 18.98 | 166.20 | 14-31-12 | 3 |
| 2008 | OE | 89,210 | 0 | 0 | 676 | 88,534 | 0.01% | – | 16.41 | 18.98 | 166.20 | 14-31-12 | 3 |
| **Total** | | **507,532** | **309,855** | **0** | **17,399** | **468,606** | **0.06%** | **165,496** | | | | | |

1) MG = Management Group, OSE = Other senior executives, OE = Other employees.
2) The value of Matching Options on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model.
3) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values. See above for specification of the basis of calculation.
4) Of which 17,984 were granted to the President.
5) Of which 17,304 were granted to the President.
6) Of which 23,088 were granted to the President.

## Note 5 cont'd Employees and payroll costs

*Performance Shares 2006–2008*

| Year issued | Component and holder[1] | Maximum number of Performance Shares granted | Number at the beginning of the year | Adjustment for dividend | Performance Shares forfeited in 2008 | Number of Performance Shares on December 31, 2008 | Percentage of total outstanding shares | Number of vested Performance Shares | Theoretical value[2] | Fair value[3] | Strike price | Maturity date | Vesting period (years) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2006 | NAV MG | 88,270[4] | 90,833 | 3,338 | 0 | 94,171 | 0.01% | 94,171 | 52.74 | 121.34 | 10.00 | 12-31-12 | 3 |
| 2006 | NAV OSE | 35,613 | 31,292 | 1,049 | 882 | 31,459 | 0.00% | 31,459 | 52.74 | 121.34 | 10.00 | 12-31-12 | 3 |
| 2006 | TSR MG | 45,116[5] | 46,426 | 1,706 | 0 | 48,132 | 0.01% | 48,132 | 51.59 | 57.03 | 10.00 | 12-31-12 | 3 |
| 2006 | TSR OSE | 18,199 | 15,991 | 541 | 455 | 16,077 | 0.00% | 16,077 | 51.59 | 57.03 | 10.00 | 12-31-12 | 3 |
| 2007 | NAV MG | 63,449[6] | 63,449 | 2,331 | 0 | 65,780 | 0.01% | – | 79.83 | 168.48 | 10.00 | 13-31-12 | 3 |
| 2007 | NAV OSE | 26,958 | 24,732 | 867 | 1,687 | 23,912 | 0.00% | – | 79.83 | 168.48 | 10.00 | 13-31-12 | 3 |
| 2007 | TSR MG | 34,371[7] | 34,371 | 1,263 | 0 | 35,634 | 0.01% | – | 73.68 | 82.55 | 10.00 | 13-31-12 | 3 |
| 2007 | TSR OSE | 14,602 | 13,396 | 468 | 914 | 12,950 | 0.00% | – | 73.68 | 82.55 | 10.00 | 13-31-12 | 3 |
| 2008 | NAV MG | 121,560[8] | 0 | 0 | 0 | 121,560 | 0.02% | – | 40.98 | 81.88 | 69.29 | 14-31-12 | 3 |
| 2008 | NAV OSE | 53,914 | 0 | 0 | 0 | 53,914 | 0.01% | – | 40.98 | 81.88 | 69.29 | 14-31-12 | 3 |
| 2008 | TSR MG | 65,236[9] | 0 | 0 | 0 | 65,236 | 0.01% | – | 38.18 | 42.98 | 69.29 | 14-31-12 | 3 |
| 2008 | TSR OSE | 28,930 | 0 | 0 | 0 | 28,930 | 0.00% | – | 38.18 | 42.98 | 69.29 | 14-31-12 | 3 |
| **Total** | | **596,218** | **320,490** | **11,563** | **3,938** | **597,755** | **0.08%** | **189,839** | | | | | |

1) MG = Management Group, OSE = Other senior executives.
2) The value of Performance Shares on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model.
3) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values. See above for specification of the basis of calculation.
4) Of which 27,593 were granted to the President.
5) Of which 14,103 were granted to the President.
6) Of which 24,910 were granted to the President.
7) Of which 13,494 were granted to the President.
8) Of which 48,808 were granted to the President.
9) Of which 26,193 were granted to the President.

The difference between the theoretical value and fair value is mainly due to the fact that the anticipated personnel turnover is taken into consideration when determining the theoretical value. When estimating the fair value in accordance with IFRS 2, personnel turnover is not taken into account; instead the anticipated number of vested shares or options is adjusted. According to the definition in IFRS 2 Share-based Payment, the NAV component is a so-called "non-market condition" and TSR component is a so-called "market condition". There is a difference between the fair value (IFRS 2) and theoretical value of shares granted on the basis of the NAV component because the theoretical value takes into consideration the probability of full allocation in the valuation. When estimating in accordance with IFRS 2, the corresponding probability is taken into account by adjusting the anticipated number of vested shares.

return if the total return does not develop at least in parity with the SIXRX Total Return index. If the total return is between the SIXRX Total Return and SIXRX Total Return plus 4 percentage points, a proportional (linear) allotment will occur. The total return will be measured quarterly on a running 12-month basis over a three-year period. The outcome is estimated as the average during the three years based on the 12 measurement points.

To obtain a total maximum outcome for the Performance Shares, it is required that Investor exceeds the upper limit for both the development of net asset value as well as the total relative return.

The final number of Performance Shares obtained is dependent on the outcome of the performance requirements, but could not, at allotment in 2008, exceed the preset highest number (limit).

When designing the programs with Matching Shares, Matching Options and Performance Shares issued in 2006-2008, it was taken into consideration that employees are taking an investment risk through the requirement that they must own the Investor shares during the vesting period. As of 2009, the President is entitled to exercise Performance-Based Shares during a period twelve months from the earlier of (i) seven years from the date of allocation and (ii) two months from the expiry of the year during which the President terminates his employment.

### Employee stock option programs 2001-2005

In employee stock option programs, Investor issues call options giving the option holder the right to purchase an equivalent number of shares at a predetermined price. The term of each program is seven years and the vesting period is linked to three years of consecutive employment. The employee stock options were granted free of charge but were part of the total remuneration package for employees. In general, the options can only vest and be exercised during the time the holder is employed with the company and a short period after employment ends, with the exception of former employees who have a Board assignment from Investor. The principle is that the total number of options granted shall be in proportion to the current total payroll of the company. The Management Group then decided how the options were distributed between each business area, after which each business area manager determined the number of options that each department should receive. In the final stage, each department manager evaluated and decided how the options were distributed to each employee. The number of options granted to each employee did not have to be in proportion to the employee's salary – they are awarded on a discretionary basis. In accordance with the above, Investor's Board approved the issue of employee stock options from 2001 to 2005.

The number of outstanding employee stock options for the 2001-2005 programs totals 2,031,272, corresponding to 0.26 percent of the number of outstanding shares in Investor, which totaled 767,175,030 on December 31, 2008. The value of the issued employee stock options was estimated in accordance with the Black & Scholes valuation model. The value of an option was calculated on an assumed volatility of 20–30 percent. The assumed volatility was based on future forecasts and the historical volatility of Investor B shares. The options have a term of seven years that has been adjusted for assumptions about premature exercises. In the valuation, special limitations to the exercise rights related to the fulfillment of goals, which have been established for some stock option programs, have not been taken into account.

Options issued for 2001-2005 covered all personnel and replaced an earlier bonus program that was linked to the performance of Investor shares in relation to the OMX Index. The total number of employee stock options for allocation was determined on the basis of the current payroll of the company. For senior executives, a number of options were granted, the calculated theoretical value of which corresponds to 10-70 percent of basic salary. The strike price for employee stock options in the 2001-2004 programs was set at 110 percent of the share price on the day after Investor's year-end report was released. The strike price for employee options in the 2005 program was set at 110 percent of the average volume-weighted price paid for the Investor B share during the period April 12 to April 18, 2005.

In 2004, the Board of directors decided to launch a combined employee stock option and restricted stock program for senior executives, starting that year. The program consists of about 60 percent shares and about 40 percent options. The board's decision was based on information prepared by the Remuneration Committee. Implementation of the program was subject to the approval of the Annual General Meeting.

The allocation of employee stock options and shares constitutes part of the agreed remuneration framework for senior executives. The value of the granted options and restricted stock corresponds to 10–60 percent of a senior executive's basic salary. The stock option component of the program is designed in the same way, and with the same terms, as the program for other employees. For the shares to vest, a senior executive must be continuously employed for three

## Note 5 cont'd Employees and payroll costs

*Summary of terms for long-term restricted stock programs 2004-2005*

| Year issued | Holder[1] | Number of granted shares | Number at the beginning of the year | Fair value[2] | Number of shares forfeited in 2008 | Number of shares on December 31, 2008 | Percentage of total outstanding shares | Number of vested shares | Maturity date | Vesting period (years) |
|---|---|---|---|---|---|---|---|---|---|---|
| 2004 | MG | 74,000 | 67,800 | 77.00[3] | – | 67,800 | 0.01% | 45,200 | 09-20-01 | 5[4] |
| 2005 | MG | 58,331 | 53,385 | 97.04[5] | – | 53,385 | 0.01% | 17,795 | 10-21-01 | 5[4] |
| **Total** | | **132,331** | **121,185** | | **–** | **121,185** | **0.02%** | **62,995** | | |

1) MG = Management Group.
2) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values.
3) Closing price for the Investor share the day after Investor's year-end report was released.
4) One-third of the number of granted shares are not considered vested until three years after the grant date, after which one-third vests during each of the two subsequent years. Shares granted on the grant date carry the right to receive and have access to the vested shares first five years after they are granted.
5) Average volume-weighted price paid for the Investor B share on the Stockholm Stock Exchange during the period April 12 to April 18, 2005.

*Summary of terms for long-term employee stock option programs 2001–2005*

| Year issued | Holder[1] | Number of options granted | Number of options exercised at the beginning of the year | Number of options forfeited at the beginning of the year | Number of options at the beginning of the year | Options exercised during 2008 | Weighted average share price on exercise | Options forfeited during 2008 | Number of options on December 31, 2008 | Percentage of total out-standing shares | Number of vested, not exercised options on December 31, 2008 | Theoretical value[2] | Fair value[3] | Strike price | Maturity date | Vesting period (years) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2001 | MG | 609,900 | 239,400 | 98,300 | 272,200 | – | – | 272,200 | – | 0.00% | – | 31.83 | – | 153.00 | 08-11-02 | 3[4] |
| 2001 | OE | 566,200 | 174,500 | 269,900 | 121,800 | – | – | 121,800 | – | 0.00% | – | 31.83 | – | 153.00 | 08-11-02 | 3[4] |
| 2002 | MG | 389,000 | 239,300 | 0 | 149,700 | – | – | – | 149,700 | 0.02% | 149,700 | 18.08 | – | 121.55 | 09-11-02 | 3[4] |
| 2002 | OE | 795,750 | 418,133 | 192,517 | 185,100 | 35,400 | 130,66 | 3,500 | 146,200 | 0.02% | 146,200 | 18.08 | – | 121.55 | 09-11-02 | 3[4] |
| 2003 | MG | 1,081,000 | 685,000 | 0 | 396,000 | 268,667 | 122,23 | – | 127,333 | 0.02% | 127,333 | 8.21 | 7.00 | 52.50 | 10-11-02 | 3[4] |
| 2003 | OE | 2,606,436 | 1,456,606 | 803,771 | 346,059 | 38,500 | 136,21 | 20,000 | 287,559 | 0.04% | 287,559 | 8.21 | 7.00 | 52.50 | 10-11-02 | 3[4] |
| 2004 | MG | 221,900 | 24,366 | 6,200 | 191,334 | – | – | – | 191,334 | 0.02% | 191,334 | 15.80 | 13.74 | 84.70 | 11-20-01 | 3[4] |
| 2004 | OE | 1,079,649 | 505,739 | 124,176 | 449,734 | 60,302 | 133,41 | 1,700 | 387,732 | 0.05% | 387,732 | 15.80 | 13.74 | 84.70 | 11-20-01 | 3[4] |
| 2005 | MG | 164,565 | 4,750 | 13,818 | 145,997 | – | – | – | 145,997 | 0.02% | 145,997 | 19.00 | 15.20 | 106.70 | 12-20-01 | 3[4] |
| 2005 | OE | 1,008,469 | 216,907 | 135,378 | 656,184 | 45,190 | 125,78 | 15,577 | 595,417 | 0.07% | 595,417 | 19.00 | 15.20 | 106.70 | 12-20-01 | 3[4] |
| **Total** | | **8,522,869** | **3,964,701** | **1,644,060** | **2,914,108** | **448,059** | | **434,777** | **2,031,272** | **0.26%** | **2,031,272** | | | | | |

1) MG = Management Group, OE = Other Employees
2) The value of options on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model. The volatility parameter has been adjusted to take into account the special limitations to disposal rights that are valid for long-term employee stock option programs.
3) The fair value of options on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values.
4) One-third of the number of issued options is considered to be vested during each of the three years immediately following the years the options were granted. Thus, of the options granted in 2005, one-third can be exercised after January 21, 2006. If employment ends, options that have already vested must be exercised within three months from the date employment was terminated. As of the 2002 option program, the exercise period has been extended 12 months if a holder has been employed more than four years.

to five years after the shares are granted. The shares become available after five years, at which point the dividend for the past two years is also received. The vesting period ends if a senior executive's employment is terminated, except former employees who may still have a Board assignment from Investor.

As opposed to previous years, the final number of granted employee stock options was determined for 2005 after year-end, and depended on each employee's fulfillment of goals, using the same criteria as described in "Variable salary" above. As of 2009 the President is entitled to exercise shares in the Stock Option Programs during a period twelve months from the earlier of (i) ten years from the date of allocation and (ii) two months from the expiry of the year during which the President terminates his employment.

### Accounting effects of employee stock option and share programs

Costs reported for the year for employee stock option and share programs amounted to SEK 21 m. (17). The amount includes costs estimated according to the principles in IFRS 2 for equity-settled programs and costs for social security contributions for the programs. Costs for social security contributions are calculated and allocated in accordance with a statement from the Swedish Financial Reporting Board (UFR 7). Assumed average term for long-term share-based remuneration programs is based on expected exercise history and average personnel turnover.

The value of Performance Shares granted in accordance with the 2006, 2007 and 2008 Stock Matching Plans are based on a fair value calculated with the Black & Scholes valuation model. For Performance Shares linked to requirements for a certain development of the net asset value, the same fair value as that for Matching Shares is used for accounting and distribution in accordance with IFRS 2. The probability that the goal for developing the net asset value will be fulfilled has been taken into consideration when calculating the cost in accordance with IFRS 2 by adjusting the anticipated number of vested shares.

For performance shares depending on the total return of Investor shares, the probability that the goal will be fulfilled has been taken into consideration in the calculation of fair value, which is made on the grant date and provides the basis for accounting and distribution in accordance with IFRS 2.

When options are exercised, equity is negatively affected by the difference between the market value of the shares and the strike price of the options. This is because Investor, instead of issuing new shares, has chosen instead to repurchase shares that are subscribed for by the employees.

The effect on equity for the year, as a result of exercise transactions, amounted to SEK –26 m. (–121). The effect is offset by the result from the hedging contract described below, which is recognized in the Income Statement. Exercise transactions from the 2006-2008 programs will have an impact on equity equal to the exercise price of the instruments due to the Company's repurchase of own shares at the start of the program that are subject to employee subscriptions.

Up to December 31, 2007, the total cost of the share-based payment for the employees in Investor Group was recorded in the Parent Company. Given that IFRIC 11, IFRS 2 – Group and Treasury Share Transactions, which addresses how share-based payment arrangements are to be classified in entities that receive services from their employees, has been applicable since 2008 the Parent Company has chosen to adapt its accounting. This adaptation means that, in cases where a Parent Company grants rights to its equity instruments to employees of a subsidiary, the cost calculated in accordance with the interpretation is to be recognized as a capital contribution to a subsidiary that receives services from its employees. In accordance with the transition regulations, this interpretation was applied retroactively and increased the Parent Company's equity and participations in subsidiaries for the year-end 2007 by SEK 20 m.

Starting in 2008 the cost incurred for the share-based payment arrange-

## Note 5 cont'd Employees and payroll costs

ments for employees in subsidiaries will be invoiced to the subsidiaries and cash settled on a timely basis. In 2008, the costs for long-term share-based remuneration programs for employees in the Parent Company amounted to SEK 14 m. (16), including social security contributions.

Hedge contracts for long-term share-based remuneration programs
Investor's policy is to implement measures to minimize the effects of an increase in Investor's share price. For programs up to and including 2005, Investor has used share swaps and share options as hedging instruments that are recognized at fair value according to the rules for derivatives (IAS 39) because such swaps and share options do not qualify for hedge accounting. With the hedging solution, long-term employee stock option and share programs do not affect the actual number of outstanding shares in Investor; instead, there is a theoretical dilution effect because of the programs. The number of hedged options depends on the total number of outstanding options and the probability that these options will be exercised. At year-end 2008, the weighted average price in outstanding hedging contracts was SEK 121.59 (128.18). During 2008, the hedging contracts had a negative effect on net financial items amounting to SEK –77 m. (–94), which consisted mostly of unrealized changes in value (see also "Note 1 Accounting policies"). For programs implemented as of 2006 and after, Investor has been repurchasing its own shares to guarantee delivery.

*Pension*
The pension for the President and other Senior Executives consists of two parts:
- A defined benefit pension plan based on premiums in accordance with the BTP Plan (Swedish pension plan for the banking sector) on parts of salary up to 30 basic income amounts (SEK 1,440,000) and the option to choose BTP's alternative special defined contribution pension plan for managers with an annual salary above 10 basic amounts.
- A defined contribution pension plan based on special pension regulations ("Särskilt Pensionsreglemente") on parts of salary above 20 basic amounts. The amount of the pension provision depends on age and is currently 25 percent until the age of 40, 30 percent between 41 and 50 years and 35 percent over 51. Only basic salary is used to establish the annual pension premium. Each person who will receive a pension decides on a suitable type together with his or her employer, based on current pension practice. The retirement age is 60 years for the President and other Senior Executives.

Henry E. Gooss, who is employed by Investor's subsidiary in the United States as a senior executive up until November 30, 2008, and Stephen Campe as a senior executive from December 1, 2008, are covered by a pension plan that has been prepared in accordance with a model applied in the U.S. The costs for this plan do not exceed those of an equivalent plan in Sweden.

Other employees in Investor are covered by pension agreements in accordance with the BTP Plan and have the option of choosing BTP's alternative special defined contribution pension plan for employees with an annual salary above 10 basic amounts.

*Other remuneration and benefits*
Profit-sharing program for active portfolio management
For Investor's active portfolio management there is a profit-sharing program in which employees receive variable salary corresponding to 20 percent of the unit's profit, after deduction for financial and administrative expenses.

The program is conditional upon positive profit growth over a two-year period, during which any losses are taken into account in the following financial year. The calculation of the result – the platform for the profit sharing – is based on the fair value of the security holdings.

Profits are shared in the form of salary or pension insurance. The choice of payment method is neutral for Investor in terms of cost. Nothing was expensed for the profit-sharing program (10) or social security contributions (3) during the year. The explanation is related to the development of the profit-sharing based trading result for the years 2007 and 2008 which had no contribution to the Profit-sharing program. Accruals from prior year have been reversed.

Severance pay
A mutual six-month term of notice applies between the President and the company. If the company terminates employment, the President will receive severance pay corresponding to 12 months of basic salary. If no new employment has been obtained after one year, the President is entitled to a maximum of 12 months' additional severance pay.

The terms and conditions for other senior executives do not exceed the terms for the President with regard to terms of notice and severance pay. Other employees at Investor have no contracted right to severance pay.

Fees received for Board work
For many years Investor has had the practice of allowing employees to keep the fees they receive for work done on the Boards of Core Investments. One reason that this practice is used is that the employee assumes personal responsibility by having a Board position. Fees received for board work are taken into account by Investor when determining the total remuneration for the employee.

Other benefits
In operations in Sweden, Investor offers employees a number of non-monetary benefits, including corporate medical service, medical insurance, subsidized lunches, employee fitness programs and the possibility to rent vacation homes. Employees with small children have the possibility to have home help in the form of cleaning and babysitting services.

### Amounts of remuneration paid to the President and Chief Executive Officer, other members of the Management Group as well as former Board members and Presidents

At year-end 2008, the Management Group comprised five men and one woman. The amounts in the table are calculated according to the accrual basis, in which the terms basic salary and variable salary refer to expensed amounts, including any changes to the reserve for variable salary, vacation pay provisions, etc.

| Total remuneration for 2008 (SEK 000s) | Basic salary | Variable salary for the year | Cost of long-term share-based-remuneration[1)] | Total salary | Pension costs excluding payroll tax | Other remuneration and benefits | Total remuneration |
|---|---|---|---|---|---|---|---|
| Börje Ekholm, President and CEO | 8,254[2)] | 2,706 | 4,405 | 15,365 | 2,627 | 750 | 18,742 |
| Management Group, excluding the President[3)] | 17,245 | 9,371 | 6,677 | 33,293 | 5,916 | 588 | 39,797 |
| Former Board members and presidents[4)] | – | – | – | – | – | 7,446 | 7,446 |
| **Total** | **25,499** | **12,077** | **11,082** | **48,658** | **8,543** | **8,784** | **65,985** |

1) Cost booked according to IFRS 2.
2) The amount includes a basic salary of SEK 7,500,000 and a change of SEK 754,000 in the reserve for vacation pay provision and vacation supplement.
3) Johan Bygge, Stephen Campe (as of December 1, 2008), Johan Forssell, Henry E. Gooss (until November 30, 2008), Petra Hedengran and Lennart Johansson.
4) Remuneration to Peter Wallenberg of SEK 15,367,000 has been paid out during the year. Outstanding pension commitments for Peter Wallenberg amounted to SEK 113,101,000 at year-end and for former Board members and Presidents a total of SEK 53,530,000. There are no outstanding pension commitments for top management members and other senior executives.

As a result of realized gains in parallel investment programs (carried interest plans, see also "Note 30 Related party disclosures"), other senior executives in the Private Equity Investments business area have received SEK 3,293,000 (11,999,000).

## Note 5 cont'd Employees and payroll costs

| Total remuneration for 2007 (SEK 000s) | Basic salary | Variable salary for the year | Cost of long-term share-based remuneration[1] | Total salary | Pension costs excluding payroll tax[2] | Other remuneration and benefits | Total remuneration |
|---|---|---|---|---|---|---|---|
| Börje Ekholm, President and CEO | 8,260[2] | 2,781 | 3,004 | 14,045 | 2,565 | 636 | 17,246 |
| Management Group, excluding the President[3] | 16,331 | 7,763 | 4,018 | 28,112 | 4,217 | 487 | 32,816 |
| Former Board members and Presidents[4] | – | – | – | – | – | 2,321 | 2,321 |
| **Total** | **24,591** | **10,544** | **7,022** | **42,157** | **6,782** | **3,444** | **52,383** |

1) Cost booked according to IFRS 2.
2) The amount includes a basic salary of SEK 7,500,000 and a change of SEK 760,000 in the reserve for vacation pay provision and vacation supplement.
3) Henry E. Gooss, Johan Forssell, Lennart Johansson, Lars Wedenborn until September 16, 2007, Petra Hedengran as of March 1, 2007, and Johan Bygge as of September 1, 2007.
4) Remuneration to Peter Wallenberg of SEK 15,037,000 has been paid out during the year. Outstanding pension commitments for Peter Wallenberg amounted to SEK 120,592,000 at year-end and for former Board members and Presidents a total of SEK 39,520,000. There are no outstanding pension commitments for top management members and other senior executives.

*Expenses remuneration paid to the Board*

| Total remuneration for 2008 (SEK 000s) | Cash | Value of synthetic shares at grant date | Number of synthetic shares at grant date[1] | Committee-fee | Total Board-fee as at grant date | Effect from change in market value of synthetic shares | Total fee, actual cost |
|---|---|---|---|---|---|---|---|
| Jacob Wallenberg | 938 | 937 | 6,950 | 312 | 2,187 | –124 | 2,063 |
| Anders Scharp | 250 | 250 | 1,853 | 63 | 563 | –33 | 530 |
| Sune Carlsson | 250 | 250 | 1,853 | 187 | 687 | –33 | 654 |
| Börje Ekholm | – | – | – | – | – | – | – |
| Sirkka Hämäläinen | 500 | – | – | 125 | 625 | – | 625 |
| Håkan Mogren | 250 | 250 | 1,853 | 125 | 625 | –33 | 592 |
| Grace Reksten Skaugen | 500 | – | – | 63 | 563 | – | 563 |
| O. Griffith Sexton | 500 | – | – | 63 | 563 | – | 563 |
| Lena Treschow Torell | 250 | 250 | 1,853 | – | 500 | –33 | 467 |
| Peter Wallenberg Jr. | 250 | 250 | 1,853 | 125 | 625 | –33 | 592 |
| **Total** | **3,688** | **2,187** | **16,215** | **1,063** | **6,938** | **–289** | **6,649** |

1) Based on weighted average stock price for Investor B in the period April 11 to April 17, 2008: 134.91 SEK

| Total remuneration for 2007 (SEK 000s) | Cash | Committee-fee | Total fee, actual cost |
|---|---|---|---|
| Jacob Wallenberg | 1,875 | 312 | 2,187 |
| Anders Scharp | 500 | 63 | 563 |
| Sune Carlsson | 500 | 187 | 687 |
| Börje Ekholm | – | – | – |
| Sirkka Hämäläinen | 500 | 125 | 625 |
| Håkan Mogren | 500 | 125 | 625 |
| Grace Reksten Skaugen | 500 | 63 | 563 |
| O. Griffith Sexton | 500 | 63 | 563 |
| Lena Treschow Torell | 500 | – | 500 |
| Peter Wallenberg Jr. | 500 | 125 | 625 |
| **Total** | **5,875** | **1,063** | **6,938** |

## Note 5 cont'd Employees and payroll costs

Synthetic shares 2008
At the Annual General Meeting 2008, it was decided that Board remuneration should total SEK 6,937,500. The Board fee should be divided into cash, SEK 3,687,500, and synthetic shares, SEK 2,187,500, of which the Chairman receives SEK 1,875,000 and the other eight Board members who are not employed by the Company SEK 500,000. In addition, the Board will be remunerated a total of SEK 1,062,500 in cash for its committee work.

Board members may choose to receive a minimum of 25 percent and a maximum of 50 percent of their gross remuneration before payroll tax, excluding committee fees, in synthetic shares. For administrative purposes, a Board member who is a non-resident for tax reasons may opt to receive 100 percent of his/her remuneration in cash. The number of granted synthetic shares is based on the weighted average stock price for Investor B during the five business days following the publication of the interim report for January-March 2008.

The synthetic shares carry the right to a cash amount per share after five years. Dividends from Investor B shares from now until 2013 will be credited to Board members in the form of additional shares. The total cost base of the synthetic share program is fully vested and was recognized in 2008. The expense in 2008 and the liability as of December 31, 2008, totaled SEK 1,898,000. There is no condition stating that a Board member must serve on the Board during the five-year period, which means that the amount will be settled even if the assignment is terminated before the end of the five-year period. In addition, it is also possible in such a situation for the Board member to exercise his/her right to redemption twelve months after the assignment has been terminated.

## Note 6 Fees and expenses for auditors

| | 2008 | 2007 |
|---|---|---|
| *Group* | | |
| *Auditing assignments* | | |
| KPMG | 9 | 6 |
| *Other assignments* | | |
| KPMG | 1 | 1 |
| **Total** | **10** | **7** |
| | | |
| *Parent Company* | | |
| *Auditing assignments* | | |
| KPMG | 5 | 3 |
| *Other assignments* | | |
| KPMG | 0 | – |
| **Total** | **5** | **3** |

When providing information about fees and expenses for auditors, the classification of auditing assignments and other assignments has been applied in accordance with the accounting recommendation (RedR1) issued by FAR SRS, the Institute for the Accountancy Profession in Sweden.

Audit assignment is defined as the audit of the annual financial statements, the administration of the Board of Directors and the President, other tasks resting upon the auditor as well as consulting and other assistance, which have been initiated by the findings in performing the audit work or implementation of such tasks. All other work is referred to as other assignments.

## Note 7 Operating leases

*Non-cancellable lease payments amount to:*

| | 2008 | 2007 |
|---|---|---|
| *Group* | | |
| Not later than one year | 8 | 12 |
| Later than one year and not later than five years | 24 | 22 |
| Later than five years | – | 3 |
| **Total** | **32** | **37** |
| | | |
| Costs for the year | | |
| Minimum lease payments | 5 | 11 |
| Contingent rent | 1 | 1 |
| **Total** | **6** | **12** |

## Note 8 Investments in associates in operating investments

*Specification of carrying amount using the equity method*

| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| *Group* | | |
| At the beginning of the year | 5,963 | 3,713 |
| Acquisitions | 1,827 | 3,661 |
| Reclassifications | – | 56 |
| Share of results of associates[1] | –1,382 | –1,544 |
| Translation differences, etc. | 838 | 77 |
| **Carrying amount at year-end** | **7,246** | **5,963** |

*Specification of investments in associates*

| 12/31 2008 | Number of shares | Share of voting power% | Proportion of equity% | Investor's share of Assets[2] | Liabilities[2] | Equity[3] | Revenue[4] | Profit/loss for the year[1] |
|---|---|---|---|---|---|---|---|---|
| *Group* | | | | | | | | |
| Operating Investments: | | | | | | | | |
| Rotca Sweden AB, Stockholm, 556723–5949[5) 6)] | 331,766,743 | 47 | 59 | 21,101 | 18,658 | 2,443 | 4,455 | –323 |
| Indap Sweden AB, Stockholm, 556678–4111[5) 6)] | 490,000 | 49 | 49 | 20,623 | 17,310 | 3,313 | 6,916 | –157 |
| Hi3G Holdings AB, Stockholm, 556619–6647[5)] | 40,000 | 40 | 40 | 5,986 | 5,600 | 386 | 2,059 | –751 |
| Indif AB, Stockholm, 556733-9915[5) 6)] | 11,000 | 50 | 50 | 7,220 | 6,442 | 778 | 750 | –191 |
| Kunskapsskolan i Sverige Holding AB, Stockholm, 556691–3066[5)] | 11,621 | 29 | 30 | 136 | 133 | 3 | 206 | 2 |
| EQT Partners AB, Stockholm, 556233–7229 | 1,550 | 31 | 31 | 76 | 51 | 25 | 191 | 21 |
| Sternwood Investment Ltd, Guernsey, 42893 | 103,000 | 50 | 50 | 24 | – | 24 | – | 17 |
| Novare Holding AB, Stockholm, 556694–6066 | 200 | 50 | 50 | 25 | 18 | 7 | 26 | –1 |
| Blasieholmen 54 Restaurang AB, Stockholm, 556706–6963 | 500 | 50 | 50 | 6 | 3 | 3 | 19 | 1 |
| **Total investments in associates** | | | | **55,197** | **48,215** | **6,982** | **14,622** | **–1,382** |

| 12/31 2007 | Number of shares | Share of voting power% | Proportion of equity% | Investor's share of Assets[2] | Liabilities[2] | Equity[3] | Revenue[4] | Profit/loss for the year[1] |
|---|---|---|---|---|---|---|---|---|
| *Group* | | | | | | | | |
| Operativa Investments: | | | | | | | | |
| Rotca Sweden AB, Stockholm, 556723–5949[5) 6)] | 331,766,743 | 47 | 59 | 18,652 | 16,350 | 2,302 | 2,834 | –332 |
| Indap Sweden AB, Stockholm, 556678–4111[5) 6)] | 490,000 | 49 | 49 | 19,398 | 16,255 | 3,143 | 6,708 | –326 |
| Hi3G Holdings AB, Stockholm, 556619–6647[5)] | 40,000 | 40 | 40 | 5,655 | 5,312 | 343 | 1,822 | –908 |
| Kunskapsskolan i Sverige Holding AB, Stockholm, 556691–3066[5)] | 12,000 | 30 | 30 | 138 | 134 | 4 | 0 | 0 |
| EQT Partners AB, Stockholm, 556233–7229 | 1,550 | 31 | 31 | 57 | 36 | 21 | 171 | 19 |
| Novare Holding AB, Stockholm, 556694–6066 | 200 | 50 | 50 | 26 | 16 | 10 | 27 | 3 |
| Blasieholmen 54 Restaurang AB, Stockholm, 556706–6963 | 500 | 50 | 50 | 5 | 3 | 2 | 10 | 0 |
| **Total investments in associates** | | | | **43,931** | **38,106** | **5,825** | **11,572** | **–1,544** |

1) Profit/loss for the year refers to the participating interest in the company's results after tax including the equity component in the change in untaxed reserves for the year and after adjustments in accordance with Investor's accounting policies and evaluation principles.
2) Refers to the ownership interest in the assets and liabilities of the company and after adjustments in accordance with Investor's accounting policies and evaluation principles.
3) Refers to the ownership interest in the equity of the company including the equity component in untaxed reserves and after adjustments in accordance with Investor's accounting and evaluation principles.
4) Refers to the ownership interest of the company's net sales.
5) Reported with one month's delay.
6) The investment in Mölnlycke Health Care is included in Rotca Sweden AB. The investment in Gambro Holding is included in Indap Sweden AB. The investment in Lindorff is included in Indif AB.

## Note 9 Net financial items

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | Income | Expense | Income | Expense |
| *Group* | | | | |
| Interest | | | | |
| *Items valued at fair value* | | | | |
| - assets recognized at fair value - fair value option | 943 | | 571 | |
| - derivatives used in hedge accounting | | –121 | 32 | |
| - assets/liabilities held for trading | | –10 | | –67 |
| | 943 | –131 | 603 | –67 |
| *Items not valued at fair value* | | | | |
| - other liabilities | | –952 | | –911 |
| - other items | | –9 | | –11 |
| | | –961 | | –922 |
| Total interest | 943 | –1,092 | 603 | –989 |
| Net result | | | | |
| - assets recognized at fair value - fair value option | 43 | | 1 | |
| - derivatives used in hedge accounting | 1,528 | | 119 | |
| - assets/liabilities held for trading | | –376 | | –3 |
| - other liabilities | | –1,483 | | –203 |
| - from sale of subsidiaries | | –99 | | –1 |
| - exchange rate changes effecting items valued at fair value | 2,213 | | 164 | |
| - other exchange rate effects | | –1,961 | | –158 |
| - other items | | –4 | | –17 |
| Total net result | 3,784 | –3,923 | 284 | –382 |
| Total financial income and expenses | 4,727 | –5,015 | 887 | –1,371 |
| Net financial items | | –288 | | –484 |

Net result consists of unrealized market value changes and realized results of financial items excluding interest. Net financial items include the change of value of employee stock option hedges by SEK –77 m. (–94) and revaluations established with valuation techniques totaling –253 m. (121). Liabilities accounted for as hedges have been revalued by SEK –1,480 m. (–110) and the associated hedging instruments have been revalued by SEK 1,528 m. (119). Derivatives included in cash flow hedges are not recognized in the Income Statement and affected equity by SEK 41 m. (–200). Hedge accounting has been applied for Lindorff and Mölnlycke Health Care starting July 1, 2008.

## Note 10 Taxes

### Tax for the year

| | 2008 | 2007 |
|---|---|---|
| *Group* | | |
| Current tax expense | –149 | –159 |
| Deferred tax expense relating to changes in temporary differences | 222 | 3 |
| Total | 73 | –156 |

*Parent Company*
The Parent Company reported no tax expenses for 2008 and 2007.

*Information about the connection between tax expense for the period and reported income before tax*

| | 2008 | 2007 |
|---|---|---|
| *Group* | | |
| Reported loss/profit before taxes | –36,809 | –211 |
| Tax according to applicable tax rate, 28% | 10,307 | 59 |
| Effect of changed tax rate | –9 | – |
| Effect of other tax rates for foreign subsidiaries | 1,224 | 1,148 |
| Tax from previous years | 1 | –3 |
| Tax effect of non-taxable income and status as an industrial holding company[1)] | 3,460 | –1,214 |
| Tax effect of non-deductible expenses[2)] | –14,900 | –77 |
| Control Foreign Company taxation | –10 | –69 |
| Reported tax expense | 73 | –156 |

1) For tax purposes, industrial holding companies may deduct the dividend approved at the subsequent Annual General Meeting. Capital gains are not taxable while capital losses are not deductible. Industrial holding companies are taxed on a standardized basis.
2) Mostly consist of changes in unrealized value in Core Investments.

### Deferred taxes

Deferred taxes consist of the following assets and liabilities

| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| *Group* | | |
| *Deferred tax assets* | | |
| Provisions | 0 | – |
| Accrued expenses | 6 | 4 |
| Financial assets | 7 | 2 |
| Property, plant and equipment | – | – |
| Losses carried forward | – | – |
| Other | 7 | 7 |
| Total deferred tax assets | 20 | 13 |
| *Provisions for deferred tax liabilities* | | |
| Property, plant and equipment | 277 | 305 |
| Tax allocation reserves | 244 | 360 |
| Other | 1 | 0 |
| Total deferred tax liabilities | 522 | 665 |
| Net receivable/liability | –502 | –652 |

*Unreported deferred tax assets*
Taxes relating to deductible, temporary differences for which deferred tax assets have not been reported in the Income Statement and Balance Sheet amounted to SEK 90 m. on December 31, 2008 (100). The amount refers to premiums paid for pension solutions for future pension payments.

## Note 10, cont'd Taxes

**Change in deferred taxes in temporary differences and unused tax losses**

| 12/31 2008 | Amount at the beginning of the year | Recognized in the Income Statement | Recognized in equity | Amount at year-end |
|---|---|---|---|---|
| *Group* | | | | |
| Provisions | – | 0 | – | 0 |
| Accrued expenses | 4 | 2 | – | 6 |
| Financial assets | 2 | 5 | – | 7 |
| Property, plant and equipment | –305 | 97 | –69 | –277 |
| Tax allocation reserves | –360 | 116 | – | –244 |
| Losses carried forward | – | 0 | – | 0 |
| Other | 7 | 3 | –4 | 6 |
| **Total** | **–652** | **223** | **–73** | **–502** |

According to Investor's assessment, the disclosure requirements in IAS 1.52 regarding maturity dates do not apply to deferred tax assets/deferred tax liabilities since it is usually uncertain when a deferred tax results in a payment. These are considered non-current assets and liabilities.

| 12/31 2007 | Amount at the beginning of the year | Recognized in the Income Statement | Recognized in equity | Amount at year-end |
|---|---|---|---|---|
| *Group* | | | | |
| Provisions | 0 | 0 | – | – |
| Accrued expenses | 5 | –1 | – | 4 |
| Financial assets | 2 | 0 | – | 2 |
| Property, plant and equipment | –279 | 24 | –50 | –305 |
| Tax allocation reserves | –339 | –21 | – | –360 |
| Losses carried forward | – | – | – | – |
| Other | 6 | 1 | – | 7 |
| **Total** | **–605** | **3** | **–50** | **–652** |

## Note 11 Earnings per share

*Basic earnings per share*

The calculation of earnings per share for 2008 was based on profit/loss for the year attributable to the holders of ordinary shares in the Parent Company amounting to SEK –36,718 m. (–365), and on a weighted average number of outstanding shares amounting to 765,033,649 during 2008 (765,982,153).

| | 2008 | 2007 |
|---|---|---|
| *Group* | | |
| Loss for the year attributable to the holders of ordinary shares in the Parent Company, m. | –36,718 | –365 |
| Weighted average number of ordinary shares outstanding during the year, millions | 765.0 | 766.0 |
| **Basic earnings per share, SEK** | **–47.99** | **–0.48** |

| Change in the number of outstanding shares, before dilution, millions | 2008 | 2007 |
|---|---|---|
| Total number of outstanding shares at beginning of the year, millions | 765.8 | 766.5 |
| Repurchases of own shares during the year, millions | –1.1 | –0.7 |
| **Total number of outstanding shares at year-end** | **764.7** | **765.8** |

*Diluted earnings per share*

The calculation of diluted earnings per share for 2008 was based on loss for the year attributable to the holders of ordinary shares in the Parent Company amounting to SEK –36,718 m. (–365), and on a weighted average number of shares amounting to 765,942,373 during 2008 (767,844,115).

| | 2008 | 2007 |
|---|---|---|
| *Group* | | |
| Loss for the year attributable to the holders of ordinary shares in the Parent Company, m. | –36,718 | –365 |
| Loss for the year attributable to the holders of ordinary shares in the Parent Company, diluted, m. | –36,718 | –365 |
| Weighted average number of outstanding ordinary shares, millions | 765.0 | 766.0 |
| Effect of issued: | | |
| employee stock option programs, millions | – | – |
| share programs, millions | – | – |
| stock matching plans, millions | – | – |
| Number of shares used for the calculation of diluted earnings per share, millions | 765.0 | 766.0 |
| **Diluted earnings per share, SEK** | **–47.99** | **–0.48** |

*Instruments that are potentially dilutive in the future and changes after the Balance Sheet date*

Outstanding options and shares in long-term share-based programs are to be considered dilutive only if earnings per share is less after than before dilution. One reason that none such instruments are dilutive during 2007 and 2008 is the fact that net income is negative and the loss per share should be less considering this. Some options are out of money due to a lower average share price (SEK 129.25) compared to exercise price and potential value per option to be expensed in accordance to IFRS 2. Finally there are Performance Shares for which performance terms and conditions are to be met before they can be dilutive. There have been no changes in the number of outstanding shares after the Balance Sheet date. See Note 5, Employees and payroll costs, for exercise price and a description of performance terms and conditions.

## Note 12 Intangible assets

| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| *Group/Parent Company* | | |
| *Accumulated cost* | | |
| Opening balance | 8 | 9 |
| New purchases | 6 | 4 |
| Reclassifications | – | –5 |
| | **14** | **8** |
| *Accumulated depreciation* | | |
| Opening balance | –1 | – |
| Depreciation for the year | –2 | –1 |
| | **–3** | **–1** |
| **Carrying amount at year-end** | **11** | **7** |

Intangible assets refer to capitalized expenditures for software.

## Note 13 Equipment

| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| *Group* | | |
| *Accumulated costs* | | |
| Opening balance | 813 | 804 |
| New purchases | 59 | 61 |
| Sales and disposals | –18 | –3 |
| Reclassifications | –103 | –48 |
| Exchange rate differences | 5 | –1 |
| | **756** | **813** |
| *Accumulated depreciation* | | |
| Opening balance | –376 | –350 |
| Sales and disposals | 18 | 2 |
| Reclassifications | 22 | 20 |
| Depreciation for the year | –45 | –49 |
| Exchange rate differences | –4 | 1 |
| | **–385** | **–376** |
| *Accumulated impairment losses* | | |
| Opening balance | – | –1 |
| Depreciation for the year | – | 1 |
| | **–** | **0** |
| **Carrying amount at year-end** | **371** | **437** |

The year´s depreciation amounts to SEK –45 m. (–49) and is reported in the Income Statement under the headings "Operating costs" SEK –9 m. (–14) and "Cost of services sold" SEK –36 m. (–35).

| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| *Parent Company* | | |
| *Accumulated costs* | | |
| Opening balance | 52 | 49 |
| New purchases | 2 | 4 |
| Sales and disposals | –12 | –1 |
| | **42** | **52** |
| *Accumulated depreciation* | | |
| Opening balance | –30 | –27 |
| Sales and disposals | 12 | 1 |
| Depreciation for the year | –4 | –4 |
| | **–22** | **–30** |
| **Carrying amount at year-end** | **20** | **22** |

The year's depreciation according to plan amounts to SEK –4 m. (–4) and is reported in the Income Statement under the heading "Operating costs".

## Note 14 Owner-occupied property

The Group applies the revaluation model for the Group's owner-occupied property. The value of owner-occupied property is periodically measured in external valuations and the majority of the Group's owner-occupied property was reviewed in an external valuation in 2007 and 2008. Fair values have been determined based on current market prices for comparable property and by using a return model based on a calculation of the present value of future cash flows.

| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| *Group* | | |
| *Revalued cost* | | |
| Opening balance | 2,345 | 2,320 |
| Acquisitions | 5 | – |
| Reclassifications | – | 16 |
| Effect of revaluations on revaluation reserve | – | 9 |
| | **2,350** | **2,345** |

| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| *Accumulated depreciation* | | |
| Opening balance | –325 | –293 |
| Depreciation for the year | –31 | –48 |
| Reclassifications | – | –1 |
| Effect of revaluations on revaluation reserve | – | 17 |
| | **–356** | **–325** |
| **Carrying amount at year-end** | **1,994** | **2,020** |
| | | |
| **Carrying amount using alternative acquisition cost method, before tax** | **1,248** | **1,260** |

| Tax values | 12/31 2008 | 12/31 2007 |
|---|---|---|
| *Group* | | |
| Tax value, buildings | 407 | 407 |
| Tax value, land | 488 | 488 |

## Note 15 Shares and participations in investing activities

*Group*

| 12/31 2008 | Core Investments | Operating Investments | Private Equity Investments | Financial Investments | Total |
|---|---|---|---|---|---|
| Listed holdings | 73,272 | – | 317 | 100 | 73,689 |
| Unlisted holdings measured at fair value | – | 7 | 14,978 | 661 | 15,646 |
| **Total** | **73,272** | **7** | **15,295** | **761** | **89,335** |

| 12/31 2007 | Core Investments | Operating Investments | Private Equity Investments | Financial Investments | Total |
|---|---|---|---|---|---|
| Listed holdings | 127,293 | – | 1,969 | 403 | 129,665 |
| Unlisted holdings measured at fair value | – | 7 | 15,749 | 933 | 16,689 |
| **Total** | **127,293** | **7** | **17,718** | **1,336** | **146,354** |

| 12/31 2008 | Core Investments | Operating Investments | Private Equity Investments | Financial Investments | Total |
|---|---|---|---|---|---|
| Opening balance | 127,293 | 7 | 17,718 | 1,336 | 146,354 |
| Acquisitions | 2,150 | – | 3,729 | 53 | 5,932 |
| Divestments | -20,902 | – | –2,937 | –425 | –24,264 |
| Exchange rate differences | – | – | 79 | – | 79 |
| Revaluations | –35,269 | – | –3,294 | –203 | –38,766 |
| **Carrying amount at year-end** | **73,272** | **7** | **15,295** | **761** | **89,335** |

| 12/31 2007 | Core Investments | Operating Investments | Private Equity Investments | Financial Investments | Total |
|---|---|---|---|---|---|
| Opening balance | 135,274 | 13 | 15,181 | 1,751 | 152,219 |
| Acquisitions | 5,571 | – | 3,627 | 129 | 9,327 |
| Divestments | –6,015 | –6 | –7,401 | –312 | –13,734 |
| Exchange rate differences | – | – | 31 | –36 | –5 |
| Revaluations | –7,537 | – | 6,280 | –196 | –1,453 |
| **Carrying amount at year-end** | **127,293** | **7** | **17,718** | **1,336** | **146,354** |

In addition to the above holdings of securities, there are commitments for add-on investments amounting to SEK 8,914 m. (8,681).
The tables above include interests in associates recognized at fair value in accordance with IAS 39.

## Note 16 Long-term receivables and other receivables

| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| *Group* | | |
| *Non-current receivables that are non-current assets* | | |
| Receivables from associates | 8,771 | 4,016 |
| Derivatives | 2,548 | 806 |
| Other | –1 | 1 |
| **Total** | **11,318** | **4,823** |
| *Other receivables that are current assets* | | |
| Receivables from associates | 0 | 1 |
| Derivatives | 36 | 6 |
| Trade receivables | 29 | 32 |
| Incoming payments | 11 | 115 |
| Other | 96 | 118 |
| **Total** | **172** | **272** |

## Note 17 Prepaid expenses and accrued income

| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| *Group* | | |
| Interest | 1,021 | 750 |
| Other financial receivables | – | 0 |
| Other | 23 | 26 |
| **Total** | **1,044** | **776** |
| *Parent Company* | | |
| Interest | – | 15 |
| Other | 13 | 13 |
| **Total** | **13** | **28** |

## Note 18 Shares and participations in Active Portfolio Management

| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| *Group* | | |
| Shares | 1,048 | 1,465 |
| Options | 0 | 6 |
| Forward contracts | –1 | –7 |
| **Total** | **1,047** | **1,464** |

## Note 19 Short-term investments

Excess liquidity is to be invested for maximum return within the framework of given limits for foreign exchange, interest rate, credit and liquidity risks (see "Note 29 Risk exposure and risk management").

*Group*

| 12/31 2008 | 3–6 months | 7–12 months | Total: Carrying amount | Total: Nominal value |
|---|---|---|---|---|
| Interest-bearing securities | 12,478 | 6,343 | 18,821 | 18,851 |
| **Total** | **12,478** | **6,343** | **18,821** | **18,851** |

| 12/31 2007 | 3–6 months | 7–12 months | Total: Carrying amount | Total: Nominal value |
|---|---|---|---|---|
| Interest-bearing securities | 8,464 | 1,534 | 9,998 | 10,074 |
| **Total** | **8,464** | **1,534** | **9,998** | **10,074** |

## Note 20 Cash flow statement

*Cash and cash equivalents*

| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| *Group* | | |
| Cash and cash equivalents include: | | |
| Short-term investments equivalent to cash | 8,877 | 4,797 |
| Cash on hand and balances with banks | 274 | 213 |
| **Total** | **9,151** | **5,010** |

Short-term investments with a maturity of three months or less from the date of acquisition have been classified as cash and cash equivalents on the basis that:
- there is an insignificant risk of changes in value
- they are readily convertible to cash

The Parent Company does not report cash and cash equivalents since liquidity needs are covered by funds in the joint bank account for the Group. These funds are reported as balances with the Group's internal bank, AB Investor Group Finance.

## Note 21 Equity

Specification of reserves in equity

| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| *Group* | | |
| *Translation reserve* | | |
| Opening balance | –484 | –655 |
| Translation differences for the year, subsidiaries | 388 | 83 |
| Less: hedging of exchange risk in foreign operations | –452 | – |
| Less: translation differences attributed to divested operations | 116 | – |
| Change for the year, associates | 746 | 88 |
| | **314** | **–484** |
| *Revaluation reserve* | | |
| Opening balance | 547 | 550 |
| Revaluation of non-current assets for the year | –14 | –5 |
| Effect of changed tax rate attributed to non-current assets | 13 | – |
| Tax relating to revaluations for the year | 4 | 2 |
| | **550** | **547** |
| *Hedging reserve* | | |
| Opening balance | –175 | 36 |
| Cash flow hedges: | | |
| Items recognized in equity | 41 | –200 |
| Change in Income Statement, Net financial items | 0 | – |
| Change for the year, associates | –165 | –11 |
| | **–299** | **–175** |
| *Total reserves* | | |
| Opening balance | –112 | –69 |
| Change in reserves for the year: | | |
| Translation reserve | 798 | 171 |
| Revaluation reserve | 3 | –3 |
| Hedging reserve | –124 | –211 |
| **Carrying amount at year-end** | **565** | **–112** |

### Share capital
Share capital in the Parent Company.

### Other contributed equity
Refers to equity contributed by shareholders. It also includes premiums paid in connection with new stock issues.

*Reserves:*

### Translation reserve
The translation reserve includes all foreign exchange differences arising on the translation of financial statements from foreign operations reported in a currency different from the reporting currency of the Group. The translation reserve also comprises exchange rate differences arising in conjunction with the translation of swap contracts reported as hedging instruments of a net investment in a foreign operation.

### Revaluation reserve
The revaluation reserve includes changes in value relating to owner-occupied property.

### Hedging reserve
The hedging reserve includes the effective component of the accumulated net change of fair value of an instrument used for a cash flow hedge, relating to hedging transactions not yet incurred.

### Retained earnings, including profit/loss for the year
Retained earnings, including profit/loss for the year, consists of accumulated profits in the Parent Company and its subsidiaries and associates. Previous provisions to the statutory reserve, less transferred share premium reserves, are included in this item under equity.

### Minority interest
Minority interest includes the portion of equity not owned by the Parent Company.

## Note 21, cont'd Equity

### Repurchased shares

Repurchased shares include the cost of acquiring own shares held by the Parent Company. On December 31, 2008, the Group held 2,483,800 of its own shares (1,400,000).

Repurchased shares included in retained earnings under equity, including profit/loss for the year:

| | Number of shares | | Amounts affecting equity, SEK m. | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| Opening balance, repurchased own shares | 1,400,000 | 700,000 | –213 | –89 |
| Purchases for the year | 1,083,800 | 700,000 | –153 | –124 |
| **Balance at year-end, repurchased own shares** | **2,483,800** | **1,400,000** | **–366** | **–213** |

### Dividend

Investor's distribution policy is to declare dividends attributable to a high percentage of dividends received from Core Investments, as well as to make a distribution from other net assets corresponding to a yield in line with the equity market. Investor's goal is also to generate a steadily rising annual dividend.

After the Balance Sheet date, the Board of Directors proposed a dividend for 2008 amounting to SEK 3,069 m. (SEK 4.00 per share). The dividend for 2007 amounted to SEK 3,637 m. (SEK 4.75 per share) and the dividend for 2006 amounted to 3,449 m. (SEK 4.50 per share).

The dividend is subject to the approval of the Annual General Meeting on March 31, 2009.

### Capital management

In order to be able to act upon business opportunities at any point in time, it is central for Investor to maintain financial flexibility. The Group's goal is to have a leverage (Netdebt/Netcash as a percentage of total assets) of 5-10% over an economic cycle. The ceiling for Investor's leverage has been set at a maximum of 25 percent, which may only be exceeded on a short-term basis. Leverage at opening balance was 2 percent and at year-end –9 percent. The change is mainly due to cash flow arising from the divestment of Scania and OMX and the acquisition of Lindorff.

The Group's return objective is to exceed the risk-free interest rate plus a risk premium. The return objective for the Core Investments business area is currently 8 percent and for the Operating Investments business area 15 percent. The return objective for Private Equity Investments is an average annualized return (IRR) of 20 percent or more on realized investments, before administrative expenses, over the course of a business cycle. Capital is defined as total recognized equity.

| Capital | 2008 | 2007 |
|---|---|---|
| Equity attributable to shareholders of the Parent Company | 115,238 | 155,061 |
| Attributable to minority interest | 102 | 143 |
| **Total** | **115,340** | **155,204** |

Neither the Parent Company nor any subsidiary is subject to external capital demands.

*Parent Company*

### Restricted equity

Restricted equity may not be reduced through profit distribution.

*Statutory reserve*

The purpose of the statutory reserve has been to save part of net profits that are not utilized to cover losses brought forward.

### Unrestricted equity

*Hedging reserve*

Investor applies the regulations of the Swedish Annual Accounts Act concerning the valuation of financial instruments at fair value in accordance with Chapter 4, Section 14a–e. The change in value is recognized directly in the hedging reserve when the applied principle for hedge accounting allows part or all of the change in value to be recognized in equity.

*Retained earnings*

Retained earnings consist of the preceding year's unrestricted equity after any dividend payment. Retained earnings, together with net income for the year, comprise the total unrestricted equity in the company – the funds available for the dividend to shareholders.

### Distribution of share capital

The Parent Company's share capital on December 31, 2008, consists of the following numbers of shares with a quota of SEK 6.25 per share:

| | | | Proportion, % of: | |
|---|---|---|---|---|
| Share class | Number of shares | Number of votes | Capital | Votes |
| A 1 vote | 311,690,844 | 311,690,844 | 40.6 | 87.2 |
| B 1/10 vote | 455,484,186 | 45,548,418 | 59.4 | 12.8 |
| **Total** | **767,175,030** | **357,239,262** | **100.0** | **100.0** |

The number of shares outstanding in the company was unchanged on December 31, 2008, compared to the previous year.

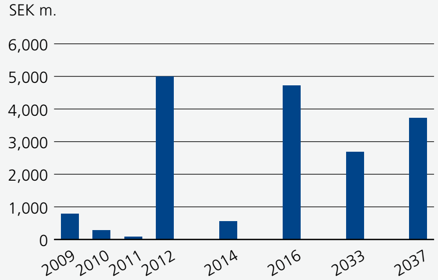
## Note 22 Interest-bearing liabilities

Investor's loan financing is primarily through short-term and long-term loan programs in the Swedish and European capital markets. Investor has a European Medium Term Note Program (EMTN), which is an uncommitted loan program intended for long-term financing. The program is for EUR 5 bn. For short-term financing, Investor has an uncommitted Swedish and an uncommitted European Commercial Paper program (CP/E CP) for SEK 10 bn. and USD 1.5 bn., respectively. Investor also has a committed syndicated bank loan facility of SEK 10 bn. until October 2012, which can be used for financing and as a liquidity reserve. This facility was unutilized at year-end. In contrast to an uncommitted credit facility, a committed loan program is a formalized commitment from the credit grantor. There are no financial covenants to any of Investor's loan contracts, meaning that Investor does not have to meet special requirements with regard to key financial ratios for the loans it has obtained.

Derivative instruments (currency/interest swap contracts) are used to control exposure against fluctuating exchange rates and interest rates. See "Note 29 Risk exposure and risk management" for more information about currency and interest rate risk management in the debt portfolio.

At year-end, the average maturity of the debt portfolio was 12.6 years (13.4). The following chart shows the maturity profile of the loans (nominal value).

### Maturity profile



## Note 22, cont'd. Interest-bearing liabilities

| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| *Group* | | |
| *Long-term interest-bearing liabilities* | | |
| Bond loans with hedged portion valued at fair value | 18,074 | 14,675 |
| Related interest rate derivatives with negative value | 1,927 | 1,834 |
| Bond loans valued at amortized cost | 1,590 | 2,328 |
| | **21,591** | **18,837** |
| *Short-term interest-bearing liabilities* | | |
| Bond loans with hedged portion valued at fair value | – | 271 |
| Related interest rate derivatives with negative value | – | 0 |
| Bond loans valued at amortized cost | 818 | – |
| | **818** | **271** |
| **Total** | **22,409** | **19,108** |

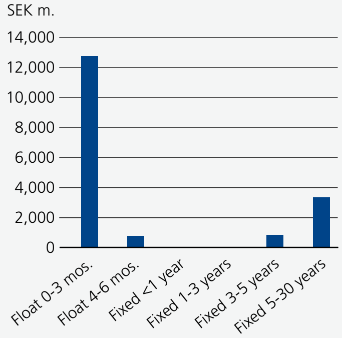
| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| *Parent Company* | | |
| *Long-term interest-bearing liabilities* | | |
| Bond loans with hedged portion valued at fair value | 2,410 | 1,431 |
| Related interest rate derivatives with negative value | – | 891 |
| Bond loans valued at amortized cost | 15,457 | 15,132 |
| | **17,867** | **17,454** |
| *Short-term interest-bearing liabilities* | | |
| Bond loans with hedged portion valued at fair value | – | 271 |
| Bond loans valued at amortized cost | 818 | – |
| | **818** | **271** |
| **Total** | **18,685** | **17,725** |

| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| *Group, carrying amounts* | | |
| Maturity, less than 1 year from Balance Sheet date | 818 | 271 |
| Maturity, 1–5 years from Balance Sheet date | 7,354 | 7,036 |
| Maturity, more than 5 years from Balance Sheet date | 12,310 | 9,967 |
| **Total** | **20,482** | **17,274** |

| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| *Parent Company, carrying amounts* | | |
| Maturity, less than 1 year from Balance Sheet date | 818 | 271 |
| Maturity, 1–5 years from Balance Sheet date | 6,417 | 6,366 |
| Maturity, more than 5 years from Balance Sheet date | 11,450 | 10,197 |
| **Total** | **18,685** | **16,834** |

Taking into account existing interest swaps, the average effective interest rate on loans was 4.66 percent (5.61). The average fixed interest term was 2.2 years at year-end (2.4). The following diagram shows the distribution of the fixed interest term.

### Interest rate duration




## Note 23 Pensions and similar obligations

*Provisions for defined benefit plans*
Investor offers its employees pension benefits under various plans. The greater part of pension benefits are in the form of defined benefit plans secured with the insurance company SPP Livförsäkring. There are also defined contribution plans, in which the company makes either cash payments to retirement benefit plans or obtains pension insurance policies. In addition, there are a small number of defined benefit pension obligations for former employees that are unfunded and reported as a liability in the Balance Sheet.

Defined benefit plans secured with the insurance company SPP Livförsäkring AB are shown in the table for defined contribution plans (see "Note 1 Accounting policies").

*Provisions for pensions and similar obligations*

| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| *Group* | | |
| Present value of unfunded obligations | 197 | 192 |
| **Obligations for employee benefits** | **197** | **192** |

Obligations for 2006 and 2005 amounted to SEK 199 m. and SEK 221 m., respectively.

*Changes in the net obligations for defined benefit plans recognized on the Balance Sheet*

| | | |
|---|---|---|
| *Group* | | |
| Obligations for defined benefit plans on January 1 [1] | 192 | 199 |
| Benefits paid [1] | –23 | –22 |
| Expense recognized in the Income Statement | 21 | 17 |
| Exchange rate differences | 7 | –2 |
| **Obligations for defined benefit plans on December 31** [2] | **197** | **192** |

1) The amount includes payroll tax.
2) Of which insured through FPG/PRI SEK 31 m. (30).

*Expense recognized in the Income Statement*

| | | |
|---|---|---|
| *Group* | | |
| Expense for service within previous periods | 1 | –1 |
| Expense for service within current period | – | 1 |
| Interest expense on obligations | 7 | 6 |
| Actuarial gains (–) and losses (+) [1] | 13 | 11 |
| **Total net expense for defined benefit plans in the Income Statement** | **21** | **17** |

1) Actuarial gains and losses include no experience-based adjustments.

*The expense is recognized in the following lines in the Income Statement*

| | | |
|---|---|---|
| *Group* | | |
| Operating costs | 14 | 11 |
| Financial expenses | 7 | 6 |
| **Total** | **21** | **17** |

*Provisions for pensions and similar obligations*

| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| *Parent Company* | | |
| Present value of unfunded obligations | 167 | 160 |
| **Obligations for employee benefits** | **167** | **160** |

*Changes in obligations recognized on the Balance Sheet for defined benefit plans*

| | | |
|---|---|---|
| *Parent Company* | | |
| Obligations for defined benefit plans on January 1 [1] | 160 | 168 |
| Benefits paid [1] | –22 | –22 |
| Expense recognized in the Income Statement | 20 | 16 |
| Exchange rate differences | 9 | –2 |
| **Obligations for defined benefit plans on December 31** [2] | **167** | **160** |

1) The amount includes payroll tax.
2) Of which insured through FPG/PRI SEK 0 m. (0).

## Note 23, cont'd Pensions and similar obligations

*Expense recognized in the Income Statement*

| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| *Parent Company* | | |
| Expense for service within previous periods | – | –1 |
| Interest expense on obligations | 7 | 6 |
| Actuarial gains (–) and losses (+) | 13 | 11 |
| **Total net expense for defined benefit plans in the Income Statement** | **20** | **16** |

*The expense is recognized under the following headings in the income statement*

| | | |
|---|---|---|
| *Parent Company* | | |
| Operating costs | 13 | 10 |
| Financial expenses | 7 | 6 |
| **Total** | **20** | **16** |

*Assumptions for defined benefit obligations*
The most significant actuarial assumptions on the Balance Sheet date (expressed as weighted averages):

| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| *Group and Parent Company* | | |
| Discount rate on December 31 | 3.75% | 4.50% |
| Future increase in pensions in Sweden | 2.40% | 2.40% |
| Future increase in pensions the United States | 2.40% | 2.40% |

*Defined contribution plans*

| | Group | | Parent Company | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| Expenses for defined contribution plans [1] | 54 | 44 | 42 | 33 |

1) Includes SEK 21 m. (11) for the BTP plan financed through SPP Livförsäkring AB, of which the Parent Company SEK 18 m. (9).

## Note 24 Provisions

| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| *Group* | | |
| Provision for social security contributions for long-term share-based remuneration | 28 | 47 |
| Other | 65 | 64 |
| **Total** | **93** | **111** |
| *Of which provisions expected to be paid within 12 months* | | |
| Other | 10 | 22 |
| **Total** | **10** | **22** |
| *Of which provisions expected to be paid after more than 12 months* | | |
| Provision for social security contributions for long-term share-based remuneration | 28 | 47 |
| Other | 55 | 42 |
| **Total** | **83** | **89** |
| *Provision for social security contributions for long-term share-based remuneration* | | |
| Opening balance | 47 | 81 |
| Reversals for the year | –19 | –34 |
| **Carrying amount at year-end** | **28** | **47** |
| *Other* | | |
| Opening balance | 64 | 81 |
| Provisions for the year | 22 | 39 |
| Reversals for the year | –21 | –56 |
| **Carrying amount at year-end** | **65** | **64** |

| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| *Parent Company* | | |
| Provision for social security contributions for long-term share-based remuneration | 28 | 47 |
| Other | 64 | 62 |
| **Total** | **92** | **109** |
| *Of which provisions expected to be paid within 12 months* | | |
| Other | 10 | 21 |
| **Total** | **10** | **21** |
| *Of which provisions expected to be paid after more than 12 months* | | |
| Provision for social security contributions for long-term share-based remuneration | 28 | 47 |
| Other | 54 | 41 |
| **Total** | **82** | **88** |
| *Provision for social security contributions for long-term share-based remuneration* | | |
| Opening balance | 47 | 81 |
| Reversals for the year | –19 | –34 |
| **Carrying amount at year-end** | **28** | **47** |
| *Other* | | |
| Opening balance | 62 | 80 |
| Provisions for the year | 22 | 37 |
| Reversals for the year | –20 | –55 |
| **Carrying amount at year-end** | **64** | **62** |

*Provision for social security contributions for long-term share-based remuneration*
The provision is reported in accordance with UFR 7 (see "Note 1, Accounting policies").

## Note 25 Accrued expenses and deferred income

| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| *Group* | | |
| Interest | 1,123 | 1,023 |
| Personnel-related expenses | 123 | 182 |
| Other | 91 | 93 |
| **Total** | **1,337** | **1,298** |
| | | |
| *Parent Company* | | |
| Interest | 659 | 654 |
| Personnel-related expenses | 59 | 54 |
| Other | 40 | 50 |
| **Total** | **758** | **758** |

## Note 26 Other liabilities

| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| *Group* | | |
| Shares on loan | 562 | 213 |
| Forward contracts | 0 | 3 |
| Incoming payments | 19 | 149 |
| Other | 57 | 85 |
| **Total** | **638** | **450** |

## Note 27 Financial assets and liabilities

*Financial assets and liabilities by valuation category*

*Group 2008*

| | Financial assets valued at fair value through profit or loss | | | | | Financial liabilities valued at fair value through profit or loss | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Fair value option | Held for trading | Derivatives used in hedge accounting | Loans and receivables | Available-for-sale financial assets | Held for trading | Other liabilities | Total carrying amount | Fair value |
| *Financial assets* | | | | | | | | | |
| Shares and participations in investing activities | 89,328 | | | | 7 | | | 89,335 | 89,335 |
| Long-term receivables | | 131 | 2,417 | 8,770 | | | | 11,318 | 11,318 |
| Accrued interest income | | | | 1,021 | | | | 1,021 | 1,021 |
| Other receivables | | 36 | | 136 | | | | 172 | 172 |
| Shares and participations in active portfolio management | | 1,047 | | | | | | 1,047 | 1,047 |
| Short-term investments | 18,821 | | | | | | | 18,821 | 18,821 |
| Cash and cash equivalents | 9,151 | | | | | | | 9,151 | 9,151 |
| **Total** | **117,300** | **1,214** | **2,417** | **9,927** | **7** | | | **130,865** | **130,865** |
| | | | | | | | | | |
| *Financial liabilities* | | | | | | | | | |
| Long-term interest-bearing liabilities | | | 13 | | | 1,913 | 19,665 | 21,591 | 19,360 |
| Current interest-bearing liabilities | | | | | | | 818 | 818 | 825 |
| Accrued interest expenses | | | | | | | 1,123 | 1,123 | 1,123 |
| Trade payables | | | | | | | 47 | 47 | 47 |
| Other liabilities | | | | | | 581 | 57 | 638 | 638 |
| **Total** | | | **13** | | | **2,494** | **21,710** | **24,217** | **21,993** |

*Group 2007*

| | Financial assets valued at fair value through profit or loss | | | | | Financial liabilities valued at fair value through profit or loss | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Fair value option | Held for trading | Derivatives used in hedge accounting | Loans and receivables | Available-for-sale financial assets | Held for trading | Other liabilities | Total carrying amount | Fair value |
| *Financial assets* | | | | | | | | | |
| Shares and participations in investing activities | 146,347 | | | | 7 | | | 146,354 | 146,354 |
| Long-term receivables | | 273 | 533 | 4,017 | | | | 4,823 | 4,823 |
| Accrued interest income | | | | 750 | | | | 750 | 750 |
| Other receivables | | 4 | 2 | 266 | | | | 272 | 272 |
| Shares and participations in active portfolio management | | 1,464 | | | | | | 1,464 | 1,464 |
| Short-term investments | 9,998 | | | | | | | 9,998 | 9,998 |
| Cash and cash equivalents | 5,010 | | | | | | | 5,010 | 5,010 |
| **Total** | **161,355** | **1,741** | **535** | **5,033** | **7** | | | **168,671** | **168,671** |
| | | | | | | | | | |
| *Financial liabilities* | | | | | | | | | |
| Long-term interest-bearing liabilities | | | 1,758 | | | 76 | 17,003 | 18,837 | 18,748 |
| Current interest-bearing liabilities | | | 0 | | | | 271 | 271 | 271 |
| Accrued interest expenses | | | | | | | 1,023 | 1,023 | 1,023 |
| Trade payables | | | | | | | 44 | 44 | 44 |
| Other liabilities | | | | | | 365 | 85 | 450 | 450 |
| **Total** | | | **1,758** | | | **441** | **18,426** | **20,625** | **20,536** |

## Note 27, cont'd Financial assets and liabilities

*Financial assets and liabilities by valuation category*

*Parent Company 2008*

| | Financial assets valued at fair value through profit or loss | | | | | |
|---|---|---|---|---|---|---|
| | Fair value option | Derivatives used in hedge accounting | Loans and receivables | Other liabilities | Total carrying amount | Fair value |
| *Financial assets* | | | | | | |
| Other long-term holdings of securities | 35,008 | | | | 35,008 | 35,008 |
| Receivables from Group companies (non-current) | | | 23,997 | | 23,997 | 23,997 |
| Accrued interest income | | | 0 | | 0 | 0 |
| Trade receivables | | | 3 | | 3 | 3 |
| Receivables from Group companies (current) | | | 6,452 | | 6,452 | 6,452 |
| Receivables from associates | | | 0 | | 0 | 0 |
| Other receivables | | | 0 | | 0 | 0 |
| **Total** | **35,008** | | **30,452** | | **65,460** | **65,460** |
| *Financial liabilities* | | | | | | |
| Long-term interest-bearing liabilities | | | | 17,867 | 17,867 | 16,885 |
| Liabilities to Group companies (non-current) | | –222 | | 10,788 | 10,566 | 10,566 |
| Current interest-bearing liabilities | | | | 819 | 819 | 825 |
| Accrued interest expenses | | | | 659 | 659 | 659 |
| Trade payables | | | | 12 | 12 | 12 |
| Liabilities to Group companies | | | | 161 | 161 | 161 |
| **Total** | | **–222** | | **30,306** | **30,084** | **29,108** |

*Parent Company 2007*

| | Financial assets valued at fair value through profit or loss | | | | | |
|---|---|---|---|---|---|---|
| | Fair value option | Derivatives used in hedge accounting | Loans and receivables | Other liabilities | Total carrying amount | Fair value |
| *Financial assets* | | | | | | |
| Other long-term holdings of securities | 49,046 | | | | 49,046 | 49,046 |
| Receivables from Group companies (non-current) | | | 18,906 | | 18,906 | 18,525 |
| Accrued interest income | | | 15 | | 15 | 15 |
| Trade receivables | | | 2 | | 2 | 2 |
| Receivables from Group companies (current) | | | 1,601 | | 1,601 | 1,601 |
| Receivables from associates | | | 1 | | 1 | 1 |
| Other receivables | | | 1 | | 1 | 1 |
| **Total** | **49,046** | | **20,526** | | **69,572** | **69,191** |
| *Financial liabilities* | | | | | | |
| Long-term interest-bearing liabilities | | 891 | | 16,563 | 17,454 | 17,320 |
| Liabilities to Group companies (non-current) | | | | 5,302 | 5,302 | 5,302 |
| Current interest-bearing liabilities | | | | 271 | 271 | 271 |
| Accrued interest expenses | | | | 654 | 654 | 654 |
| Trade payables | | | | 28 | 28 | 28 |
| Liabilities to Group companies | | | | 13,513 | 13,513 | 13,513 |
| **Total** | | **891** | | **36,331** | **37,222** | **37,088** |

## Note 27, cont'd Financial assets and liabilities

*Result from financial assets and liabilities by valuation category*

*Group 2008*

| | Financial assets valued at fair value through profit or loss: Fair value option | Financial assets valued at fair value through profit or loss: Held for trading | Derivatives used in hedge accounting | Loans and receivables | Other liabilities | Total |
|---|---|---|---|---|---|---|
| *Operating profit/loss* | | | | | | |
| Dividends, etc. | 4,870 | 33 | | | | 4,903 |
| Changes in value, including currency net gains/net losses | –39,062 | –430 | | | | –39,492 |
| *Net financial items* | | | | | | |
| Interest income/expenses | 943 | –10 | –121 | | –952 | –140 |
| Changes in value net gains/losses | 41 | –376 | 1,529 | | –1,483 | –289 |
| Exchange rate changes net gains/losses | 451 | –349 | 1,913 | 225 | –1,988 | 252 |
| **Total** | **–32,757** | **–1,132** | **3,321** | **225** | **–4,423** | **–34,766** |

*Group 2007*

| | Financial assets valued at fair value through profit or loss: Fair value option | Financial assets valued at fair value through profit or loss: Held for trading | Derivatives used in hedge accounting | Loans and receivables | Other liabilities | Total |
|---|---|---|---|---|---|---|
| *Operating profit/loss* | | | | | | |
| Dividends, etc. | 3,443 | 31 | | 337 | | 3,811 |
| Changes in value, including currency net gains/net losses | –1,863 | 38 | | | | –1,825 |
| *Net financial items* | | | | | | |
| Interest income/expenses | 571 | –67 | 32 | | –911 | –375 |
| Changes in value net gains/losses | 1 | –3 | 119 | | –203 | –86 |
| Exchange rate changes net gains/net losses | 152 | 16 | 150 | | –312 | 6 |
| **Total** | **2,304** | **15** | **301** | **337** | **–1,426** | **1,531** |

## Note 27, cont'd Financial assets and liabilities

*Result from financial assets and liabilities by valuation category*

*Parent Company 2008*

| | Financial assets valued at fair value through profit or loss | | | | |
|---|---|---|---|---|---|
| | Fair value option | Derivatives used in hedge accounting | Loans and receivables | Other liabilities | Total |
| *Operating profit/loss* | | | | | |
| Dividends | 1,201 | | | | 1,201 |
| Changes in value, including currency net gains/losses | –10,191 | | | | –10,191 |
| *Net financial items* | | | | | |
| Interest income/expenses | | –55 | 1,707 | –1,545 | 107 |
| Changes in value net gains/losses | | –175 | 300 | –118 | 7 |
| Exchange rate changes net gains/losses | | 0 | | –477 | –477 |
| **Total** | **–8,990** | **–230** | **2,007** | **–2,140** | **–9,353** |

*Parent Company 2007*

| | Financial assets valued at fair value through profit or loss | | | | |
|---|---|---|---|---|---|
| | Fair value option | Derivatives used in hedge accounting[1)] | Loans and receivables[1)] | Other liabilities[1)] | Total |
| *Operating profit/loss* | | | | | |
| Dividends | 963 | | | | 963 |
| Changes in value, including currency net gains/losses | 7,380 | | | | 7,380 |
| *Net financial items* | | | | | |
| Interest income/expenses | | –28 | 1,064 | –1,456 | –420 |
| Changes in value net gains/losses | | 237 | 101 | –202 | 136 |
| Exchange rate changes net gains/losses | | 13 | | –84 | –71 |
| **Total** | **8,343** | **222** | **1,165** | **–1,742** | **7,988** |

1) The allocation between rows and categories has been changed for 2007 in order to be comparable to current year.

The following is a description of the methods and assumptions used to determine the fair value of financial assets and liabilities shown in the above tables.

**SHARES AND PARTICIPATIONS IN INVESTING ACTIVITIES**

**Listed holdings**

Listed holdings are valued on the basis of their share price (bid price, if there is one quoted) on the Balance Sheet date.

**Unlisted holdings and fund holdings**

Unlisted holdings are measured on the basis of the "International Private Equity and Venture Capital Valuation Guidelines" prepared and published jointly by the venture capital organizations EVCA, BVCA and AFIC.

For directly owned holdings (i.e. those owned directly by a company in the Investor Group), an overall evaluation is made to determine the measurement method that is appropriate for each specific holding. It is first taken into account whether a recent financing round or "arms length transaction" has been made, after which a valuation is made by applying relevant multiples to the holding's key ratios (for example, EBITDA), derived from a relevant sample of comparable companies, with deduction for individually determined adjustments as a consequence of, for example, the size difference between the company being valued and the sample of comparable companies. In those cases when other measurement methods better reflect the fair value of a holding, this value is used, which means that certain holdings are measured with methods other than the ones described above.

Unlisted holdings in funds are measured at Investor's share of the value that the fund manager reports for all unlisted holdings in the fund and is normally updated when a new valuation is received. If Investor's assessment is that the fund manager's valuation does not sufficiently take into account factors that affect the value of the underlying holdings, or if the valuation is considered to deviate considerably from IFRS principles, the value is adjusted. Listed holdings in funds are measured in the same way as listed holdings, as described above.

**SHARES AND PARTICIPATIONS IN ACTIVE PORTFOLIO MANAGEMENT**

All holdings are listed and are valued on the basis of their share price (bid price, if there is one quoted) on the Balance Sheet date.

**Short-term investments**

The fair value of short-term investments is determined on the basis of their quoted bid price on the Balance Sheet date. The fair value of other short-term investments is determined by discounting the estimated future cash flows in accordance with the terms and expiration date of the contract, based on the market interest rates for similar instruments on the Balance Sheet date.

**Derivative instruments**

The fair value of foreign exchange contracts is determined on the basis of quoted rates, if such rates are available. If the rates are not available, the fair value is determined by discounting the difference between the contracted forward rate and the forward rate that can be contracted on the Balance Sheet date for

## Note 27, cont'd Financial assets and liabilities

the remaining contract period. The discount is made at a risk-free interest rate based on the rate for government bonds.

The fair value of interest rate swaps is based on a discount of the estimated future cash flows in accordance with the terms and expiration date of the contract, based on the market interest rates for similar instruments on the Balance Sheet date.

### Options

The fair value of options is determined on the basis of quoted rates, if such rates are available. The value of unlisted options is estimated as the difference between the established market value of the underlying instrument and the strike price of the option.

### Loans

The fair value is based on market prices and generally accepted methods, in which future cash flows have been discounted at the current interest rate.

### Interest-bearing liabilities

The fair value is based on market prices and generally accepted methods, in which future cash flows have been discounted at the current interest rate, including Investor's current credit rating, for the remaining life.

### Trade receivables and trade payables

The carrying amounts of trade receivables and trade payables with a remaining life of less than six months are considered to reflect their fair value. Trade receivables and trade payables with a life longer than six months are discounted when the fair value is determined.

### Interest rates used to determine fair value

When discounting financial instruments on December 31, 2008, Investor used the market rate and relevant interest rate spread for each instrument.

## Note 28 Pledged assets and contingent liabilities

| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| *Group* | | |
| **Assets pledged as securities** | | |
| *In the form of pledged securities for the Group's liabilities and provisions* | | |
| Real estate mortgages | 560 | 560 |
| Bank deposits, bonds and other securities | 801 | 808 |
| **Total** | **1,361** | **1,368** |
| **Contingent liabilities[1)]** | | |
| Guarantee commitments to FPG/PRI | 1 | 1 |
| Guarantees on behalf of associates | 4,344 | 4,326 |
| Guarantees on behalf of others | – | 188 |
| Other contingent liabilities | 71 | 54 |
| **Total** | **4,416** | **4,569** |

| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| *Parent Company* | | |
| **Assets pledged as securities** | | |
| *In the form of pledged securities for the Parent Company's liabilities and provisions* | | |
| Bonds and other securities | 601 | 277 |
| **Total** | **601** | **277** |
| **Contingent liabilities[1)]** | | |
| Guarantees on behalf of subsidiaries | 6,000 | 6,000 |
| Guarantees on behalf of associates | 4,344 | 4,326 |
| Guarantees on behalf of others | 21 | 188 |
| **Total** | **10,365** | **10,514** |

1) For further information regarding contingent liabilities, see Note 30, Related party disclosures.

## Note 29 Risk exposure and risk management

### COMMERCIAL RISKS

Investor's business activities expose the company to various types of risk. Maintaining long-term ownership in Core Investments companies and a flow of investments and divestments in the Private Equity Investments and Operating Investments business areas involves commercial risks. These risks include having a high exposure to a certain industry or an individual holding, changed market conditions for finding attractive investment candidates, or barriers that arise and prevent exits from a holding at the chosen time. The main factors that help limit risks in Investor's business activities are described below:

- Investor has a diversified portfolio with a good balance between different industries and between companies in various development stages. Core Investments Companies have international operations and are therefore exposed only to a limited extent to economic developments in a single country.
- Active Board work provides good insight into the performance of companies and thereby the possibility to identify risks and find specific opportunities for value creation.
- Core Investments companies and some of the companies in the Private Equity Investments business are listed and have high liquidity. This means that around 70 percent of the value of the holdings are listed. They could therefore be sold if needed, providing high financial flexibility for Investor.

### FINANCIAL RISKS

The main financial risks that the Investor Group are exposed to are price risks, primarily risks associated with fluctuations in share prices, but also interest rate risks and foreign exchange rate risks. Other risks that arise in the Company's financial activities include liquidity risks, financing risks, credit risks and operational risks. Activities to manage and monitor risks in the business are carried out through the Finance and Risk Committee, which is an adjunct committee to Investor AB's Board (the committee is described in detail in the Corporate Governance Report on page 41). Among other tasks, the Finance and Risk Committee's function is to recommend policies and limits for approval by the Board of Directors.

Investor's risk policy is a framework for determining measurement methods and mandates for price risks in active portfolio management activities, cash management and financing activities. The policy also outlines principles for foreign exchange risk management in connection with investments and cash flows in foreign currency, measurements and limits for credit risks and principles to minimize operational risks in the business.

The Risk Control function is responsible for identifying and managing risks in financial activities, monitoring the compliance of policies and instructions, continuously developing and improving risk measurement methodology and ensuring accurate risk reporting. There have been no significant changes in the measurement and follow-up of risks compared with the preceding year.

The Treasury function manages interest rate risks, exchange rate risks and liquidity and financing risks associated with the administration of the liquidity portfolio and financing activities.

#### Price risks

Price risks refer to the risk that the value of a financial instrument might change because of changes in share prices, exchange rates or interest rates.

*Share price risk*

Core Investments

Most of Investor's share price risk exposure is found in the Core Investments business area. These are analyzed and continuously monitored by Investor's analysts. Through committed ownership, which is exercised through Board representation and other ways, Investor influences a company's strategy and decisions. Thus, a large portion of share price exposure in a Core Investments company does not necessarily lead to any action. It is the long-term commitment that lays the groundwork for Investor's strategic measures. If the value of shares of listed holdings in all business areas should generally decline at the same time by 1 percentage point, this would reduce the value of Investor's portfolio by approximately SEK 1 bn. In 2008, the share prices of several Core Investments companies dropped heavily as a result of the general plunge in the market. However, the total decrease was smaller than the drop in the corresponding index.

Operating Investments

Operating Investments consists of wholly owned or partly owned companies that are consolidated as subsidiaries or associates. Their profit/loss and changes in equity have an impact on Investor's net asset value. The results of the companies therefore have a direct effect on Investor's assets, without any actual share price risks arising.

## Note 29, cont'd Risk exposure and risk management

Private Equity Investments
The Private Equity Investments business area is also exposed to share price risks. Compared with Core Investments, there is a higher risk exposure in this business area. Investor Growth Capital is exposed to smaller companies, new technologies and new markets, although there is also a higher potential return on these investments. Investor also takes an active role in these companies through Board work.

Active Portfolio Management
Investor's Active Portfolio Management business conducts short-term equity trading and deals in equity derivatives. The price risk in this activity is measured and monitored in terms of Value-at-Risk (VaR), a standard method for measuring and controlling price risks. VaR is a tool for measuring how a portfolio of financial assets can risk losing value over a given period of time. Investor's VaR model was changed during the year and is based on a 70 daily rolling record of prices (not weighted), a one-day time horizon and a 99 percent confidence interval. A 99 percent confidence interval theoretically indicates that the actual daily result shall be higher than the estimated daily VaR measurement two to three days per year. During 2008, the actual daily outcome has been higher than the estimated daily VaR measurement on eight occasions. This is a result of the volatile year during 2008 and the VaR model does not capture this in an effective way. Investor's VaR model is complemented by a number of stress tests to enable and evaluate the movement of the portfolio when historical movements do not anticipate or reflect the future.

*Exchange rate risk*
Currency exposure in investments
Since the Core Investments companies are listed in Swedish kronor, there is no direct exchange rate risk that affects Investor's Balance Sheet, although Investor can be indirectly exposed to exchange rate risks in holdings which are listed on foreign stock exchanges or have foreign currency as their pricing currency. In addition, there are indirect exchange rate risks since the majority of the companies in the Core Investments business area are active in several markets. These risks have a direct impact on the company's Balance Sheet and Income Statement, which indirectly affects the valuation of the shares.

Some holdings in the Operating Investments business area are exposed to exchange rate risks which are hedged by Investor.

The Private Equity Investments business area is exposed to exchange rate risks in investments made in foreign companies. There is no regular hedging of foreign currency in the Private Equity Investments business area since the investment horizon is long-term and currency fluctuations are expected to equal out over time. This hedging policy is subject to continuous evaluation and deviations from the policy may be allowed if it is judged to be beneficial in a market-economic perspective. At year-end 2008, there were no hedge contracts in foreign currency for the Private Equity Investments business area.

Exchange rate risks for investments in the active portfolio management business are minimized through currency swap contracts on the portfolio level.

The following table shows the total currency exposure for the Investor Group for investments in foreign currency on December 31, 2008. A one-percent weakening of the Swedish krona against both USD and EUR would reduce the value of the portfolio by approximately SEK 114 m.

*Total investments in foreign currency, SEK m:*

| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| USD | 6,548 | 5,386 |
| EUR | 4,900 | 6,465 |
| Other European currencies (CHF, DKK, GBP, NOK) | 2,345 | 3,959 |
| Asien (HKD, JPY) | 595 | 426 |
| **Total** | **14,388** | **16,236** |

Currency exposure in excess liquidity and the debt portfolio
Any exchange rate risk in excess liquidity resulting from investments in foreign currency is managed through currency swap contracts. Exchange rate risk arising in connection with loans in foreign currency is managed by exchanging the loans to SEK through currency swap contracts. The objective is to minimize the exchange rate risk in excess liquidity and the debt portfolio. At year-end 2008, gross exposure to foreign currency risk in the debt portfolio was SEK 12,332 m. for EUR, SEK 3,834 m. for GBP, SEK 1,731 m. for JPY and SEK 678 m. for USD.

Currency exposure in transactions
Investor's guideline is that future known cash flows in foreign currency that exceed the equivalent of SEK 50 m. are to be hedged 100 percent through forward exchange contracts or currency options. This is valid for forecast or contracted flows for Core Investments, Private Equity Investments and Operating Investments. This type of cash flow hedging is done to a limited extent on a few occasions per year in connection with divestments and investments, or when there are dividends in foreign currency.

The operating costs of the company are exposed to a certain extent to exchange rate risks through costs generated in operations in the United States and Asia. There is no regular currency hedging of these transactions since they are smaller in scope.

Currency exposure due to net investments in foreign operations
Currency exposure in investments made in independent foreign entities is considered as a translation risk and not an economic risk. The exposure arises when the foreign net investment is recalculated in SEK on the Balance Sheet date in the Group and is recognized in the translation reserve under equity.

The currency exposure arising because of net investments in foreign entities is shown in the following table (expressed in the investment currency).

| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| USD m. | 12 | 10 |
| EUR m. | 451 | 448 |
| HKD m. | 18 | 15 |
| GBP m. | 1 | 1 |

*Interest rate risk*
Excess liquidity and debt portfolio
For excess liquidity exposed to interest rate risks, the goal is to maximize return within the established guidelines of the risk policy while limiting interest rate risks. High financial flexibility is also strived for in order to satisfy future liquidity needs. Investments are therefore made in interest-bearing securities of short duration that are no longer than one year, which means that the interest rate fixing period is less than 12 months. See "Note 19 Short-term investments" for further information.

On the liability side, Investor strives to manage interest rate risks by having an interest rate fixing period that provides the flexibility to change the loan portfolio in step with investment activities and minimize loan costs and volatility of the cash flow over time. See also the diagram with interest rate fixing periods in "Note 22 Interest-bearing liabilities." A one-percent movement of the interest rate curve for the entire debt portfolio would change its value by approximately SEK 1 bn.

Investor uses derivatives to hedge against interest rate risks in the debt portfolio. Some derivatives do not qualify for hedge accounting but are still grouped together with loans since the intention of the derivative is to achieve the desired fixed interest term for each loan. The distribution between hedged and non-hedged loans is shown in the table below.

| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| Outstanding amount divided into hedged loans and non-hedged loans – SEK m. | Carrying amount | Carrying amount |
| Hedged loans | 18,074 | 14,946 |
| – related foreign exchange/interest rate derivatives with positive value | –2,403 | –534 |
| – related foreign exchange/interest rate derivatives with negative value | 13 | 1,758 |
| Non-hedged loans | 2,409 | 2,328 |
| – related foreign exchange/interest rate derivatives with positive value | –168 | –176 |
| – related foreign exchange/interest rate derivatives with negative value | 1,913 | 76 |
| **Total short-term/long-term loans** | **20,483** | **17,274** |
| **Total foreign exchange/interest rate derivatives** | **–645** | **1,124** |

Investor reports on cash flow hedges. Hedging instruments are valued on each Balance Sheet date and the change in value is recognized in equity. The remaining maturities of cash flow hedges are 25 years and 29 years, respectively. During the year, cash flows had an impact of SEK 41 m. (–200).

### LIQUIDITY AND FINANCING RISK
Liquidity risk refers to the risk that a financial instrument cannot be divested without considerable extra costs, and to the risk that liquidity will not be available to meet payment commitments.

## Note 29, cont'd Risk exposure and risk management

Liquidity risks are minimized in Treasury operations by keeping the maturity of short-term cash investments at less than one year, and by always keeping the ratio between cash and credit commitments/current liabilities higher than 1:1. Liquid funds are invested in the short-term deposits market and in short-term interest-bearing securities with low risk and high liquidity, which is the case with well-functioning second-hand market, allowing the conversion of cash when needed.

Financing risks are defined as the risk that financing cannot be obtained, or can only be obtained at increased costs as a result of changed conditions in the capital market. In order to minimize financing risks, the Treasury function works actively to ensure financial preparedness by establishing loan and credit facilities for long-term and short-term borrowing. Financing risks are further reduced by allocating loan maturities evenly over time (see chart with information on maturity profile in "Note 22 Interest-bearing liabilities") and by diversifying sources of capital.

Investor's liquidity and financing risks are considered to be low. With an equity/assets ratio of 82 percent at year-end, Investor has considerable financial flexibility since leverage is very low and most assets are very liquid.

### CREDIT RISK

Credit risk is the risk of a counterparty or issuer being unable to repay a liability to Investor.

Investor is exposed to credit risks primarily through investments of excess liquidity in interest-bearing securities. Credit risks also arise as a result of positive market values in derivative instruments, mainly interest rate and currency swaps, but also a small portion of OTC derivatives.

In order to limit credit risks, there are existing limits for exposure to counterparties. According to Investor's credit risk policy, Investor may only be exposed to credit risks towards counterparties with high credit-worthiness, based on Standard & Poor's and Moody's ratings, for a limited amount and for a limited duration. With a view to further limiting credit risks in interest rate and currency swaps, and other derivative transactions, agreements are required in accordance with the International Swaps and Derivatives Association, Inc. (ISDA), as well as netting agreements.

The following table shows the credit risk exposure in interest-bearing securities divided by rating category, on December 31, 2008:

| Rating S&P/Moody´s | Interest-bearing securities and deposits, SEK m. | Average remaining term, months. |
|---|---|---|
| AAA/Aaa | 19,824 | 1.8 |
| AA/Aa2 | 5,612 | 2.1 |
| A/A2 | 2,311 | 1.1 |
| **Total** | **27,747** | **1.7** |

Credit risks arising as a consequence of positive market values for derivatives amounted to SEK 1,645 m. on December 31, 2008. The difference from the previous year (SEK 365 m.) is mainly due to increasing positive market values in swap-contracts because of a weaker SEK currency and rising yield curves. All counterparties in these transactions have a rating corresponding to A/A2 or higher.

#### Concentrations of credit risks

Concentrations of risk are defined as individual positions or areas accounting for a significant portion of the total exposure to each risk area.

Regarding credit risk, there are established frameworks for exposure to individual counterparties, with the exception of exposure to government-guaranteed debt instruments in the Western World (with a rating of AAA/Aaa).

| Rating | Number of issuers | Percentage of total liquidity portfolio |
|---|---|---|
| Government debt | 1 | 66 |
| Other AAA | 3 | 4 |
| AA/Aa2 | 12 | 15 |
| A/A2 | 9 | 15 |
| **Total** | **25** | **100** |

Investor has chosen to place a part of the cash portfolio in the Swedish Government's guarantee program. The aim of this program is to support the Swedish banks and mortgage institutions in their financing and to decrease their borrowing costs during the current global financial crisis. Investor classifies placements made in such instruments as instruments with a AAA-rating.

### OPERATIONAL RISKS

Operational risks are defined as the risk of loss due to inadequacies in the internal control process or system, or the risk of loss caused by external events.

The operational risk policy establishes principles to ensure correct handling of the financial transaction flow. This risk management process covers system and personnel-related issues, administrative processes, information security and legal matters. The process is followed up on an ongoing basis to determine and strengthen appropriate control measures. During the year, an extensive project dealing with all the types of risk concerning Investor has been implemented with the goal to identify and prioritize these risks.

### OTHER RISKS

The Compliance function monitors commitments that must comply with external regulations and laws, contract-related commitments and internal company rules. Work is actively carried out in the security area to protect Investor against internal and external threats. Investor's Security Committee evaluates security risks that can have short-term or long-term implications for Investor and also takes necessary measures to minimize their negative effects. For example, the Security Committee establishes effective procedures for IT and information security to prevent unauthorized access to Investor's information sources. The committee is also responsible for disaster and continuity planning.

## Note 30 Related party disclosures

The following additional information about related parties is being provided in addition to what has been reported in other sections of the Annual Report.

#### Subsidiaries

The Parent Company has related-party transactions with its subsidiaries. Parent Company sales to Group companies amounted to SEK 0 m. (0) in 2008. Parent Company purchases from Group companies totaled SEK 5 m. (24) during the same period. Transactions with Group companies are priced according to market terms.

#### Relations with related parties with significant influence

The Wallenberg foundations have significant influence over Investor (in accordance with the definition in "IAS 24 Related Party Disclosures"). The largest of these foundations are the Knut and Alice Wallenberg Foundation, the Marianne and Marcus Wallenberg Foundation and the Marcus and Amalia Wallenberg Memorial Fund.

#### Companies with common Board members

In addition to the above-noted relations with related parties, there are a number of companies in which Investor and the company have common Board members. Information has not been provided in this note because these situations are either not considered to involve influence of the type described in IAS 24 or the transactions refer to intangible amounts.

#### Related party transactions

*With the Wallenberg foundations*

Investor's support functions provide a limited scope of services for Foundation Asset Management Sweden AB and Foundation Administration Management Sweden AB, which are owned by the Wallenberg foundations. Transactions with these companies are priced according to market terms. Parent Company sales to these companies amounted to SEK 2 m. (1) in 2008. Purchases from the same companies totaled SEK 0 m. (0).

*With the internal bank*

The subsidiary AB Investor Group Finance has agreements with most Group companies, including the Parent Company, in which the subsidiary functions as an internal bank for the Group. This includes, among other activities, acting as a counterparty when loans are obtained and managing the Group's cash pool. The financial net result of these activities is later settled in the Group by having the companies cover, or alternatively retain, their share of the result in accordance with the agreements (see "Note 37 Interest expenses and similar items").

## Note 30, cont'd Related party disclosures

*With associates*
Normal business transactions are carried out on a continuous basis with Hi3G, SEB, Novare and EQT Partners AB. Transactions with associated companies are priced according to market terms.

During the year, telephony services were purchased from Hi3G for SEK 2 m. (2), of which SEK 1 m. (2) pertained to the Parent Company. At year-end, the Group's assets with SEB had a market value of SEK 8,230 m. (3,941), of which SEK 0 m. (0) for the Parent Company, and liabilities SEK 0 m. (–4), of which for the Parent Company SEK 0 m. (0). During 2008, costs for SEB's banking services totaled SEK 4 m. (4), of which SEK 0 m. (0) pertained to the Parent Company. Business services were purchased from Novare during the year for SEK 11 m. (12), of which SEK 11 m. (12) was attributable to the Parent Company. In addition, administrative services were sold to Novare for SEK 2 m. (1), of which SEK 2 m. (1) was attributable to the Parent Company. Parent Company sales of administrative services to EQT Partners AB totaled SEK 3 m. during the year (3).

Guarantees on behalf of associated companies refer to Hi3G Access AB and its subsidiary Hi3G Denmark ApS. Investor has guaranteed to the lender that it will fulfill the debt commitments of the beneficiaries for financing the acquisition of licenses for third generation mobile networks. The previously communicated peak financing level of SEK 25 bn. was almost reached by the end of the year. As earlier communicated we are prepared to allow for an increase to our total investment, given a continued attractive return profile. In 2008, Investor provided SEK 931 m. in financing to Hi3G (1,080).

"Note 16 Long-term receivables and other receivables" shows receivables from associates. Dividends and financial income from associates totaled SEK 3,477 m. (2,640).

*With key persons*
See "Note 5 Employees and payroll costs" for information about salaries and other compensation, costs and commitments regarding pensions and similar benefits, and severance payment agreements for the Board, President and other senior executives.

### Investment programs

*Carried interest plans*
In the Private Equity Investments business area, selected senior staff and other senior executives have had the opportunity for a number of years to make parallel investments of a limited extent with Investor. The plans are designed in accordance with market practice in the venture capital market and are evaluated periodically against similar programs in Europe, the United States and Asia. Carried interest plans provide an economic incentive for managers and encourage personal commitment to analysis and investment work since the result is directly connected to the financial performance of the business. Carried interest plans are linked to realized growth in the value of holdings, after deduction for costs, seen as a portfolio. This means that when an investment is realized with a profit, each parallel investor receives his or her share of the profit, after provisions for any unrealized declines in value or write-downs of other investments.

The plans allow a maximum share of 15 percent that can be given to parallel investors, which is in line with practice in the venture capital market.

*Co-investment plans*
Key persons, including Board members, Senior Executives and certain selected employees, are offered the opportunity to invest in, or make parallel investments with, the funds that EQT establishes. These investments are made in accordance with the same terms and conditions as for other investors.

## Note 31 Events after the Balance Sheet date

Since the majority of Investor's holdings are listed, the turbulence in the financial market had a negative impact on Investor's net asset value in the beginning of 2009.

Investor has agreed to underwrite SEK 3.5 bn., corresponding to 23.5 percent of SEB's SEK 15 bn. announced rights issue.

Husqvarna announced during the first quarter 2009 a rights issue of approximately SEK 3 bn. to strengthen the company's financial position. Investor has agreed to underwrite approximately SEK 1 bn.

## Note 32 Key estimates and assumptions

Investor's financial reports are prepared in accordance with IFRS. Applied valuation principles are described in Note 27. The choice of valuation principle requires, in certain cases, that management evaluates and selects the principles giving the truest and fairest view. Developments within the accounting field, and the choice of principles, are discussed with the company's Audit Committee.

The following are the most important areas where key estimates have been used when applying the valuation principles of the Group, together with other key sources of uncertainties in estimates, and the sections where they are described.

*Unlisted holdings and fund holdings*
The valuation principles in Note 27 describe how unlisted holdings and fund holdings are valued.

*Associates*
In accordance with IAS 28, Item 1, investments in associates in Core Investments are recognized at fair value. As a result, associates are not consolidated in accordance with the equity method, the values of associates are instead accounted for in a way that is more true and fair for an investment company. However, Investor will continue to apply the equity method to associates in the Operating Investments business area since Investor normally has a large ownership stake and significant influence in the companies and is involved in the underlying business activities to a larger extent than in holdings in other business areas.

*Important sources of uncertainty in estimates*
When applying the valuation principles, assumptions and estimates are made from factors that are uncertain at the time the estimates are made. Changes to assumptions may have a significant effect on financial reports during the periods when the assumptions are changed. The following is a description of the valuation principles that require assumptions and estimates.

Unlisted holdings and fund holdings are recognized at fair value according to the methods described in Note 27. Market information is used to the greatest extent possible. When this information is not transparent in the market, changes to assumptions may affect the reported fair value of financial instruments. The Group applies its models in a consistent manner between periods, although estimates of fair value always require a significant degree of assumption. Based on the controls and security procedures that are applied, Investor considers the fair value recognized on the Balance Sheet, and the changes in fair value recognized in the Income Statement, to be cautious and weighted and reflecting the underlying economic values.

Note 29 provides a detailed analysis of how interest-bearing liabilities and related derivatives are managed and valued. Note 15 shows the value of unlisted holdings and participations measured at fair value.

## Note 33 Information about the Parent Company

Investor AB is a corporation registered in Sweden and has its registered office in Stockholm. The shares in the Parent Company are listed on the OMX Nordic Exchange in Stockholm. The address of the company's headquarters is Arsenalsgatan 8C, SE-103 32, Stockholm, Sweden.

The consolidated financial statements for 2008 consist of both the Parent Company and its subsidiaries, together designated the Group.

## Note 34 Results from participations in Group companies

| | 2008 | 2007 |
|---|---|---|
| *Parent Company* | | |
| Dividends from Group companies | – | – |
| Impairment losses, participations in Group companies | –12 | –11 |
| Reversal of impairment losses, participations in Group companies | – | 2,125 |
| **Total** | **–12** | **2,114** |

The reversal of previous impairment losses in participations in Group companies was due to the fact that the value of shares and participations held by these companies developed positively during 2007. The recoverable amount has been determined at the net realizable value, which is based on adjusted equity plus any surplus value.

## Note 35 Results from other receivables that are non-current assets

| | 2008 | 2007[1] |
|---|---|---|
| *Parent Company* | | |
| Interest income from Group companies | 1,667 | 1,074 |
| Change in value | 422 | 101 |
| **Total** | **2,089** | **1,175** |

1) The allocation between interest income and change in value has been changed for 2007 in order to be comparable to current year.

## Note 36 Interest income and similar items

| | 2008 | 2007 |
|---|---|---|
| *Parent Company* | | |
| Interest income from Group companies | 16 | 16[1] |
| Change in value | 0 | –[1] |
| Change in value, hedges of long-term share-based remuneration | 8 | 72 |
| Net financial items, internal bank[2] | 143 | – |
| Other interest income | 74 | 73 |
| **Total** | **241** | **161** |

1) The allocation between interest income and change in value has been changed for 2007 in order to be comparable to current year.

2) Settlement of net financial items between the Parent Company and the internal bank company, AB Investor Group Finance. Included in Note 37 in 2007.

## Note 37 Interest expenses and similar items

| | 2008 | 2007 |
|---|---|---|
| *Parent Company* | | |
| Interest expenses to Group companies | –685 | –592 |
| Change in value | –422 | –102[2] |
| Net financial items, internal bank[1] | – | –95 |
| Interest expenses, other borrowings | –1,000 | –926[2] |
| Exchange rate differences | –478 | –71 |
| Other | –18 | –38 |
| **Total** | **–2,603** | **–1,824** |

1) Settlement of net financial items between the Parent Company and the internal bank company, AB Investor Group Finance. Included in Note 36 in 2008.

2) The allocation between interest expenses and change in value has been changed for 2007 in order to be comparable to current year.

## Note 38 Shares and participations in Group companies

| | 12/31 2008 | 12/31 2007 (Restated) |
|---|---|---|
| *Parent Company* | | |
| *Accumulated costs* | | |
| Opening balance | 28,974 | 26,393[1] |
| Acquisitions and capital contributions | 888 | 2,581[1] |
| Divestments, combinations and repaid capital contributions | – | – |
| | **29,862** | **28,974** |
| *Accumulated impairment losses* | | |
| Opening balance | –11 | –2,125 |
| Impairment losses | –12 | –11 |
| Reversed impairment losses for the year | – | 2,125 |
| | **–23** | **–11** |
| **Carrying amount at year-end** | **29,839** | **28,963** |

1) Restated, see Changes in accounting policies under the section Accounting policies of the Parent company for further information.

## Note 38 , cont'd Shares and participations in Group companies

*Specification of the Parent Company's direct holdings of shares and participations in Group companies*

| Subsidiary/Registered office/Registration number | Number of participations | Ownership interest in %[1] 12/31 2008 | Ownership interest in %[1] 12/31 2007 | Carrying amount 12/31 2008 | Carrying amount 12/31 2007 (Restated)[3] |
|---|---|---|---|---|---|
| Investor Growth Capital AG, Switzerland | 135,000 | 100.0 | 100.0 | 12,462 | 12,462 |
| Expibel Holding AB, Stockholm, 556548–6684 | 1,000 | 100.0 | 100.0 | 8,655 | 8,655 |
| Indap Invest AB, Stockholm, 556690–7084 | 1,000 | 100.0 | 100.0 | 4,246 | 4,246 |
| Rotca AB, Stockholm, 556693–6661 | 1,000 | 100.0 | 100.0 | 2,522 | 2,522 |
| Indif AB, Stockholm, 556733-9915 | 11,000 | 100.0 | – | 882 | – |
| The Grand Group AB, Stockholm, 556302–9650 | 10,000 | 100.0 | 100.0 | 577 | 577 |
| AB Vectura, Stockholm, 556012–1575 | 50,000 | 100.0 | 100.0 | 392 | 392 |
| AB Investor Group Finance, Stockholm, 556371–9987[2] | 100,000 | 100.0 | 100.0 | 54 | 54 |
| Investor Investments Holding AB, Stockholm, 556598–2815 | 1,000 | 100.0 | 100.0 | 36 | 44 |
| Investor Holding AB, Stockholm, 556554–1538 | 1,000 | 100.0 | 100.0 | 8 | 8 |
| Duba AB, Stockholm, 556593–5508 | 1,000 | 100.0 | 100.0 | 2 | 2 |
| AB Cator, Stockholm, 556619–6811 | 1,000 | 100.0 | 100.0 | 2 | 0 |
| Dormant companies | | | | 1 | 1 |
| Carrying amount in the Parent Company | | | | **29,839** | **28,963** |

1) Ownership share of capital pertains to equity, which also corresponds to the share of voting power for the total number of shares.
2) The Group's internal bank.
3) Restated, see Changes in accounting policies under the section Accounting policies of the Parent company for further information.

*Other material holdings in subsidiaries*

| Subsidiary/Registered office | Ownership interest in % 12/31 2008 | Ownership interest in % 12/31 2007 |
|---|---|---|
| Investor Growth Capital Ltd, Guernsey[1] | 100.0 | 100.0 |
| Investor Investment Northern Europe Ltd, Guernsey[1] | 100.0 | 100.0 |
| Investors Trading AB, Stockholm[2] | 100.0 | 100.0 |

1) The business of the companies is share portfolio management.
2) The company's main business is active portfolio management.

## Note 39 Investments in associates

*Specification of carrying amount*

| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| *Parent Company* | | |
| *Accumulated costs* | | |
| Opening balance | 47,252 | 41,320 |
| Acquisitions | 2,810 | 6,551 |
| Divestments | –3,931 | –619 |
| | **46,131** | **47,252** |
| *Accumulated impairment losses* | | |
| Opening balance | –6,667 | –3,654 |
| Impairment losses for the year | –11,369 | –3,013 |
| | **–18,036** | **–6,667** |
| Carrying amount at year-end | **28,095** | **40,585** |

The impairment loss refers to the holding in Hi3G Holdings AB, based on the holding's value recognized in the Group, and to the holdings in SEB, Ericsson, Husqvarna and Electrolux at fair value.

## Note 39, cont'd Investments in associates

*Specification of investments in associates*

12/31 2008

| Company/Registered office/Registration number | Number of shares | Share of voting power % | Proportion of equity % | Investor's share of Equity[1] | Investor's share of Profit/loss for the year[2] | Investor's share of Carrying amount[4] | Investor's share of Fair value |
|---|---|---|---|---|---|---|---|
| *Parent Company* | | | | | | | |
| Core Investments: | | | | | | | |
| Atlas Copco, Stockholm, 556014–2720 | 204,244,326 | 22 | 17 | 3,945 | 1,692 | 3,391 | 13,557 |
| Electrolux, Stockholm, 556009–4178 | 39,165,071 | 29 | 13 | 2,081 | 46 | 2,614 | 2,614 |
| Ericsson, Stockholm, 556016–0680 | 164,078,702 | 19 | 5 | 7,181 | 590 | 9,611 | 9,611 |
| Husqvarna, Jönköping, 556000–5331 | 59,201,258 | 29 | 15 | 1,355 | 198 | 2,330 | 2,330 |
| Saab, Linköping, 556036–0793 | 21,611,925 | 38 | 20 | 1,847 | –48 | 1,155 | 1,545 |
| SEB, Stockholm, 552032–9081 | 142,527,895 | 21 | 21 | 17,367 | 2,085 | 8,608 | 8,608 |
| **Total Core Investments** | | | | | | **27,709** | **38,265** |
| Operating Investments: | | | | | | | |
| Hi3G Holdings AB, Stockholm, 556619–6647[3] | 40,000 | 40 | 40 | 386 | –751 | 386 | 386 |
| **Total Operating Investments** | | | | | | **386** | **386** |
| **Total investments in associates** | | | | | | **28,095** | **38,651** |

12/31 2007

| Company/Registered office/Registration number | Number of shares | Share of voting power % | Proportion of equity % | Investor's share of Equity[1] | Investor's share of Profit/loss for the year[2] | Investor's share of Carrying amount[4] | Investor's share of Fair value |
|---|---|---|---|---|---|---|---|
| *Parent Company* | | | | | | | |
| Core Investments: | | | | | | | |
| Atlas Copco, Stockholm, 556014–2720 | 189,680,826 | 21 | 15 | 2,255 | 1,150 | 2,506 | 18,227 |
| Electrolux, Stockholm, 556009–4178 | 36,665,071 | 28 | 12 | 1,909 | 348 | 2,915 | 3,969 |
| Ericsson, Stockholm, 556016–0680 | 820,393,516 | 20 | 5 | 6,888 | 1,129 | 12,417 | 12,417 |
| Husqvarna, Jönköping, 556000–5331 | 54,151,558 | 28 | 14 | 1,027 | 276 | 3,598 | 4,134 |
| Saab, Linköping, 556036–0793 | 21,611,925 | 38 | 20 | 2,002 | 185 | 1,155 | 2,799 |
| Scania, Södertälje, 556184–8564 | 88,027,028 | 20 | 11 | 2,729 | 941 | 3,907 | 14,612 |
| SEB, Stockholm, 552032–9081 | 137,527,895 | 20 | 20 | 15,344 | 2,724 | 13,744 | 22,662 |
| **Total Core Investments** | | | | | | **40,242** | **78,820** |
| Operating Investments: | | | | | | | |
| Hi3G Holdings AB, Stockholm, 556619–6647[3] | 40,000 | 40 | 40 | 343 | –908 | 343 | 343 |
| **Total Operating Investments** | | | | | | **343** | **343** |
| **Total investments in associates** | | | | | | **40,585** | **79,163** |

1) Equity refers to the ownership interest in the equity of a company including the equity component in untaxed reserves and after adjustments to Investor's accounting and evaluation principles.
2) Profit/loss for the year refers to the share of the company's results after tax including the equity component in the change for the year in untaxed reserves after adjustments to Investor's accounting and evaluation principles.
3) Reporting from Hi3G Holdings AB is received with one month's delay.
4) Carrying amount includes acquisition cost, additional investments and divestments for the period and value changes due to write-downs to correspond with the Fair value of the investments.

## Note 40 Other long-term holdings of securities

| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| *Parent Company* | | |
| *Accumulated costs* | | |
| Opening balance | 49,046 | 41,955 |
| Acquisitions | 50 | – |
| Divestments | –3,897 | –288 |
| Revaluations disclosed in Income Statement | –10,191 | 7,379 |
| **Carrying amount at year-end** | **35,008** | **49,046** |

## Note 41 Receivables from Group companies

| | 12/31 2008 | 12/31 2007 |
|---|---|---|
| *Parent Company* | | |
| *Accumulated costs* | | |
| Opening balance | 18,906 | 13,254 |
| New lending | 3,269 | 8,651 |
| Divestments/due/redeemed | – | –3,124 |
| Reclassifications | –183 | –269 |
| Unrealized change in value | 2,005 | 394 |
| **Carrying amount at year-end** | **23,997** | **18,906** |

# Audit report

## To the Annual Meeting of the Shareholders of Investor AB

**CORPORATE IDENTITY NUMBER 556013-8298**

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of Investor AB for the year 2008. The company's annual accounts are included in the printed version of this document on pages 55 to 107. The Board of Directors and the President are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of International Financial Reporting Standards (IFRS) as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain high but not absolute assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President and significant estimates made by the Board of Directors and the President when preparing the annual accounts and the consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the President. We also examined whether any board member or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Annual Accounts Act and give a true and fair view of the Group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the Annual Meeting of Shareholders that the Income Statements and Balance Sheets of the Parent Company and the Group be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, February 24, 2009

KPMG AB

Carl Lindgren
*AAuthorized Public Accountant*

# History

Investor has had the same business philosophy ever since the company was founded in 1916 – to invest in companies and actively contribute to their success. Over the years, we have steadily evolved in step with boom times, depressions and recessions, with globalization trends and with constantly changing capital markets, all to capture new opportunities and create value. We have invested in new, exciting companies and industries, but have also divested holdings along the way. This is a tradition that we honor. Over the years, we have built up a unique international network and a strong brand, which together form our competitive edge as we enter the future.

***1916*** Investor is established when new legislation makes it considerably more difficult for Swedish banks to own stocks in industrial companies on a long-term basis. The shareholdings of Stockholms Enskilda Bank are then transferred to the industrial holding company Investor. Several of Investor's Core Investments have been in the portfolio in some form since the start, such as Atlas Copco and SEB.

***1917*** Investor is listed on the Stockholm Stock Exchange.

***1946*** Stockholms Enskilda Bank forms the investment company Providentia. Jacob Wallenberg (1892–1980) is elected Chairman of Investor.

***1971–72*** Stockholms Enskilda Bank and Skandinaviska Banken merge. The investment company Export-Invest is established in connection with the merger, and Investor gains a more independent role, separate from the bank.

***1978*** Marcus Wallenberg (1899–1982) is elected Chairman of Investor. Claes Dahlbäck is appointed President and CEO.

***1982*** Peter Wallenberg is elected Chairman of Investor.

***1984–91*** Major structural deals among the Core Holdings (Core Investments today), including the sale of Kema Nobel and the following mergers: STORA/Billerud, STORA/Papyrus, STORA/ Swedish Match, ASEA/Brown Boveri, STORA/Feldmühle Nobel and Tetra Pak/Alfa Laval. Saab-Scania and GM form the jointly owned company Saab Automobile, and OM Gruppen is formed.

***1991*** Investor and Providentia make an offer for the outstanding shares in Saab-Scania. Through the acquisition of Saab-Scania, Investor becomes a diversified industrial holding company. The industrial conglomerate Incentive is listed on the Stockholm Stock Exchange following its demerger from ASEA/ABB.

***1992*** Investor and Providentia merge.

***1994*** Investor acquires Export-Invest. EQT is formed together with SEB and AEA.

***1995*** Saab-Scania is divided into two independent companies, Scania AB and Saab AB. The intention is to broaden ownership in the two companies when the time is right. Novare Kapital is formed (Investor Growth Capital today).

***1996*** Investor sells 55 percent of its holding in Scania and the company is listed on the Stockholm and New York stock exchanges. In connection with a refinancing of Saab Automobile, an option agreement is reached between Investor and GM to regulate long-term ownership in the company.

***1997*** Investor's holding in TV4 is sold to the Finnish newspaper group Aamulehti. Investor participates in the merger between OM Gruppen and the Stockholm Stock Exchange and in the formation of the new SEB group through the merger between S-E-Banken and Trygg-Hansa. Percy Barnevik is elected Investor's Chairman.

***1998*** British Aerospace becomes part-owner of Saab AB, which is then listed, and Stora Enso is formed through a merger between STORA and Enso. A merger is proposed between Astra and Zeneca.

***1999*** Investor reaches an agreement with Volvo to sell its entire holding in Scania, but the EU's competition authority does not approve the deal. The merger between Astra and Zeneca is completed and Saab AB makes a bid for Celsius. Marcus Wallenberg is appointed President and CEO of Investor.

***2000*** Investor sells shares in Scania to Volkswagen AG. Investor's new investments include b-business partners and imGO. 3 Scandinavia, co-owned with Hutchison Whampoa, is another new major initiative. The company is granted one of four UMTS licenses in Sweden.

***2001*** Investor increases its ownership in Ericsson and SEB and sells its holdings in Stora Enso, SKF and SAS. GM purchases Investor's outstanding convertible debenture loan to Saab Automobile.

***2002*** Investor increases its ownership in ABB, Electrolux, Ericsson, SEB and WM-data and sells its entire holding in Syngenta. Investor participates in Ericsson's new rights issue. Claes Dahlbäck becomes new Chairman of Investor AB.

***2003*** Investor subscribes for its pro-rata share of ABB's new rights issue and sells its entire holding in Volvo. Tessera is listed on the Nasdaq exchange.

***2004*** Investor sells part of its holding in AstraZeneca and strengthens its position in Scania. 3 Scandinavia establishes itself as the leading 3G operator in the region.

***2005*** Investor sells part of its holding in ABB, AstraZeneca, Scania and SEB to restore strong financial flexibility. The Private Equity business area finalizes a number of successful transactions, such as the divestment of Bredbandsbolaget and Tessera. Jacob Wallenberg becomes Investor's new Chairman and Börje Ekholm is appointed President and CEO.

***2006*** Investor and EQT takes Gambro private. Husqvarna is spun out of Electrolux. WM-data is sold to LogicaCMG (U.K.). MAN makes a hostile bid for Scania that Investor, and later Volkswagen, rejects.

***2007*** MAN's hostile bid for Scania is withdrawn and an agreement is signed to sell OMX to Borse Dubai. Mölnlycke Health Care is acquired in partnership with Morgan Stanley Principal Investments. Gambro is divided into three independent entities, after which Gambro Healthcare is sold. Positions are increased in a number of Core Investments.

***2008*** Investor divests OMX to Nasdaq/Borse Dubai and Scania to Volkswagen. Both transactions are industrially sound in addition to generating attractive returns. Selected add-on investments are made in existing holdings and Lindorff is acquired. Investor ends the year with a strong net cash position.

# Ten-Year Summary

**Investor Group[1]**

| SEK m. | 1999 | 2000[2] | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | Annual average growth 5/10 years |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Total assets | 172,172 | 154,561 | 129,366 | 79,227 | 103,656 | 108,168 | 134,403 | 158,904 | 158,787 | 105,925 | |
| Net cash/Net debt | –18,913 | –10,128 | –11,082 | –16,358 | –20,593 | –16,082 | –223 | 416 | –3,583 | 9,415 | |
| Net asset value | 153,259 | 144,433 | 118,284 | 62,869 | 83,063 | 92,086 | 133,945 | 159,320 | 155,204 | 115,340 | |
| Leverage, % | 11 | 7 | 9 | 21 | 20 | 15 | 0 | 0 | 2 | 9 | |
| Equity/assets ratio, % | 87 | 87 | 85 | 72 | 71 | 73 | 83 | 88 | 88 | 82 | |
| Condensed Balance Sheet | | | | | | | | | | | |
| Cash and short-term investments | 1,020 | 5,723 | 3,371 | 5,361 | 9,803 | 12,128 | 23,111 | 18,653 | 15,008 | 27,972 | |
| Other assets included in net debt | – | – | – | – | – | 837 | 1,440 | 261 | 710 | 2,571 | |
| Other assets[3] | 174,856 | 159,412 | 135,095 | 82,475 | 107,589 | 112,409 | 137,582 | 162,026 | 161,513 | 110,116 | |
| Shareholders' equity[3] | 151,912 | 144,303 | 118,284 | 62,869 | 83,063 | 92,086 | 133,945 | 159,320 | 155,204 | 115,340 | |
| Convertible debenture loans | 1,347 | 130 | – | – | – | – | – | – | – | – | |
| Interest-bearing liabilities | 19,933 | 15,851 | 14,453 | 21,719 | 30,396 | 29,047 | 24,774 | 18,498 | 19,301 | 21,128 | |
| Other liabilities[3] | 2,684 | 4,851 | 5,729 | 3,248 | 3,933 | 4,241 | 3,414 | 3,122 | 2,726 | 2,712 | |
| Balance Sheet total[3] | 175,876 | 165,135 | 138,466 | 87,836 | 117,392 | 125,374 | 162,133 | 180,940 | 177,231 | 140,659 | |
| Dividend paid to Parent Company shareholders | 2,596[4] | 4,218[4] | 4,219[4] | 2,608[4] | 1,726 | 1,726 | 2,685 | 3,449 | 3,637 | 3,059[5] | |
| Profit/loss for the year attributable to Parent Company shareholders | 9,226 | 14,812 | 2,935 | –1,379 | –169 | 8,736 | 43,842 | 28,468 | –365 | –36,718 | |
| Value, Core Investments | 150,060[6] | 130,844 | 110,518 | 63,304 | 85,841 | 87,408 | 115,419 | 135,274 | 127,293 | 73,272 | |
| Dividends received, Core Investments | 2,184 | 2,090 | 2,351 | 1,741 | 1,665 | 1,574 | 2,163 | 2,852 | 3,161 | 3,803 | |
| Change in value, Core Investments | 62,928[7] | –8,638 | –18,751 | –44,120 | 24,052 | 8,007 | 37,424 | 27,260 | –7,537 | –35,269 | |
| Growth in value, Core Investments, % | 60[6, 8] | –5 | –17 | –44 | 35 | 10 | 45 | 23 | –6 | –30 | |
| Total return, Core Investments, % | 62[6, 8] | –3 | –15 | –42 | 38 | 12 | 48 | 26 | –3 | –25 | |
| Divestments, Core Investments | 11,292[7] | 13,838 | 13,556 | 2,995 | 1,891 | 7,733 | 10,570 | 10,530 | 6,015 | 20,902 | |
| Investments, Core Investments | 10,251[6] | 1,304 | 15,095 | 4,749 | 1,962 | 1,509 | 1,157 | 3,125 | 5,571 | 2,150 | |
| Value, Operating Investments | – | – | – | – | – | – | 2,522 | 5,981 | 11,806 | 16,378 | |
| Value, Private Equity Investments | 7,618 | 11,692[9] | 12,410 | 12,860 | 12,745 | 13,896 | 15,478 | 15,181 | 17,718 | 15,295 | |
| Number of shares, millions[9] | 800.8 | 767.2 | 767.2 | 767.2 | 767.2 | 767.2 | 767.2 | 767.2 | 767.2 | 767,2 | |
| Holding of own shares, millions | – | – | – | – | – | – | – | 0.7 | 1.4 | 2.4 | |
| Basic earnings per share, SEK | 12.08 | 19.38 | 3.83 | –1.80 | –0.22 | 11.39 | 57.15 | 37.13 | –0.48 | –47.99 | |
| Diluted earnings per share, SEK[10] | 11.62 | 18.59 | 3.83 | – | – | 11.37 | 57.02 | 37.03 | –0.48 | –47.99 | |
| Administrative expense as a % of net asset value | 0.5 | 0.5 | 0.6 | 0.7 | 0.7 | 0.5 | 0.4 | 0.4 | 0.4 | 0.5 | |
| Cash flow per share, SEK | 1.16 | 6.15 | –3.09 | 2.65 | 5.84 | –0.52 | –0.28 | 1.83 | –0.78 | 5.00 | |
| Equity per share, SEK[10] | 61 | 79 | 80 | 69 | 64 | 120 | 175 | 208 | 203 | 150 | |
| Return on equity,% | 22 | 27 | 5 | –2 | 0 | 10 | 39 | 19 | 0 | –32 | |
| Basic net asset value per share, SEK | 201 | 189 | 154 | 82 | 108 | 120 | 175 | 208 | 203 | 150 | |
| Diluted net asset value per share, SEK[10] | 191 | 188 | 154 | 82 | 108 | 120 | 175 | 207 | 202 | 151 | 7%/6% |
| Change in net asset value, % | 64 | –3 | –18 | –47 | 32 | 11 | 45 | 19 | –3 | –26 | |
| Share price on December 31, SEK[11] | 120.00 | 141.00 | 114.50 | 52.00 | 69.50 | 84.50 | 139.00 | 168.00 | 147.00 | 117.00 | 11%/2% |
| Market capitalization on December 31 | 91,828 | 107,822 | 87,686 | 39,893 | 53,007 | 64,826 | 106,326 | 127,950 | 111,244 | 88,066 | |
| Discount to net asset value, % | 37 | 25 | 26 | 37 | 36 | 30 | 21 | 20 | 28 | 24 | |
| Dividend per share, SEK | 3.40[4] | 5.50[4] | 5.50[4] | 3.40[4] | 2.25 | 2.25 | 3.50 | 4.50 | 4.75 | 4.00[5] | 12%/4% |
| Yield, % | 2.8 | 3.9 | 4.8 | 6.5 | 3.2 | 2.7 | 2.5 | 2.7 | 3.2 | 3.4 | |
| Total return, Investor shares, % | 35 | 20 | –15 | –52 | 43 | 25 | 68 | 24 | –10 | –18 | 14%/6% |
| Total annual turnover rate, Investor shares, %[11] | 79 | 81 | 69 | 101 | 168 | 121 | 130 | 146 | 165 | 135 | |
| SIXRX (return index), % | 70 | –11 | –15 | –36 | 34 | 21 | 36 | 28 | –3 | –39 | |
| OMXS30 index, %[12] | 71 | –12 | –20 | –42 | 29 | 17 | 29 | 20 | –6 | –39 | |

See 111 for definitions.

1) 1999-2002: Equity and net income per year have been calculated in accordance with the equity method.
2004-2005: As of 2005, International Financial Reporting Standards (IFRS) are being applied. Comparative figures for 2004 have been recalculated in accordance with the new principles. Detailed information about the effects of applying IFRS is available in the 2005 Annual Report. Figures from earlier years have not been calculated.
2) Investor's own holding of convertible debenture loans was retired in 2001. Comparative figures for 2000 have been adjusted to take this into account.
3) Periods up to and including 2003 (before the transaction to accounting in accordance with IFRS) include surplus value items.
4) 1999: A definitive dividend of SEK 3.40/share, of which SEK 0.40 was an extra dividend.
2000: A definitive dividend of SEK 5.50/share, of which SEK 2.50 was an extra dividend.
2001: A definitive dividend of SEK 5.50/share, of which SEK 2.50 was an extra dividend.
2002: A definitive dividend of SEK 3.40/share, of which SEK 1.15 was an extra dividend.
5) Proposed dividend of SEK 4.00/share.
6) In accordance with a decision in 2000, the holding in Volvo was reclassified as "Other Holdings".
7) 1999: Including sale of Scania shares through the exercise of issued warrants.
8) 1999: Excluding Scania shares covered by warrants.
9) Adjusted with –40 SEK m. for 3 Scandinavia that was part of the business area only in 2000.
10) 1999 after full conversion.
11) Pertains to unrestricted class B shares.
12) Previously designated the OMX index.

# Definitions

### Administrative expenses
General expenses for running investment operations.

### Basic earnings per share
Profit/loss for the year attributable to the Parent Company's shareholders in relation to the weighted average number of shares outstanding.

### Basic net asset value per share
Net asset value per share in relation to the total number of shares on the Balance Sheet date.

### Cash conversion
Proportion of profits converted to cash flow.

### Cash flow per share
Cash flow for the year in relation to the weighted average number of shares outstanding.

### Change in value, Core Investments
Change in value as a percentage of opening value.

### Core capital ratio
Core capital as a percentage of the risk-weighted assets. Core capital consists of shareholders' equity, adjusted according to the capital adequacy rules.

### Diluted earnings per share
Profit/loss for the year attributable to the Parent Company's shareholders, plus interest expenses after tax related to convertible debenture loans, in relation to the weighted average number of shares outstanding after full conversion and adjusted for the effect of share-based payments.

### Diluted net asset value per share
Net asset value per share in relation to the total number of shares on the Balance Sheet date after full conversion and adjusted for the effect of share-based payments.

### Discount to net asset value
The difference between net asset value and market capitalization as a percentage of net asset value. If market capitalization is lower than net asset value, the share is traded at a discount. If market capitalization is higher, it is traded at a premium.

### Dividend payout ratio
Dividends paid in relation to dividends received from Core Investments.

### EBITDA
Earnings before interest, taxes, depreciation and amortization.

### Equity/assets ratio
Shareholders' equity and convertible debenture loans as a percentage of the Balance Sheet total.

### Equity per share
Equity including convertible debenture loans in relation to the number of shares on the Balance Sheet date after full conversion.

### Investment company
A company whose task is basically to offer shareholders the possibility to spread their risks and get attractive returns through long-term ownership of a well-distributed holdings of securities, and whose shares are owned to a large extent by a large number of individuals.

### IRR (Internal Rate of Return)
Annual average return calculated as the internal interest rate at which the present value of all cash flows for an investment is equal to zero.

### Leverage
Net debt/Net cash as a percentage of total assets.

### Market cost of capital
Defined as the risk-free interest rate plus the market's risk premium.

### Multiple valuation
A method for determining the current value of a company by examining and comparing the financial ratios of relevant peer groups.

### Net asset value
The market value of total assets less net debt (corresponds to equity).

### Net debt/Net cash
Interest-bearing current and long-term liabilities, including pension liabilities, less cash and cash equivalents, short-term investments and interest-bearing current and long-term receivables.

### Normalized EBITDA
EBITDA adjusted for extraordinary items, such as restructuring costs, certain amortization and write-down items, and specific investments.

### OMX Stockholm 30, OMXS30
A share index that is calculated for the 30 most actively traded shares on the Stockholm Stock Exchange (Stockholmsbörsen).

### Profit/loss for the year
Profit/loss after tax.

### Return on equity
Profit/loss for the year as a percentage of average shareholders' equity.

### Risk-free interest rate
The interest earned on an investment in government bonds. In calculations, Investor has used SSVX 90 days.

### Risk premium
The surplus yield above the risk-free interest rate that an investor requires to compensate for the higher risk in an investment in shares.

### SIX's Return Index, SIXRX
A stock index for the Stockholm Stock Exchange (Stockholms-börsen) calculated on share price change and reinvested dividends.

### Total assets
All assets and liabilities not included in net debt, which is the same as the Balance Sheet total less asset items included in net debt and less non-interest-bearing liabilities.

### Total capital ratio
The capital of the financial group of undertakings adjusted according to the capital adequacy rules as a percentage of the risk-weighted assets.

### Total return
Sum of share price changes including reinvested dividends.

### Total return, Core Investments
Change in market value plus dividends received as a percentage of opening market value.

### Turnover rate
Number of shares traded during the year as a percentage of the total number of shares outstanding.

### Value at risk (VaR)
The largest loss likely to be suffered theoretically on a position or a portfolio of positions over a holding period with a given probability (confidence level).

### Volatility
A measure of the variability in an asset's return. Volatility is usually measured as a standard deviation in the return of an asset during a certain given period of time.

# Shareholder information

## Annual General Meeting

Investor invites shareholders to participate in the Annual General Meeting on Tuesday, March 31, 2009, at 1:00 p.m. at the City Conference Centre, Barnhusgatan 12–14, in Stockholm. Registration for the Meeting begins at 11:30 a.m. Light refreshments will be served before the Meeting.

### PARTICIPATION

Shareholders who would like to attend the Annual General Meeting must be recorded in the register of shareholders maintained by Euroclear Sweden AB (former VPC AB) on Wednesday, March 25, 2009, and must notify the Company of their intention to attend the Meeting no later than Wednesday, March 25, 2009.

### NOTICE OF PARTICIPATION IN THE ANNUAL GENERAL MEETING

Shareholders can give their notice of participation by:

- registering on Investor AB's website, www.investorab.com,
- calling +46 8 611 2910, weekdays, between 9:00 a.m. and 5:00 p.m. CET or
- completing and mailing the invitation. To obtain an invitation, call +46 8 611 2910.

### NOMINEE-REGISTERED SHARES

In order to be entitled to participate in the Meeting, shareholders whose shares are registered in the name of a nominee through the trust department of a bank or similar institution must request that their shares are temporarily re-registered in their own names in the register of shareholders maintained by Euroclear Sweden AB. Such registration must be completed no later than Wednesday, March 25, 2009. Shareholders are requested to inform their nominees in good time prior to this date.

### PROXIES, ETC.

Shareholders who are represented by a proxy must authorize the proxy by issuing a power of attorney. If such power of attorney is issued by a legal entity, an attested copy of the certificate of registration must be attached. The power of attorney and certificate of registration may not be issued earlier than one year before the date of the Meeting. The power of attorney in the original and the certificate of registration, where applicable, should be sent to Investor AB, Annual General Meeting, SE-103 32 Stockholm, Sweden, in good time prior to the Meeting.

The power of attorney form is available on Investor's website: www.investorab.com.

### REPRESENTATIVES

Shareholders or proxies for shareholders at the Annual General Meeting may take a maximum of two representatives with them to the Meeting. Representatives may be brought to the Meeting only if the shareholder of Investor AB gives notice of their attendance as described above for notification of participation of shareholders. If you have any questions about the Annual General Meeting, call +46 8 611 2910, weekdays, between 9:00 a.m. and 5:00 p.m. CET.

## Dividend

The Board and President propose a dividend to the shareholders of SEK 4.00 per share for fiscal 2008. Friday, April 3, 2009, has been proposed as the record date. If the proposal is approved by the Annual General Meeting, the dividend is expected to be distributed by Euroclear Sweden AB on Wednesday, April 8, 2009.

## Calendar of events in 2009

- Annual General Meeting: March 31
- Interim Report, January-March: April 15
- Interim Report, January-June: July 14
- Interim Report, January-September: October 13

## Information channels

Financial information about Investor can be accessed and ordered on Investor's corporate website: www.investorab.com.

## Printed information materials

Printed annual reports, interim reports and invitations to the Annual General Meeting are distributed to shareholders that have requested it. All new shareholders, when they receive their first financial report, are asked if they would like to receive printed information.

## Investor relations

Oscar Stege Unger: +46 8 614 2059
oscar.stege.unger@investorab.com
Frida Adrian: +46 8 614 2044
frida.adrian@investorab.com
IR Group: +46 8 614 2800

## Corporate website

www.investorab.com

## Analyses of Investor

Firms publishing analyses of Investor AB include:

- ABG Sundal Collier
- Carnegie
- Cheuvreux Nordic
- SEB Enskilda
- Erik Penser Bankaktiebolag
- Evli Bank
- Goldman Sachs
- HQ Bank
- Handelsbanken
- Swedbank Markets
- UBS
- Öhman Equities

# Addresses


**INVESTOR AB (PUBL)**
SE-103 32 Stockholm
Sweden
Visiting address:
Arsenalsgatan 8C
Phone: +46 8 614 20 00
Fax: +46 8 614 21 50

**INVESTOR GROWTH CAPITAL AB**
SE-103 32 Stockholm
Sweden
Visiting address:
Arsenalsgatan 8C
Phone: +46 8 614 18 00
Fax: +46 8 614 18 19

**INVESTOR GROWTH CAPITAL, INC.**
630 Fifth Avenue, Suite 1965
New York, New York 10111
United States
Phone: +1 212 515 9000
Fax: +1 212 515 9009

**INVESTOR GROWTH CAPITAL, INC.**
333 Middlefield Road
Suite 110
Menlo Park, CA 94025
United States
Phone: +1 650 543 8100
Fax: +1 650 543 8110

**INVESTOR GROWTH CAPITAL ASIA LIMITED**
1701 Hutchison House
10 Harcourt Road
Central, Hong Kong
Phone: +852 2123 8000
Fax: +852 2123 8001

**INVESTOR GROWTH CAPITAL HOLDING B.V.**
Schiphol Boulevard 353
NL-1118 BJ Schiphol
The Netherlands
Phone: +31 20 577 6600
Fax: +31 20 577 6609

**INVESTOR GROWTH CAPITAL ASIA LIMITED**
Imperial Hotel Tower 10F
1-1-1 Uchisaiwaicho, Chiyoda-ku
Tokyo 100-0011
Japan
Phone: +813 5512 4532
Fax: +813 5512 4534

**INVESTOR GROWTH CAPITAL ASIA LIMITED**
(BEIJING REPRESENTATIVE OFFICE)
Unit 1603, 16F, Tower 2,
China Central Place Office Building
No. 79 Jianguo Road,
Chaoyang District
Beijing 100025
China
Phone: +86 10 6598 9118
Fax: +86 10 6598 9128

**www.investorab.com**


In the event of any discrepancies between the Swedish and the English annual report, the former shall have precedence.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