

Annual report
2009

Investor Overview 2009

INVESTMENTS

INVESTMENT STRATEGY

GOAL

Core investments



- Well-established global companies.
- Significant minority ownership for strategic influence.
- Listed companies.
- 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



- Medium-size to large companies with international operations.
- Preferably companies with potential for secular growth and established high profitability.
- Majority ownership or significant minority position for strategic influence.
- Listed and unlisted companies.
- Long ownership horizon.

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



INVESTOR GROWTH CAPITAL

- Small and medium-size growth companies in the U.S., Northern Europe and Asia.
- Minority ownership, for strategic influence.
- Mainly unlisted companies within healthcare and IT.
- Ownership horizon 3-7 years.

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

EQT'S FUNDS (PARTLY OWNED)

- Leveraged buyout investments in Northern Europe, China and the U.S.
- Majority ownership.
- Ownership horizon 3-7 years.

NAV DEVELOPMENT

SHARE OF TOTAL ASSETS

MAIN EVENTS



74%

share of total assets

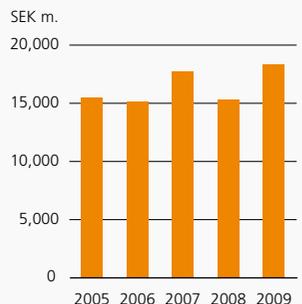
- Participated in the new issues in SEB and Husqvarna.
- Ownership was further strengthened in Atlas Copco and Husqvarna.
- Dividends received amounted to SEK 2.4 bn.
- Core Investments had a positive impact of SEK 31.9 bn. on net asset value.



11%

share of total assets

- Mölnlycke Health Care showed strong momentum in sales growth and earnings.
- Lindorff saw gradual stabilization following a challenging start of the year.
- Gambro benefitted from rolling out new products and achieved substantial earnings improvement.
- CaridianBCT continued to gain market share and saw a strong increase in profitability, although Atreus did not develop as planned.
- 3 Scandinavia reached EBIT breakeven on a monthly basis thanks to significant operational leverage.
- Acquired 23 percent of listed Biovitrum, which later merged with Swedish Orphan International.
- Operating Investments had an impact of SEK -1.4 bn. on net asset value.



13%

share of total assets

- Investor Growth Capital invested SEK 1.2 bn. and divested holdings for SEK 0.3 bn. during the year. Investor Growth Capital had an impact of SEK 0.5 bn. on net asset value.
- In the EQT funds, we invested a total of SEK 1.7 bn. and exited holdings for SEK 0.2 bn. during 2009. EQT had an impact of SEK 0.4 bn. on net asset value.
- Private Equity Investments had an impact of SEK 0.7 bn. on net asset value (including costs for the business area) after a negative currency effect of about SEK 1.1 bn. Cash flow for the year was SEK -2.4 bn.

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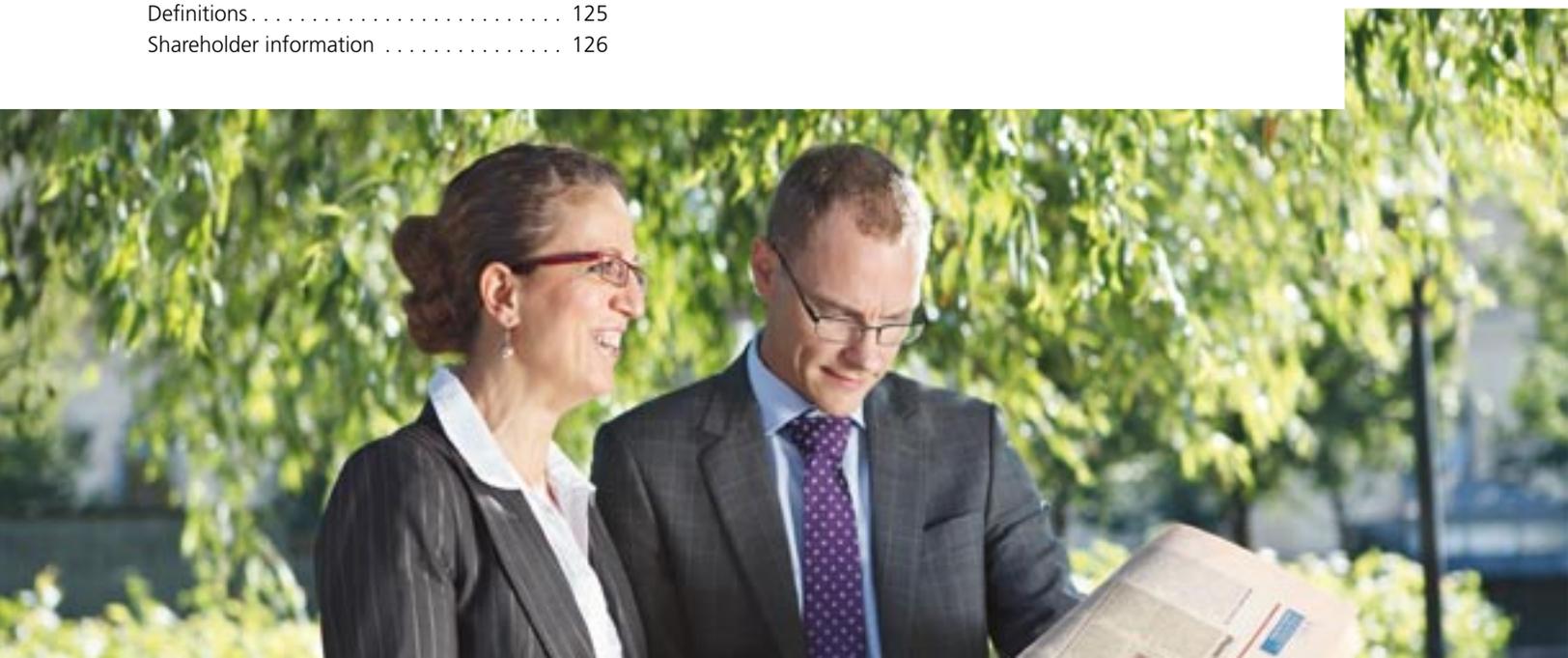
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Welcome to Investor

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.

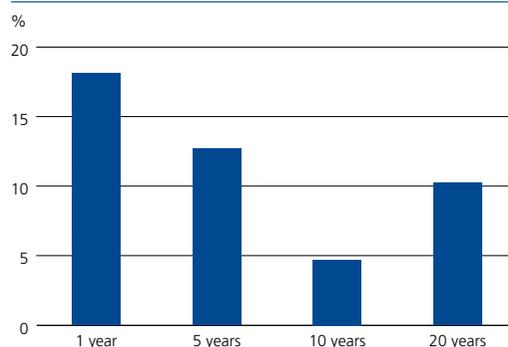
The business concept is to generate attractive long-term returns for our shareholders by owning and developing companies with solid potential for value creation. We are an engaged owner and apply experience, knowledge and a unique network to develop listed and unlisted companies to make them best-in-class.



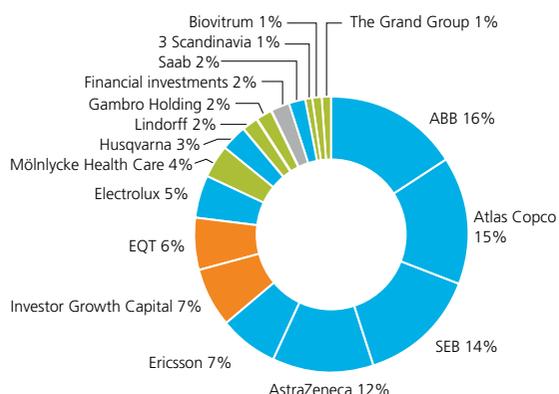
Total return Investor shares, 18 percent

The total return (sum of share price change and reinvested dividend) was 18 percent during 2009. During the same period the Stockholm Stock Exchange had a total return of 53 percent (SIXRX). Over the last 10 and 20 years, total return to our shareholders has averaged 5 and 10 percent respectively.

Average total return, Investor shares



Total assets divided by investment



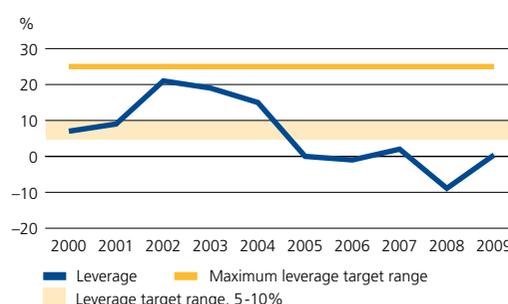
Attractive portfolio of holdings

Our ambition is to own and develop companies that can sustainably generate returns exceeding the market cost of capital. We invest in sectors and geographies where our experience and skills are adding value. Listed companies are a central part of our business, but to provide a potential for proprietary returns, we will continue to grow our unlisted investments.

SEK 21 bn. available for investments

We have focused in recent years on strengthening our financial flexibility. After investing more than SEK 7 bn. during 2009, we ended the year with net debt of SEK 0.6 bn. However, our gross cash and equivalents amounted to SEK 21 bn. During the year, we further extended the maturity of our debt, now amounting to 13.5 years.

Leverage



Impressive performance by our companies

Our total return was 18 percent during 2009. While we delivered a return in excess of our long-term goal, we underperformed the general market in 2009. All shareholders have the right to be disappointed. We have, however, outperformed the general market since the start of the turbulent market in early 2008.

The global economic map was redrawn in the first decade of this new millennium. Countries such as China, India and Brazil are no longer emerging economies; they are established growth engines. Towards the end of the decade, the world economy almost fell into the Great Depression II. With governments and central banks rightfully going, as poker players say, “all in”, the downturn only ended up as the Great Recession.

Since last fall, most economic measures indicate that a global recovery has begun, albeit from a low level. Trading conditions have increasingly stabilized, with some emerging pockets of improvement.

Longer term I remain optimistic about the world economy, as industries and society reap the benefits of the last decade’s investments in new technology. However, I am concerned about the mid-term growth prospects in the U.S. and Europe. It is easier to be optimistic about the prospects for China, India and Brazil.

I think there are risks for potholes along the road of recovery. No matter how skillfully the monetary and fiscal stimulus packages are withdrawn, their removal will hamper growth. In the U.S. and in many European countries, gigantic budget deficits need to be brought into balance. Many personal and corporate balance sheets also need to de-lever after unusually low interest rates encouraged high leverage. Consequently, consumption growth and investments may be low. There are also other potent risks. Although I do not see any inflationary pressures today, at some point in time, the super-lax monetary policies will trigger inflationary expectations and higher interest rates. The market may discover that sovereign risk may not be limited to Greece and Dubai. Furthermore, I do not think we have yet a fully stable financial system. Uncertainties include such basic issues as future regulatory structures. But as always, it is the unknown unknowns that are the deadliest – imagine for example a major setback in China. I do not think this can be fully ruled out given the degree of stimulus in the Chinese economy. In short, I think it is prudent to plan for a long and slow recovery. After the massive heart attack the global economy suffered, it is not surprising that rehabilitation takes time.

As we have done following several bursting bubbles in the past two decades, we may yet again dope the world economy with artificially low interest rates, which may create inflated asset prices. At some point in time, we will find out if we have learned from past experience and if this is an unfounded worry.

Industrial innovation for future value creation

Many companies in Europe and the U.S. will face new competition that may rapidly redraw the industry map. The mobile systems market is an interesting example. A few years ago, Ericsson’s major competitors were only European and North American. Today, the fiercest competitors are Chinese. Actually, only Ericsson has been able to maintain solid margins while the other European and U.S. vendors are struggling. This is due to the strategic decision to build its service business and invest heavily in R&D to maintain technological leadership. I believe most industries will confront similar challenges and, as Ericsson showed, industrial innovation is critical to staying in the race.

The utmost objective of industrial innovation is to satisfy customer needs. It does not have to be on the bleeding edge of technology. It also includes innovation in business models. Atlas Copco’s successful growth of its aftermarket business is a good example of industrial innovation providing stability over a business cycle and building barriers to entry. Industrial innovation is often associated with up-front costs, but is vital for long-term value creation.

“Investing in industrial innovation remains central to our tradition.”

Innovation requires risk taking, causing failures – Clarke’s second law: the only way of discovering the limits of the possible is to venture a little way past them into the impossible.

Investing in industrial innovation remains central to our tradition. Despite a bleak economic outlook we continue to encourage

“The utmost objective of industrial innovation is to satisfy customer needs. It does not have to be on the bleeding edge of technology. It also includes innovation in business models.”



investments in innovation. I think innovation, despite its risks, is key in ensuring long-term global competitiveness. In addition to the efforts in each existing company, an important part of this tradition is our venture capital activity within Investor Growth Capital, allowing us to participate in the global innovation.

Core Investments performing throughout the downturn

Core Investments had a total return of 44 percent, positively impacted by our investments in SEB and Husqvarna and the good returns in Electrolux, Saab and Atlas Copco. However, three of our larger holdings, ABB, AstraZeneca, and Ericsson underperformed the market.

In early 2009, SEB and Husqvarna cancelled their dividends in combination with completing new share issues. SEB managed to rapidly strengthen its balance sheet and now has a very strong core equity base to weather a tough economic environment. Husqvarna strengthened its balance sheet not only to manage the business uncertainty but also to capture new business opportunities. We think both cases illustrate the advantage of having a strong main owner.

It is encouraging that all Core Investments have managed the crisis in a satisfying way and generated good profits during 2009. Worth noticing is that all holdings are proposing to resume paying dividends.

In a tough economic environment, it is possible for companies with strong financial positions to strengthen their competitive positions. Examples of this include Atlas Copco's acquisition of Quincy Compressor during the fourth quarter and Ericsson's acquisition of Nortel's CDMA business during the third quarter.

When we see attractive fundamental value, we may make additional investments. With Investor representatives on the Boards, we often become insiders, for example in conjunction with quarterly reports and M&A transactions. As a consequence, the window to make investments is not always open.

Improvements in Operating Investments

During the second half of the year, Mölnlycke Health Care grew operating profits as the investments in more “feet in the street” and R&D, and the establishment of the new business, Procedure-Pak®, started to yield results. These investments were part of the original value creation plan developed ahead of the acquisition in 2007. We were aware that they would hurt short-term profitability. Cash flow generation is very strong, which allowed Mölnlycke Health Care to prematurely retire debt of EUR 90 m.

Gambro has increased profits as investments in product quality, R&D and operational excellence are paying off. Gambro's impressive new factory in Opelika, Alabama, is ramping well and is now contributing to top-line growth. The roll-out of new products continued. Early 2010, Gambro acquired CHF Solutions, a complementary addition to Gambro's acute care business, with internally generated funds. The turnaround is starting to take hold.

CaridianBCT has managed down its cost level, resulting in a significant profit up-tick towards the end of the year. The Automated Collections and Therapeutic Systems business areas continued to perform well. Solid disposables volume growth, a favorable mix and effective cost management have contributed to strong margins. The development of the new Mirasol platform for pathogen reduction looks promising and further testing and clinical work will take place in 2010. However, a non-cash charge was taken, relating to Atreus not living up to the company's high expectations.

Several factors contributed to put profit under pressure at Lindorff. The strong inflow of collection cases builds a strong business longer term but hurts profits short-term due to front-loaded costs. Also, the recession hurt performance of acquired portfolios. Furthermore, Lindorff acquired fewer new portfolios than in the past, although activity levels increased towards the end of the year. We believe the company is well positioned for the future.

During 2009, 3 Scandinavia made great progress. The subscriber base increased by 338,000 and now amounts to 1,569,000, maintaining market-leading ARPU. 2009 confirmed the strong operating

leverage in the business, i.e. additional subscribers require disproportionately smaller increases in OPEX. To illustrate this, the sales growth during 2009 of SEK 693 m. increased profits by SEK 540 m.

In March, we acquired 23 percent in Biovitrum, becoming a leading shareholder in the company. In November, Biovitrum announced plans to merge with Swedish Orphan International. Swedish Orphan International has a long record of strong, profitable growth and Biovitrum has several products in the market and a strong pipeline of products in late development stages. The merger creates substantial cost synergies and allows for acceleration of sales. We believe the combined company establishes a strong platform for a Nordic-based pharmaceutical company. We own 41 percent of the new company.

“Actually, we do not mind owning a well-performing company forever.”

The focus of our Operating Investments continues to be on owning and developing companies with strong market positions and the potential for long-term profitable growth. We have the flexibility to invest in listed and unlisted companies and in partnership with other investors as well as achieving control on our own. We do not own these companies with a fixed exit horizon. Actually, we do not mind owning a well-performing company forever.

Continued rebound of Private Equity Investments

Investor Growth Capital's portfolio appreciated 12 percent in local currencies during 2009. A key contributor was the exit of Swedish Orphan International. Since our initial investment in 2004, Swedish Orphan International has delivered profitable growth, despite a change of business model when several large partners terminated their product licensing agreements – truly remarkable performance by an outstanding management team. During the fourth quarter, FOI was listed in Japan, with proceeds used to strengthen the balance sheet. Yet again, we see firsthand that it takes some time to build a company. The venture capital market looks promising for 2010 and Investor Growth Capital's position continues to strengthen.

We have numerous interesting growth companies in our portfolio that may blossom over the coming years. But building new companies is a long process. Investor Growth Capital has a flexible holding horizon which allows us to proactively decide whether to continue owning companies beyond the normal three to seven year time frame. Over time, I hope we can internally transfer a number of companies to Operating Investments, if an even longer horizon can generate additional value for us.

In addition, Gambro's acquisition of Investor Growth Capital's holding CHF Solutions and Biovitrum's merger with Swedish Orphan International are other examples of the strategic importance of our venture business.

EQT was up 14 percent in local currencies in 2009, primarily due to stabilizing operational parameters and higher market multiples. Also, the financial position of EQT funds holdings has generally strengthened. The deal flow is improving and EQT was involved in several new transactions during the fourth quarter.

Strong governance a foundation for strong companies

The Boards of our companies, in total more than 100 listed and unlisted, are the key bodies in our governance model. The Board should protect the interest of all shareholders. The role of the Board includes setting the overall strategy for the company, appointing the right CEO, setting the compensation level for the management team and monitoring operational performance. The shareholders rely on Board members' integrity, business judgment and passion for the business. We always try to find Board members with long operating experience and an established track record of creating value. These are often individuals in great demand with many choices.

Every Board plays a vital role in reviewing strategic and operational plans and ensuring that they are implemented by management. A concrete example could be the responsibility of the Board to scrutinize assumptions to make sure a company does not overpay for an acquisition, this can be the difference between success and failure.

In our model, being on a Board cannot be viewed as an honorary position. It requires considerable time to gain an in-depth understanding of current issues and the long-term challenges the company is facing in addition to learning about the industry and competitors. Due to this we prefer Board members to have fewer rather than more Board assignments. Companies are also getting increasingly complex, requiring more time to fully grasp the risks they are taking. Maybe the current financial crisis is, in part, the result of corporate governance shortcomings? The Board is actually the ultimate guardian of the risk level the corporation takes.

“In our model, being on a Board cannot be viewed as an honorary position. It requires considerable time to in-depth understand current issues and the long-term challenges the company is facing.”

We are constantly recruiting new talent, nationally as well as internationally, to get a diversity of skills and experience in the Boards. We believe it is important to pay remuneration that is in

line with the commitment we demand in order to attract top performers. Remuneration must be attractive enough for Board members to settle for a limited number of assignments. In order to increase the supply and availability of capable Board members, it would be positive if there were an alternative for successful executives to spend the final five to ten years of their careers working full time as directors on a limited number of corporate Boards.

To ensure a strong alignment of interest between the owners and the Board members, we prefer that Board members have a substantial ownership in the companies they are involved in. This is the reason for paying a portion of the Board fee in shares, as it puts more of the Board compensation at risk. Additionally, we often expect Board members to co-invest in each company. This model, or similar, has been in place in our unlisted holdings for a long time. For two years, we have tried a system paying a portion of the Board fee in synthetic shares (we would prefer common shares but that is difficult to implement in Sweden) in some Core Investments. We will make a thorough review of the system during 2010 and make appropriate adjustments.

“It is the daily grind within our existing holdings that will yield the excess return to our shareholders. However, this never makes the headlines.”

War chest by extending debt profile

During the fall, we extended the maturity profile of our outstanding debt. The average maturity of our debt is now over 13 years. We enter 2010 with around SEK 21 bn. in cash available. We can use this capacity to increase our ownership in selected Core Investments, grow Operating Investments and expand our activity within Private Equity Investments.

I believe we did quite well in anticipating the attractiveness of 2009 as an investment year. During the year, we invested more than SEK 7 bn. To take advantage of short-term opportunities in the market, we also increased the mandate of our Active Portfolio Management.

Our strategy is to have strategic control of sound companies with strong market positions. During 2009, we saw few – if any – opportunities to invest in new companies meeting those criteria. Good companies are rarely sold at depressed valuations, except if the owner is in financial distress. There have been few distressed sellers in 2009, as they were helped by rapidly reduced interest rates.

I hope 2010 will offer a better flow of attractive opportunities of high quality companies, even if the price level is higher than in 2009. Actually, we prefer to buy good companies at fair prices rather than getting poor companies cheap. Our model is to be a value-adding owner based on a significant ownership stake. Active Portfolio Management aside, we are not a trader of small short-term positions.

Finally, I would like to acknowledge the remarkable job the Boards, the management teams and the employees of our holdings have done in combating the difficult economic environment. They rapidly took action to adjust cost levels and trimmed working capital. Those steps, in combination with a focus on creating flexible business models have allowed them to remain profitable throughout the recession. We depend on their devotion and hard work, and we are grateful for their contributions to all shareholders.

At the end of the day, it is the daily grind within our existing holdings that will yield the excess return to our shareholders. However, this never makes the headlines. We are truly committed to continue our path of generating attractive shareholder returns through the careful execution of our strategy. We will work hard to develop our existing holdings and find the value creating investments that will rejuvenate our portfolio. Or as Michael Jordan put it: “I’m not out there sweating for three hours every day just to find out what it feels like to sweat”. And, by the way, our day is much longer!

Investor is well positioned to execute on our strategy. However, we will keep our discipline and not be pressured into making investments not meeting our criteria.



Börje Ekholm
President and Chief Executive Officer

Key figures

The net asset value (market value of total assets less net debt) increased from SEK 115.2 bn. to SEK 142.7 bn., an increase of SEK 27.4 bn., during 2009. The net result, including change in value, was SEK 31.4 bn. (-36.7). Our net debt position was SEK 0.6 bn. at year-end.

Overview of net asset value

Core Investments contributed to the growth in net asset value by SEK 31.9 bn. in 2009 (-31.5). The total return for the business area was 44 percent. Operating Investments contributed to net asset value by SEK -1,4 bn. in 2009 (-0.1). Private Equity Investments contributed to the growth in net asset value by SEK 0.7 bn. in 2009 (-3.5). Both Investor Growth Capital and EQT contributed positively.

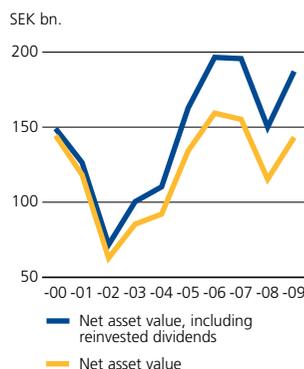
We moved from a net cash position of SEK 9.7 bn. as of year-end 2008 to a net debt position of SEK 0.6 bn. at the end of 2009. The change during the year was mainly explained by the net investments made and our dividend paid.

Overview of net asset value

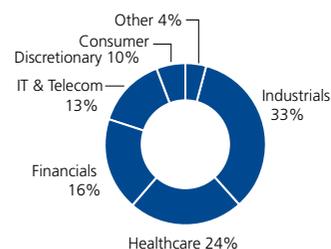
	Owner-ship, % (capital)	12/31 2009		12/31 2008	
		SEK/share	SEK m.	SEK/share	SEK m.
Core Investments					
ABB	7.3	30	22,904	25	19,170
Atlas Copco	16.6	28	21,408	18	13,557
SEB	20.8	26	20,227	11	8,608
AstraZeneca	3.6	23	17,292	21	15,837
Ericsson	5.0	14	10,721	13	9,611
Electrolux	12.7	9	6,560	3	2,614
Husqvarna	15.6	6	4,579	3	2,330
Saab	19.8	3	2,540	2	1,545
Total		139	106,231	96	73,272
Operating Investments					
Mölnlycke Health Care	62	8	6,371	8	6,166
Lindorff	57	4	3,125	4	3,284
Gambro Holding (Gambro & CaridianBCT)	49	3	2,058	4	3,386
3 Scandinavia	40	2	1,350	2	1,301
The Grand Group ¹⁾	100	1	1,065	2	1,169
Biovitrum	23	1	971	-	-
Land and real estate	100	1	384	1	408
Other	-	1	607	0	378
Total		21	15,931	21	16,092
Private Equity Investments					
Investor Growth Capital	100	12	9,197	10	7,968
EQT	n.a.	12	9,136	10	7,327
Total		24	18,333	20	15,295
Financial Investments					
		4	3,283	1	1,269
Other Assets and Liabilities					
		0	-517	-1	-432
Total Assets		188	143,261	139	105,496
Net cash (+) net debt (-)		-1	-588	13	9,737
Net Asset Value		187	142,673	150	115,233

1) The Grand Group's net debt is no longer included in Investor's consolidated net debt, since the holding is included following the same principle as the other Operating Investments, i.e. according to the equity method.

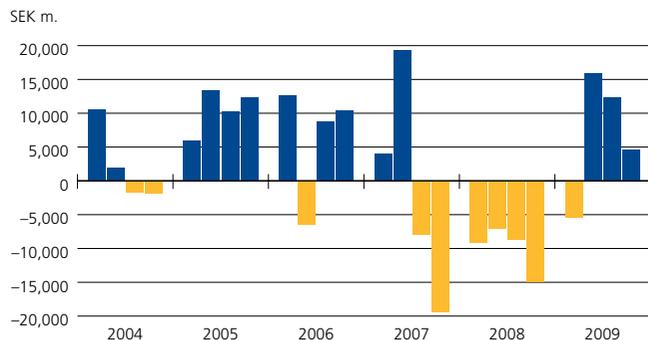
Development of net asset value



Total assets by sector

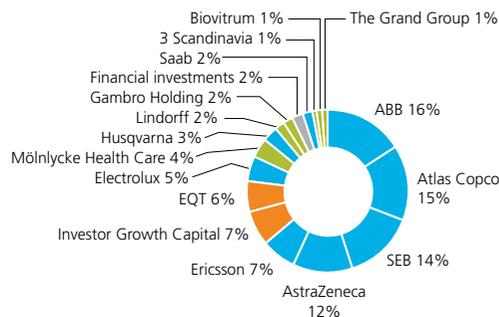


Net asset value, quarterly change



The net asset value grew in three out of four quarters during 2009, after seven subsequent quarters with negative growth.

Total assets by investment



Development of the Group				
SEK m.	2009	2008	2007	2006
Change in value	31,327	-39,492	-1,534	28,106
Dividends	2,866	4,147	3,474	3,171
Other operating income	1,113	756	410	131
Operating costs ¹⁾	-634	-566	-552	-576
Other profit/loss items ²⁾	-3,304	-1,571	-2,165	-2,346
Profit/loss	31,368	-36,726	-367	28,486
Dividends paid	-3,059	-3,637	-3,449	-2,685
Other	-869	439	-300	-426
Change in net asset value	27,440	-39,924	-4,116	25,375

1) Includes costs for long-term share-based remuneration programs.
For the period 1/1-12/31, 2009 the total cost was SEK 39 m. (21).
2) Other items include shares of results of associated companies.

Long-term share price development



Over the past 23 years, the longest period for which we have accessible data, we have generated a total shareholder return averaging 13.1 percent per year, outperforming the average annual total return of the Stockholm Stock Exchange (SIXRX) by 1.5 percentage points.

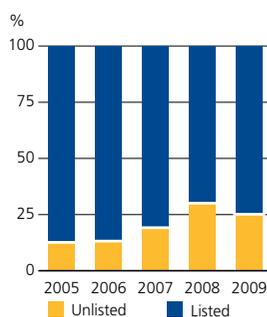
Operating costs

Our operating costs amounted in total to SEK 595 m. in 2009. This corresponds to 0.42 percent of total assets at year-end. As a comparison, management costs for a typical index fund that is not actively engaged in the holdings development like we are, normally amounts to about 0.50 percent. The cost structure differs between our business areas. The activities carried out by Operating Investments and Private Equity Investments typically require more personnel, consultants, etc.. This results in higher costs than in Core Investments.

Operating costs				
SEK m.	Total cost	Total assets	Management cost/assets, %	Benchmark cost/assets, %
Investor Group	595	143,261	0.42	0.50
Split by business area				
Core Investments	91	106,231	0.09	
Operating Investments	124	15,931	0.78	
Private Equity Investments ¹⁾	226	18,333	1.23	
Groupwide, shared costs ²⁾	154			

1) Average management costs for a typical index fund.
(Source: Lipper/Fitzrovia, The Swedish Investment Fund Association).
2) Including costs for Financial Investments.

Unlisted / Listed



By expanding Operating Investments, mainly through unlisted investments, our portfolio will become more unique and offer a higher rate of proprietary returns for our shareholders. During the last five years, the share of unlisted investments has increased from around 15 to 25 percent of total assets.

Valuation methods

All investments are reviewed before the monthly and quarterly accounts are closed. Since investments vary in nature, different valuation multiples and methods are applied. Regardless of the valuation principle, we conduct an in-depth analysis and review that provides the basis for valuations reported in connection with Investor's reports. The overview below addresses the valuation principles in each business area.

Core Investments	The closing bid price (for the most actively traded class of share) multiplied by the number of shares held.
Operating Investments	Unlisted investments classified as associated companies are valued based on the equity method. Key figures are disclosed quarterly in order for the market to be able to form their own opinion using peer multiples or other benchmarks of other comparable listed companies. Listed companies are valued at the closing bid price (for the most actively traded class of share) multiplied by the number of shares held.
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.

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.

Two years' focus area

- After large divestments during 2005-2008, we are now seeking to rejuvenate our portfolio. We have a strong financial position with around SEK 21 bn. to invest. The focus of our investments will be on increasing our positions in selected Core Investments, adding new Operating Investments and expanding Private Equity Investments.
- We will work actively with our companies to ensure operational excellence and help them increase flexibility in their business models in order to handle demand surprises. We will also support our companies in their pursuit of ongoing organic growth opportunities.

Goal

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

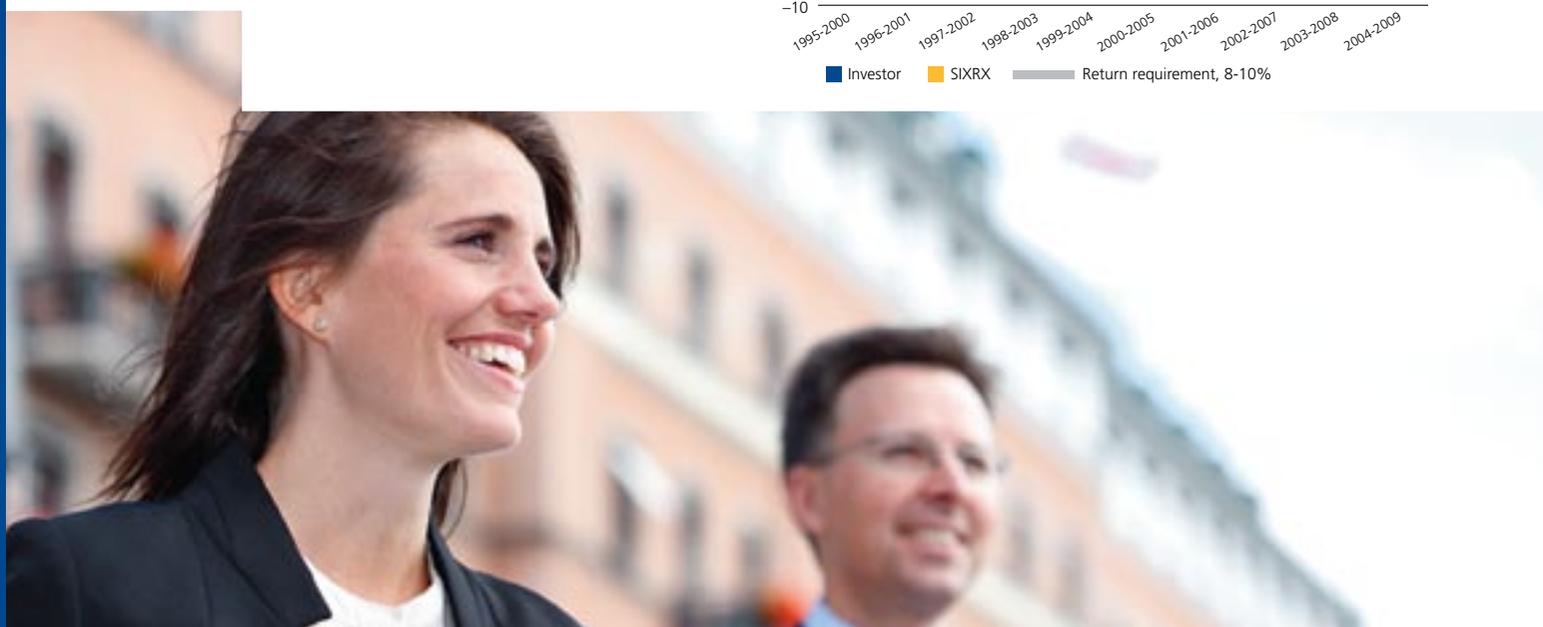
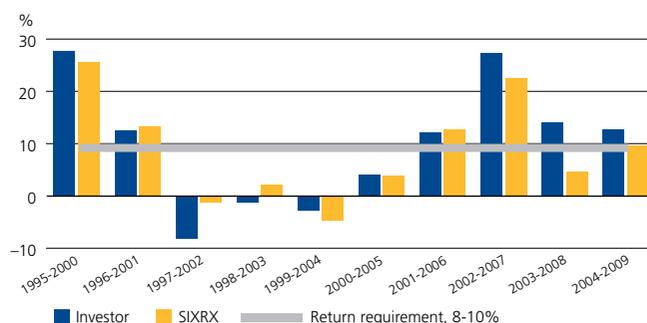
Goal fulfillment in 2009

Total shareholder return during 2009 was 18 percent, exceeding our return requirement. Our total shareholder return also exceeded our return requirement over the past 5 and 15 years.

Development of total shareholder return					
Years	Risk-free interest rate, % ¹⁾	Risk premium, %	Return requirement, %	Investor, total return, %	SIXRX, return index, % ²⁾
1	3.2	4.5	7.7	18.1	52.5
5	3.7	4.5	8.2	12.7	9.6
10	4.3	4.5	8.8	4.7	2.2
15	5.2	4.5	9.7	12.1	11.7
20	6.3	4.5	10.8	10.2	10.1

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

Five year rolling total return



Strategies for value creation

Invest in attractive companies

We continuously review our portfolio in order to ensure that we own companies that can sustainably generate returns exceeding the market cost of capital. We invest in sectors and geographies where our experience and skills are adding value. Listed companies are a central part of our business, but we intend to grow our unlisted investments in order to capture the potential for proprietary returns. Our flexible investment horizon and our long track record in developing international companies make us unique.

Drive value in companies

We work with our companies to create value for all shareholders by making them best-in-class. The cornerstone of our model is the Board of Directors. Through our significant ownership we can actively help recruit the right Board for each company. We actively support the Board to create and drive value creation plans that focus on operational excellence, growth, capital structure and industrial structure. In addition, we also support management through our expertise and network.

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. We seek to maximize the value for our shareholders and find 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. A central component in our governance model is having

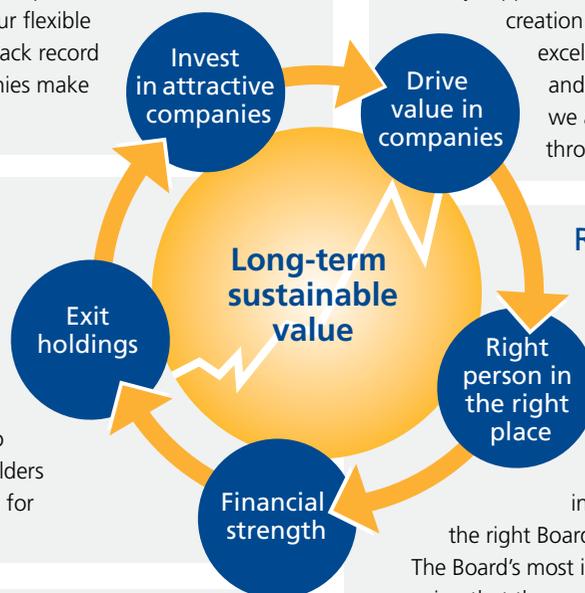
the right Board overseeing each company.

The Board's most important responsibilities include ensuring that the company has the right management team, a sustainable value-creating strategy and flexible business model as well as closely monitoring performance in order to be able to proactively initiate corrective actions.

It is important that the interests of the owners, Board and management are all fully aligned and, therefore, we believe that the Board and management should hold large ownership stakes and that their remuneration be linked to the value created for shareholders.

Financial strength

As an owner, we should be financially strong in order to support our holdings as they pursue strategic initiatives. We are always willing to consider injecting additional capital if it creates value for the shareholders. For this reason, it is our ambition to have significant long-term cash resources available and leverage of 5-10 percent of our total assets over a business cycle. We have the ability to increase our leverage to a maximum of 25 percent given there is a plan that will return the leverage to our target range.



Examples from 2009

We participated in the successful rights issues in SEB and Husqvarna with SEK 3.1 bn. and SEK 0.5 bn. respectively. We also acquired 23 percent of Biovitrum for SEK 0.6 bn. Investor Growth Capital divested shares in Swedish Orphan International to Biovitrum and we participated actively in the financing and creation of the new company, Swedish Orphan Biovitrum.

Our holdings have taken considerable measures to mitigate the effects of the economic downturn. They are generally well capitalized, after cautious dividend payouts and successful capital raisings, and have rapidly adjusted their cost structures. However, even though focus has been on cutting costs, we continued to support our holdings in investing in R&D and brand building.

These investments should help them outperform the weakened competition in the coming years. Another factor that will allow our companies to successfully handle any upside or downside surprises in demand is having a flexible cost base. Since wages are one of the components, we are strong advocates of variable remuneration. Finally, our holdings have also taken advantage of acquisition opportunities to grow their businesses, including Ericsson and Atlas Copco.

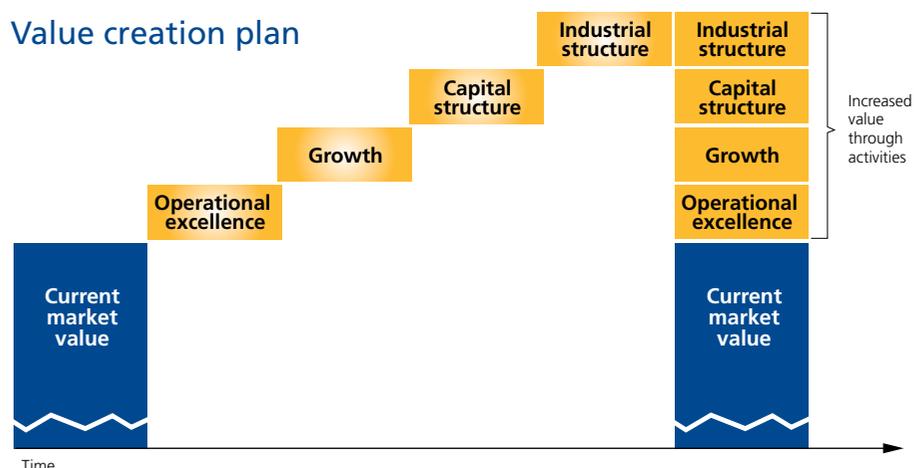
In order to secure our strong financial position, we extended our loan maturity to 13.5 years during the year, taking advantage of our strong credibility on the credit market. By year-end we have around SEK 21 bn. to invest.

Active ownership

We develop value creation plans for all of our holdings. From an owner's perspective, these plans identify measures that can generate incremental value going forward.

Our business teams, consisting of our Board representatives for each holding and inhouse analysts, develop value creation plans. On an ongoing basis, we extensively monitor the companies and benchmark their performance in relation to the plan and in comparison to competitors. The long-term goal is for the companies

to be best-in-class and generate returns that exceed our return requirement. The value creation plans target four 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 areas where our companies can improve long-term profitability and efficiency. Benchmarks include the current and historic performance of each company for 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 each company based on the potential of the underlying industry and individual company for growth, both organically and through acquisitions. This includes, for example, expansion on new geographic markets, new customer bases, new applications on existing products and growth through innovation.

Right capital structure

Holdings should have a capital structure that allows them to implement their business plan. In today's economic environment, it is important that a company's financial position can handle rapidly changing demand. In cases of overcapitalization, the surplus should be refunded to the owners. In cases of undercapitalization, the owners should be willing to inject equity, assuming it is value-creating. Examples of methods for how the capital structure can be adjusted include dividends, new rights issues, redemption programs and share buy back programs.

Right industrial structure

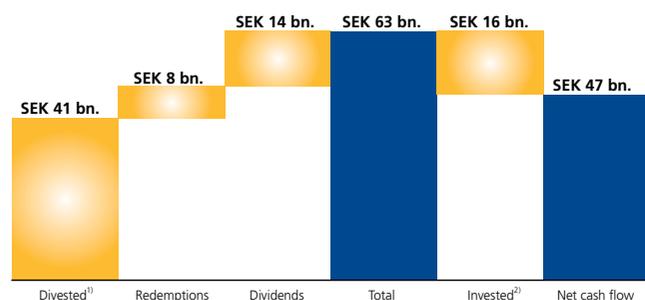
Value creation can sometimes be achieved by changing the company's structure. This could be achieved through major industrial transactions (mergers and acquisitions), by divesting non-core business activities or by dividing a company into separate entities if better value is created through the independent management of smaller parts.

Rejuvenation of our portfolio

A cornerstone of our strategy is to have an attractive mix of investments. Therefore, we need to constantly look for opportunities to rejuvenate our portfolio. We look to invest in selected Core Investments, expand Operating Investments and grow Private Equity Investments.

Over the past few years, we have divested several holdings on the back of a strong market. This prepared us well for the difficult situation that arose in 2008-2009. Within Core Investments alone, exits, redemption programs and other activities released gross cash of SEK 63 bn. since 2005. Net cash flow, after adjusting for investments, was SEK 47 bn. and was mainly generated through the divestment of Scania, OMX, WM-data and Gambro and redemptions and dividends from the holdings. The prior Core Investment holding Gambro, was taken private by our Operating Investments in a transaction that generated almost SEK 8 bn. in cash. Investing SEK 4.2 bn. in the new structure, the transaction still released SEK 3.6 bn. in cash while increasing our ownership to 49 percent. Since 2005 we have also exited several holdings within Private Equity Investments, releasing net SEK 1.8 bn.

Cash flow generation 2005-2009, Core Investments



1) Includes proceeds of SEK 8 bn. from Gambro.
 2) Does not include investment in Gambro.

Part of the released capital was invested in new Operating Investments holdings, such as Gambro, Mölnlycke Health Care, Lindorff and Biovitrum, as well as in our Private Equity Investments business. We are still able to invest around SEK 21 bn. without needing external funding or overstressing our balance sheet. This gives us the financial flexibility not only to make new investments, but also to support our existing holdings if they need capital to grow.

Increased ownership in selected Core Investments

Having the right mix of investments is important for creating sustainable value. We want to own companies that are or have the ability 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 changes in the economic environ-

ment. When we see good fundamental value and believe the timing is right, we will make additional investments in selected existing holdings to further strengthen our ownership.

Expansion of Operating Investments

By expanding Operating Investments, mainly through unlisted investments, our portfolio will become more unique and offer a higher rate of proprietary returns for our shareholders. Since its inception in 2006, the majority of new investments have been made in partnership with other investors, although we can take majority ownership ourselves. The level and structure of ownership is tailored to fit the respective situation.

Our focus will remain on sectors in which we see good long-term growth trends. We want to invest in companies that have a Nordic base and hold strong positions in their respective segments. Typically, we look for companies with an enterprise value exceeding SEK 5 bn. We seek strategic influence in high-quality companies in which we can provide unique value through our expertise and network. Our strategy continues to be to buy great businesses at a fair price rather than restructuring cases at seemingly cheap prices. We will continue to expand Operating Investments in a disciplined manner.

Enlargement of Private Equity Investments

While the ownership period for individual holdings in this business is relatively short compared to our other investments, we find the long-term return potential within Investor Growth Capital to be very attractive. Given this, we have expanded our reach in the U.S. and positioned our operations for further growth in Europe as well as Asia. Following a long period of very limited divestment opportunities, we now have a number of successful companies poised for exit. While actively pursuing these types of opportunities, Investor Growth Capital will also focus on replenishing its portfolio to ensure that it maintains a solid platform for future value creation through investments that generate profitable growth. We will also continue to sponsor the funds within EQT.

Creation of long-term value

Over time, it is our ambition to transfer holdings internally from Investor Growth Capital to our other business areas in order to remain a long-term shareholder. Among the investments we aim to make, we will hopefully find a number of companies that have attractive enough return potential for us to own them for the long run. We expect to identify such companies among our existing as well as future holdings.

Core Investments

In our Core Investments business area, we own significant minority positions in listed companies. We work actively through the Boards of our companies to identify and drive value-creating actions. Our holdings in Core Investments are ABB, Atlas Copco, SEB, AstraZeneca, Ericsson, Electrolux, Husqvarna and Saab.

Our Core Investments have a long history of established business models and strong market positions. They are actively traded on major exchanges. This fact combined with relatively low leverage 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 through value appreciation, share redemptions and dividends. Returns are also generated when holdings are divested.

Good performance in downturn

Core Investments had a good year, achieving a total value creation of SEK 31.9 bn., which corresponds to a total return of 44 percent. The return has been positively impacted by our investments in SEB and Husqvarna and their subsequent significant share price appreciations.

During 2009, we made minor add-on investments in Atlas Copco and we also participated with our pro rata-shares in the new issues of SEB and Husqvarna, corresponding to SEK 3.1 bn. and SEK 0.5 bn. respectively. Furthermore, in SEB, additional shares were purchased as part of the capital raising and then divested at a good profit. Total net investments amounted to SEK 3.6 bn. in 2009.

RAPID ADJUSTMENTS NECESSARY

Early on in the economic crisis, our holdings took swift action to restructure their cost bases and reduce working capital with the aim of adjusting to the changed demand environment. We also supported our holdings in strengthening their financial positions.

At the beginning of the year we conducted stress tests on our companies to ensure that they could sustain severe economic conditions. Based on this analysis, we encouraged our companies to carefully review their financial positions, which included reviewing their dividend levels. Of our eight holdings, three cancelled their dividends, two reduced them, two left them unchanged and one raised its dividend. In addition, SEB and Husqvarna strengthened their balance sheets by successfully executing rights issues, in which we were large underwriters.

These rapid adjustments were made to maintain a high degree of flexibility and prepare for potential negative surprises, but also to be able to capture opportunities in the market place.

Actually, all companies have now resumed dividend payments (proposals by the Board) in light of strong performance during 2009 and an improved outlook.

Despite the tough business climate in 2009, all our holdings generated positive results and many of them delivered strong profitability.

FOCUS REMAINS ON LONG-TERM OPPORTUNITIES

Given the current status of the economy, our Core Investments will continue to focus on improving efficiency and flexibility in order to handle different demand levels. Healthy cash flow generation is still a priority, since this improves financial flexibility and the readiness to act on value-creating growth opportunities that may emerge.

Well-performing companies with their balance sheets in good shape can use the coming period to advance their positions.

This will be possible through internal activities, such as investments in R&D and market expansion, but also through acquisitions. Ericsson's purchase of Nortel assets and Atlas Copco's acquisition of Quincy Compressor are good examples of attractive opportunities that arose during the year.

Our strategy

ATTRACTIVE MIX OF INVESTMENTS

Having the right mix of investments is important for creating sustainable value. The long-term potential of our companies is continuously evaluated. We want to own companies that are or have the ability to become best-in-class. We know 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 changes in the economic environment. When we see good fundamental value, believe the timing is right, and are not restricted, we will make additional investments in selected existing holdings and further strengthen our ownership. When we decide to divest, we always look for the best industrial solution for our holdings while maximizing value for our shareholders.

VALUE CREATION THROUGH COMMITTED OWNERSHIP

We exercise ownership in our Core Investments primarily through Board representation. Thus, 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 will face. The Board has the important responsibility of challenging and questioning man-



“Well-performing companies with their balance sheets in good shape can use the coming period to advance their positions.”

agement. 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 in the future. Our Board representatives are supported by internal analysts, who jointly form business teams.

In order to contribute to the structured development of our Core Investments, we develop value creation plans for each company that include goals for operational excellence, growth, capital structure and industrial structure.

We believe it is important that the interests of the shareholders, Board and management are fully aligned. Therefore, we support remuneration systems that are linked to long-term shareholder return. In 2009, several of our Core Investments paid a portion of their Board fees in shares.

Goal

To generate a return exceeding the market cost of capital over a business cycle, approximately 8 percent per year.

Goal fulfillment

Performance should be measured over the long-term and not over a single year. The return was 44 percent in 2009, compared to the market cost of capital of approximately 8 percent.

Strategy

- Always maintain an attractive mix of investments.
- To develop our holdings into “best-in-class” and ensure that they remain there.

Average annualized return	
Year	Return, %
1	44
5	14
10	4

Impact on net asset value, Core Investments, SEK m.



Overview of Core Investments³⁾

	Number of shares ¹⁾ 12/31 2009	Ownership capital ²⁾ 12/31 2009, %	Ownership votes ²⁾ 12/31 2009, %	Shares of total assets 12/31 2009, %	Value, SEK/share 12/31 2009	Value, SEK m. 12/31 2009	Total market return 2009, %	Adjusted total return for Investor 2009, % ⁷⁾	Value, SEK m. 12/31 2008
ABB	166,330,142	7.3 ⁴⁾	7.3 ⁴⁾	16	30	22,904	+22	+22	19,170
Atlas Copco	204,384,326	16.6	22.3	15	28	21,408	+64	+64	13,557
SEB ⁵⁾	456,089,264	20.8	20.9	14	26	20,227	+41	+101	8,608
AstraZeneca	51,587,810	3.6 ⁶⁾	3.6 ⁶⁾	12	23	17,292	+15	+15	15,837
Ericsson	164,078,702	5.0	19.3	7	14	10,721	+15	+15	9,611
Electrolux	39,165,071	12.7	28.8	5	9	6,560	+151	+151	2,614
Husqvarna ⁵⁾	89,667,692	15.6	28.9	3	6	4,579	+51	+76	2,330
Saab	21,611,925	19.8	38.0	2	3	2,540	+70	+70	1,545
Total				74	139	106,231			73,272

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) Number of shares and value of holding increased through participation in new rights issues.

6) Calculated in accordance with British disclosure regulations.

7) Total return adjusted in holdings in which transactions have been made.



16%

of total assets



15%

of total assets

ABB is a leader in power and automation technologies that enable utility and industry customers to improve their performance while lowering environmental impact. The ABB Group of companies operates in around 100 countries. Chairman: Hubertus von Grünberg, CEO: Joe Hogan

Atlas Copco is a world leading provider of industrial productivity solutions. The products and services range from compressed air and gas equipment, generators, construction and mining equipment, industrial tools and assembly systems, to related aftermarket and rental. Headquartered in Stockholm, Sweden, the Group's global reach spans more than 160 markets. Chairman: Sune Carlsson, President and CEO: Ronnie Leten

Key figures, USD m.

	2009	2008	2007	2006 ¹⁾	2005
Sales	31,795	34,912	29,183	23,281	22,442
Operating income	4,126	4,552	4,023	2,557	1,742
Operating margin, %	13.0	13.0	13.8	11.0	7.8
Net income after tax	2,901	3,118	3,757	1,390	735
Earnings per share, USD	1.27	1.36	1.66	0.65	0.36
Dividend per share, CHF	0.51 ²⁾	0.48	0.48	0.24	0.12
Book equity	13,790	11,158	10,957	6,038	3,142
Net debt ³⁾	-7,219	-5,443	-5,436	-1,444	508
Market capitalization	44.2	33.4	66.2	39.0	20.0
Market capitalization, SEK bn.	314.5	264.2	427.3	267.5	159.4
Number of employees	117,000	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 2009

The weak business climate in 2009 resulted in a decline in order intake of 13 percent in local currencies. The decline was most pronounced in the businesses exposed to the industrial capex cycle, while the late cycle businesses held up relatively better. Emerging markets continued to grow in importance, and accounted for roughly half of ABB's total orders. During the year, ABB's revenues declined by 4 percent in local currencies, supported by a strong order backlog. In response to the weakened demand, ABB extended the cost reduction program, and reached an annual realized savings of more than USD 1.5 bn. Helped by the cost take-out, ABB's EBIT margin was 13 percent. In November, ABB announced a reorganization of its automation divisions. The purpose is to further align the organization with its customers, to enhance growth opportunities in products as well as services.

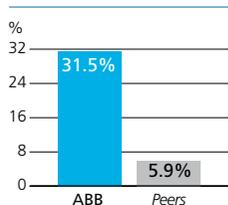
Investor's engagement in ABB

Share capital: 7.3% Voting rights: 7.3%
 Market value of holding: SEK 22,904 m.
 Board Members from Investor's management or Board: Jacob Wallenberg

INVESTOR'S VIEW OF ABB

Over the last few years, ABB has made significant improvements in its operations and is now approaching best-in-class status. The strong performance has led to a superior total return compared to its competitors. ABB has built strong market positions in attractive market segments, not the least in important growth markets such as China and India. The growth in Power is supported by the growing need for power infrastructure in emerging markets, as well as upgrades in mature markets, while growth in Automation is driven by the customers' need for productivity improvements. In China, local competition is intensifying, but ABB benefits from a significant local production base and a strong market position. However, it will remain important for ABB to continuously adjust its cost base in order to keep its strong competitive position in both mature and emerging markets. Going forward, we see good value creation opportunity to further develop the aftermarket business. During 2009, ABB has further strengthened its balance sheet, which should enable the company to act on interesting organic and inorganic business opportunities, while at the same time distribute cash to shareholders.

Average annualized return, five years



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

Total annual return

Years	ABB	SIXRX
1	22.0	52.5
5	31.5	9.6
10	-2.9	2.2
15	6.3	11.7
20	6.1	10.1

www.abb.com

Key figures, SEK m.

	2009	2008	2007	2006	2005
Sales	63,762	74,177	63,355	50,512	42,205
Operating income	9,090	13,806	12,066	9,203	6,938
Operating margin, %	14.3	18.6	19.0	18.2	16.4
Net profit after tax ¹⁾	6,276	10,190	7,469	15,373	6,581
Earnings per share, SEK ¹⁾	5.14	8.33	6.09	12.24	5.22
Dividend per share, SEK ⁴⁾	3.00 ³⁾	3.00	3.00	22.38 ²⁾	2.13
Book equity	25,671	23,768	14,640	32,708	25,808
Net debt ⁵⁾	10,906	21,686	19,775	-12,364	7,229
Market capitalization, SEK bn.	124.9	78.4	114.6	138.9	107.4
Number of employees	29,802	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 2009

2009 was a year of significantly lower market demand. However, as a result of swift adjustment of capacity and costs, as well as a strong aftermarket operation, Atlas Copco was able to maintain strong profitability throughout the year, generating an operating margin, including all restructuring costs, of 14.3 percent. Atlas Copco also successfully reduced working capital and generated an outstanding cash flow of SEK 13.3 bn., or 20.8 percent of revenues. The company announced the acquisition of Quincy Compressor, which will strengthen the market position in the U.S., and a significant investment in a new manufacturing facility in China. Due to the strong performance, the Board proposed to the 2010 Annual General Meeting to maintain the dividend and also asked for a mandate to buy back shares.

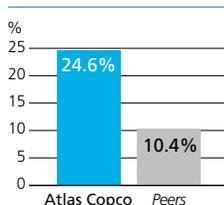
Investor's engagement in Atlas Copco

Share capital: 16.6% Voting rights: 22.3%
 Market value of holding: SEK 21,408 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. Compared with the competitors, its business areas are best-in-class, and the company has generated a total return significantly above its competitors. Over the last years, the company has focused on building strong positions in key growth markets, such as China, India and Brazil, and to build a world class aftermarket operation. These initiatives have been instrumental to the strong performance in the tough market environment last year. While continuously improving the efficiency and flexibility, the company has a sustained focus on market presence and product development. Going forward, the strong market positions, a flexible business model and limited financial gearing gives the company an excellent platform to grab business opportunities and to continue to outperform its competitors.

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	63.6	52.5
5	24.6	9.6
10	15.0	2.2
15	18.3	11.7
20	17.1	10.1

www.atlascopco.com



14%

of total assets

SEB is a Northern 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 three Baltic countries. It also has a local presence in the other Nordic countries, Ukraine and Russia and a global presence through its international network in leading financial centres. Chairman: Marcus Wallenberg, CEO: Annika Falkengren

Key figures, SEK bn.

	2009	2008	2007	2006	2005
Total operating income	44.2	41.1	40.4	38.7	34.2
Operating profit	3.4	12.5	17.0	15.6	11.2
Net profit after tax	1.2	10.0	13.6	12.6	8.4
Earnings per share, SEK	0.58	14.66	19.97	18.72	12.58
Dividend per share, SEK	1.00 ¹⁾	0.00	6.50	6.00	4.75
Total assets	2,308	2,511	2,344	1,934	1,890
Core Tier 1 ratio, % ²⁾	11.69	8.57	8.39	7.17	6.40
Tier 1 ratio, % ²⁾	13.91	10.08	9.87	8.19	7.53
Assets under management	1,356	1,201	1,370	1,262	1,118
Book equity	99.7	83.7	76.7	67.3	56.7
Market capitalization	97.3	41.7	113.7	149.3	115.0
Number of employees	20,231	21,291	19,506	19,672	18,948

1) Proposed dividend.

2) Basel II for 2007-2008 and Basel I for 2005-2006

SEB 2009

2009 was an extraordinarily difficult year for the banking sector with financial turmoil and large loan losses. Due to the capital measures that SEB undertook early in the year, most notably the rights issue of SEK 15 bn., SEB managed to maintain balance sheet stability throughout the year. In the third quarter, the bank also lengthened the duration of its funding significantly. While negatively affecting net interest income, it has put the bank in a strong liquidity position. During the year, SEB generated a strong profit before credit losses that more than covered all provisions. In fact, Merchant Banking and SEB Life both achieved record profits. All in all, SEB achieved an operating profit of SEK 3.4 bn. despite the difficult market conditions and increased funding costs.

Investor's engagement in SEB

Share capital: 20.8% Voting rights: 20.9%

Market value of holding: SEK 20,227 m.

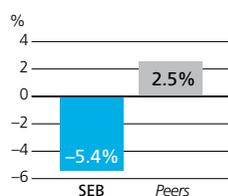
Board Members from Investor's management or Board:

Jacob Wallenberg (Vice Chairman). Marcus Wallenberg is Chairman and a member of Investor's SEB business team.

INVESTOR'S VIEW OF SEB

In the turbulent period that has prevailed, SEB has focused on strengthening the balance sheet, improve liquidity and to manage the loan portfolio. At the same time, productivity and efficiency actions have been implemented and market positions have been further strengthened in important areas. Over the last five years, SEB has not generated a return in line with peers, primarily due to its exposure to the financially distressed Baltic area. Going forward, the strong market positions in Merchant Banking, Wealth Management, and SEB life, as well as the good presence in the Baltics, all give a strong foundation to grow from once we are through the difficult market environment. The capital raising and the cancelled dividend, early 2009, significantly strengthened the equity base. The strong balance sheet can now manage substantial credit losses, Basel III and also give capacity for profitable growth.

Average annualized return, five years



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

Total annual return

Years	SEB	SIXRX
1	41.5	52.5
5	-5.4	9.6
10	3.3	2.2
15	10.0	11.7
20	6.6	10.1

www.seb.se



12%

of total assets

AstraZeneca is a major international healthcare business engaged in the research, development, manufacturing and marketing of meaningful prescription medicines and supplier for healthcare services. AstraZeneca is one of the world's leading pharmaceutical companies and is a leader in gastrointestinal, cardiovascular, neuroscience, respiratory, oncology and infectious disease medicines. Chairman: Louis Schweitzer, CEO: David Brennan

Key figures, USD m.

	2009	2008	2007	2006	2005
Sales	32,804	31,601	29,559	26,475	23,950
Operating income	11,543	9,144	8,094	8,216	6,502
Operating margin, %	35.2	28.9	27.4	31.0	27.2
Net profit after tax	7,544	6,130	5,627	6,063	4,724
Earnings per share, USD (core EPS) ¹⁾	6.32	5.10	4.38	3.92	n.a.
Dividend per share, USD	2.30 ²⁾	2.05	1.80	1.72	1.30
Book equity	20,660	15,912	14,778	15,304	13,597
Net debt ³⁾	-535	7,174	9,112	-6,537	-5,402
Market capitalization, SEK bn.	486.4	444.2	403.6	564.8	616.1
Number of employees	63,000	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 2009

During the year, AstraZeneca has delivered good financial results, benefitting from successful cost adjustments and strong growth in emerging markets. Sales grew by 7 percent at constant exchange rates while operating profit (adjusted for items affecting comparability) grew 23 percent, with the company achieving an impressive operating margin of 42 percent. The strong operational performance resulted in a substantial net cash flow, enabling the company to distribute USD 3.0 bn. in dividends, while at the same time reducing net debt by USD 7.9 bn. To adjust to challenging market conditions, AstraZeneca expanded its ongoing restructuring programs. AstraZeneca received regulatory approvals for Onglyza, a new diabetes product. The company also submitted regulatory applications for several products. In addition, AstraZeneca supplemented its own pipeline by licensing and acquiring a handful of products during the year.

Investor's engagement in AstraZeneca

Share capital: 3.6% Voting rights: 3.6%

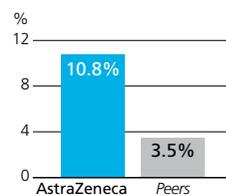
Market value of holding: SEK 17,292 m.

No person from Investor's management or Board serves on the Board, though Marcus Wallenberg is member of Investor's AstraZeneca business team.

INVESTOR'S VIEW OF ASTRAZENECA

As market conditions continue to be increasingly challenging and as the company faces patent expirations on key products in the coming years, it is important that AstraZeneca continues to achieve operational excellence and expand in emerging markets. AstraZeneca's total return has clearly exceeded that of its peers, partly due to its successfully executed cost and efficiency program. The key driver of long-term value creation will be to strengthen the research pipeline and to bring forward new innovative products. The most important driver of long-term value for AstraZeneca, and the industry, continues to be the improvement of R&D productivity.

Average annualized return, five years



Simple average for peers: Merck, Pfizer, Eli Lilly, Roche, GlaxoSmithKline, Novartis, Bristol-Myers Squibb, and Sanofi-Aventis

Total annual return

Years	AstraZeneca	SIXRX
1	15.0	52.5
5	10.7	9.6
10	2.4	2.2
15	8.4	11.7
20	12.5	10.1

www.astrazeneca.com



7%
of total assets



5%
of total assets

Ericsson is the world's leading provider of technology and services to telecom operators. Ericsson is the leader in 2G, 3G and 4G mobile technologies, and provides support for networks with over 1 billion subscribers and has a leading position in managed services. The company's portfolio comprises of mobile and fixed network infrastructure, telecom services, software, broadband and multimedia solutions for operators, enterprises and the media industry.
Chairman: Michael Treschow, President and CEO: Hans Vestberg

Key figures, SEK bn.

	2009	2008	2007	2006	2005
Sales	206.5	208.9	187.8	177.8	151.8
Operating income	5.9	16.3	30.6	35.8	33.1
Operating margin, %	2.9	7.8	16.3	20.2	21.8
Net profit after tax	3.7	11.3	21.8	26.4	24.3
Earnings per share, SEK	1.14	3.52	6.84	8.23	7.64
Dividend per share, SEK	2.00 ¹⁾	1.85	2.50	2.50	2.25
Book equity	139.9	140.8	134.1	120.1	104.7
Net debt ²⁾	-36.1	-34.7	-24.3	-40.7	-50.6
Market capitalization	215.5	191.0	245.1	446.1	440.7
Number of employees	82,500	78,750	74,000	63,781	56,055

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

ERICSSON 2009

2009 proved to be a challenging year for the telecom equipment industry, with reduced investments especially in GSM networks and fierce competition, primarily from Chinese competitors. Despite these challenges, Ericsson was the only Western company who managed to keep underlying profitability at a good level. This was due to proactive cost reductions, where Ericsson expanded its ongoing cost reduction program, and continued focus on services, a business that is more stable in nature. The profitability was however negatively affected by continued losses in both the joint ventures Sony Ericsson and ST-Ericsson and large restructuring costs. To strengthen its position in North America, Ericsson acquired important assets from Nortel. In addition, Ericsson won the largest managed services contract to date in North America, where it will manage Sprint's network.

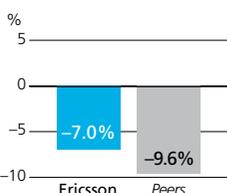
Investor's engagement in Ericsson

Share capital: 5.0% Voting rights: 19.3%
Market value of holding: SEK 10,721 m.
Board Members from Investor's management or Board: Börje Ekholm

INVESTOR'S VIEW OF ERICSSON

Ericsson's operating margin has been under pressure due to developments in the telecom equipment industry and losses in the joint venture Sony Ericsson and ST-Ericsson. Despite this, Ericsson is in many aspects best-in-class. Although total return during the last five years has been unsatisfactory, Ericsson has outperformed its peers. Ericsson is the market leader in its core operations, Networks and Services. The company has proven that it can maintain good profitability, strategic flexibility and technology leadership. A vital ingredient to continued competitiveness is successful execution of the ongoing cost adjustment programs, with a gradual shift of the resources to low-cost countries. A turnaround of Sony Ericsson is also important to achieve an improved group profitability. Long-term, the end-customer demand for communication, especially data, will grow, resulting in increasing demand for equipment. However, the transition from hardware to software will have to be managed. To continue to grow the service business and to strategically position itself in other key growth segments is also important for Ericsson's future value creation.

Average annualized return, five years



Total annual return

Years	Ericsson	SIXRX
1	14.8	52.5
5	-7.0	9.6
10	-17.2	2.2
15	3.9	11.7
20	7.8	10.1

www.ericsson.com

Electrolux is a global leader in home appliances and appliances for professional use, selling more than 40 million products to customers in 150 countries every year. The company focuses on innovations that are thoughtfully designed, based on extensive consumer insight, to meet the real needs of consumers and professionals. Electrolux products include refrigerators, dishwashers, washing machines, vacuum cleaners and cookers sold under esteemed brands such as Electrolux, AEG-Electrolux, Eureka and Frigidaire.
Chairman: Marcus Wallenberg, President and CEO: Hans Stråberg

Key figures, SEK m.

	2009	2008	2007	2006	2005 ⁹⁾
Sales	109,132	104,792	104,732	103,848	100,701
Operating income	5,322	1,543	4,837	4,575	4,024
Operating margin, %	4.9	1.5	4.6	4.4	4.0
Net profit after tax ¹⁾	2,607	366	2,925	2,648	-142
Earnings per share, SEK ¹⁾	9.18	1.29	10.41	9.17	-0.49
Dividend per share, SEK	4.00 ²⁾	0.00	4.25	4.00	-
Book equity	18,841	16,385	16,040	13,194 ³⁾	-
Net debt ⁴⁾	655	4,556	4,703	-304	-
Market capitalization, SEK bn.	51.7	20.7	30.6	37.5 ⁵⁾	-
Number of employees	50,633	55,177	56,898	55,471	57,842

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

ELECTROLUX 2009

In 2009, the global appliance demand continued to decline with Europe and North America down by 11 and 8 percent respectively. This is the second consecutive down year in Europe and the fourth in North America, where the market is now 25 percent below the peak from 2005. In this weak market environment, Electrolux performed well and improved both profitability and cash flow generation through a number of internal actions. Improved product mix, increased prices and lower costs are the main contributors to the margin expansion to 4.9 percent (excluding items affecting comparability) and the strong cash flow from operations and investments for the full year 2009 of SEK 9.3 bn. (excluding SEK 3.9 bn. in pension payments). The performance confirms that the investments in product innovation, brand building and cost efficiencies are paying off and shows that the company is progressing in its margin improvement ambition.

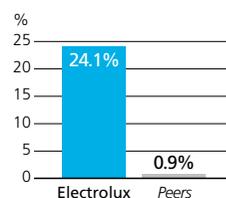
Investor's engagement in Electrolux

Share capital: 12.7% Voting rights: 28.8%
Market value of holding: SEK 6,560 m.
No person from Investor's management or Board serves on the Board, though Marcus Wallenberg is Chairman and a member of Investor's Electrolux business team.

INVESTOR'S VIEW OF ELECTROLUX

Despite weak market conditions during 2009, Electrolux showed a strong operational performance both in terms of profitability and cash flow generation. Actually, the operating margin for Electrolux appliances was the best in many years. Over the last five years, Electrolux has generated significantly higher total return than its peers. We believe that the company's strong market position, its focus on product and brand investments and the cost efficiency measures will pay off, thereby making it possible to reach an operating margin of at least 6 percent. Improved operational performance and a strong financial position give the company the possibility to take advantage of attractive business opportunities.

Average annualized return, five years



Simple average for peers:
Whirlpool, Indesit,
and Arcelik

Total annual return

Years	Electrolux	SIXRX
1	150.9	52.5
5	24.1	9.6
10	9.5	2.2
15	15.3	11.7
20	14.0	10.1

www.electrolux.com

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.

Chairman: Lars Westerberg, President and CEO: Magnus Yngen

Key figures, SEK m.¹⁾

	2009	2008	2007	2006	2005
Sales	34,074	32,342	33,284	29,402	28,768
Operating income	1,560	2,361	3,564	3,121	2,927
Operating margin, %	4.6	7.3	10.7	10.6	10.2
Net profit after tax	903	1,288	2,036	1,862	1,641
Earnings per share, SEK ²⁾	1.64	2.81	4.46	4.08	3.59
Dividend per share, SEK	1.00 ³⁾	0.00	2.25	2.25 ³⁾	–
Book equity	12,126	8,815	7,389	6,264	4,755
Net debt ³⁾	6,349	13,552	12,012	4,250	–
Market capitalization, SEK bn.	30.0	15.8	29.5	31.8	–
Number of employees	15,030	15,720	16,093	11,412	11,681

1) Due to the spin-off from Electrolux in 2006 financial information for 2005-2006 is based on Husqvarna's pro forma financial statements.

2) Earnings per share have been adjusted for new issue in 2009.

3) Proposed dividend.

HUSQVARNA 2009

2009 turned out to be a very tough year for Husqvarna. In the beginning of the year, Husqvarna raised SEK 3 bn. through a rights issue with the objective to strengthen the balance sheet and to be able to take advantage of business opportunities. The weak market demand that characterized the end of 2008 continued during 2009, negatively affecting Husqvarna's organic growth and profitability. To counteract the weak market development, the company launched additional restructuring changes, including consolidation of production facilities and rationalization of the sales organization. While profitability declined substantially, Husqvarna managed to improve cash flow through reduction of working capital.

Investor's engagement in Husqvarna

Share capital: 15.6% Voting rights: 28.9%

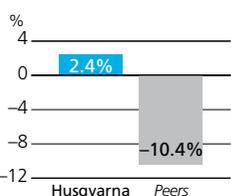
Market value of holding: SEK 4,579 m.

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. Historically, the company has shown good growth, organically as well as through acquisitions, and we see attractive future growth opportunities when the global economy has stabilized. However, both sales and profitability declined substantially in 2009, and the near-term demand outlook is murky. The efforts to improve the cost structure and to reduce working capital are important to establish a strong platform to capture future growth opportunities. Furthermore, there is additional potential from realizing synergies related to previously made acquisitions. Since the listing, Husqvarna's total return has been below our return requirement but substantially above that of its peers.

Average annualized return, 3.5 years¹⁾



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

1) Return since listing in June 2006.

Total annual return

Years	Husqvarna	SIXRX
1	51.4	52.5
5	–	9.6
10	–	2.2
15	–	11.7
20	–	10.1

www.husqvarna.com

Saab serves the global market with world-leading products, services and solutions ranging from military defence to civil security. Saab has operations and employees on all continents and constantly develops, adopts and improves new technology to meet customers' changing needs.

Chairman: Marcus Wallenberg, President and CEO: Åke Svensson (to resign in 2010)

Key figures, SEK m.

	2009	2008	2007	2006	2005
Sales	24,647	23,796	23,021	21,063	19,314
Operating income	1,374	166	2,607	1,745	1,652
Operating margin, %	5.6	0.7	11.3	8.3	8.6
Net profit after tax	699	-242	1,941	1,347	1,199
Earnings per share, SEK	6.28 ¹⁾	-2.31	17.60	11.91	10.89
Dividend per share, SEK	2.25 ²⁾	1.75	4.50	4.25	4.00
Book equity	10,542	9,240	10,981	9,802	9,179
Net debt ³⁾	634	1,693	1,627	-605	-2,856
Market capitalization, SEK bn.	12.3	7.8	14.3	23.2	17.7
Number of employees	13,159	13,294	13,757	13,577	12,830

1) After dilution.

2) Proposed dividend.

3) According to the company's own definition.

SAAB 2009

Sales growth for Saab in 2009 was satisfactory and cash flow generation improved. Ongoing execution of the cost savings programs announced in 2007 had a positive effect on profitability. However, profitability was negatively impacted by business mix and some project overruns. Furthermore, a more conservative view on cost accounting had a large negative effect on the margin development. During the year, Saab announced a new company structure effective as of January 1, 2010. The aim is to build a more market-oriented company and to further streamline its business operations. The commercial aerospace market continued to be weak during the year, which affected Saab as a subcontractor to Airbus and Boeing. Efforts to export Gripen are continuing. Saab also made further progress in other business areas, winning large surveillance systems orders and expanding into the civil security domain.

Investor's engagement in Saab

Share capital: 19.8% Voting rights: 38.0%

Market value of holding: SEK 2,540 m.

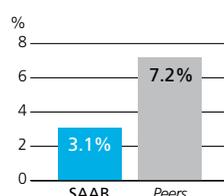
Board Members from Investor's management or Board: Lennart Johansson.

Marcus Wallenberg is Chairman and a member of Investor's Saab business team.

INVESTOR'S VIEW OF SAAB

Saab's recently announced reorganization will help the company to focus its strategy, including a reduction in complexity, and become more competitive, which is important given a broad portfolio relative to the company's size. Successful implementation of the cost savings ambitions is necessary for Saab to reach its margin targets. Furthermore, Saab needs a more competitive cost structure to be able to sustain investments in R&D and marketing activities for key export orders. All these actions are vital in order to generate sustainable profitable growth going forward. Saab's total return over the last five years has been positive, but below that of its industry peers.

Average annualized return, five years



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

Total annual return

Years	Saab	SIXRX
1	69.7	52.5
5	3.1	9.6
10	6.8	2.2
15	–	11.7
20	–	10.1

www.saabgroup.se

Operating Investments

Our Operating Investments include medium to large-size companies with attractive growth potential, international operations, strong profitability and cash generating capability. Investments are made in both unlisted and listed companies. Our holdings includes Mölnlycke Health Care, Lindorff, Gambro, CaridianBCT, 3 Scandinavia, Grand Hôtel, Biovitrum, Novare Group and Kunskapsskolan.

Within Operating Investments we are building a unique portfolio of companies with the potential to generate significant value and cash flow. Cash flow is generated by optimizing leverage over time and returning surplus liquidity to owners through dividends and refinancing.

Most of the companies are unlisted, and therefore relatively illiquid. This implies that they could take longer to divest compared to listed holdings. In this sense, unlisted holdings could be regarded as riskier than listed ones. From an operational viewpoint, however, there may not necessarily be any difference in risk between unlisted and listed holdings.

Since the creation of this business area in 2006, the majority of its new investments have been made through partnership with other investors. These partnerships provide for risks and efforts to be shared and make the networks of both of the owners available. We tend to have a longer holding horizon than our partners, but any differences in the investment horizon are dealt with in shareholder agreements.

2009 – limited deal flow

Due to the global economic crises, there was a limited dealflow in 2009. The sellers' price expectations remained high, owners of quality companies held on to their investments and there were few attractive opportunities for us to invest. Now the markets have stabilized and we anticipate that more companies will become available.

In the first quarter, we invested in Biovitrum, which later merged with Swedish Orphan International.

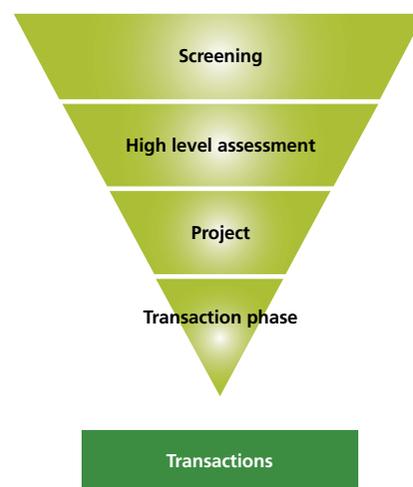
Our focus in 2009 was on developing existing holdings, making sure their business models are flexible and can handle major fluctuations in demand. Our holdings generated solid revenue and earnings during the year.

Operating Investments had an effect of SEK –1,380 m. on our net asset value in 2009. The negative effect is a consequence of among other things restructurings, impairments, financial net and investments implemented to create long-term value.

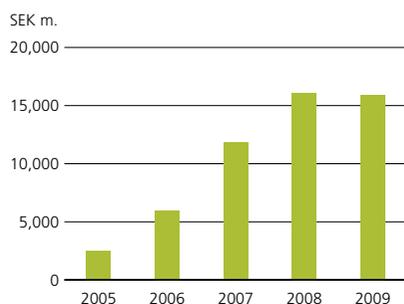
FINDING THE RIGHT INVESTMENTS

Since 2006, about 700 companies have been screened. Due to the weak deal flow during 2009, we have focused on deepening the analysis of certain industries and companies in which we would like to invest. We are ready to act swiftly once the situation improves.

Investment process



Value of Operating Investments¹⁾



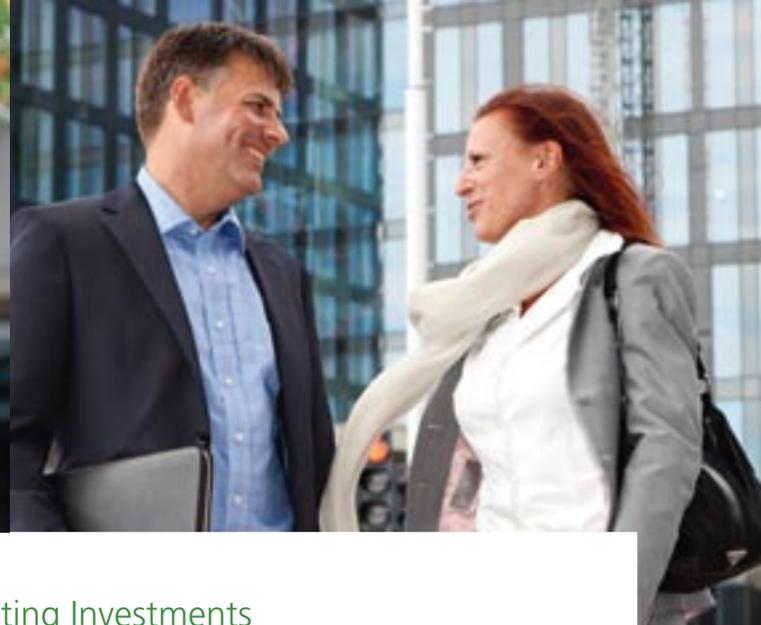
1) According to the equity method.

Impact on net asset value, Operating Investments

	SEK m.
Mölnlycke Health Care	214
Lindorff	-161
Gambro Holding	-1,328
3 Scandinavia	-120
The Grand Group	18
Biovitrum	13
Other	-16
Total	-1,380

Overview of Operating Investments

	12/31 2009			12/31 2008	
	Ownership, capital, %	Value SEK/ share	Value SEK m.	Value SEK/ share	Value SEK m.
Mölnlycke Health Care	62	8	6,371	8	6,166
Lindorff	57	4	3,125	4	3,284
Gambro Holding	49	3	2,058	4	3,386
3 Scandinavia	40	2	1,350	2	1,301
The Grand Group	100	1	1,065	2	1,169
Biovitrum	23	1	971	-	-
Land and real estate	100	1	384	0	408
Other	-	1	607	1	378
Total		21	15,931	21	16,092



“We will continue our efforts to expand Operating Investments in a disciplined way.”

We will continue our efforts to expand Operating Investments in a disciplined way. Our focus remains on sectors in which we see attractive long-term growth trends and in companies with a Nordic base and strong market positions. We look for strategic influence in quality companies with an enterprise value exceeding SEK 5 bn. in which we can provide unique value through our expertise and network.

ORGANIZATIONAL EVOLUTION

During the year we integrated the research and transaction capabilities of Core Investments and Operating Investments. By doing this, our business teams now can run more projects in parallel without compromising our focus on existing holdings. A business controller function has also been established for Operating Investments. These measures give us the strength to continue to grow the business area successfully through both new and existing investments.

INVESTMENTS

At the end of the first quarter in 2009, we acquired 23 percent of Biovitrum, a company listed on the Stockholm Stock Exchange. Biovitrum fits well with our investment strategy; it is medium-sized with international operations and has a strong platform for creating future profitable sales of in-licensed and acquired products. We are the largest owner, which allows us to work closely with the company and support its future development. We supported the merger between Biovitrum

Goal

To generate a return significantly exceeding the market cost of capital over a business cycle, and appropriately reflecting the holdings' liquidity as well as their financial and operating risk profiles. Currently, the return objective is to exceed 15 percent per year.

Goal fulfillment

This business area was started on January 1, 2006, and made its first new investment in the second quarter of the same year. Given that the business area has had a short history and its long-term holding horizon, it is too early to measure goal fulfillment.

Strategy

- Develop existing holdings with a long-term ownership horizon.
- Grow the business area by creating value in existing holdings and making new investments.
- Ensure that the Board and management have ownership stakes and remuneration linked to value creation for the owners.

This graph illustrates the time line and size of each investment. Unlisted investments are reported according to the equity method. Our share of the holding's equity constitutes the valuation of the holding. In companies incurring large costs due to heavy investments, profits are negatively impacted short-term. This consequently has a negative effect on our reported net asset value. The category "Other" is mainly addition investments in 3 Scandinavia.

Growth of Operating Investments, 2006-2009



and Swedish Orphan International, creating a leading specialty pharma company. Other Operating Investments companies made acquisitions as well. Mölnlycke Health Care acquired the Polish company, JKT (see page 21) and Gambro agreed to acquire CHF Solutions in early 2010.

Debt financing

Debt financing for all Operating Investments (except for 3 Scandinavia) are ring-fenced and without guarantees from Investor. The leverage in some of our Operating Investments is high, but adapted to the stability of earnings and cash flow generation of each company. Most of our companies operate in industries with moderate cyclicity in sales and thus show a better stability of earnings. All companies met their covenants as per year end. If a covenant is breached, it is possible to take corrective action before any financial implications go into effect. We are comfortable with current financing agreements, but we

are actively monitoring opportunities to adjust financing structures, if deemed value-creative. The debt is long in duration and no major debt falls due within the next four years, with the exception of 3 Scandinavia in late 2012.

Our strategy

DEVELOP EXISTING COMPANIES

The work within this business area is based on value creation plans for each individual holding. Measures are intended to strengthen long-term profitability and increase growth. These plans include recruitment of senior managers, establishment and follow-up of goals, strategies, business models, profitability, growth, business development, capitalization and organizational structures. (See page 10 for more details on value creation plans.)

Our investment horizon is long-term and allows us to remain owners in a company that becomes listed and to continue to develop it. Over the first one to three

years of our 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 on our net asset value. This is a consequence of the unlisted Operating Investments being valued according to the equity method. Listed holdings are valued at market price.

GROWING OPERATING INVESTMENTS

Growing this business area is an important step in reaching our overall objective of generating attractive returns. It is therefore expected that the business area will continue to expand during 2010. We invest in companies with fundamental potential for long-term sustainable growth and strong profitability. Our competitive position has been strengthened due to our strong financial position and the turbulence in the financial markets during the last two years.

“We invest in companies with fundamental potential for long-term sustainable growth and strong profitability.”



Strong growth in all regions

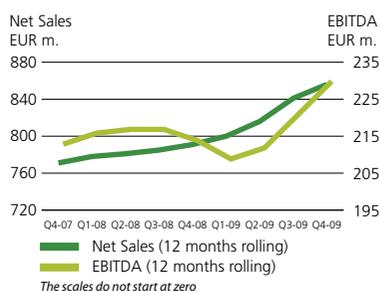
Mölnlycke Health Care showed strong sales and profit growth during the year, despite a difficult economic environment. The investments made in product development and expansion of the global sales force in the last couple of years are now clearly starting to pay off.

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 through 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 companies were integrated. Our investment case was based on returning the company to its growth path following a number of years with internal focus. The sector that Mölnlycke Health Care operates in enjoys long-term growth trends, such as 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 established a strong market position in existing markets.



DEVELOPMENTS IN 2009

• Value-creating growth

The company showed strong growth during the year across all geographic regions. The highly profitable Advanced Wound Care products continued to grow significantly faster than the market as a result of several successful product launches and sales and marketing investments. Growth is robust in Europe and continues to be high in North America, and very high in Asia. Conventional Wound Care also developed well.

The Surgical division felt the impact from the economic downturn, as fewer surgical procedures were performed, which negatively affected the consumption of consumables such as gloves, drapes and staff clothing. However, growth improved during the latter part of the year and several actions to mitigate the competitive and economic pressure were taken. The custom prepared procedure trays (ProcedurePak®) continued to show strong growth. Because this business unit is still ramping up, margins were negative in the beginning of the year but turned positive during the second half of the year and is now the market leader in Europe of custom prepared trays.

• Acquisition

Within Surgical, JKT, a market-leading company within drapes, gowns and apparel in Poland, was acquired. The integration of French Pharmaset, acquired in 2008, was carried out successfully.

• Business and product development

The investments in R&D continued, and there are several important product and business development projects underway in both Wound Care and Surgical that will lead to the launch of new important products in coming years.

• Operational efficiency

Continued expansion of the sales force is now yielding results, and as new sales staff gradually gain experience, productivity is improving. The company also continued its efforts to increase efficiency, for example through the concentration of the product portfolio within Surgical.

FINANCIAL PERFORMANCE

The company had a strong year, with sales growth of 11 percent in constant currencies. Despite continued large investments in R&D and the expansion of the sales force, EBITDA grew by EUR 16 m., or 7 percent. The EBITDA margin remained stable at 27 percent. Cash conversion remained very strong, and in the end of the year, Mölnlycke Health Care amortized EUR 90 m. of debt.

INVESTOR'S VIEW OF MÖLNLYCKE HEALTH CARE

We are encouraged by Mölnlycke Health Care's healthy growth and increase in EBITDA during 2009. A strong product offering, a promising product pipeline and expanded sales force create a platform for the company to keep growing faster than the overall market. The company's strong cash flow generation opens up for additional growth initiatives, both organic and through acquisitions. With several important products still ramping up, there is room for further profitability improvement.

www.molnlycke.com

Key figures¹⁾

Income statement items, EUR m.			
	2009	2008	2007 ²⁾
Net sales	856	791	771
EBITDA	230	214	213
Balance sheet items, EUR m. 12/31			
	2009	2008	2007
Net debt	1,705	1,795	1,857

1) Income statement 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.

Investor's engagement

Year of investment: 2007
Share of capital and voting rights: 62%¹⁾ and 47%, respectively
Value of holding: SEK 6,371 m.
Other owner: Morgan Stanley Principal Investments
Serving on the Board from Investor: Lennart Johansson and Johan Röhss
1) After full conversion.



Industrial development yielding results

Gambro made good progress during the year, despite a slightly negative impact from the economic downturn. The roll-out of new products gained momentum and the restructuring measures that were implemented started to yield results in terms of improved 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 2009

• Continued restructuring and cost savings efforts

Gambro's restructuring continued to yield results during the year. The new dialyzer factory in Opelika in the U.S., which opened in 2008, ramped up well and contributed to top-line growth and profit improvement. The cost efficiency program progressed and the number of employees decreased during the year.

• Organizational changes

A new, more focused, business area organization was launched, with three independent business areas, separating responsibilities for Chronic, Acute and Ventures (New Therapies). Gambro will now have clearer areas of responsibility and a more effective organization supporting customers and future growth.

• Quality

Since 2006, the company has invested heavily in developing and improving quality in products and

processes. Significant improvements have been made, and Gambro continues to stay focused on further improvements. During the year three warning letters from the FDA (U.S. Food and Drug Administration) were received, all of them resulting in improvement actions. However, none of the letters resulted in any restrictions for Gambro.

• Sales

Gambro's business continued to grow, despite the tough economic environment. To some extent, sales of monitors and the roll-out of some new products were affected by customers' shrinking budgets and cash constraints. However, sales of disposables remained solid.

• Business and product development

Gambro continued to invest substantially in R&D and quality improvement initiatives. The roll out of products launched in 2008, e.g. the Polyflux® Revaclear dialyzer and the Artis and AK 96 monitor systems gained speed. In 2009, Gambro launched the Theralite™ to be used in Myeloma Kidney Therapy. The SelectBag One®, a new innovative solution bag

designed to improve handling efficiency in the dialysis clinic, was also launched. Work continues on efforts to consolidate the number of product platforms in order to reduce costs.

FINANCIAL PERFORMANCE

Net sales grew by 12 percent and with 1 percent in constant currencies. Normalized EBITDA increased by 40 percent to SEK 2,384 m., lifting the EBITDA margin to 19 percent (15). The significant earnings improvement was driven by a favorable product mix, cost reductions and a positive currency impact.

INVESTOR'S VIEW OF GAMBRO

The continued progress made by Gambro during the year in terms of profitability improvement and accelerated momentum in product roll-outs is encouraging. It is important that focus is maintained on the ongoing restructuring program and quality enhancement efforts. We remain committed to making additional investments, should this be deemed value-creating.

www.gambro.com

Key figures¹⁾

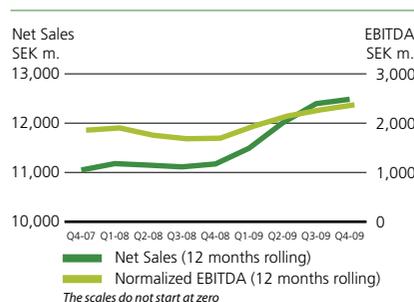
Income statement items, SEK m.	2009	2008	2007
Net sales	12,484	11,172	11,049
Normalized EBITDA ²⁾	2,384	1,707	1,869

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

2) For definition, see page 125.

Investor's engagement

Year of investment: 2006
Share of capital and voting rights: 49%
Value of holding: See Gambro Holding below
Other owner: EQT IV
Serving on the Board from Investor: Lennart Johansson



Gambro Holding owns Gambro and CaridianBCT. The companies are jointly financed in Gambro Holding. Since net debt of the companies has not been formally distributed, net asset value, the effect on Investor's income and net debt are reported as a total for the two companies. The leverage of the company is ring-fenced and without guarantees from the owner. Both companies are active in businesses with limited cyclicalities. Gambro is in the middle of a restructuring phase, which naturally affects profitability and costs. The holding in Gambro Holding was valued at SEK 2,058 m. on December 31, 2009 m, compared to our initial investment of SEK 4,172 m.

Key figures¹⁾

SEK m. 12/31	2009	2008	2007
Net debt	25,559	25,483	22,939

1) Balance sheet items are reported with one month's delay.

Core areas performing well

CaridianBCT continued to generate healthy growth during the year, despite the weak economic environment. Sales growth and the implementation of a cost reduction program contributed to a solid increase in profitability. While the Automated Collection and Therapeutic Systems business areas performed well, sales in the Whole Blood area were weak.

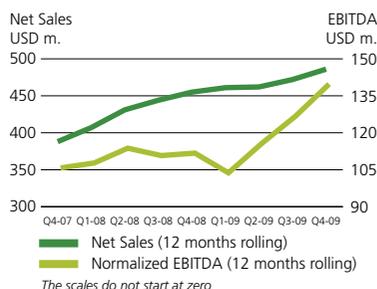
CaridianBCT is a leading global provider of technology, products and services in automated blood collections, therapeutic systems, whole blood processes and pathogen reduction technologies – specializing in blood collection, safety, component separation and cell therapy. The company is dedicated to developing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

Chairman: Mats Fischier
President and CEO: David Perez

DEVELOPMENTS IN 2009

• Sales

CaridianBCT made good progress during the year, despite a weaker demand for blood. This fall in demand was driven by the economic slowdown resulting in a decrease in the number of elective surgical procedures, particularly during the first half of the year. Automated Collections and Therapeutic Systems continued to perform well, with sales growth outpacing that of the industry. This was due to good volume development as well as successful price management.



• Product and business development

Within the Pathogen Reduction Technologies business area, a series of Mirasol PRT-specific tests and validations were initiated in a number of countries. In the U.S., the Department of Defense awarded CaridianBCT a USD 5.6 m. grant for the further development of Mirasol PRT, related to whole blood, for safe blood transfusion to trauma cases.

During the fourth quarter, CaridianBCT signed a global distribution partnership contract with a leading life sciences company for the new Quantum Cell Expansion System (CES) for stem cells. The product will be launched in 2010.

• Efficiency

During the year CaridianBCT implemented a program through which manufacturing capacity and operating expenses were adjusted to the current and projected market demand. The benefits from this program were in full effect toward the end of the year.

• Impairment of Whole Blood business (Atreus)

Sales of Atreus have not developed as hoped. The product has a less competitive cost structure than anticipated and therefore, a decision to impair the

Key figures¹⁾

Income statement items, USD m.	2009	2008	2007
Net sales	486	455	388
Normalized EBITDA ²⁾	140	112	106

1) Income statement items are reported with one month's delay.
2) For definition, see page 125.

Investor's engagement

Year of investment: 2006
Share of capital and voting rights: 49%
Value of holding: See Gambro Holding below
Other owner: EQT IV
Serving on the Board from Investor: Johan Röhss

capitalized R&D and the acquisition goodwill allocated to Atreus was taken. The total charge is USD 100 m. and effects earnings but not cash flow.

FINANCIAL PERFORMANCE

Net sales increased by 11 percent in constant currencies, while EBITDA grew by USD 28 m. and 25 percent, resulting in an EBITDA margin of 29 percent (25). The margin expansion was driven by volume growth, good price management and restructuring of the cost base. Cash conversion improved as well.

INVESTOR'S VIEW OF CARIDIANBCT

CaridianBCT's market position is strong. It is the clear global leader in automated apheresis both for blood collection and for therapeutics. Focus should continue to be on capturing growth opportunities in the market, both within the existing business areas and through the newer products, such as Mirasol PRT and Quantum CES. Investments should also be made in new geographic areas, e.g. Asia. It is also important that the company continues to reduce manufacturing costs per unit and manage its operating expenses. We believe there is an attractive potential for further sales and profit growth and thus value creation.

www.caridianbct.com



BACKGROUND TO THE INVESTMENT

Gambro was acquired in 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 (ongoing),
- lifting the import ban for Gambro in the U.S. (completed),
- making substantial investments in new products within CaridianBCT (ongoing),
- implementing a more efficient capital structure (completed),
- evaluating acquisitions in existing and complementary areas (ongoing, i.e. CHF Solutions) and
- strengthening the organization through significant management changes and other measures (ongoing).

Strong inflow of collection cases

Lindorff enjoyed strong growth in the number of collection cases in most markets during the year. Although the short-term financial impact is negative, it should provide good growth in revenues and earnings over time. In Norway, as expected, fee levels on certain consumer claims will be reduced as new legislation will enter into force as of January 1, 2010, which will impact revenue and margins negatively. The market for portfolio acquisitions remained subdued, with some signs of improvement late in the year.

Lindorff 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, Spain and Sweden. Its primary business areas are Capital, which incorporates acquisitions of credit portfolios, and Collection, which includes receivables management services. Chairman: Hugo Maurstad
President and CEO: Endre Rangnes (appointed in January, 2010)

BACKGROUND TO THE INVESTMENT

We acquired Lindorff in 2008 in partnership with Altor. 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 has a platform to continue expanding into Europe. We believe these services will experience strong long-term growth given current trends towards increased outsourcing of credit management services and consolidation opportunities in continental Europe. We developed a growth strategy that should generate attractive returns for our shareholders.

DEVELOPMENTS IN 2009

• Strong demand within Collection

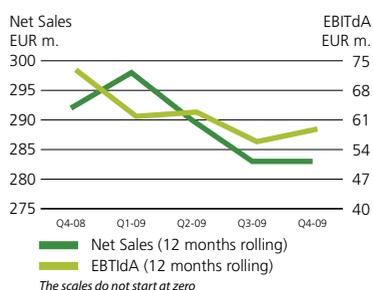
The Collection business area enjoyed a strong increase in the number of collection cases, although growth leveled off towards the end of the year. During the latter part of the year, there were some signs of increasing net sales. Growth remained strong in the Nordic region but also on newer

markets, such as Spain. The strong momentum stemmed both from existing customers and new contracts, e.g. the contract signed with 3 Scandinavia in Sweden early in the year. However, lower solution rates burdened results.

In Norway, the Ministry of Justice announced a decision to reduce the fee levels on certain consumer claims as of January 1, 2010 (to be in line with other European countries). This decision was expected and Lindorff has initiated several measures that in part will offset the negative effect on earnings.

• Capital impacted by economic weakness

Within the Capital business area, the weak economic conditions continued to have a negative impact on the performance of existing portfolios, although the effect declined gradually during the year. In general, the market for debt portfolio acquisitions remained subdued, with some signs of improvement towards the end of the year.



• Change in management

In January 2010 Endre Rangnes was appointed new CEO. He was previously the CEO of EDB Business Partners.

FINANCIAL PERFORMANCE

Net sales decreased by 3 percent in constant currencies, while the EBITdA decreased by 18 percent. The decline in the margin is mainly attributable to the weaker portfolio performance within the Capital business area and the increased volumes within Collection. This volume increase resulted in an immediate build up in costs, while revenue recognition is projected to materialize later.

INVESTOR'S VIEW OF LINDORFF

The EBITdA development during 2009 was clearly unsatisfactory. However, we believe that the company is taking appropriate actions and is positioning itself for an improvement in 2010. The strong influx of new collection cases is positive longer-term. Even though they have an initial negative impact on revenue and earnings, they should enhance growth over time. Lindorff has the capacity to take advantage of an improvement in the market for credit portfolio acquisitions going forward. We expect Lindorff to continue evaluating any value-creating acquisitions in Europe. Lindorff's focus on efficiency improvements remains a key priority, both in its core markets and in more recently established markets. Consequently, we believe Lindorff is well positioned for strong growth.

www.lindorff.com



Key figures¹⁾

Income statement items, EUR m.	2009	2008 ²⁾
Net sales	283	291
EBITdA ³⁾	59	72

Balance sheet items, EUR m. 12/31	2009	2008
Net debt	502	577

- 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.

Investor's engagement

Year of investment: 2008
Share of capital and voting rights: 57%¹⁾ and 50%, respectively
Value of holding: SEK 3,125 m.
Other owner: Altor
Serving on the Board from Investor: Börje Ekholm and Petra Hedengran
1) After full conversion.



Strong development led to EBIT breakeven on a monthly basis

2009 was a successful year for 3 Scandinavia. Having reached EBITDA breakeven on a monthly basis as of mid-2008, in August 2009, 3 Scandinavia also reached EBIT breakeven on a monthly basis and maintained this level throughout the year. During 2009 the company outgrew the market by increasing its subscriber base by 338.000 subscribers, with a continued market-leading Average Revenue per User (ARPU).

3 Scandinavia is a mobile operator providing mobile voice and 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 mobile broadband, music, Windows Live Messenger, and mobile TV channels.

Chairman: Marcus Wallenberg
President and CEO: Peder Ramel

BACKGROUND TO THE INVESTMENT

In cooperation with Hong Kong-based Hutchison Whampoa, we launched the mobile operator 3 Scandinavia in 1999 based on our shared conviction in the potential of 3G for delivering cost-efficient capacity for mobile voice and data services, including 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 2009

• Subscriber growth

Despite the weak economic environment, 3 Scandinavia continued to enjoy good momentum. In Sweden and Denmark, the most extensive independent network tests ranked 3 Scandinavia as the preferred choice in mobile data for the third and second consecutive year, respectively. This gave additional support in mobile broadband sales growth. In 2009, 3 Scandinavia added net 338,000 subscribers, corresponding to a growth of 27 percent. At the same time, the market (Sweden and Denmark) grew by around 6 percent. In Sweden, 3 Scandinavia's subscriber base passed the one million-mark in October.

Key figures¹⁾

Income statement items, SEK m.	2009	2008	2007
Net sales	5,840	5,147	4,329
EBITDA ²⁾	434	-106	-730
Balance sheet items, SEK m.	2009	2008	2007
Net debt	10,230	10,235	10,167
Other key figures ³⁾ , 12/31	2009	2008	2007
Number of subscribers	1,569,000	1,231,000	900,000
ARPU ³⁾ (SEK)	348	379	431
Non-voice ARPU ³⁾ (%)	42	36	27
Postpaid/prepaid ratio	90/10	90/10	90/10

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

• Operational leverage

Operational leverage, i.e. how far the subscriber base can expand without a corresponding increase in OPEX (operating costs excluding subscriber acquisition costs), is strong. A sales increase of SEK 693 m. during 2009 resulted in an EBITDA improvement of SEK 540 m. In less than four years the subscriber base of the company has tripled without an increase in OPEX spending.

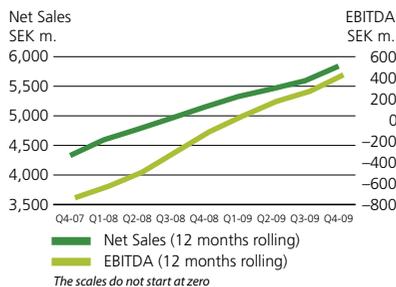
• Market leading ARPU

Average Revenue Per User (ARPU) declined during the year, mainly due to an increasing share of mobile broadband subscriptions and price pressure on ISP in Denmark, where levels are well above those in Sweden. The ARPU level still clearly exceeds that of the other Nordic operators. The share of ARPU that relates to data continues to grow and was 42 percent at the end of the year, illustrating the growing share of revenues from non-voice services.

• Leading range of services

During the year 3 Scandinavia has launched a number of new services and handsets. The launch of the Apple iPhone 3GS was a success, with a good fit between the phone, 3 Scandinavia's subscribers and brands. The launch of the campaign to replace fixed line connections with mobile services was also successful.

The company's mobile services, customer support and work-place standard won several awards.



Investor's engagement

Year of investment: 1999
Share of capital and voting rights: 40%
Value of holding: SEK 1,350 m.
Other owner: Hutchison Whampoa
Serving on the Board from Investor: Johan Bygge and Christian Cederholm. Marcus Wallenberg is Chairman and a member of Investor's 3 Scandinavia business team.

FINANCIAL PERFORMANCE

Net sales rose by around 13 percent compared with the previous year. The company as a whole was EBIT breakeven on a monthly basis as of August.

During 2009, we invested SEK 245 m. in 3 Scandinavia, most of which during the first half of the year. As of December 31, 2009, we had invested a total of SEK 6,226 m. including interest in shareholder loans in the company. The company is financed by external loans totaling SEK 10.5 bn., of which we guarantee our pro rata-share of SEK 4.2 bn. The debt was refinanced in December 2009. The existing credit was replaced in full by a new credit maturing in late 2012.

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

INVESTOR'S VIEW OF 3 SCANDINAVIA

As expected, building a new telecom operator takes time, and requires patience. It is therefore gratifying that 3 Scandinavia has reached EBIT breakeven. Growth is the key parameter to create value. Having reached EBIT breakeven, focus is on generating sustainable positive cash flow. While the voice business remains the key revenue contributor, maintaining market leadership in mobile broadband is imperative for continued growth. Consequently, the company needs to continue to develop new attractive services and offerings, as well as investing in the speed and quality of its network.

3 Scandinavia has continued to enjoy very strong momentum and the impact from the weak economy has thus far been limited. However, the economy and consumer development will remain issues that need to be closely monitored.

www.tre.se





A coming leader in specialty pharma

We invested in Biovitrum, our first listed Operating Investments, in March. Late in the year Biovitrum and Swedish Orphan International announced a plan to merge, thereby creating a leading company with strong growth potential within the attractive field of specialty biopharmaceuticals.

The combined company, to be named Swedish Orphan Biovitrum, is a listed Swedish pharmaceutical company with a leading position in several niche areas within specialty pharmaceuticals targeting rare diseases and unmet medical needs. The objective of the new group will be to continue growing the sales of its current product portfolio as well as adding new products through its internal development pipeline, acquisitions and in-licensing. Chairman: Håkan Åström
President and CEO: Martin Nicklasson

BACKGROUND TO THE INVESTMENT

In Biovitrum, we identified strong long-term growth potential in specialty biopharmaceuticals. Biovitrum had initiated a transformation from being a broad and traditionally research-led drug company to becoming a sales and marketing-led, specialized biopharmaceuticals company focusing on some select indication areas, and had an attractive late stage clinical pipeline. We invested SEK 0.6 bn. for a 23 percent stake in Biovitrum in March 2009. Compared to small molecular drugs, we believe biopharmaceutical drugs offer more attractive opportunities. Rare diseases are often chronic and life threatening. Treatment is conducted by highly specialized physicians, many times in a research-like clinical environment. Empirically, biopharmaceutical drugs have a higher clinical success ratio than traditional drugs. Furthermore, because they are developed from living cells, biopharmaceutical compounds are more difficult to copy by generics companies for post-patent life. Biovitrum has excellent opportunities to capture growth in this attractive market niche.

Growth can come from in-licensed, acquired, and, over time, in-house products. This strong platform was further strengthened by the merger with Swedish Orphan International, which closed in the first half of January 2010.

DEVELOPMENTS IN 2009

• Product and pipeline

- In January, Biovitrum announced the divestment of its wholly-owned subsidiary Cambridge Biotechnology Ltd and certain drug development programs to Proximagen Neuroscience. The transaction was closed in November.
- In March, a collaboration agreement was signed with Affibody that aimed to develop new targeted therapeutics for inflammation and autoimmune diseases.
- Biovitrum and Biogen Idec announced in October plans to launch a clinical phase III study for a product to treat Haemophilia B patients (rFIXFc).
- In November, the first phase II study on Kiobrina (to help prematurely born infants optimize absorption of fatty acids) showed positive results.
- An agreement with Amgen to expand Biovitrum's Kineret (to treat rheumatoid arthritis) license to include certain orphan indications was announced in November.

• Merger between Biovitrum and Swedish Orphan International

In November, 2009, Biovitrum announced a merger with Swedish Orphan International, valuing the latter at SEK 3.5 bn. on a debt-free basis. Prior to the deal, Investor Growth Capital held a 42 percent ownership in Swedish Orphan International, which it agreed to tender for new shares in Biovitrum. As an owner, Investor also participated with its pro rata-share of approximately SEK 350 m. in Biovitrum's rights issue to finance the transaction. Following the completion of the transaction in January 2010, Investor holds 41 percent of the capital and votes in the combined company.

The new company will become a leading European specialty pharmaceuticals company focusing on rare diseases and orphan drugs.

Swedish Orphan International, founded in 1988, is a Swedish specialty pharmaceuticals sales and marketing-oriented company that focuses on rare diseases, often with orphan drug designation, which implies that they have special regulatory status and marketing rights. Swedish Orphan International has a portfolio of about 50 niche pharmaceuticals which primarily are marketed in Europe. The company has extensive expertise in distribution, marketing, sales and regulatory affairs when it comes to orphan and other rare disease drugs, which makes it an attractive partner for other pharmaceuticals companies that lack a pan-European presence for marketing to highly specialized physicians.

Swedish Orphan International had sales of SEK 694 m (May 2008-April 2009) with an EBIT of SEK 201 m. The company has shown a CAGR in sales of 18 percent over the last five years.

FINANCIAL PERFORMANCE

Swedish Orphan Biovitrum is a listed company and consequently valued at the official share price. In 2009, the group's pro forma sales amounted to about SEK 2.1 bn. with an EBITA margin of 14 percent.

INVESTOR'S VIEW OF SWEDISH ORPHAN BIOVITRUM

Focus near-term will be on integrating the two companies and ensure that cost synergies and longer term revenue synergies can be captured. Simultaneously, the company needs to maintain its growth momentum, which includes expanding sales of key products such as Kineret and Kepivance (acquired from Amgen in 2008). We are highly appreciative of the strong industrial logic and growth potential in the new entity and look forward to contributing to make it a leading international specialty pharmaceuticals company.

www.biovitrum.com



Key figures

Income statement items, SEK m.	2009	2008
Net sales	1,297	1,141
EBITA	68	-380 ¹⁾

1) Including restructuring charges of SEK 346 m.

Investor's engagement

Year of investment: 2009
Share of capital and voting rights: 23% (41% by January 2010 when the merger was finalized)
Value of holding: SEK 971 m.
Serving on the Board from Investor: Peter Sellei and Hans Glemstedt

Tough economic environment

Grand Hôtel was impacted by the economic downturn during the year, mainly through lower occupancy levels within the hotel and lower activity within banqueting and conferences. However, the restaurants (The Cadier Bar, The Veranda and Mathias Dahlgren) maintained solid momentum and received several awards during the year.

Five-star Grand Hôtel Stockholm is Scandinavia's leading hotel with 368 guest rooms and a number of conference areas, restaurants, bars and a spa. The hotel opened in 1874 and the rooms and interiors are unique, as is the hotel's location on the waterfront in the center of Stockholm. The Grand Hôtel Stockholm is owned by the Grand Group, a wholly-owned subsidiary of Investor. Chairman: Peter Wallenberg, Jr President and CEO: Marie-Louise Kjellström (from April 2010)

DEVELOPMENTS IN 2009

- The restaurant Mathias Dahlgren was awarded a second star for Matsalen in the Guide Michelin, while Matbaren received its first star. The Restau-

rant Mathias Dahlgren was also selected as one of "The S. Pellegrino World's 50 Best Restaurants".

- During the fourth quarter, the new spa facilities, operated by Raison d'Etre, a world leading spa operator, opened.
- While not compromising on high quality, Grand Hôtel maintained tight cost control during the year, and a personnel reduction program.

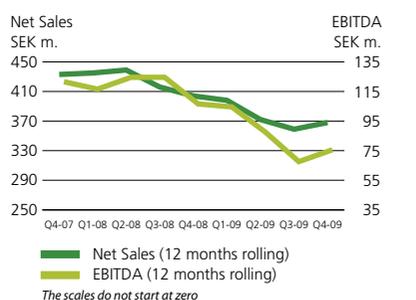
FINANCIAL PERFORMANCE

Grand Hôtel was negatively affected by the economic downturn. In total, net sales fell to SEK 368 m., a decline by 9 percent compared to last year. EBITDA fell from SEK 107 m. to SEK 76 m., resulting in an EBITDA margin of 21 percent (26).

INVESTOR'S VIEW OF GRAND HÔTEL

Grand Hôtel is affected by the economic downturn, and has taken action to mitigate the negative financial impact through cost reductions. The hotel is also taking advantage of the slowdown by upgrading and renovating some of its rooms and facilities, which should yield positive results once the business cycle improves. Our belief in Grand Hôtel's long-term growth and profitability potential remains intact. The hotel has a unique offering and location in Stockholm.

www.grandhotel.se



Key figures

Income statement items, SEK m.	2009	2008	2007
Net sales	368	404	433
EBITDA	76	107	122

Investor's engagement

Year of investment: 1968
Share of capital and voting rights: 100%
Value of holding: SEK 1,065 m.
Serving on the Board from Investor:
Peter Wallenberg Jr and Johan Bygge



Kunskapsskolan

Kunskapsskolan was founded in 1999 and is a leading independent school operator in Sweden. The company currently operates 23 secondary schools and nine upper secondary schools with a total of about 10,000 students and 800 employees. Utilizing a common educational concept, students are offered a personalized education with clear goal orientation and high quality.

Originally, Investor Growth Capital invested in Kunskapsskolan in 2002, but our holding was transferred to the Operating Investments business area in 2007. During the year, important steps have been taken to expand Kunskapsskolan internationally. For example, an agreement was signed with the British government to operate two British schools based on the Kunskapsskolan concept and preparations for this expansion are under way. In addition, there is a strong interest from many different countries as regards Kunskapsskolan's educational model.

The Novare Group offers professional services in the Human Resources (HR) field and consists of nine companies, each with its own staff of specialists in specific areas of expertise.

Novare Executive Search helps companies find the right candidates for senior management positions.

Novare Act offers services to support the execution of change programs within companies and to develop their business operations.

Novare Academy runs continuous network programs, designed to develop and retain leaders and management personnel.

Novare Executive Compensation helps companies design effective compensation systems for key employees and senior executives.

Novare Executive Assessment offers qualified advisory expertise and evaluation of board of directors, management groups and individuals.

Novare Asia provides executive search in Hong Kong and Southeast China.

Personal Due Diligence Aspecto offers qualified, fact-based background checks of physical persons and legal entities to investigate their finances, legal status, education and corporate commitments.

Nordic Interim provides quality-assured and cost-effective interim management services.

Propell is a recruitment company with wide-ranging knowledge about different positions, sectors and industries.

Despite the weak economic climate, business for the Novare Group was solid. Novare Group range of services is being steadily expanded. We founded the Novare Group in 2001 to assist us and our holdings in recruitment and network-related matters. It is also an investment with the goal of generating a good return. Since 2006, 50 percent of the group is owned by Investor AB and the remaining shares are held by members of Novare Group's executive management.

www.novare.se

Investor's engagement

Year of investment: 2001
Share of capital and voting rights: 50%
Value of holding: SEK 8 m.
Serving on the Board from Investor:
Johan Bygge, Johanna Lindén and David Lindquist

The focus going forward will be on continued development of the existing schools and preparations for the international expansion. The long-term potential of such an expansion can be significant.

www.kunskapsskolan.se

Investor's engagement

Year of investment: 2002
Share of capital and voting rights: 29%
Value of holding: SEK 89 m.
Serving on the Board from Investor:
Johan Röhss and Daniel Nodhäll

Private Equity Investments

Private Equity Investments consists of two separate activities. Our wholly-owned Investor Growth Capital makes expansion stage venture capital investments in promising growth companies. The independent EQT funds, in which we are the sponsor and the largest investor, invest in larger companies. Investments are made in Northern Europe, the U.S. and Asia. In total, Private Equity Investments had an impact of SEK 0.7 bn. on our net asset value in 2009.

Investor Growth Capital

Investor Growth Capital takes minority positions in growth companies. These companies are often generating revenue or soon will be. This type of investments poses relatively high risk, mainly related to operations, as the holdings are in development and growth phases. To balance such risks, Investor Growth Capital has a large number of holdings in its portfolios. Typically, these holdings have no or very low financial leverage. Returns are generated through divestments. Typical exits include

initial public offering or trade sales to industrial or financial players, normally after a three to seven year holding period.

ACTIVE OWNERSHIP

Investor Growth Capital's involvement ranges from supporting holdings in the development of their business, strategy and vision, to useful industrial competence in our network, and legal and financial expertise.

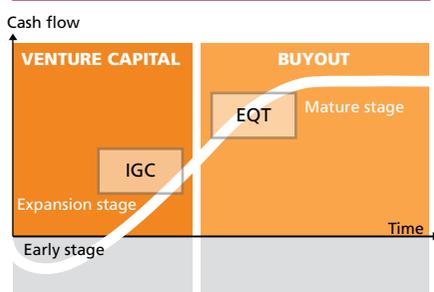
Through Investor Growth Capital's holdings, we are exposed to important new technologies and business trends at early stages. Moreover, we build knowledge that can benefit other areas of our business.

Approximately five years ago, Investor Growth Capital decided to focus on later-stage venture capital. We found that our returns tended to be lower in the early stages. This was very pronounced in Sweden. Investments in earlier stages require a mix of capital and in-depth experience in creating a business. This type of expertise is better found among individual entrepreneurs and angel investors than in institutional settings.

VALUATION

Given that holdings are normally in rather early development phases, they are often valued based on the latest externally priced financing round, or, for investments made within the last 12-month period, the acquisition amount. Where applicable, peer group multiples are used. Liquidity discounts are also applied. The use of peer multiples instead of acquisition multiples, that would typically include a premium for synergies, combined with liquidity discounts imply that companies in exit processes are undervalued. Historically, only a handful of companies have been exited from these portfolios at prices below the value established in the preceding quarterly report.

Timing of Private Equity Investments

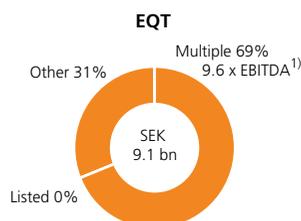
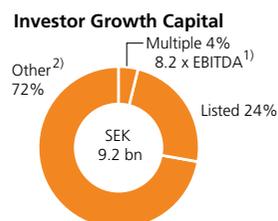


Venture capital investments are primarily made in early and expansion stages, while buyout investments are mainly made in companies that are relatively mature.

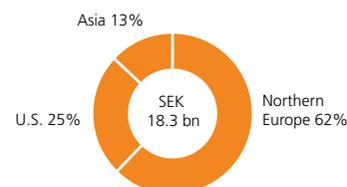
DEVELOPMENT IN 2009

Even though the stock market was strong, transaction activity remained subdued for most of the year. The improving market environment towards the end of the year provided a more positive backdrop for the venture capital industry. Announced acquisitions reflected the return of strategic buyers and more venture capital-backed companies began preparations of filing for

Valuation method, Private Equity Investments



Geographic distribution, Private Equity Investments



1) The average EBITDA multiple is based on the results from the past 12 months. The corresponding multiple in 2008 was 8.9 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.

1) The average EBITDA multiple is based on the results from the past 12 months. The corresponding multiple in 2008 was 8.3 for EQT.



“Through Investor Growth Capital’s holdings, we are exposed to important new technologies and business trends at early stages.”

IPOs. Investor Growth Capital remained focused on successfully developing its holdings as well as building its pipeline of potential new investments. It successfully increased ownership in a few holdings at attractive prices as other financially squeezed investors had to reduce their ownership. It also successfully exited a few holdings, for example Swedish Orphan International. During the fourth quarter, FOI was listed on the Japanese stock market as one of its largest IPOs in 2009. Investor Growth Capital has several holdings ready for exit in a more normalized market. In local currencies the change in value of Investor Growth Capital was 12 percent during 2009.

EQT

EQT makes leveraged investments in medium to large-sized companies that show development potential. With many holdings being relatively mature, operational risk would generally be more limited compared to that in many Investor Growth Capital holdings. However, with EQT using substantial leverage, financial risk is normally clearly higher.

EQT is independent from us, with its own investment committees and decision-making processes, although, we sponsor all of its funds. This means that we commit capital early and receive a disproportionate share of the returns.

VALUATION

Valuation is to a large extent based on multiples, as holdings are typically more mature and relevant peers are more often readily available.

DEVELOPMENT IN 2009

EQT focused on solving the financial situation for some holdings and adapting them to lower demand levels. The deal flow picked up during the latter part of the year and EQT made eight new investments.

In local currencies the change in value of EQT was 14 percent during 2009.

Goal

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

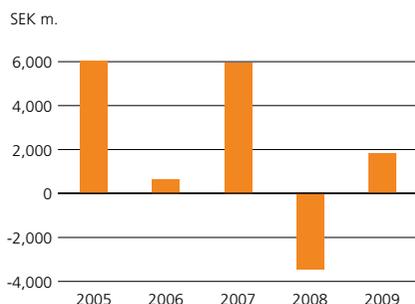
Goal fulfillment

Private Equity Investments have exceeded the targeted return requirement since 1998, the year the business area established its current structure and mission. The realized return since 1998 totaled 23 percent, which exceeds our return requirement.

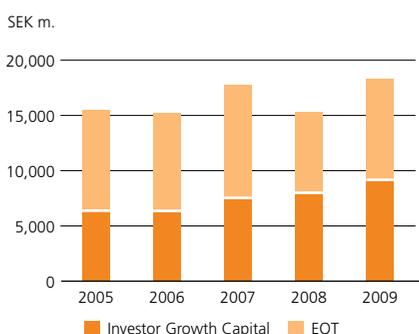
Strategy

- Drive and develop current investments.
- Invest in new attractive companies with sizeable value-creation potential.
- Successfully exit holdings as the markets permit.

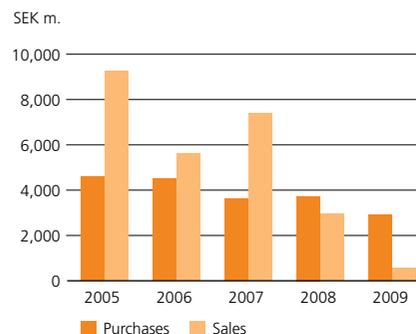
Impact on net asset value, Private Equity Investments



Value of Private Equity Investments



Purchases and sales, Private Equity Investments



Investor Growth Capital

Investor Growth Capital is wholly-owned by us and focuses on late-stage venture capital investments in new technologies and products.

The companies it invests in are most often in an expansion phase, for instance through new markets or product launches. Investments are concentrated within the IT and healthcare sectors. Within healthcare, we focus on medical technology and pharmaceuticals, but also on diagnostics products, services and biotechnology. Healthcare holdings are normally in the later stages of product development and are generally pre-revenue. In the IT sector, our focus is on software, technology-related services, semiconductors, telecommunications and computer hardware, and Internet services, including new media-related businesses. We have followed and analyzed the emerging clean-tech sector for several years. Historically, few companies in that sector were sufficiently developed to meet our investment criteria and valuations have been excessively high; however recent developments in the sector appear more promising for investment activity.

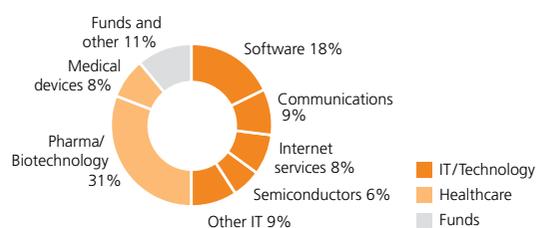
Operations are conducted from Amsterdam, with advisory support from our offices in New York and Menlo Park, Stockholm, Beijing, Tokyo and Hong Kong, with about 30 investment managers. Investor Growth Capital normally holds minority stakes with strategic influence through Board representation. The investment horizon normally ranges between three and seven years. Invest-

ments are primarily equity-financed. Since the exit window has been shut for most of 2009, the focus was on developing existing holdings and identifying new interesting investment opportunities.

Investor Growth Capital's effect on Investor's net asset value amounted to SEK 0.5 bn. during 2009.

Even though Investor Growth Capital's portfolio companies focus on secular growth and their exposure to the general business cycle is more limited, some of them were still impacted by the weak economic climate. However, the exit of Swedish Orphan International demonstrates that it was still possible to close successful deals. We continue to believe that there are ample interesting investment opportunities in the market. During 2009, Investor Growth Capital made net investments of SEK 0.9 bn.

Sector exposure, Investor Growth Capital



U.S. portfolio

The U.S. portfolio represents about 52 percent of Investor Growth Capital's total assets and consists of 43 active holdings. These holdings are active within IT and healthcare in North America. Investments typically range between SEK 50 m. and SEK 300 m.

North America offers a mature market for venture capital, with a large number of participants. We have established a strong position through long-term presence, a solid track record and a sound professional team.

New investments in 2009

- **Mpex Pharmaceutical:** A biopharma company that develops inhaled antibiotic therapies to directly target infections of the lung.
- **Constant Contact:** Helps small- to medium-size organizations develop and manage customer relationships using on-demand email marketing and survey tools.
- **ExaGrid:** A provider of disk-based backup data storage systems for the enterprise market.

European portfolio

The European portfolio represents about 33 percent of Investor Growth Capital's total assets and consists of around 24 active holdings. Investments are made in expansion stage Northern European healthcare and technology companies. Investments typically range between SEK 50 m. and SEK 200 m.

Because the Nordic region is our natural home market, Investor Growth Capital enjoys a strong flow of potential investments. During the past few years, we have also gradually established a network in continental Europe and plan to make more investments there.

New investments in 2009

- **Vårdapoteket in Norden AB:** new organization with the aim to run 24 hospital-based pharmacies in certain Swedish regions.

Asian portfolio

The Asian portfolio represents around 15 percent of Investor Growth Capital's total assets and consists of approximately 24 active holdings. Investments are made in Chinese and Japanese technology companies in the expansion phases within IT services, software, semiconductors and Internet/media. Investments typically range between SEK 35 m. and SEK 150 m.

We established ourselves as a venture capital investor early on in China, which has provided us with a good platform. Although the venture capital market and an entrepreneurial tradition are still emerging in China, the potential in the region is very attractive.

New investments in 2009

- **China ITS:** China's leading provider of integrated ground transportation technology infrastructure systems.

Investor Growth Capital – Case study in value creation: The Swedish Orphan International story

Investor Growth Capital first invested in Swedish Orphan International in early 2004 and became the owner of 42 percent of the company. The company represented very attractive growth potential, both in terms of acquiring distribution rights for additional orphan drugs and geographic expansion. The targeted growth rate was 20-25 percent annually.

At the time of Investor Growth Capital's investment, Swedish Orphan International was only established in the Nordic region. We supported its expansion outside the Nordic area, for example into the Baltic states and Continental Europe. The company's product portfolio, primarily in-licensed niche drugs for treatment of rare diseases, consisted of about 30 products. Focus was gradually changed from distribution of drugs to a larger share of in-licensing, offering considerably higher profitability. Simultaneously, internal research activities were reduced.

Making sure that our investments have the right management is always high priority, and in Swedish Orphan International, we helped strengthen its management team even further.

In early November, 2009, Biovitrum and Swedish Orphan International announced the

merger between the two companies. Their combination will create a new niche specialty pharma company focused on rare diseases. The new public company, Swedish Orphan Biovitrum, will have 2009 proforma revenues of about SEK 2.1 bn. with a 14 percent EBITA margin and excellent growth potential.

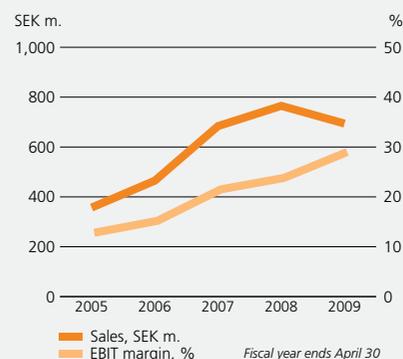
During our holding period, Swedish Orphan International generally exceeded its annual sales growth plans and profitability was substantially above forecasts. Our initial investment, which consisted of both common equity and a loan, was more than repaid through amortization of the loan and common stock dividends prior to the merger with Biovitrum. Net proceeds from the Biovitrum merger represented a double-digit multiple on Investor Growth Capital's initial investment.

Investor owns 41 percent of the combined Swedish Orphan Biovitrum, and we look forward to being the largest owner in a company with a well-diversified portfolio and strong growth opportunities. Swedish Orphan Biovitrum will be managed within our business area Operating Investments.

Key contributions by Investor Growth Capital

- Supported the company's geographic expansion.
- Assisted the company in strengthening its management team even further.
- Helped developing the company's business model and strategy.

Sales and EBIT development



Investments in EQT's funds

EQT

EQT makes buyout investments in medium and large-sized companies in Northern and Eastern Europe, China and the U.S. The investment horizon is three to seven years. Investments are made through various sponsored funds with different scopes and external investors. These funds are managed by EQT Partners. EQT's operations are independent from Investor. Since we co-invest with around 100 other external investors in EQT's funds, we only provide limited information about EQT, which is responsible for its own investor communications. EQT Partners has more than 200 employees in ten countries, of which about 100 are investment managers with broad industrial and financial experience. EQT Partners are present in Copenhagen, Frankfurt, Helsinki, Hong Kong, London, Munich, New York, Oslo, Shanghai, Stockholm, Warsaw and Zurich.

Investor was one of the three founders of EQT in 1994. Since then, we have been a sponsor and the largest investor in all EQT funds.

EQT's effect on Investor's net asset value amounted to SEK 0.4 bn. in 2009. Our remaining commitment to all EQT's funds is SEK 5.8 bn.

Events in 2009

- EQT III made an add-on investment in Leybold.
- EQT V completed the acquisition of KMD, acquired Eurocom and CableTel in Bulgaria and announced the acquisition of 82 percent of German Springer Science+Business Media
- EQT V announced a public tender for Polish medical technology company HTL-Strefa.
- EQT Expansion II invested in Danish Skykon.
- EQT Infrastructure acquired Midland Cogeneration Venture, Swedegas and Kommunekemi
- EQT Opportunity's portfolio company Bodilsen filed for bankruptcy.
- A capital injection was made in Aleris.
- Capital injections were made in conjunction with the financial restructurings of Munksjö, Sanitec and SSP.

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	503
EQT II ²⁾	1998	18%	6,193	1,100	970
EQT III ²⁾	2001	32%	20,667	6,625	6,285
EQT IV ²⁾	2004	19%	25,834	4,818	4,402
EQT V	2006	12%	43,917	5,244	3,088
EQT Opportunity	2005	25%	3,840	960	431
EQT Denmark ²⁾	1998	18%	1,412	248	202
EQT Finland ²⁾	1999	32%	679	215	134
EQT Expansion Capital I	2003	16%	1,954	315	272
EQT Expansion Capital II	2007	15%	4,898	736	269
EQT Asia ²⁾	2000	64%	2,276	1,444	1,444
EQT Greater China II	2006	38%	3,853	1,443	545
EQT Infrastructure	2008	10%	12,058	1,206	233
Total³⁾			130,841	24,941	18,778

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 = 1.39 (EQT Denmark), EUR = 10.33 (EQT Finland, EQT III, IV, V, EQT Expansion Capital I, II, EQT Opportunity, EQT Infrastructure), USD = 7.20 (EQT Asia, EQT Greater China II).

www.eqt.se

Employees, network and brand

Our strategic assets include our employees, network and brand. In addition to our 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. Another key strategic asset is our network of international industrialists and specialists that help us identify trends, attractive investment opportunities and recruit the right talent to our organization and holdings. We continuously work to develop our brand and network. Our employees work out of our offices in Stockholm, Amsterdam, Beijing, Hong Kong, Menlo Park, New York and Tokyo.

Our employees

Having the right people in the right place at the right time is critical in order to build successful companies. To recruit and retain the right people, we emphasize creating an attractive workplace that focuses on competence, professionalism and quality awareness. During 2009 we held a strategic conference for all of our employees from all of our offices with the aim of developing our business and creating conditions that allow all of our employees to participate more fully in the process of how we reach our goal. We have also further developed a Talent Management process to ensure that we will have the right composition of skills, now and in the future.

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 that face different challenges. Thus, we have built a team of employees with different nationalities, age, gender, expertise and backgrounds.

We continued our efforts to increase the representation of women in senior management positions within business in general, but also in our own organization and holdings. We have made progress during the year, but there is still a lot of work to be done. Within our own organization the share of women in leading positions has grown from 25 to 26 percent during 2009. Our emphasis is on appointing more women to leading operational management positions, which in turn will widen the recruitment base for management groups and Board positions. There has to be at least one man and one woman in the final process for every recruitment activity. In addition to recruitment and promotion activities, we have:

- been active in the public debate in several aspects, participated in seminar panels and networks for women in senior management positions,
- sent a number of employees to the Novare Management Program, a management training program for women,
- participated in an equality benchmark survey that positioned us as one of the top ten companies with less than 200 employees in Sweden for our gender positive workplace, and
- contributed to the promotion of several women to key positions such as Board directors in our holdings.

OUR CULTURE GUIDES OUR ACTIONS

A strong and clear corporate culture is important if we are to successfully achieve our vision and goal. We are constantly developing our corporate culture based on our core values. During the year, we conducted our yearly employee survey 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.

The strategic company-wide conference was an important step in ensuring that we are living by our values and share a common goal. High ethical standards are an integral part of our way of doing business, and, therefore we developed Business Principles that are printed in the Investor Business Principles (Our Map), which is available on our corporate website. Workshops were also initiated for the entire company to ensure that we are living by our business principles and that these principles are a work in progress.

Investor Business Principles

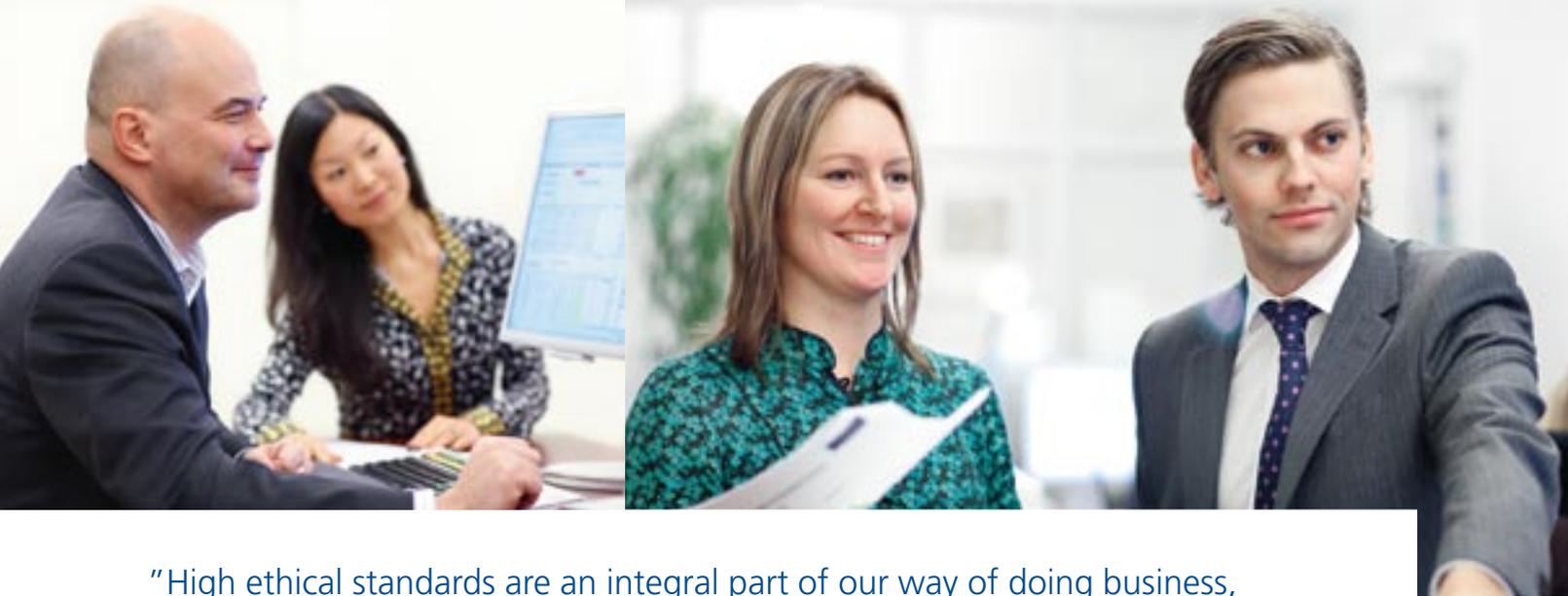
Investor Business Principles (Our Map) are based on our core values and include guidelines for ethical standards within:

- How to create value for our shareholders, society and other stakeholders, responsible ownership and to act with business integrity.
- Continuous improvement by performance-based leadership, working together, learning and accountability.
- Contribute our view by being open, blowing the whistle, sharing information and knowing when not to share information.
- Care for people by respect, diversity and building a network.

Read more on our corporate website.

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 super-



“High ethical standards are an integral part of our way of doing business, and, therefore we developed Business Principles.”

visor once or twice a year to discuss, among other matters, the form of relevant competence development. We work actively to ensure that vital expertise is shared throughout the organization. As a part of our efforts to create a dynamic workplace, a few years ago we initiated an internal recruitment market announcing available positions on our intranet.

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. Our network of contacts has a breadth and depth that benefits our business dealings in several different ways. We continuously work to maintain present relationships while at the same time creating new ones.

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, this network is also crucial for finding the right employees, Board members, 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 Swedish American Chamber of Commerce (SACC) and Novare, for example Forum Novare, Novare Management Program and Novare Management Parent.

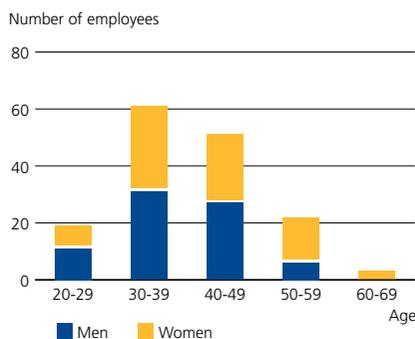
Facts & figures on employees

- Number of employees on December 31, 2009: 156 (143).
 - Average number of full-time employees in 2009: 145 (139).
 - Average age: 39,9 years.
 - About SEK 22,000 was invested in education per employee.
 - The percentage of female employees was 52 percent (50).
 - The percentage of women in senior management positions was 26 percent (25).¹⁾
 - Personnel turnover was 5.4 percent (3.4).
- 1) New definition during 2009: includes Managers and Investment Managers (Vice President within Core Investments and Operating Investments or Managing Director within Investor Growth Capital). Does not include the Management Group.

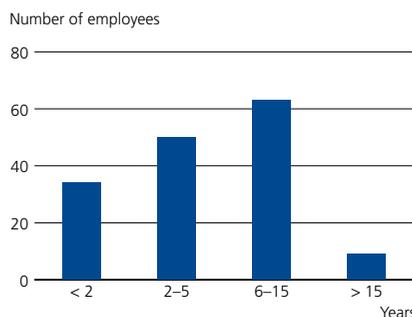
Core values

- **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.

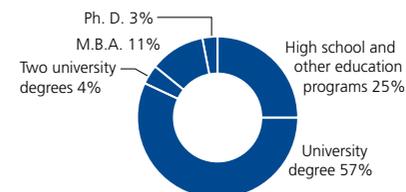
Age distribution



Years of employment



Employees by education



Remuneration – our principles

Successful entrepreneurship and development of companies is very much dependant on having the right person in the right place at the right time. Consequently, both remuneration and recruitment principles are crucial to our business concept as a whole. In tailwind, the wrong management may result in lost opportunities, but in headwind, the wrong management may lead to disaster.

Our management teams should have the strength, determination and entrepreneurial spirit needed to build world-class companies. Our experience tells us that remuneration systems play an important role when it comes to successfully recruiting and keeping key personnel. Moreover, the systems are a crucial instrument for our ability to exercise active ownership, as they enable us to steer the focus of the management's work, and thereby developing successful companies. These systems should contain the appropriate mix of fixed and variable remuneration, clear goals, lock-in instruments as well as professional follow-up and evaluation.

The remuneration of management teams has been debated for a long time and caused great interest. The economic crisis has clearly put this issue in the spotlight, which raises the bar on how remuneration systems are communicated.

Our remuneration pillars

Our remuneration philosophy rests on five pillars:

- Total remuneration, which is agreed by the individual and the company, should be competitive in order to attract the right person to the right place at the right time.
- A substantial share of the total remuneration should be variable.
- The system should be linked to long-term shareholder return by offering the opportunity to build considerable long-term shareholdings. We expect that own personal funds are invested in the company.
- The system should be transparent and simple.
- The remuneration systems should adhere to the "grandfather principle", i.e. all changes in the employee's remuneration are to be approved by the manager of the manager proposing the change.

Competitive total remuneration

Most of our holdings are active internationally, implying that competition for top management is global. Currently, a number of our holdings have foreign CEOs and other senior executives.

No owner is interested in spending more than what is absolutely necessary on management. However, the competitive situation and the international market is a reality we have to take into consideration.

"According to our philosophy, the variable part of the total remuneration should be substantial. This provides the Board with an instrument to steer management towards various goals."

The people we seek should have the ability to manage and develop world-class companies. Consequently, we have to be able to offer competitive remuneration packages in order to recruit and retain the right people in our holdings.

We negotiate the total remuneration package, which consists of a fixed component, variable performance-based remuneration as well as pension and other benefits. In a number of cases, only the fixed component forms the basis for pension payments and severance pay, which limits the total salary cost.

Variable salary

According to our philosophy, the variable part of the total remuneration should be substantial. This provides the Board with an instrument to steer management towards various goals. It also creates a more flexible cost structure.

We argue that a substantial part of the variable remuneration should be contingent on the long-term development of the company's market value. The more senior you are, the larger the share of your variable remuneration linked to the share price performance should be. The maximum total remuneration should only be achievable if all goals are reached.

VARIABLE CASH-BASED SALARY

Financial results are often the base for variable cash-based salary. The reason is that it is important to be able to gauge whether the company is performing better or worse than previously and better or worse than its competitors. Other goals may include gaining share in important markets, undertake major restructurings or that major investment programs are carried out on time and on budget.

It goes without saying that well-defined and measurable goals are important. However, in the evaluation of goals achieved, it is imperative that the Board also takes into consideration how these goals were reached and that the remuneration level makes sense. The Board must be encouraged to apply common sense based on its experience. It is also crucial not to reward actions that do not create long-term value.

Long-term share-based remuneration

From a long-term perspective, the development of a company's market capitalization is the most transparent and unambiguous way to measure that the company and its management are doing the right things. It is by no means a perfect measure, but it is clear and of direct importance to the shareholders.

We want our management teams to think more like entrepreneurs rather than officials and construct our remuneration systems to encourage this. Therefore we want to see management gradually build significant and long-term holdings, representing a large part of their personal assets in the companies in which they are active.

LONG LOCK-IN PERIOD

Another way to counter short-term behavior and focus on quarterly results is to have lock-in periods, sometimes extending beyond the termination of employment. Through this, we want to encourage the creation of long-term shareholder value, which is in line with our overall strategy to develop leading companies for the long-term.

Transparent and simple

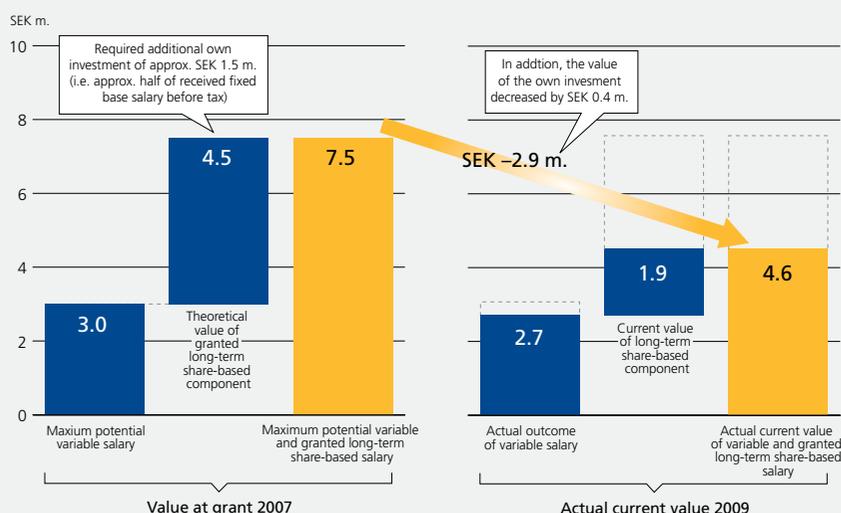
We strive to keep our remuneration principles simple and easy to understand, although we know that reality sometimes get complicated. This means, to some extent, that the final designs – not the least relating to the share-based programs

– become compromises between different main owners and their respective policies and requests.

The complexity in the programs is not only a problem for the owner seeking to understand them, but also for the employee who is remunerated. We work to constantly simplify the reporting and accounting of existing programs, simultaneously promoting our view in these issues. It is important that the system and remuneration paid is disclosed in a way that shareholders can see the full effects.

It is the Board, and not the Annual General Meeting, that is responsible for the structure and details of the remuneration system.

Development of variable remuneration components (illustrated by the development of Investor's President's remuneration from 2007)¹⁾



Investor's President's total contracted remuneration consists of fixed basic salary, variable salary, a long-term share-based component, pension and certain benefits. The President's total remuneration package has been unchanged during 2007, 2008 and 2009. The graph above illustrates the variable components and their development since they were obtained by the President in 2007. In order to achieve maximum long-term share-based remuneration, the President were required to make an investment of SEK 1.5 m. of personal funds,

1) See Note 5 for further information.

which corresponded to about 50 percent of his fixed salary after taxes. The variable salary totaled SEK 2.7 m. compared to the maximum SEK 3 m., and the share-based component was worth SEK 1.9 m. at year-end 2009 compared to SEK 4.5 m. at allocation in 2007. Consequently, the total value of the variable components had decreased from a total maximum value at grant of SEK 7.5 m. to SEK 4.5 m. In addition, the value of the personal investment had declined by SEK 0.4 m. from SEK 1.5 m. to SEK 1.1 m.

Sensitivity analysis, long-term share-based remuneration, Investor's CEO¹⁾

Scenarios for Investor share price performance 2007-2009	Value, share-based remuneration at allocation 2007	Theoretical value at year-end 2009
+25%	SEK 4.5 m.	SEK 6.2 m.
+/-0 %	SEK 4.5 m.	SEK 3.2 m.
-25% ²⁾	SEK 4.5 m.	SEK 1.9 m. ²⁾

1) Some simplified assumptions have been made to simulate the value change given various hypothetical share prices.
 2) Actual outcome.

The sensitivity analysis above illustrates the theoretical value of the share-based remuneration at year-end 2009 given the price performance of the Investor share. In the table, we have simulated two scenarios, one positive and one neutral, showing how the value of the share-based remuneration could have developed since 2007. These are compared with the actual outcome, which has been negative during the period.

Corporate Social Responsibility

To us, Corporate Social Responsibility (CSR) covers a number of areas, such as the environment, human rights and working conditions. It also includes a commitment and responsibility to participate in the development of society at large. Our tradition of behaving as a responsible company and owner is close to 100 years old.

The basic principle that is applied through our CSR policy is that companies that take into account the interests of their stakeholders and society at large improve their potential for healthy long-term profitability. There is no contradiction between long-term profitability and a sustainable business model. Our thinking and activities within the CSR field are split into two perspectives: our role as an owner and investor and our role as a company and employer.

Our CSR efforts also include ongoing dialogues with large businesses, international business networks and government representatives in different countries about the conditions for owning and developing companies in the longer term. These dialogues give us early indications about trends, political changes and opportunities, which we convey to our holdings. As in all business activity, if handled appropriately, a sustainability focus should provide interesting opportunities for our holdings.

The ownership perspective

In the companies in which we have influence, we strive to ensure that operations are conducted in a responsible and ethical manner. Compliance with legislation and regulations is a basic requirement. Just as with every other issue relating to our holdings, our influence is mainly exercised via our work on the Board. We recommend that our holdings draw up policies and goals for the CSR issues that are most relevant and important to them. 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.

Several of our holdings work actively within this area and have made great progress. Some are leaders in their field, notably ABB, Electrolux, Ericsson and Husqvarna which have, among other things, been highly ranked in previous CDP (Carbon Disclosure Project) reports and received various environmental awards. Companies focusing on this is in a good position to cope creatively with climate regulations and they may increase their competitive position by being one of the climate leaders in their sector. We are convinced that resource efficient products with limited environmental impact will be increasingly demanded by customers in the future.

The company's risk and opportunity profile linked to CSR related issues is mostly included in our screening process for new investments.

“As in all business activity, if handled appropriately, a sustainability focus should provide interesting opportunities for our holdings.”

Activities in the CSR field are under constant development. We remain convinced that well structured processes and clear CSR strategies will be important for risk management and value creation in the coming years.

Examples from our holdings regarding this year's performance within the CSR field

Every year we provide some current examples of work done by our holdings in the field of CSR. More examples are available at our corporate webpage.

- AstraZeneca works actively within this area and in the 2009 Dow Jones Sustainability Index AstraZeneca were ranked top of the health sector for their Standards for Suppliers. They achieved a 100 percent rating, moved up from 79 percent in 2008.
- Electrolux met its 2009 target to reduce energy consumption in production and offices by 15 percent compared to 2005 levels. The company launched a new savings target to reduce energy use by a further 15 percent by 2012 compared with 2008 consumption levels. In addition to the reducing carbon emissions, the efforts will generate a cost saving of SEK 200 m. when the target for 2012 has been achieved compared to 2005.
- In 2009, Ericsson focused on sustainability solutions and received several green awards in, for example, China and South Korea. Ericsson plans to reduce its own carbon footprint by 40 percent over a five-year period, with 2008 as the base year. Ericsson's sustainability strategy focuses on the role that broadband can play in helping to offset global CO2 emissions. Information and Communications Technology (ICT) represents about 2 percent of the global CO2 emissions. This technology could potentially contribute to significantly reduce emissions from other sectors.
- Mölnlycke Health Care has as earlier communicated prioritized sound environmental practices on a global scale. The company works hard to constantly improve their environmental footprint. As an example, they have been able to reduce the amount of waste generated in their Czech factory by 19 percent. Additionally, 92 percent of production waste generated in the Waremmé plant in Belgium is recycled.
- Within its CSR work, Saab continued the international work with anti-corruption principles by taking an active role in the development of "Global Principles of Business Ethics for the Aerospace and Defense Industry". This is made in cooperation with the European and the American defense industry.



“The company’s risk and opportunity profile linked to CSR related issues is mostly included in our screening process for new investments.”

The company and employer perspective

We support 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.

HEALTH, WORKING ENVIRONMENT AND SAFETY

We follow the laws and regulations within the countries where we are active. Health, working environment and safety are important components for us as an employer. We have a good health program and a strong focus on security and safety for all employees. As described in an earlier section of this report, we continuously assess our working environment through an annual employee survey and our Investor Business Principles (Our Map) serve as a guide for all employees to ensure that we apply a high ethical standard when conducting business.

ENVIRONMENTAL RESPONSIBILITY

Our direct impact on the climate is very limited with headquarters in Stockholm and a small number of offices in other parts of the world. However, we are aware that we have an indirect impact on the climate through our holdings.

Our environmental policy strives to minimize environmental impact through the conservative use of resources, recycling and other measures. We started to measure and report our climate footprints at our Stockholm facilities in 2007. The results from the emissions measurements were reported as part of the CDP, and we have increased our awareness of climate-related risks and opportunities. The following measures have been implemented:

- Change to Environmental Product Declaration (EPD) electricity in the Stockholm property.
- Less air travel within Sweden, Europe and to long-haul destinations outside of Europe.
- Production of less printed material in our external communication by using online channels, for example for quarterly reports.
- Agreement with taxi providers to use environmental cars.

GOOD CITIZEN RESPONSIBILITY

We use our sponsorship activities as a way to combine business-related involvement with a good citizen perspective. The areas we prioritize are youth, education and entrepreneurship. Current sponsor activities include:

- Young Enterprise Sweden (Ung Företagsamhet), entrepreneurship training in the form of a competition at upper secondary school level.
- IFS, an organization that helps people with nationalities start and develop companies in Sweden.
- SIFE (Students for Free Enterprise), social entrepreneurship at the university level.
- Venture Cup, an organization focusing on increasing the interest for entrepreneurship among graduate students by stimulating the establishment of new and innovative businesses with growth potential.
- Zon Moderna, an educational art outreach project for upper secondary school students that is offered at the Modern Art Museum in Stockholm.

Investor shares

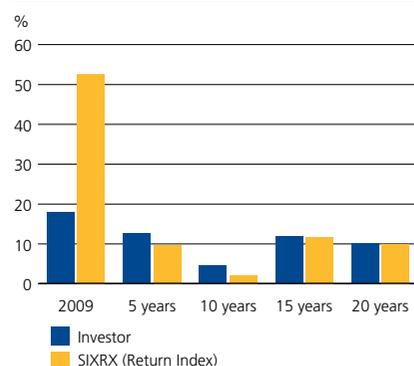
In 2009, the uncertainty gradually softened its firm grip of the global stock markets. After a turbulent start of the year, the stock markets ended on a strong positive note. Our total return was 18 percent, disappointingly underperforming the total return index of the Stockholm Stock Exchange for the full year. The Investor share has however outperformed the market since the start of the turbulent market in early 2008.

The price of Investor's A share increased 17 percent during the year from SEK 112.50 to SEK 131.80. The B share increased 14 percent from SEK 117 to SEK 132.90. The total return for the Investor share in 2009 was 18 percent and the average annualized total return has been 13 percent over the past five-year period.

Turnover

During 2009, the turnover of Investor shares totaled 569 m. (657), of which 35 m. were A shares (44) and 534 m. were B shares (613). This corresponded to a turnover rate of 11 percent (14) for the A share and 117 percent for the B share (135), compared with 107 percent for the Nordic Exchange as a whole (132). On average, 2.3 m. Investor shares were traded daily (2.6). Our share was the 17th most actively traded share on the Stockholm Stock Exchange in 2009.

Average total return Investor vs. SIXRX



Ownership structure

At year-end 2009, 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 143,591 (139,997) shareholders at year-end 2009. 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

Total return compared to SIXRX

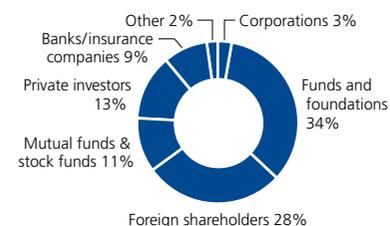


category is foundations, of which the three largest Wallenberg foundations combined own 22.3 percent of the share capital and 48.0 percent of the voting rights.

Foreign ownership

The ambition in recent years has been to broaden our shareholder base and attract a larger share of international shareholders. This continues to be our focus as we believe that a larger share of long-term foreign owners will have a structurally positive effect on total shareholder return. The continued turbulence and volatility on the stock markets continued during 2009 and the foreign ownership on the Stockholm

Distribution of shareholders (% of capital)



Investor's 15 largest shareholders listed by capital stake¹⁾

	12/31 2009		12/31 2008	
	% of capital	% of votes	% of capital	% of votes
Knut and Alice Wallenbergs Foundation	18.6	40.0	18.6	40.0
Alecta	4.4	2.6	3.0	2.3
Northern Cross (Harbour International)	2.5	0.5	2.3	0.5
Skandia	2.3	4.2	2.3	4.1
SEB-Foundation	2.3	4.9	2.3	4.9
Marianne and Marcus Wallenbergs Foundation	2.3	4.9	2.3	4.9
Swedbank Robur Funds	2.2	3.1	2.5	3.3
Third Avenue Management LLC	2.0	4.4	2.2	4.4
AMF	1.9	1.1	2.4	1.2
Marcus and Amalia Wallenbergs Memorial Fund	1.4	3.1	1.4	3.1
Handelsbanken Funds	1.4	0.5	1.6	0.6
Oppenheimer Funds	1.2	0.3	1.3	0.4
SEB Investment Management	1.1	0.6	1.3	0.7
Government of Norway	1.1	0.2	-	-
Canada Pension Plan Investment Board	1.0	0.2	0.2	0.1

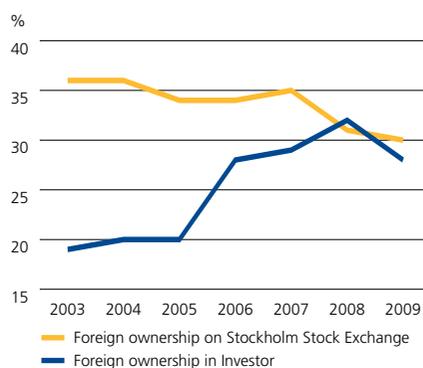
¹⁾ Swedish owners are directly registered or registered in the name of nominees. Foreign owners through filings, custodian banks are excluded. Source: Euroclear Sweden.

Stock Exchange decreased accordingly. The percentage of foreign shareholders in Investor also decreased during 2009.

Some of the activities carried out during the year to increase long-term foreign ownership include:

- Continued focus on identifying and actively attracting the right type of foreign shareholders (investor targeting).
- A high number of investor meetings.
- Frequent road shows including markets that are newer to us, such as Canada.
- Participation in seminars and presentations.

Foreign ownership of capital



Employee stock ownership

Within the framework of our long-term share based remuneration, all employees are given the opportunity to invest 10 percent or more of their gross fixed base salary, 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 53 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 basic salary in Investor shares. Personal investments mean that the program has both an up- and downside. For more information on remuneration, see "Remuneration – our principles" on page 34 and Note 5, page 88.

Proposed dividend and distribution policy

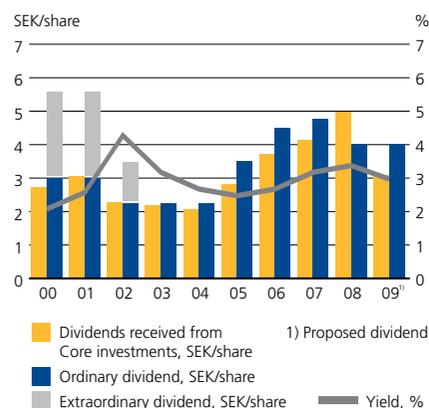
The Board and the President propose a dividend to shareholders of SEK 4.00 per share (4.00), corresponding to a maximum of SEK 3,069 m. (3,069), based on the total number of registered shares. Our policy is to distribute a high percentage of

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.

Repurchases of own shares

In 2009, 2,200,000 shares were repurchased to hedge our program for long-term 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.

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 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 0.4 percent of total assets) than many other investment alternatives such as equity 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 102 bn. (Ninth largest company on the Stockholm Stock Exchange.)

Letter from the Chairman

The Board of Investor remains focused on its commitment to long-term value creation by building successful companies, which we believe has proven itself in 2009 and throughout our 93 year history. During 2009 we invested some SEK 7 bn. in areas matching our long-term vision.

In last year's annual report, I highlighted how leadership from government and business would be essential if we were to avoid the worst of a global economic crisis. The recovery now emerging, albeit slowly, was made possible by the strong response of governments around the world to save the financial system and fuel confidence – of consumers and businesses – through a number of measures. Following the financial crisis, 2009 witnessed how governments and companies moved in opposite directions when it came to debt. Governments around the world incurred unprecedented levels of debt throughout 2009 in order to stimulate their economies and safeguard their citizens from an economic meltdown. Companies meanwhile were keen to reduce their debt levels, issuing bonds to refinance or selling assets to pay down existing debt.

Economic recovery, although underway in many parts of the world, will be a long and slow process. The spectre of further financial shocks, coupled with a still fragile banking sector, continue to constrain financial markets. At the same time, credit contraction and the high cost for the financing that is available have meant that companies of all sizes focused on strengthening their balance sheets rather than pursuing growth.

The extraordinary efforts of companies to avoid redundancies by agreeing pay freezes or cuts, as well as reduced hours with their workforce also demonstrate that lessons were learned from earlier downturns by today's business leaders.

Globalization passes the test

As the financial crisis took its toll on the real economy, from job losses to cost cutting, to government bailouts – there were fears that free trade and capitalism itself would be challenged. Although social instability is still a threat it has been encouraging to see the resilience of an interdependent global economy.

The frameworks put in place to encourage free trade, even though far from perfect, have undoubtedly helped keeping the flow of goods and services circulating throughout the world during the current economic crisis. Protectionism was a serious threat

throughout the year as nations were tempted to protect their own markets. Several unwelcome restrictions on trade and investment were imposed by some countries, but leaders from the G20 understood the dangers from such short-term responses and pledged their support for free trade. Many of the worst protectionist practices did not materialize.

We must, however, remain vigilant against economic nationalism. Global trade is a key engine, not only to get us firmly out of the global recession, but crucial to the future growth of the world economy.

Sustaining value creation

Investor has weathered the turbulence of 2009 successfully and is well positioned to seize opportunities that will undoubtedly emerge as the world's economies begin to recover.

During 2009 we invested some SEK 7 bn. in areas we believe match our long-term vision. The Board of Investor remains focused on its commitment to long-term value creation by building successful companies, which we believe has proven itself in 2009 and throughout our 93 year history.

Our existing portfolio of companies has been well placed to perform in good and bad times. Most of our companies reacted swiftly to changed demands from their markets and customers. I am impressed by how well our companies delivered in such difficult circumstances.

Whether finding significant opportunity from delivering solutions to the serious challenge of climate change, or helping to improve customers' productivity through technological and operational innovation, most of our portfolio companies have delivered notable results.

We are, of course, not satisfied with our relative performance in 2009 which saw an 18 percent total return, compared to the Stockholm stock market which grew by more than 50 percent. Our objective remains to generate returns that outperform the market over time, which we have also accomplished during most periods historically.



“Global trade is a key engine, not only to get us firmly out of the global recession, but crucial to the future growth of the world economy.”

Positioning ourselves for the future

Two key developments within our portfolio were SEB's SEK 15 bn. and Husqvarna's SEK 3 bn. rights issues. Investor was a major underwriter of both these offerings. Our investment underscores the confidence we have in both businesses. The short-term constraints from prevailing market conditions cannot detract from the strong positions that both SEB and Husqvarna enjoy.

With around SEK 21 bn. in capital available, Investor is ready to invest, both to grow its Core and Operating Investments as well as to enter new areas of growth, in order to secure the long-term value that the shareholders of Investor have come to expect.

The life science and medical sectors were exciting areas of focus for Investor during 2009. In addition to the acquisition of 24 Apoteket pharmacies from the Swedish government, Investor facilitated the merger to create Swedish Orphan Biovitrum, a Nordic-based pharmaceuticals leader for rare disease remedies. With Gambro, CaridianBCT and Mölnlycke Health Care, there is significant development potential to be realised.

Keeping our promise

As I predicted last year, the economic crisis in 2009 did not derail the commitment of business to the social priorities that civil society is facing. The increased commitment from companies to corporate responsibility and sustainability in the year have proven how important these are in both commercial and social terms. This is no passing fad, but rather a focus that benefits both business and society.

Investor continued to embrace its responsibilities in this area, both on its own and by encouraging its portfolio companies to fulfill their obligations. Across major areas – from strengthening supply chains to improving employee work-life balance, from creating green products to pursuing a zero carbon footprint – Investor companies kept their promises despite the economic uncertainty.

In saying farewell to 2009 and looking forward to the challenges of 2010, the Board would like to thank the entire Investor team. Under the leadership of Börje Ekholm, they have proven to be an extraordinary group of people, committed to the long-term vision of our company and to staying true to the principles that have guided Investor so well for more than 90 years. 2009 was a challenging time for our business as it was for the rest of the world economy.

We are also grateful to our shareholders. With your continued support and confidence in our long-term strategy, we are very optimistic about the future of Investor in a world filled with opportunities.

Jacob Wallenberg
Chairman of the Board



“Effective decision-making is based on good corporate governance. For this reason, we strive to continuously develop our corporate governance both internally and in the companies where we have ownership responsibilities.” *Jacob Wallenberg*

Corporate Governance Report

Corporate governance practices refer to the decision-making systems through which owners, directly or indirectly, control a company. Good corporate governance rests on three pillars - active owners, an involved and well constructed Board and efficient operating processes, which requires an organization that has a clear division of responsibility, effective internal controls and an expressed risk management process. Good corporate governance creates value by ensuring an effective decision-making process that is in line with the company’s strategy and steers the company toward established business goals. Investor supports each company in its specific challenges and opportunities. This is particularly important in times of turbu-

lence and uncertain financial development. Good corporate governance also includes transparency towards company owners so they can monitor the company’s development.

Investor adheres to the Swedish Code of Corporate Governance

- Investor complied with the Code in 2009
- Investor did not violate the NASDAQ OMX Stockholm Rule Book for issuers or good stock market practice

For Investor, as industrial holding company, the business model of active ownership is to create value in companies. For this good corporate governance is fundamental. This applies to Investor’s own organization as well as to the companies

in which Investor is an owner. Investor participates in the corporate governance of its companies by taking a leading, active ownership role. This means that Investor works to create value and is seriously committed to finding the right composition for the Boards of Directors of these companies. For more information about Investor’s role as an active owner, see page 10.

This corporate governance report is submitted in accordance with the Swedish Code of Corporate Governance¹⁾ (“the Code”) and explains how corporate governance was carried out during the 2009 fiscal year. The corporate governance report has not be reviewed by Investor’s auditor.

Cornerstones for good corporate governance



Important events in Investor’s corporate governance in 2009

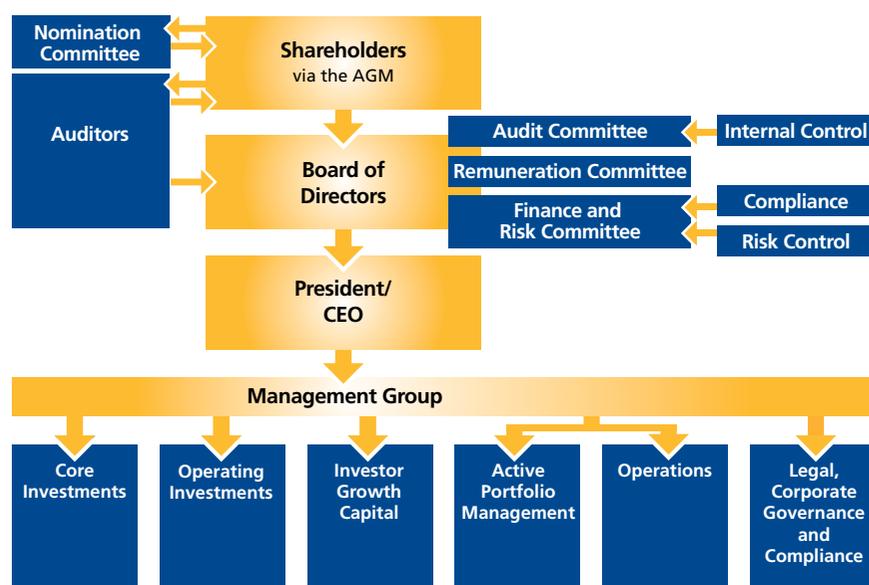
- Revised and published company’s Ethical guidelines/Business principles (page 43)
- Continued foreign representation on the Nomination Committee (page 45)
- New Board member elected to the Board (page 47)
- Evaluation of the Board by an external consultant (page 48)
- Board remuneration remained unchanged (page 51)
- Total Board remuneration in part synthetic shares (page 51)
- Modified long-term share program for employees (page 52)
- Further developed risk assessment process (page 56)

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

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

1) The Code that entered into force on July 1, 2008 and was in effect in 2009

Governance structure at Investor



Primary external framework for governance at Investor:

- Swedish Companies Act
- Accounting legislation, e.g. Swedish accounting Act, Swedish Annual Accounts Act
- NASDAQ OMX Stockholm Rule Book for Issuers
- Swedish Code of Corporate Governance

Examples of internal framework for governance at Investor:

- Articles of Association
- Board instructions, Rules of procedure
- Policies and instructions
- Process descriptions for each business area
- Ethical guidelines/ Business principles

Corporate governance at Investor

Investor is a Swedish limited liability corporation founded in 1916. Investor is publicly traded on the NASDAQ OMX Stockholm. Applicable external legislation and regulations as well as internal policies and instructions form the foundation for the company's governance, management and control as executed by the shareholders, Board of Directors, President and senior management.

In addition to legislation, regulations and recommendations, Investor's Articles of Association play a central role in 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 Annual General Meeting (AGM) is the company's highest decision-making authority and serves as the forum through which Investor's shareholders exercise their influence over the business. The AGM convenes no less than once per year and its agenda includes appointing the members of the Nomination Committee.

The Nomination Committee recommends changes to the composition of the Board for resolution by the AGM.

On behalf of Investor's owners, the Board oversees the management of the company's affairs. The Board is headed by

Chairman Jacob Wallenberg. The Board appoints the President, who is charged with carrying out the 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 rules of procedures that yearly is 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.

Internal Control, Risk Control and Compliance are important support functions for the Board's committees. Internal Control is an audit function that provides objective support to the Board for verifying the effectiveness of internal controls. 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 complied with.

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

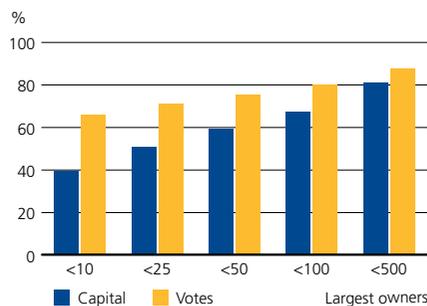
The external auditor appointed by the AGM audits the Board and the President's administration of the company, as well as the company's financial reports.

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

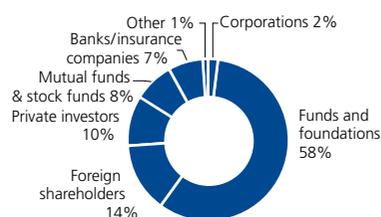
The actions of management and personnel are also governed by Investor's corporate culture. A strong, clearly defined corporate culture plays an important role in enabling the company to achieve its vision and goals. The corporate culture at Investor is based on four core values: Create value, Continuous improvement, Contribute your view and Care for people. The Management Group actively works to engage all employees in developing the corporate culture and living by the values expressed through it. In 2009, at the request of the Board, the Management Group presented a revised version of the company's Ethical guidelines/Business principles in order to provide instructions for employees on how to integrate the core values into their daily routines. See section "Employees, network and brand" in this annual report.

The company's strategy and management of CSR issues is also a part of the company's governance. See section "Corporate Social Responsibility" in this annual report.

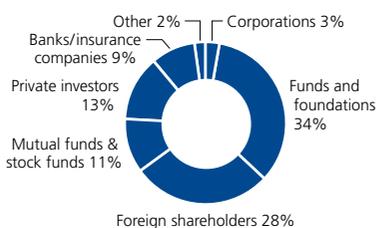
Shareholder structure



Distribution of shareholders, percentage of votes



Distribution of shareholders, percentage of capital



Investor's 10 largest shareholders listed by voting rights on December 31, 2009¹⁾

	% 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	2.0
Skandia Liv insurance company	4.2	2.3
Marcus and Amalia Wallenberg Memorial Fund ²⁾	3.1	1.4
Swedbank Robur Funds	3.1	2.2
Alecta	2.6	4.4
AMF Pension and pension funds	1.1	1.9
First AP-fund	0.8	1.0

1) Directly registered, or registered in the name of nominees, with Euroclear Sweden.

2) The three largest Wallenberg foundations own a total of 48 percent of the votes and 22 percent of the capital.

Shares, ownership and distribution policy

At year-end 2009, Investor had 143,591 shareholders according to the register of shareholders maintained by Euroclear Sweden. Institutional owners dominate the ownership structure. Foundations represent the largest single shareholder category. Investor's share capital totaled SEK 4,795 m., consisting of a total of 767 million shares, of which 312 million are class A-shares and 455 million class B-shares.

Investor's distribution policy

- A large percentage of the 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 2009 AGM decided on a dividend payment of SEK 4.00 per share to shareholders

AGM and AGM's decision-making authorities

Investor's AGM is held in the Stockholm area during the first half of the year. The date and location of the meeting are announced publicly, no later than in conjunction with the publication of the company's third-quarter report. Shareholders are also informed, no later than at the publication of the third-quarter report, 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 at the earliest six weeks, but no later than four weeks, before the date of the AGM.

The AGM is informed about the company's development over the past fiscal year and decides on a number of central issues, such as changes to the company's Articles of Association, the election of auditor, discharging the Board from liability for the fiscal year, remuneration for the Board and fees to the auditor, deci-

sions on the number of Board members, election of the Board for the period up to the close of the next AGM and dividends. Investor always strives to ensure that the Board, Management Group, Nomination Committee and the auditor are present at the AGM.

Voting rights at Investor's AGM

- Every Investor shareholder entitled to vote may vote for the entire number of the shares owned and represented by the shareholder without restrictions to the number of votes
- A-shares are entitled to one vote
- B-shares are entitled to 1/10 vote
- Both share classes carry the same dividend entitlement

Shareholders are entitled to participate in and vote at the AGM if they are recorded in the register of shareholders and have reported their intention to attend by the specified deadline. 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 printed information is available in both Swedish and English.

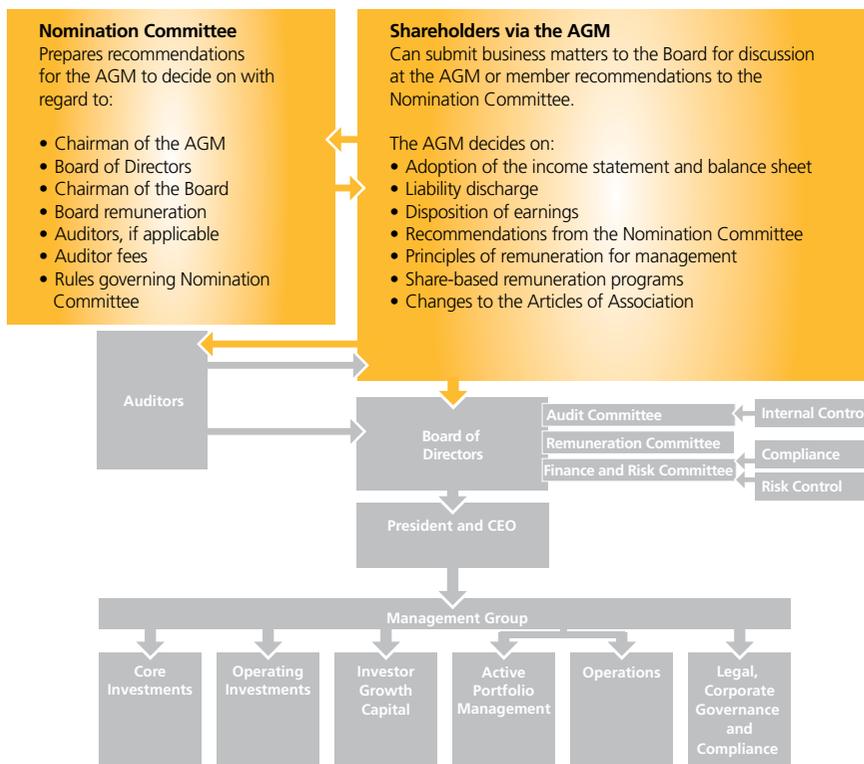
Decisions at the AGM usually require a simple majority vote. However, for certain items of business taken up at the AGM, the Swedish Companies Act requires that a proposal is approved by a higher percentage of the shares and votes represented at the AGM.

ANNUAL GENERAL MEETING 2009

Investor's 2009 AGM was held on March 31 at the City Conference Centre in Stockholm. Approximately 1,000 shareholders, including proxies, attended the meeting, representing 74.6 percent of the votes and 51.8 percent of the capital. Investor's Board and Management Group, as well as the company's auditor and Nomination Committee, were present at the AGM.

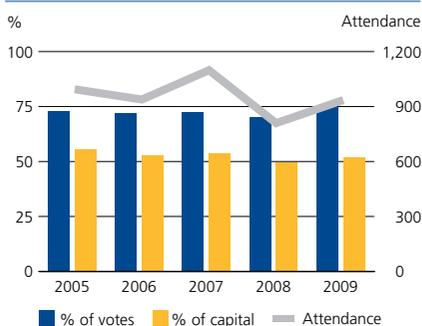
The President's presentation at the AGM was published on Investor's website the day after the AGM. All documents

Governance structure for shareholders



required for the AGM and the minutes of the meeting are available on the website in both Swedish and English.

Attendance at Investor's AGMs



ANNUAL GENERAL MEETING 2010

The 2010 AGM will take place on April 14 at the City Conference Centre in Stockholm. All shareholders wishing to take up business at the meeting may submit their request to the Chairman of the Board, or, alternatively, contact the Nomination Committee with any director nominations.

Annual General Meeting 2010

Contact information Board of Director

Investor AB
Attn: Chairman of the Board
S-103 32 Stockholm
investorAGM@investorab.com

Contact information Nomination Committee

Investor AB
Attn: Nomination Committee
S-103 32 Stockholm
nominationcommittee@investorab.com

Information about the AGM is published on the website

Nomination Committee

The AGM appoints the members of the Nomination Committee.

By mandate from the 2009 AGM, the membership of the Committee consists of five members, including one representative from each of the four shareholders or groups of shareholders controlling the largest number of votes and the Chairman of the Board of Directors. The register of recorded shareholders and shareholder groups from Euroclear Sweden and other reliable shareholder information available to the company as of the last business day of August 2009 serves as the basis for identifying the members.

NOMINATION COMMITTEE MEMBERS FOR THE 2010 AGM

The four owners with the largest share of votes, taking into account shareholder groups, appointed together with the Chairman of the Board, Jacob Wallenberg, the following representatives to the Nomination Committee prior to the 2010 AGM: Johan Stålhand (Wallenberg foundations, Investor's largest shareholder in terms of votes controlled), Lars Isacson (SEB Foundation), Curtis Jensen (Third Avenue Management LLC) and Caroline af Ugglas (Skandia Liv). The composition of the Committee was made public on October 6, 2009. Altogether, its membership represents just over 60 percent of the votes in Investor.

For the second consecutive year, a foreign shareholder was appointed to the Nomination Committee. Investor advocates the active involvement of both national and international long-term shareholders. This will strengthen the company's corporate governance in the long run.

The composition of the Nomination Committee meets the independence criteria set forth by the Code.

Nomination Committee members for 2010 AGM

Nomination Committee member	Representing	Independent in relation to the company and its management	Independent of the company's major shareholders/shareholder groups in terms of votes	8-31-2009 % of votes	12-31-2009 % of votes
Johan Stålhand	Wallenberg foundations	Yes	No ¹⁾	47.96	47.96
Lars Isacson	SEB Foundation	Yes	Yes	4.92	4.92
Curtis Jensen	Third Avenue Management LLC	Yes	Yes	4.36	4.36
Caroline af Ugglas	Skandia Liv	Yes	Yes	4.17	4.18
Jacob Wallenberg	Investor AB Chairman of the Board of Directors	Yes	No ²⁾		

1) Representing the Wallenberg foundations

2) Member of the Knut and Alice Wallenberg Foundation

NOMINATION COMMITTEE WORK FOR 2010 AGM

The Nomination Committee held four meetings with cause for minutes to be kept and maintained informal contact between meetings up to and including February 28, 2010. At the committee's first meeting, Johan Stålhand, Wallenberg foundations, was elected Chairman. Each member of the Nomination Committee signed a confidentiality undertaking in connection with the start of the Nomination Committee work.

According to a decision taken at Investor's 2009 AGM, the Nomination Committee is charged with preparing and presenting to the 2010 AGM proposals for resolutions regarding the Chairman at the AGM, the Board of Directors and the Chairman of the Board, Board remuneration distinguished between the Chairman of the Board and other Board members and remuneration for committee work, audit fees, and rules for the Nomination Committee for the 2011 AGM.

In order to reach proper decisions about the composition of the Board, the committee is furnished with the evaluation of the Board and its work and the Chairman of the Board's report on the company's activities, goals and strategies.

It is the committee's role to assess the performance and effectiveness of the Board given the company's current circumstances and long-term objectives. The committee therefore evaluated the size and composition of the Board in terms of industry experience, expertise, international experience and diversity. The composi-

tion of the Board should reflect and allow scope for the different backgrounds and areas of expertise that are required for the implementation of Investor's philosophy of active ownership and long-term ownership commitment.

The Nomination Committee is of the opinion that diversity is important, as relates to i.a. gender, nationality and industry experiences, in order to achieve a well functioning composition of the Board of Directors. However, it is very important that each candidate of the Board has the right profile and merits for the specific competence sought.

The Nomination Committee also studied the audit evaluation and the recommendations of the Audit Committee regarding auditing fees.

The recommendations of the Nomination Committee, its substantiated opinions regarding the proposed Board of Directors and supplementary information regarding recommended Board members are made public when notice of the AGM is published. These matters of business are also presented at the 2010 AGM together with a report on the work of the Nomination Committee.

Board of Directors

Shareholders elect the Board at the AGM to serve a mandate period beginning with the AGM and concluding with the AGM the following year. On behalf of Investor's owners, the Board establishes the goals and strategies for the company, evaluates the operational management and ensures that systems are in place to monitor and verify the company's business and organizational objectives. The Board also ensures that the company's stakeholders are furnished with accurate information, that laws and regulations are complied with and that ethical guidelines and internal policies are modified as needed. 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 set out in the section "Board of Directors' description of internal controls and risk management for the financial reporting".

Pursuant to the Articles of Association, the Board should consist of no less than three and no more than eleven directors. The AGM decides the exact number. 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 supplementary information he/she feels is necessary to make sound decisions. New Board members are introduced to Investor's business operations by attending a comprehensive introduction orienta-

Repurchase of own shares

- Since 2000, the Board has requested and been granted a mandate by the AGM to buy back the company's shares
- In 2009, 2,200,000 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

Board of Directors 2009

Member	Elected	Position	Year of birth	Nationality	Independent of company and company management	Independent of the company's major shareholders
Jacob Wallenberg	1998	Chairman	1956	Swedish	Yes	No ²⁾
Gunnar Brock	2009	Member	1950	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

tion involving, for example, meetings with departmental managers. Board members are continuously updated on new regulations, practices and statutory requirements that may affect the business.

THE CHAIRMAN OF THE BOARD

The AGM appoints the Chairman of the Board. The Chairman organizes and leads the work of the Board, ensures that the Board continues to advance its knowledge of the company, communicates views from the owners and serves as support for the President. The Chairman and the President set the agenda for Board meetings. The Chairman verifies that the Board's decisions are implemented efficiently, and ensures that the work of the Board is evaluated annually and that the Nomination Committee is informed of the result of this evaluation.

In addition to his active involvement in Investor, Chairman of the Board Jacob Wallenberg is also involved in a number of other companies and serves on a number of international organizations. He has built up an extensive international network and participates in various policy forums, such as the European Round Table of Industrialists (ERT), The Peter G. Peterson Institute for International Economics and the International Business Council of the World Economic Forum. Jacob Wallenberg is also active in a number of advisory organizations and acts as an advisor to London's mayor as a member of the International Business Advisory Council (IBAC). As of

year-end 2009, Jacob Wallenberg is also Chairman of the International Business Leaders' Advisory Council for the Mayor of Shanghai (IBLAC).

MEMBERS OF THE BOARD OF DIRECTORS

Since the 2009 AGM the Board has consisted of ten members and no deputies. At the 2009 AGM, Jacob Wallenberg, Sune Carlsson, Börje Ekholm, Sirkka Hämäläinen, Håkan Mogren, Grace Reksten Skaugen, O. Griffith Sexton, Lena Treschow Torell and Peter Wallenberg, Jr. were re-elected. Board member Anders Scharp declined re-election and Gunnar Brock was elected as a new member. The AGM elected Jacob Wallenberg as Chairman of the Board for the period ending with the next AGM. President Börje Ekholm is the only Board member who is a member of the company's Management Group.

The Nomination Committee believes that the extensive experience of the newest Board member, Gunnar Brock, in running global, industry-leading companies will be a valuable contribution to the Board.

It is also the opinion of the Nomination Committee that the expertise and experience of the Board is broad and diverse within areas that are of strategic importance for Investor, such as business development, corporate governance of both listed and unlisted companies and the financial and capital markets. The Nomination Committee considers the ten mem-

bers to be well suited to serve on the Board of Directors during the mandate period ending with the 2010 AGM.

The percentage of women and the percentage of foreign members on the Board are both 30 percent. A more detailed presentation of the Board is found on page 58 and on the website.

INDEPENDENCE OF BOARD MEMBERS

The members of the Board of Directors meet the definition of 'independent director' as set out in the NASDAQ OMX Stockholm Rule Book for Issuers and the Code in effect at their election at the 2009 AGM in accordance with the Swedish Corporate Governance Board's instruction 1-2009.

Several of the Board members are directors of companies that a part of the Core Investments business area and receive remuneration from these companies. It is the opinion of the Nomination Committee and the company that this remuneration does not entail a dependence of these members on Investor or its management. The assessment of each Board member's independence is presented in the adjacent table.

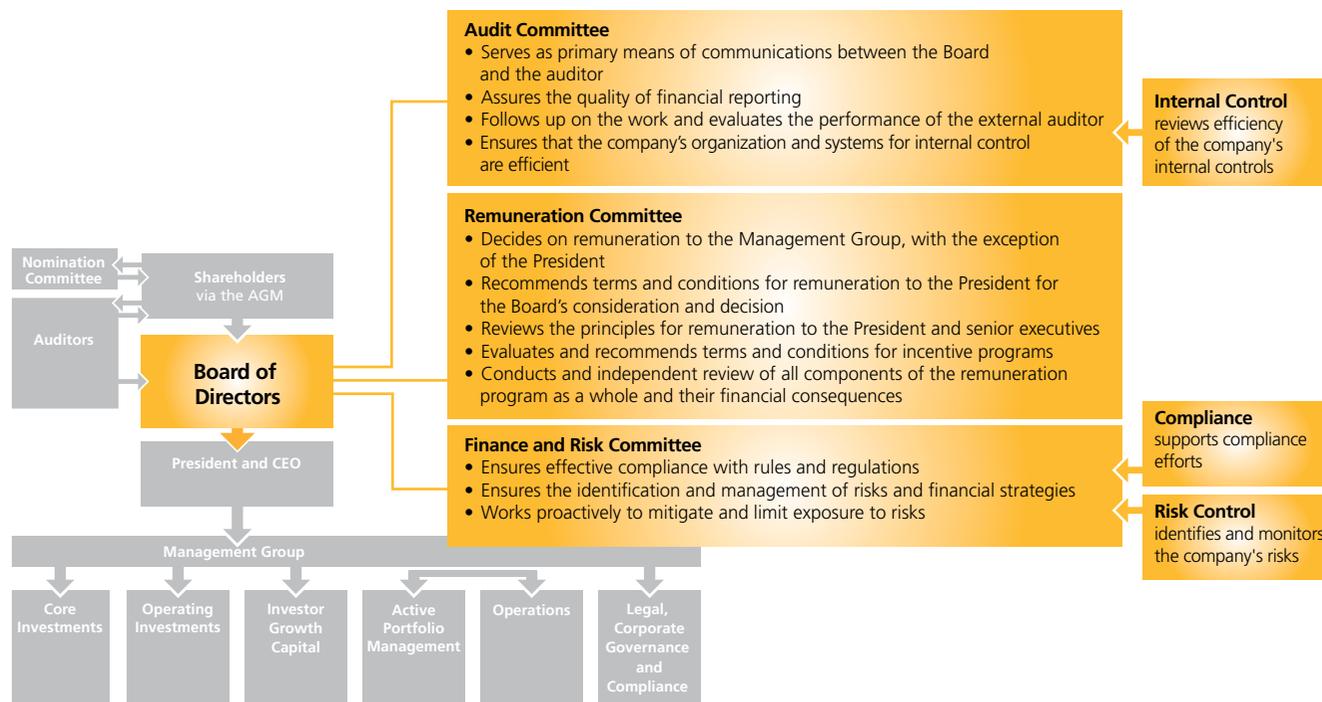
THE BOARD'S RULES OF PROCEDURE

In addition to laws and recommendations, the work of the Board is governed by its rules of procedure. The Board reviews its rules of procedure annually and is empowered to adopt them following a Board decision.

The rules of procedure are divided into five sections in order to clarify and regulate the practices and tasks of the Board: the rules of procedure, instructions to the President and instructions to each of the three Board committees: the Remuneration Committee, Audit Committee and Finance and Risk Committee.

The rules of procedure also specify which matters of business should always be included on the agenda of each Board meeting as well as on the agenda of the statutory Board meeting. The rules of procedure set out that minutes should be kept

Overall structure of governance for the Board



at every meeting by the Board's secretary, who may not be a member of the Board. Furthermore, the rules of procedure set out how the minutes are to be prepared and distributed to the members and how the Board is to be informed about matters such as the issue of press releases. The rules of procedure also contain guidelines governing the decisions the Board may delegate to the President.

EVALUATION OF THE BOARD

Pursuant to the rules of procedure, the Chairman of the Board initiates an annual evaluation of the performance of the Board.

The 2009 evaluation has, like in 2008, been carried out by an external consultant with specialist expertise in Board evaluations. The 2008 comprehensive evaluation consisted of an anonymous questionnaire that was answered by each Board member. The questionnaire was divided into a number of sections covering topics such as the atmosphere of co-operation within the Board, its range of expertise and the methods the Board utilized to carry out its tasks.

The 2009 evaluation is based on the compiled analysis of the 2008 evaluation and has then been complemented with telephone and individual interviews with Members of the Board.

The objective of the evaluation is to provide insight into the Board members' opinions about the performance of the Board and identify measures that could make the work of the Board more effective. A secondary objective is to form an overview of the areas the Board believes should be afforded greater scope and where additional expertise might be needed within the Board.

The Board discussed the results of this year's evaluation and the Chairman of the Board presented them to the Nomination Committee.

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

WORK OF THE BOARD IN 2009

In 2009, the developments on the financial and industrial markets were unpredictable. This uncertainty has naturally had a considerable impact on the work of the Board. During the year, the Board held 15 meetings, of which eight were regular meetings, one was statutory and six were extraordinary. The attendance of each Board member is presented in the table on page 50. The secretary at the Board meetings, with a few exceptions, was attorney Hans Wibom. Before meetings, Board members were provided with comprehensive written information on the issues that were to be discussed.

At the first few meetings of the year, a considerable amount of time was spent discussing the financial crisis and its effects on the companies in which Investor is an owner. Investor's participation in SEB's rights issue for SEK 15 bn. was preceded by a comprehensive in-house analysis, of which both the preparations and implementation were carried out by the Board.

This was also the case with Investor's participation in Husqvarna's rights issue. Within Operating Investments, an investment was made in Biovitrum after the Board discussed the acquisition based on documentation from Investor's management.

However, due to the developments on the global market, the work of the Board in 2009, as was the case in 2008, consisted of internal and external presentations about financial markets in both individual countries and the world in general. 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 external experts at Investor's Board meeting in New York in June 2009.

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 paid special attention during the year to the company's financial position and liquidity, one of the results of which was an extension of the average maturity for Investor's loans. 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 Board has through a committee of independent Board members, reviewed the pension agreement with

Peter Wallenberg that was entered into in 1997 and later revised in 1998. The committee has, besides its own analysis of the agreement, given two external legal experts the assignment to independently investigate the agreement's legality. Based on the experts' opinions, the independent committee has concluded that the pension agreement with Peter Wallenberg is legally binding and valid in accordance with the wording of the agreement.

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 the focus on individual companies and in the context of overall strategic discussions. Similar presentations and discussions also took place with regard to companies in Operating

Board committees' work 2009

	Audit Committee	Remuneration Committee	Finance and Risk Committee
Members ¹⁾	Sune Carlsson (Chairman) Håkan Mogren Jacob Wallenberg Peter Wallenberg Jr	Jacob Wallenberg (Chairman) Gunnar Brock O. Griffith Sexton	Sirkka Hämäläinen (Chairman) Grace Reksten Skaugen Jacob Wallenberg
Number of meetings	6	6	5
Work in 2009	<ul style="list-style-type: none"> Assessed each interim report and the Year End Report for completeness and accuracy Evaluated the valuation principles for each business area, paying particular attention to Private Equity and Operating Investments Followed up the auditor's reports on the year-end financial statements and regular reviews Discussed both structural and specific tax issues Evaluated the year's audit performance by the appointed auditor, KPMG Followed up and evaluated the results of the Internal Control function's reviews of activities and compliance in business processes, wick during the year focused in particular on the processes of Private Equity and the compliance of foreign subsidiaries 	<ul style="list-style-type: none"> Followed the development of the EU Commission's directives and recommendations, primarily the recommendation concerning remuneration to senior management in listed companies and the recommendation on remuneration policy within the financial services sector Evaluated and approved remuneration structures for personnel and salary reviews for management Evaluated and assessed the President's goal for 2009, which was then approved by the Board Discussed strategic personnel issues such as leadership development, diversity and succession Implemented the long-term variable remuneration program for management and employees adopted by the 2009 AGM Reached a decision to propose to the 2010 AGM a share program that essentially is the same as the 2009 program 	<ul style="list-style-type: none"> Followed up the Risk Control function's work monitoring current risk situations Placed special focus on analyzing liquidity and the maturity profile of the loan portfolio Discussed information security Evaluated and adjusted limits and mandates Updated the limits and mandates in the risk policy Followed up the risk assessment within the organization

1) The composition of the Audit Committee and the Remuneration Committee fulfill the requirements set out in the Code governing the independence of members with reference to the independence criteria of the NASDAQ OMX Stockholm Rule Book for Issuers that were in effect at the time of the 2009 AGM, in accordance with the Swedish Corporate Governance Board's instruction 1-2009. The Finance and Risk Committee is not affected by the independence criteria.

Investments: Gambro, Mölnlycke Health Care and 3 Scandinavia.

In Operating Investments, the Board dealt with the completed investment in Biovitrum, received detailed presentations and considered a number of potential acquisitions. The Board also handled Biovitrum's acquisition of Swedish Orphan International, in which Investor was one of two primary owners, and primarily Investor's participation in Biovitrum's financing of the acquisition.

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 in the market and legislation also led to stricter requirements for the treatment of corporate governance, remuneration, compliance 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. For this reason, during the year one of the Board meetings was held in Brussels and included detailed presentations by a number of EU representatives.

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. During the year, the Board's work was also evaluated by an external consultant to provide information as a basis for the work of the Nomination Committee and the ongoing work of the Board.

BOARD COMMITTEES

In order to increase the efficiency of its work and enable a more detailed analysis of certain issues, the Board has formed three committees: the Audit Committee, the Remuneration Committee and the Finance and Risk Committee. The members of the committees are appointed for a maximum of one year at the statutory Board meeting and perform their duties as assigned by the instructions presented to each committee annually.

The primary objective of the committees is to provide preparatory and administrative support to the Board. However, they are also empowered to make decisions on matters that the Board, pursuant to the committee instructions, delegates to them and on other issues in their respective areas of responsibility that are not considered essential in nature. The committees are required to inform the Board

of any such decisions. The issues considered and the decisions taken at committee meetings are to be recorded in the minutes and reported at the next Board meeting. Representatives from the company's specialist functions always participate in committee meetings.

Auditor

The AGM appoints the auditor for a term extending to the close of the AGM held in the fourth – or, in some cases, the third – fiscal year following the appointment. On behalf of the shareholders, the auditor audit the company's annual accounts, accounting records and administration by the Board and the President. The auditor in charge also submits an audit report to the AGM. Shareholders are welcome to direct questions to the auditor at the AGM.

Pursuant to its Articles of Association, Investor should have one or two auditors and at the most two deputies. A registered firm of auditors may be appointed as the company's auditor. At the 2007 AGM, the registered firm of auditors, 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.

Attendance record and Board remuneration in 2009

	Member Chairman	Audit Committee	Remuneration Committee	Finance and Risk Committee	Attendance record, Board Meetings	Attendance record, Committee Meetings	Board fee excl. Committee fees			Committee fees			Total Board Remuneration incl. synthetic shares, SEK ²⁾
							Cash, SEK	Value of synthetic shares, SEK ²⁾	Number of synthetic shares ¹⁾²⁾	Audit Committee, SEK	Remuneration Committee, SEK	Finance and Risk Committee, SEK	
Jacob Wallenberg	Member	●	●	●	100%	88%	937,500	937,500	7,975	125,000	125,000	62,500	2,187,500
Gunnar Brock	Member	●	●	●	91%	100%	250,000	250,000	2,127		62,500		562,500
Sune Carlsson	Member	●	●	●	100%	100%	250,000	250,000	2,127	187,500			687,500
Börje Ekholm	Member	●	●	●	100%								–
Sirkka Hämäläinen	Member	●	●	●	100%	100%	500,000	0	0		125,000		625,000
Håkan Mogren	Member	●	●	●	87%	83%	375,000	125,000	1,063	125,000			625,000
Grace Reksten Skaugen	Member	●	●	●	100%	100%	500,000	0	0		62,500		562,500
O. Griffith Sexton	Member	●	●	●	93%	83%	500,000	0	0		62,500		562,500
Lena Treschow Torell	Member	●	●	●	100%		250,000	250,000	2,127				500,000
Peter Wallenberg Jr	Member	●	●	●	100%	83%	250,000	250,000	2,127	125,000			625,000
Total							3,812,500	2,062,500	17,546	562,500	250,000	250,000	6,937,500

1) Based on volume weighted average price for Investor's B shares during the five trading days immediately following the publication of the first interim report of 2009 (16/4 - 22/4): SEK 117.56

2) At point of allocation

For total value of Board fee including synthetic shares and dividends at year-end, see Note 5

Investor's auditor: KPMG AB

- Auditor in charge: Carl Lindgren
- Year of birth: 1958
- Authorized Public Accountant at KPMG AB
- Chairman of Board at KPMG AB
- Auditor in charge for Investor since 2003
- Other auditing assignments: Arla, Brummer & Partners, Intrum Justitia, MTG and Nordea
- Shares in Investor AB: 0

Over the past three years, the auditing firm has conducted a limited number of other assignments on behalf of Investor in addition to the audit. These assignments mainly consisted of services associated with auditing, such as in-depth reviews during an audit. By limiting the extent to which the auditor is allowed to perform services other than auditing, it is possible to ensure that the auditor is independent of the company. Refer to the table for the fees paid to auditors over the past three years. The fees paid to auditors are also detailed in Note 6 to this report.

Fees paid to auditors 2007-2009

SEK m.	2009	2008	2007
For auditing services:			
KPMG AB	9	9	6
For other services:			
KPMG AB	1	1	1
Total, Group:	10	10	7

Board remuneration 2007-2009

SEK	2009	2008	2007
Chairman	1,875,000	1,875,000	1,875,000
Vice Chairman		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

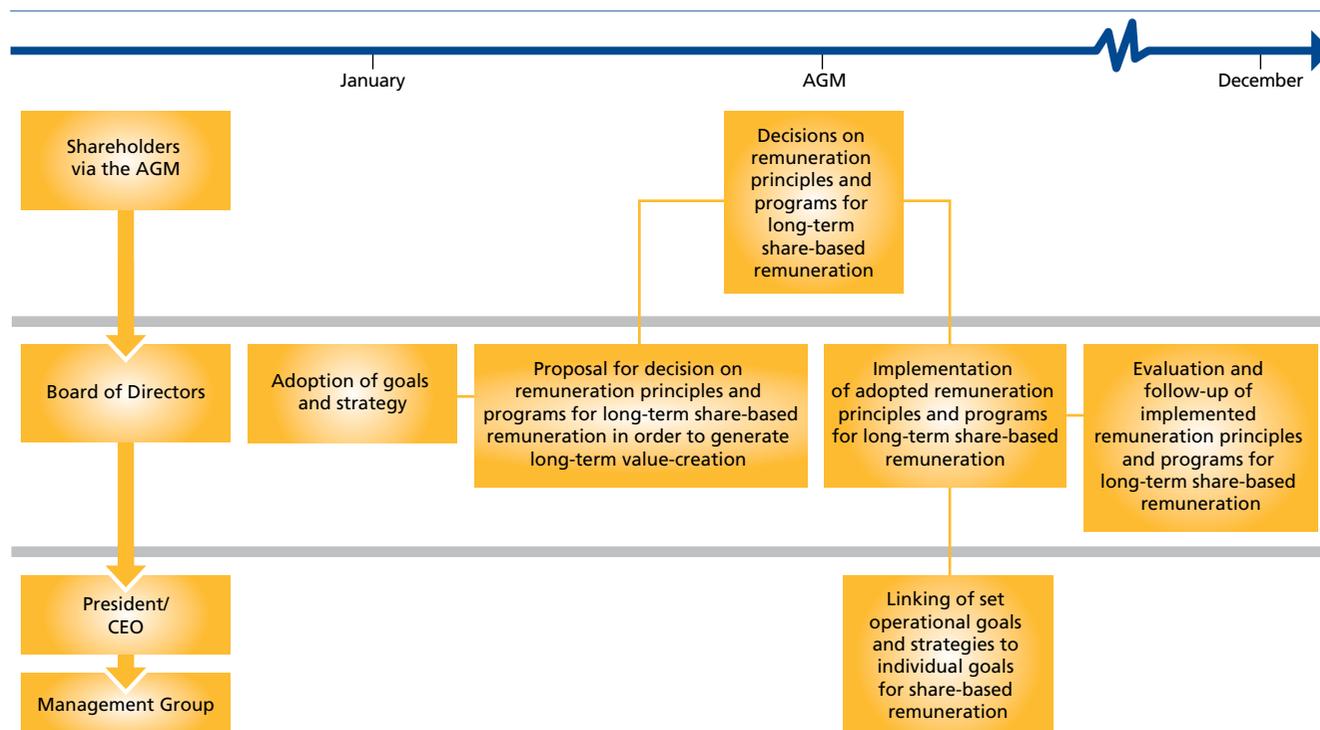
Remuneration

REMUNERATION TO THE BOARD

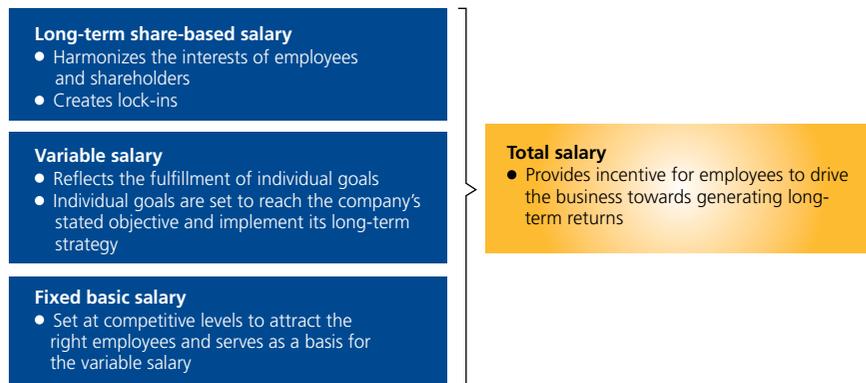
The Nomination Committee recommends the remuneration to the Board for the coming fiscal year and the AGM approves the remuneration. Remuneration is paid to Board members not employed by the company.

The Nomination Committee believes it is to the advantage of the company and its shareholders if the Board members are either shareholders in the company or subject to a similar exposure to changes in the price of Investor's share. The Nomination Committee recommended a new structure for the Board fees, which was adopted for the first time by the 2008 AGM. The new structure entails that a portion of the remuneration be paid as synthetic shares. Board members can elect to receive either 25 or 50 percent of their gross remuneration before tax in the form of synthetic shares, excluding remuneration for work on committees. For administrative reasons,

Remuneration - a governing instrument for the Board



Remuneration components as governing instruments



Board members with a foreign tax domicile can elect to receive 100 percent of their remuneration in cash. The term synthetic share carries the entitlement to receive future dividends corresponding to the market price of Investor's B-shares at the time of distribution. For the detailed terms and conditions for synthetic shares, please visit the company website.

The total remuneration to the Board approved by the AGM was SEK 6,937,500. The distribution of Board fees is shown in enclosed tables and in Note 5 to this report.

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

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

Remuneration philosophy

- Competitive total remuneration
- Significant portion should be variable salary
- Link to long-term value for Investor's shareholders through own investment and lock-in
- Transparency and simplicity
- "Grandfather principle"

For more information see page 34

REMUNERATION AS GOVERNING INSTRUMENTS FOR LONG-TERM VALUE-CREATION

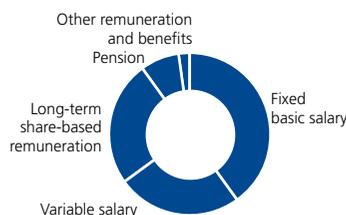
One of the Board's most important assignments is to design and modify the remuneration programs in such a way as to benefit

long-term value creation within the company. The remuneration program is a significant tool for ensuring that the company has the proper management in place. For Investor's role as an owner, having a properly designed remuneration system is of utmost importance. For more information, see section "Remuneration – our principles".

REMUNERATION TO MANAGEMENT AND OTHER EMPLOYEES

In order to achieve solid, long-term growth in value for its shareholders, Investor strives to offer its employees a total remuneration package that is in line with the market and enables the recruitment and retention of the right employees. To be able to decide what a market-level total remuneration involves and to evaluate prevailing rates, benchmarking studies are carried out every year in relevant sectors and markets.

Components of total remuneration package



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, after which the Board is informed. Investor applies, throughout the organization, the principle that the immediate superior of every manager must always be informed of and approve the recruitment of and remuneration to an employee.

When determining salaries, the total remuneration consists of a fixed basic salary, a variable salary, a long-term share-based component, pension and other remuneration and benefits. Of the total remuneration, the fixed basic salary, the variable salary and the long-term share-based component form the total salary and is the governing instruments for the company. This combination provides Investor with instruments that allow it to influence the performance of employees and establish a common ground between Investor and its owners. This will help the business generate attractive long-term returns.

The fixed basic salary is reviewed annually and constitutes the basis for calculating the variable salary.

The majority of employees have a variable component to their salaries in addition to their fixed basic salary. The variable portion is based on individual goals set each year. In this way, the annual variable salary is clearly connected to the work and performance of the individual. The goals are both qualitative and quantitative and are based on factors that support the company's long-term strategy. The variable component for 2009 varies across Investor's business areas. The President's variable salary totals a maximum of 20 percent of his basic salary. The variable salaries of the Management Group as a rule are 45-65 percent of their basic salaries, depending on the position and agreement. For other employees, the variable salary can range from 0 to 80 percent of their basic salaries. In the case of a very limited number of key

Management remuneration 2008 - 2009

SEK 000s	Year	Basic salary includ. change in vacation provision	Variable salary	Cost of granted long-term share-based remuneration	Total salary	Pension cost excluding payroll tax	Other remunerations and benefits	Total cost of remuneration
President and CEO								
Börje Ekholm	2009	8,044	1,356	5,355	14,755	2,671	805	18,231
	2008	8,254	2,706	4,405	15,365	2,627	750	18,742
Other members of the management group								
	2009	19,449	10,330	6,661	36,440	6,277	614	43,331
	2008	17,245	9,371	6,677	33,293	5,916	588	39,797

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.

personnel, the variable salary can total 100 percent of their basic salaries. If the President considers an employee of the company to have made an exceptional contribution during the year, he 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, it is possible for the variable portion of salary to exceed 100 percent of the basic salary.

Senior executives in certain business areas may also participate in profit-sharing and parallel investment programs that are based on the development of a certain investment or an entire business area.

Members of personnel employed in Active Portfolio Management 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.

During the period 1999-2009, Investor operated a long-term variable remuneration program that was offered to all employees starting in 2000. This program was approved by the Investor Board. As of 2004, the programs were also approved by the AGM. The Board's ambition is to create a structure that balances the risk-taking of employees through requirements that they invest in Investor shares and opportunities for employees to receive Investor shares by meeting performance criteria. The own investment makes the employees commit-

ted to Investor. In addition, a part of the remuneration to the employees is related to the long-term development of Investor and the Investor share. The employee is exposed to share price increases and decreases and has thereby goals equivalent to those of Investor's shareholders. The own investment requirement was implemented in 2006.

In 2008 the Remuneration Committee commissioned a comprehensive evaluation of the long-term variable remuneration program. The program that was adopted by the 2009 AGM was slightly modified. The fundamental principles remained the same, but the program was redesigned to allow for easier follow-up and a more clear connection to the Investor share's long-term value development goals. Just as in previous years, the program consists of two parts - a Stock Matching Plan and a Performance-Based Share Program.

Investor's policy is that the Management Group shall have an ownership in Investor shares corresponding to a market value of at least an annual salary for the President and at least half an annual salary for the other members of the Management Group.

For more information on salaries and other remuneration, see Note 5 or website.

President, management and the organization

President and Chief Executive Officer (CEO) Börje Ekholm is responsible for the daily operation of the business. Written instructions establish the division of

responsibilities between the President and the Board. The President's responsibilities include ongoing investments and divestments, personnel, finance and accounting issues, regular contacts with the company's stakeholders such as public authorities and the financial market and ensuring that the Board receives the information it needs to make well-founded decisions.

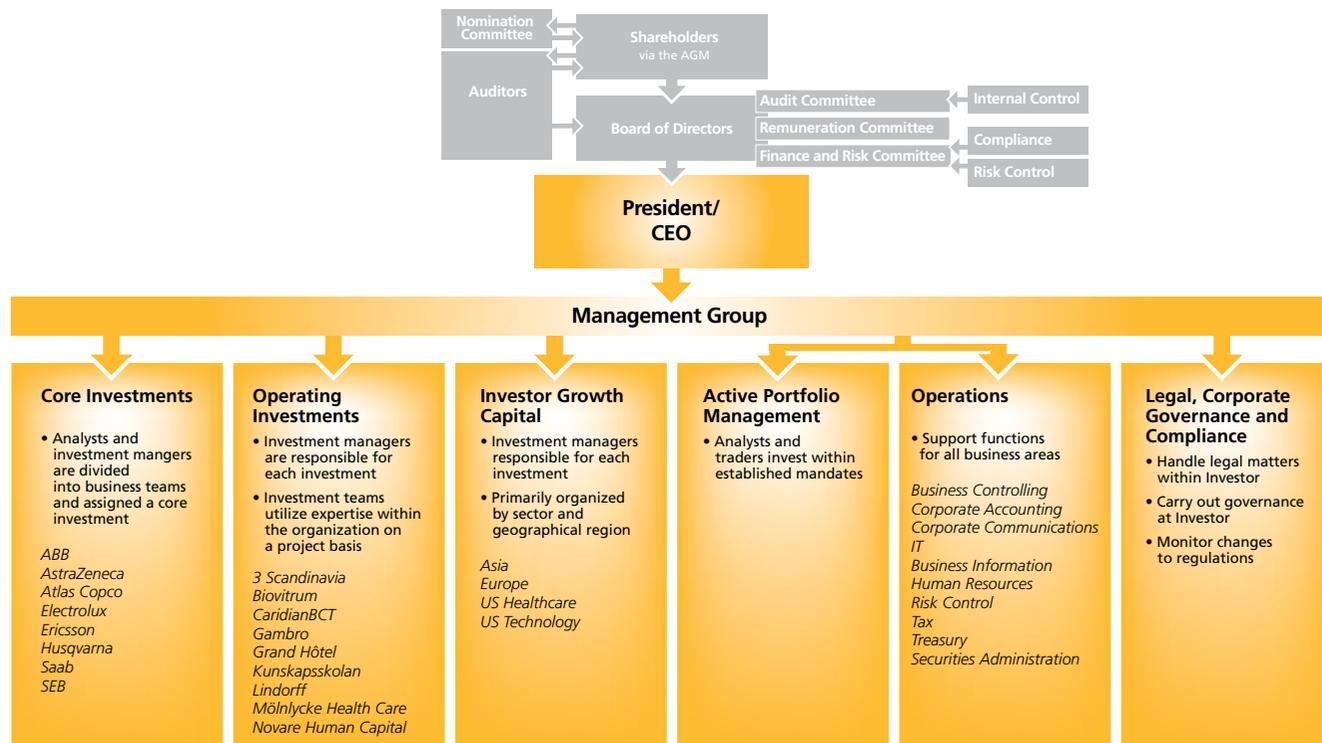
The President reports to the Board. He is also a member of the Investor Board and attends all Board meetings except for when his performance is under evaluation and when the Board meets the auditor without the presence of the Management Group.

The President has appointed a Management Group that has day-to-day responsibility for different parts of Investor's business. The Management Group consists of the President, Johan Forssell, Lennart Johansson, Stephen Campe, Johan Bygge and Petra Hedengran. Each member of the Management Group is responsible for one or several of the business units: Core Investments, Operating Investments, Investor Growth Capital, Active Portfolio Management, Operations and Legal, Corporate Governance and Compliance. For more information about the President and Management Group, see page 60.

The Management Group meets once a week to decide and follow up on business activities, current projects and other issues, and to discuss the personnel and the organization. In addition to these weekly meetings, the Management Group holds meetings focused on the company's strategy and risk assessment four to five times a year.

During 2009, the Management Group analyzed specific transactions related to the business operations, but also spent time discussing the current economic situation in order to preserve the company's financial flexibility. Risk assessment received more of a focus by the Management Group during the year, including an analysis of the effects of EU directives. The Management Group also presented and rolled out a revised version of the company's ethical guidelines. The Management

Overall structure of governance for the Management Group



Group continuously evaluates the talent within the organization given the company's strategy, goals and challenges. In addition, the Management Group also continued to develop cooperation opportunities across business areas during 2009.

The Core Investments business area, headed by Johan Forssell, employs investment managers and analysts that are responsible for one or more of the Core Investments. The analysts continuously research each holding and its respective sector and competitors to identify value-creating initiatives and their return potential. An effort to intensify cooperation with Operating Investments' investment managers via the creation of business teams was implemented during the year.

Lennart Johansson is the head of Operating Investments. The work of Operating Investments' investment managers draws on the expertise of other relevant areas within the organization on a project-basis.

Investor is normally represented on the Board of Operating Investments' holdings, by its investments managers, and takes a leading role in developing these businesses.

Stephen Campe is responsible for Investor Growth Capital. Each office of Investor Growth Capital in Asia, Europe and the United States employ investment managers that are knowledgeable in their local markets and sectors. Investor Growth Capital is normally represented on the Boards of its holdings by its investment managers. The deal flow follows a standardized process for decision-making and implementation, documentation, evaluation and follow-up.

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

Johan Bygge, Investor's CFO, is responsible for Active Portfolio Management and Operations. 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. Active Portfolio Management's mandate and limits were subject to evaluation during the year. The Operations unit includes the Business Controlling, Group Accounting, Corporate Communications, IT, Business Information, Human Resources, Risk Control, Tax, Treasury and Securities Administration. Each function's responsibilities and processes are governed by established policies and instructions. In order to efficiently support the business operations, the organizational structure of Operations is modified as needed to adapt to changes 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 matters within the company. 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 procedures for the nomination process and the analysis and monitoring of shareholders' rights.

During the year, the function discussed issues related to EU supervision with regard to the legislation for financial institutions. In addition, revisions to the Code and the impact of the pending implementation of EU Directives on the Swedish Companies Act and the Annual Accounts Act were assessed.

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 complies with legislation and contractual conditions and counteracts the development, and minimizes the extent, of undesired events and their consequences. The Compliance function maintains internal regulatory systems to this end.

In addition to its focus on continued education, the ongoing development of an IT-based support system and follow-up of compliance with limits, the Compliance function conducted a comprehensive review of the Group's internal regulations during the year and strengthened its cooperation with the Risk Control Function on matters relating to risk assessment.

Board of Directors' report on internal controls and risk management for the financial reporting

This report on internal controls and risk management was submitted by Investor's Board of Directors and prepared in compliance with the Code, section 10.5, and is

Special focus in 2009 on internal control and risk management

Monitoring

- Follow up on action plans decided in conjunction with the risk analysis in 2008
- Evaluation of the 2009 risk map
- Continued development of the financial reporting to management and the Board

Information and communication

- The Management Group's information to and communication with the organization
- Ensuring continuity in connection with changing Head of Corporate Communications
- Information security

Control activities

- Controls in the investment process for Private Equity Investments
- Controls in the investment and valuation processes for Operating Investments
- Controls for the compliance of foreign subsidiaries

Risk assessment

- Further developments to the risk assessment process
- Identification of current risks via self-evaluation

Control environment

- Review and update of all of the Group's policies and adherent instructions
- Internal training to increase the organization's awareness of internal governing documents
- Implementation of revised Ethical guidelines

thereby limited to internal controls in respect of financial reporting¹⁾. This report is not a part of the formal annual accounts.

Pursuant to the Swedish Companies Act and the Code, the Board of Directors is responsible for internal control. Effective Board work is thereby a cornerstone for good internal control. Internal control and risk management comprise 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.

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

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

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 financial reporting is focused primarily on ensuring efficient and reliable management of and accounting for purchases and sales of securities and accurate valuation of securities.

The following description of internal control is based on 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, communication and monitoring.

CONTROL ENVIRONMENT

The foundation of the internal control is the overall control environment established by the Board and management. This control environment is built around an organization with clear decision-making channels, powers and responsibilities that are defined by clear instructions and a corporate culture based on shared values and the individual's awareness of his/her role in maintaining effective internal control.

All of Investor's business areas have policies, instructions 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 on who is to bear 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. During the year, the Compliance and Internal Control functions conducted an overview of all of the governing documents and subsequently updated and

revised them. A new version of Investor's ethical guidelines, which are based on the core values, was also published. Investor's core values are described in more detail in "Employees, network and brand".

RISK ASSESSMENT

A risk assessment, i.e. the identification and evaluation of the company's risks, is conducted annually at Investor. The risk assessment is carried out in the form of a self-evaluation and includes the establishment of action plans to mitigate identified risks.

The Board's Finance and Risk Committee and the Audit Committee are responsible for identifying and managing significant financial risks and any risks of material weaknesses in financial reporting.

As a part of its risk assessment for 2009, the organization evaluated, followed up and continued to develop the extended risk analysis that was conducted in 2008. The Risk Control Function headed the follow-up in cooperation with the Compliance and Internal Control functions. Risk assessment encompasses the entire organization and all of its processes, and takes

into consideration systems, control activities, key individuals, etc. Identified risks were analyzed in relation to Investor's assets, such as financial assets, brand, personnel, information and IT/infrastructure. The identified risks were compiled in a company-wide risk map. Where needed, action plans were finalized to minimize the probability and effect of identified risks. Conclusions drawn from the risk assessments were then reported to the Management Group and the Board.

Using each business area's risk assessment as a starting point, the Audit Committee determines which of the identified risks 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. Actions such as improved control routines are then 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 can be found in the Administration Report on page 63 and under Note 29 on page 114.

CONTROL ACTIVITIES

To ensure that business is conducted efficiently and that financial reporting gives a true and fair picture at any reporting date, every process incorporates a number of control activities. These involve all levels of the organization, from Board and company management to other employees. The purpose of the 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.

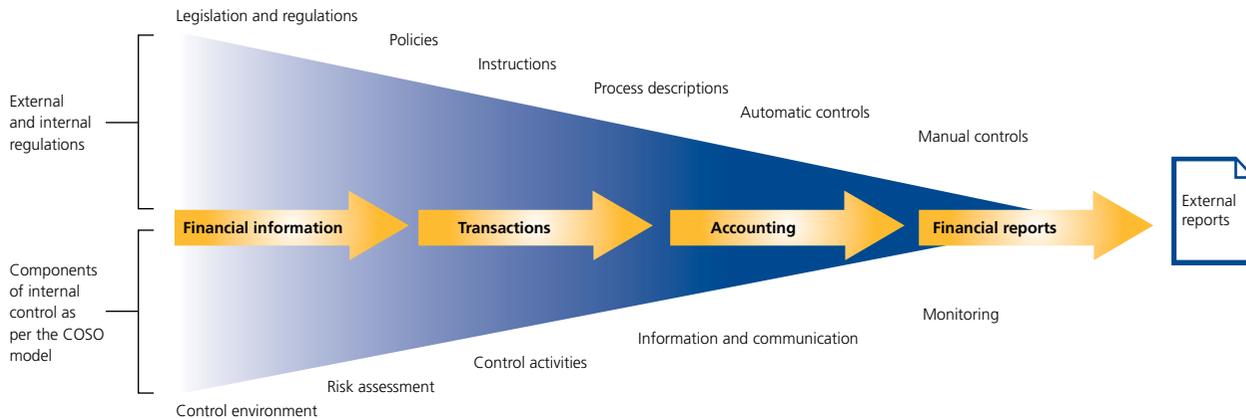
Investor's financial reports are analyzed and validated by the company's financial controllers. The validation process consists of both automatic checks, including deviation reporting, and manual checks such as reasonability assessment of the values found. The effectiveness of the automatic checks in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

In 2009, the Internal Control function conducted a special review of the control activities embedded in Private Equity Investments' processes and Active Portfolio Management's processes, and the compliance of foreign subsidiaries. All improvement suggestions were implemented. The new Business Controlling unit further developed the investment and valuation processes for the Operating Investments business area during the year.

The continuous process of risk management within Investor



Assurance process for information in financial reporting



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

INFORMATION AND COMMUNICATION

To ensure that information provided externally is accurate and comprehensive, Investor's Board of Directors has approved a communications policy defining the way in which, by whom, what and how this information must be issued. There are also instructions for how the financial information is to be communicated between management and other employees.

A proper dissemination of information also requires adequate procedures for information security, which has received special focus at Investor in recent years.

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

Investor regularly publishes up-to-date information on its website so that shareholders and stakeholders can follow Investor's operations and performance. News and events that are considered to have an

impact on Investor's share prices are announced in press releases.

In order to achieve effective and accurate dissemination of information internally, the Management Group holds monthly meetings for all employees. Breakfast meetings are held for smaller groups with representatives from the Management Group. Every few years a conference is held for the entire global organization.

MONITORING

Both the Board of Directors and the Management Group regularly follow up on the compliance and effectiveness of the company's internal controls to ensure the quality of internal processes. Investor's financial situation and strategy regarding the company's financial position are discussed at every Board meeting and the Board is furnished with detailed monthly reports on the financial situation and development of the business to this end. The Audit Committee plays an important role in ensuring that control activities are in place for important areas of risk inherent in the processes for financial reporting. The Audit

Committee, Management Group and Internal Control function regularly follow up reported shortcomings.

The Internal Control function provides objective support to the Board on matters relating to the internal control structure, partly by investigating major areas of risk and partly by performing reviews and follow-ups in selected areas. The function works proactively by proposing improvements in the control environment. The Internal Control function plans its work in consultation with the Audit Committee, Management Group and the external auditor, and regularly reports on its work to the Audit Committee during the year.

During 2009, the Internal Control function focused in particular on the investment process for Private Equity Investments and participated in further developing the reporting process within the Operating Investments business area. In addition, the Internal Control function regularly follows up that measures resulting from previous years' reviews has been implemented.

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 and Stockholm School of Economics
Chairman: IBLAC (Mayor of Shanghai's International Business Leaders Advisory Council)
Member: The European Round Table of Industrialists

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
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/Dependent¹⁾
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 Investor²⁾
214,334
Synthetic shares
15,160

Gunnar Brock

born 1950
Director since 2009

Other board assignments
Chairman: Mölnlycke Health Care AB
Director: Stora Enso Oyj
Member: The Royal Swedish Academy of Engineering Sciences (IVA)

Work experience
CEO: Atlas Copco AB, Thule International, Tetra Pak Group of Companies and Alfa Laval

Education
M.Sc. in Economics and Business Administration, Stockholm School of Economics

Independent/Dependent¹⁾
Independent in relation to the company and its management
Independent in relation to the company's major shareholders

Committees
Member: Remuneration Committee

Shares in Investor²⁾
0
Synthetic shares
2,127

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/Dependent¹⁾
Independent in relation to the company and its management
Independent in relation to the company's major shareholders

Committees
Chairman: Audit Committee

Shares in Investor²⁾
40,000
Synthetic shares
4,043

Börje Ekholm
born 1963
Director since 2006
See also information on page 60

Independent/Dependent¹⁾
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: Sanoma

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/Dependent¹⁾
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 Investor²⁾
3,400

Håkan Mogren

born 1944
Director since 1990

Other board assignments
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
Non-Executive Deputy
Chairman: AstraZeneca PLC
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/Dependent¹⁾
Independent in relation to the company and its management
Independent in relation to the company's major shareholders

Committees
Member: Audit Committee

Shares in Investor²⁾
7,458
Synthetic shares
2,979

1) Independent/dependent in accordance with the Swedish Corporate Governance Board's instruction 1-2009.
2) For more information about synthetic shares see Note 5. Includes holdings of close relatives and legal entities



Jacob Wallenberg



Lena Treschow Torell



Sirkka Hämäläinen



Gunnar Brock



Håkan Mogren

Grace Reksten Skaugen

born 1953
Director since 2006
Other board assignments
Chairman: Entra Eiendom AS, Ferd Holding AS and Norwegian Institute of Directors
Director: StatoilHydro ASA and Renewable Energy Corporation ASA

Work experience
Director: Atlas Copco AB, OperaSoftware ASA, Storebrand ASA and Tandberg ASA
Consultant: Argentum Fondinvesteringar AS
Director: Corporate Finance Enskilda Securities, Oslo
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/Dependent¹⁾
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 Investor²⁾
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/Dependent¹⁾
Independent in relation to the company and its management
Independent in relation to the company's major shareholders
Committees
Member: Remuneration Committee
Shares in Investor²⁾
1,800

Lena Treschow Torell

born 1946
Director since 2007
Other board assignments
Chairman: Euro-CASE (European Council of Applied Sciences and Engineering), MISTRA (The Foundation for Environmental Strategic Research) and The Royal Swedish Academy of Engineering Sciences (IVA)
Director: The Chalmers University of Technology Foundation, Dagens Industri AB, Micronic Laser Systems AB, Saab AB, AB SKF and ÅF AB

Work experience
President: Royal Swedish Academy of Engineering Sciences (IVA)
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/Dependent¹⁾
Independent in relation to the company and its management
Independent in relation to the company's major shareholders
Shares in Investor²⁾
16,500
Synthetic shares
4,043

Peter Wallenberg Jr

born 1959
Director since 2006
Other board assignments
Chairman: Foundation Asset Management AB and The Grand Hôtel Holdings
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
President and CEO: The Grand Hôtel Holdings
General Manager: The Grand Hôtel
President: Hotel Division Stockholm-Saltsjön AB

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

Independent/Dependent¹⁾
Independent in relation to the company and its management
Dependent in relation to the company's major shareholders
Committees
Member: Audit Committee
Shares in Investor²⁾
57,598
Synthetic shares
4,043



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 the Swedish Corporate Governance Board's instruction 1-2009.
2) For more information about synthetic shares see Note 5. Includes holdings of close relatives and legal entities.



O. Griffith Sexton



Peter Wallenberg Jr



Sune Carlsson



Grace Reksten Skaugen



Börje Ekholm

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, EQT Partners AB, Husqvarna AB, Royal Institute of Technology Holding AB, Lindorff Group AB, Scania AB, Telefonaktiebolaget LM Ericsson and University Board of Royal Institute of Technology

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 (KTH), Stockholm

Shares in Investor¹⁾
329,178

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, EQT Partners AB, Getinge AB, The Grand Group, Hi3G (3 Scandinavia), IBX Group AB, 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 Investor¹⁾
19,926

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 Investor¹⁾
3,656

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 Investor¹⁾
40,089

Petra Hedengran

born 1964
General Counsel, and Head of 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 Investor¹⁾
9,278

Lennart Johansson

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

Board assignments

Gambro AB and its related businesses, Mölnlycke Health Care AB and Saab AB

Work experience

CEO: b-business partners and Emerging Technologies AB
Deputy CEO/Senior Executive Vice President and 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 Investor¹⁾
20,653

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

1) Includes holdings of close relatives and legal entities.



Johan Forssell



Börje Ekholm



Petra Hedengran



Johan Bygge



Stephen Campe



Lennart Johansson

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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 2009, the company's ninety-third year of business. The following income statements, statements of comprehensive income, balance sheets, statements of changes in equity, statements of cash flows, and notes to the financial statements constitute an integral part of the annual report.

Fiscal Year 2009

OPERATIONS

Investor is the largest industrial holding company in Northern Europe. Investor's business concept is to invest in companies with solid potential for value creation and by leveraging Investor's experience, knowledge and network make them best-in-class and thereby generate attractive long-term returns. Operations are conducted in the business areas Core Investments (including a number of listed multinational corporations, such as ABB, AstraZeneca, Atlas Copco, Electrolux, Ericsson, Husqvarna, Saab and SEB), Operating Investments (including companies such as Biovitrum, Caridian BCT, Gambro, 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 reflected by its net asset value (market value of total assets, adjusted for net debt/cash) - corresponding to shareholders' equity - and the way it changes. On December 31, 2009, Investor's net asset value amounted to SEK 142,673 m. (115,233). During 2009, the net asset value changed by SEK 27,440 m. (-39,924). The change consisted mainly of the net result for the year, totaling SEK 31,368 m. (-36,726), and the dividend to shareholders, amounting to SEK 3,059 m. (3,637).

Consolidated operating income was SEK 32,297 m. (-36,509). The net result before tax was SEK 31,700 m. (-36,799). The change from last year was mainly due to a gain amounting to SEK 29,584 m. (-35,269) in the value of the Core Investments. The difference between net income for the year, SEK 31,368 m. (-36,726) and the change in net asset value, SEK 27,440 m. (-39,924) consisted of dividends paid, SEK 3,059 m. (3,637), and other changes in the Group's shareholders' equity totaling SEK -869 m. (439).

During the year, investments in shares, participations and receivables totaled SEK 9,435 m. (10,665). Sales of shares, participations and receivables amounted to SEK 1,609 m. (24,602). On December 31, 2009, total assets of the Investor Group amounted to SEK 170,224 m. (140,659), of which shareholders' equity represented SEK 142,673 m. (115,233). The equity/assets ratio was 84 percent (82).

At the close of the fiscal year, the Group's financial investments and cash and cash equivalents amounted to SEK 20,996 m. (27,972). Interest-bearing liabilities and derivatives, used to control exposure to changes in interest rates and foreign currency, totaled SEK -22,690 m. (-19,838). During 2010-2012, outstanding loans in the nominal amount of SEK 2,455 m. fall due for payment.

In October 2009, Investor AB launched a tender offer to repurchase a public bond maturing in 2012. The total amount repurchased was EUR 320 m. The bond was refinanced by a public bond with a maturity of 12 years, totaling EUR 500 m. The tender and subsequent new issue took advantage of favorable market conditions to extend the debt maturity profile.

At year-end, consolidated net debt was SEK 588 m., compared to a net cash position of SEK 9,737 m. at the close of 2008, of which pension provisions and similar commitments accounted for SEK -297 m. (-327). Major cash outflows during the year, other than cash flows from operating activities, were net investments in Core Investments SEK 3,375 m., Private Equity Investments SEK 2,358 m., Operating Investments SEK 1,531 m. and dividend to shareholders SEK 3,059 m. Cash and cash equivalents, interest-bearing liabilities and derivatives relating to Operating Investments are not included in net debt/cash, the relating adjustment decreases debt and amounts to SEK 1,403 m. (1,930). At year-end, net debt/cash represented 0.4 percent (-9.2) 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 after depreciation, if any, but at fair value in the Group.

Operating income of the Parent Company amounted to SEK 15,897 m. (-4,542). A substantial portion of the income was attributable to value appreciation in SEB and in ABB. Profit for the year was SEK 16,789 m. (-4,828).

During the year, Parent Company investments in financial assets totaled SEK 12,520 m. (7,018), including SEK 7,607 m. (4,157) in Group companies SEK 3,825 m. (2,151). Sales of financial assets amounted to SEK 3,522 m. (21,381), of which SEK 3,004 m. (0) in Group Companies.

On December 31, 2009, total assets of the Parent Company amounted to SEK 139,930 m. (123,458), of which shareholders' equity represented SEK 106,363 m. (92,914). The increase in equity was attributable mainly to profit for the year, SEK 16,789 m. (-4,828), less the dividend payment of SEK 3,059 m. (3,637) to shareholders.

SEGMENTS

Core Investments

Core Investments consist of major listed companies for which Investor has a long investment horizon. On December 31, 2009, Investor's Core Investments comprised ABB, AstraZeneca, Atlas Copco, Electrolux, Ericsson, Husqvarna, Saab and SEB.

The value of Core Investments totaled SEK 106,231 m. (73,272) on December 31, 2009. SEB, Atlas Copco and ABB had the biggest positive impact during 2009, with SEK 8,724 m., SEK 8,456 m. and SEK 4,289 m., respectively. None of the Core Investments impacted negatively on values during the year.

During 2009, investments totaled SEK 3,825 m. (2,151), while share sales amounted to SEK 450 m. (20,902). Investments were made in shares in SEB and Husqvarna in accordance with Investor's pro rata participation in the companies' respective new share issues. In addi-

tion, 140,000 shares in Atlas Copco were acquired, together with further shares (later divested) in SEB in connection with SEB's capital procurement program.

During the year, Investor received dividends amounting to SEK 2,358 m. (3,803) from the Core Investments. The decline from the preceding year is attributable to a general decline as a result from the financial crisis, as an example no dividend was distributed from SEB. Furthermore, Scania was sold during 2008 and did not generate any dividend.

Operating Investments

On December 31, 2009, Operating Investments consisted of Gambro Holding, Lindorff, Mölnlycke Health Care, 3 Scandinavia, Biovitrum, The Grand Group, Kunskapsskolan, Novare Group, EQT Partners and a small number of real estate holdings. Operating Investments comprise companies in which Investor has a majority or large ownership interest in the underlying investment. Investor is therefore involved in the holdings to an even greater extent than in other business areas.

On December 31, 2009, the value of Operating Investments totaled SEK 15,931 m. (16,092), of which Mölnlycke Health Care accounted for SEK 6,371 m. (6,166), Lindorff for SEK 3,125 m. (3,284), Gambro Holding for SEK 2,058 m. (3,386), 3 Scandinavia for SEK 1,350 m. (1,301), The Grand Group for SEK 1,065 m. (1,169) and Biovitrum for SEK 971 m. (-).

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. Several successful product launches and sales and marketing investments contributed to Mölnlycke Health Care's strong growth during 2009. Investments in R&D continued and several major product and business development initiatives are in progress at the company.

Mölnlycke Health Care contributed SEK 213 m. (145) to Investor's income in 2009.

Lindorff

Lindorff was acquired in 2008 in partnership with Altor. The company operates in the Collection and Capital business areas. The Collection business area reported a major increase in the number of debt collection assignments, however, lower solution rates burdened results. Within the Capital business area, the market for debt portfolios was subdued during the year and the weakness in the economy had a negative effect on the performance of existing portfolios in the Capital business area.

Lindorff negatively affected Investor's income in the amount of SEK -217 m. (-49) during 2009.

Gambro Holding

Gambro Holding comprises two companies; Gambro and CaridianBCT. In order to strengthen long-term profitability, restructuring and cost saving efforts continued during the year. Net sales and EBITDA showed satisfactory growth during the year and the company invested sub-

stantially in R&D and quality improvement initiatives. During the year, Gambro launched some new products and also impaired assets relating to the product Atreus, for which sales did not develop as hoped.

Despite a sound development of the business, Gambro Holding was negatively affected by depreciation, amortization, financing costs and the impairment of Atreus. In total Gambro Holding impacted Investor's income in the amount of SEK -1,212 m. (-156) during 2009.

3 Scandinavia

During 2009, 3 Scandinavia increased its customer uptake in Sweden and Denmark by 338,000 to 1,569,000. As a result of development of the product mix, average revenue per user (ARPU) fell over the year, while the percentage of non-voice ARPU continued to increase.

Sustained growth and control of costs enabled 3 Scandinavia to achieve EBIT-breakeven during the second half of the year. The company's external debt was refinanced and the new credit will mature in late 2012.

In 2009, Investor provided SEK 245 m. (930) in financing to 3 Scandinavia. At December 31, 2009, Investor had financed 3 Scandinavia in a total amount of SEK 6,226 m. (5,981).

3 Scandinavia had an effect of SEK -136 m. (-610) on Investor's income in 2009.

Biovitrum

In 2009, Investor acquired 23 percent of the votes and capital in Biovitrum, a listed specialist pharmaceutical company. In November, it was announced that Biovitrum had entered into an agreement with the owners of Swedish Orphan International on a merger between the companies and in January 2010 Swedish Orphan Biovitrum was created. After closing of the transaction, Investor owns 41 percent of capital and votes in the new company. Because Biovitrum is listed, it is valued at the official share price in Investor's accounts.

The Grand Group

Business at Grand Hôtel was affected by the weak economy and the resulting reduction in business travel. Occupancy rates were down on the year before and the company made personnel cutbacks during the year. Restaurants continued to show solid performance and have received a number of awards during the year. A new spa facility opened in late 2009. The facility expands the hotel's service offering and therefore is expected to broaden its customer base.

The Grand Group contributed SEK 18 m. (22) to Investor's income in 2009.

Kunskapsskolan

Kunskapsskolan, one of the leading independent school operators in Sweden with around 10,000 pupils, was acquired in 2002 by Investor Growth Capital. The company has been included in Investor's Operating Investments since 2007. During the year, important steps were taken to expand Kunskapsskolan internationally.

In 2009, Kunskapsskolan contributed SEK 2 m. (2) to Operating Investments' income.

Novare Group

Despite the weak economic climate, the business for Novare Group companies was solid. Sales by Novare Group remained at a similar level to the preceding year.

In 2009, Novare Group affected Investor's income in the amount of SEK 0 m. (-1).

EQT Partners

EQT Partners contributed SEK 26 m. (21) to Investor's income for the year.

Private Equity Investments

Private Equity Investments consist 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 2009, the total value of Investor's Private Equity Investments was SEK 18,333 m. (15,295).

In 2009, a total of SEK 2,921 m. (3,729) was invested, while holdings were sold for a total of SEK 563 m. (2,937).

The average annualized return on investments during the 1998-2009 period met the targeted return requirement of 20 percent.

Investor Growth Capital

Investor Growth Capital's activities focus mainly on expansion-stage investments in medtech in Northern Europe and the United States and in IT in Northern Europe, the United States and Asia. The value of investments in Investor Growth Capital totaled SEK 9,197 m. (7,968) on December 31, 2009.

In 2009, SEK 1,235 m. (1,887) was invested, while holdings were sold for a total of SEK 348 m. (1,123). The value change of investments in Investor Growth Capital totaled SEK 457 m. (-377) during the year.

In 2009, it was announced that Investor Growth Capital had entered into an agreement with Biovitrum on the transfer of shares in Swedish Orphan International. At year-end Swedish Orphan International was included at the closing bid price of Biovitrum multiplied by number of shares that would be received at closing. The deal was closed in January 2010.

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 on December 31, 2009 totaled SEK 9,136 m. (7,327).

In 2009, SEK 1,686 m. (1,842) was invested, while holdings were sold for a total of SEK 215 m. (1,814). The change of value in holdings in EQT totaled SEK 433 m. (-2,886) during the year.

Investor's outstanding commitments relating to EQT amounted to SEK 5,820 m. (8,546) on December 31, 2009. The funds have vary-

ing end-dates, whereof the latest in 2019. However, it is possible to prolong the fund up to three years. The majority of the commitments relate to funds with end-date in 2016.

Financial Investments

Financial Investments are investments in holdings with a short ownership horizon. On December 31, 2009, these consisted primarily of holdings managed via Investor's Active Portfolio Management. Active Portfolio Management takes long and short positions in marketable securities. During the year, the mandate was increased to take advantage of market opportunities.

The value on December 31, 2009 amounted in total to SEK 3,283 m. (1,269).

Financial Investments had an impact of SEK 1,276 m. (-622) on Investor's income during the year.

OPERATING COSTS

Consolidated operating costs totaled SEK 595 m. (545) in 2009. The increase compared to the previous year is mainly explained by adverse currency effects and expansion of Operating Investments. Of these costs, SEK 226 m. (200) was attributable to the Private Equity Investments and SEK 124 m. (102) to Operating Investments, which have business models that involve a higher share of operating 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 39 m. (21) for the year.

PERSONNEL

The number of full-time equivalent employees in Investor's wholly owned investing activities totaled 145 in 2009, compared to 139 in 2008.

During the year, a number of activities were conducted in the human resources area. Work on improving women's prospects for making a career and reaching management positions in the company continued. As part of this work, Investor took part in a survey and analysis by Veckans Affärer magazine to identify Sweden's best workplaces for women. In addition, the CEO of Investor received an award from the Swedish-American Chamber of Commerce in New York, recognizing that Investor has undergone a change and as a result has become one of Sweden's leading companies in equality of gender opportunity. To further underpin Investor's corporate culture, work on the company's core values continued. In 2009, the document "Our Map – Business Principles", based on Investor's core values, was launched. The document is intended to provide guidance to Investor personnel in their day-to-day work. Fitness is another area that was reviewed in 2009. All employees are offered a fitness grant to encourage participation in a form of exercise appropriate to the individual.

ENVIRONMENT

Investor's direct impact on the environment is regarded as 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 through conservative use of resources and recycling. Examples

of actions taken in order to decrease negative environmental consequences are;

- Change to environmental product declared electricity to the building in Stockholm.
- Less air travel
- Production of less printed material
- Agreement with taxi provider to use environmental cars

From the ownership perspective, Investor strives to ensure that operations are conducted in a responsible manner. In addition to compliance with legislation and regulations, the companies are recommended to draw up policies and goals for the CSR issues that are most relevant and important to them.

RISKS AND UNCERTAINTY FACTORS

Risk management comprises a part of the Board's and management's governance and follow-up of the business operations. Its purpose is to secure the organization's means for following strategies and working towards objectives set. Within the area of risk management the board acts through the Finance and Risk Committee. 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 is empowered to make decisions within its areas of responsibility and should subsequently inform the Board of any such decisions. The committee is supported by the Compliance and Risk Control functions. Compliance supports Investor's compliance with laws and regulations, and maintains internal regulatory systems to this end. The risk control function identifies and monitors, with the risk policy as framework, the risks that Investor is exposed to. The function is responsible for coordinating risk management work in the business, developing awareness of different types of risk and contributing to the creation of a healthy culture in connection with risks and risk management.

The following is a brief description of the most significant risks and uncertainty factors affecting the Group and Parent Company. 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. However, the overall risk in the portfolio is limited by the fact that the portfolio consists of a number of investments with various ownership horizons in different industries and countries. During 2009, the proportion of Investor's unlisted holdings decreased, leading to a somewhat higher level of liquidity in the portfolio.

Financial risks

The main financial risks 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. Most 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, but also in Operating Investments. Core Investments and other business areas are indirectly exposed to currency risks. There are no regular hedging of these risks since the investment horizon is more than three years and currency fluctuations are expected to equal out over time. Interest rate risks are present in excess liquidity and the debt portfolio. Currency risks in the company's borrowings are hedged and interest rate risks are controlled with derivatives in order to get the preferred interest rate duration.

Liquidity and Financing risk refers to the risk that liquidity will not be available to meet payment commitments either due to the fact that a financial instrument cannot be divested without considerable extra costs or that financing cannot be obtained, or can only be obtained at increased costs. Core Investments are normally very liquid, while investments in Operating Investments and Private Equity Investments are illiquid. Gross cash is invested in liquid bonds with short maturities.

Investor is exposed to credit risks, the risk of a counterparty or issuer being unable to repay a liability to Investor, primarily through investments of excess liquidity in interest-bearing securities. Credit risks also arise as a result of positive market values in derivative instruments. Several measures are taken in order to limit credit risks, Investor may, for example, only be exposed to credit risks towards counterparties with high credit-worthiness, for a limited amount and for a limited duration.

Other risks

The business is also exposed to operational risks, legal and regulatory risks and risks relating to IT and information security.

Uncertainty factors

Uncertainty factors that affect operations, and that 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

A cornerstone for Investor's strategy for the future is to have an attractive mix of investments. This means that the portfolio is subject to constant review and there is continuous work to rejuvenate it.

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 make additional investments in selected Core Investments and will continue to be highly active in developing and exercising influence over the companies, primarily through Board representation.

It is anticipated that the Operating Investments business area will grow in the future, mainly through unlisted investments. Investor will continue to maintain a high level of involvement in the underlying operations of these holdings.

In Private Equity Investments, the focus is set on growing the portfolio managed by Investor Growth Capital, where the long-term return potential is considered to be very attractive. An ambition for the future is to transfer attractive investments from Investor Growth Capital to other business areas where the investments can continue to develop in the long-run.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

In November, it was announced that Biovitrum had entered into an agreement with the owners of Swedish Orphan International on a merger between the companies. Following the closing of the transaction on January 14, 2010, Investor owns 86,075,332 shares in Swedish Orphan Biovitrum, representing 41 percent of capital and votes in the company. The holding includes the shares received by Investor Growth Capital as consideration for their 42 percent ownership in Swedish Orphan International.

SHARES AND OWNERSHIP

Structure of share capital

On December 31, 2009, 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

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 4,683,800 (2,483,800) Investor class B shares are held by the company following a buyback of shares to hedge the 2006-2009 long-term share-based remuneration programs. These shares represent 0.6 percent (0.3) of the total number of shares outstanding and correspond to a nominal value of SEK 29.3 m. (15.5). The cost of acquisition was SEK 628 m. (366).

Of the above-mentioned shares, 2,200,000 (1,083,800) class B shares in Investor were repurchased in 2009. These shares represent 0.3 percent (0.1) of the total number of shares outstanding and correspond to a nominal value of SEK 13.8 m. (6.8). The cost of acquisition was SEK 262 m. (153).

The 2009 Annual General Meeting authorized the Board to buy back Investor shares, subject to the condition that the company's holding of its own shares does not exceed 1/10 of all shares outstanding in the company.

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

PROPOSAL FOR LONG-TERM SHARE-BASED REMUNERATION IN 2010

The Board has decided to recommend to the 2010 Annual General Meeting a long-term variable remuneration program which in all material respects is identical to the program from 2009. It is proposed that the long-term variable remuneration program should, as before, 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 2010 Annual General Meeting.

PROPOSED GUIDELINES ON REMUNERATION TO SENIOR EXECUTIVES

Senior executives include in the context below the President and other Members of the Management Group. The Management Group consists of the President Börje Ekholm, Johan Bygge, Stephen Campe, Johan Forssell, Petra Hedengran and Lennart Johansson. The Board of Directors' proposal below complies in all material respects with the guidelines for remuneration previously awarded to the Management Group 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. As far as the President is concerned, the Remuneration Committee will propose cash salary, criteria for the variable salary and other terms of employment to be confirmed by the Board. For other Members of the Management Group, the President will suggest corresponding terms, to be confirmed by the Remuneration Committee and reported to the Board.

Guidelines

The Board's proposed guidelines on salaries and other remuneration to the President and other Members of the Management Group, to apply during the period until the next Annual General Meeting, are as follows:

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

The total compensation for the Management Group shall consist of:

- fixed cash salary;
- variable cash salary;
- long-term variable remuneration;
- pension; and
- other non-monetary benefits and other compensation.

Fixed cash salary, variable cash salary and long-term variable remuneration together comprise the total remuneration for an employee.

Fixed cash salary

The fixed cash salary will be reviewed annually. The fixed cash salary constitutes the basis for calculation of the variable salary:

- The fixed cash salary before tax to the President in respect of 2009 amounted to SEK 7.5 m.
- The fixed cash salary before tax to the other Members of the Management Group in respect of 2009 amounted to SEK 18.6 m.

Variable cash salary

The variable cash salary is dependent upon the individual's capacity to meet annually set goals. The outcome of the variable cash salary is reviewed annually. For the Management Group, the highest possible variable cash salary may vary due to the position held and employment agreements and amounts for the Members of the Management Group generally to 45-80 percent (lower or higher in exceptional cases).

however, not to exceed 100 percent) of the fixed cash salary. The total variable cash salary before tax for all Members of the Management Group can vary between SEK 0 and SEK 13.5 m. during 2010, depending on whether the goals have been met. In accordance with the terms for 2009, the outcome should only be related to the fulfillment of the individual's goals and thus the remuneration is clearly 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.

- The variable cash salary before tax to the President in respect of 2009 amounted to SEK 1.4 m.
- The variable cash salary before tax to the other Members of the Management Group in respect of 2009 amounted to SEK 10.3 m.

Members of the Management Group within certain business areas may also 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.

Long-term variable remuneration

It is proposed that the long-term variable remuneration program should in all material aspects be identical to the program from 2009.

Pension

Pension benefits shall, as in previous years, consist of a defined benefit pension plan based on parts of salary up to 30 basic income amounts and a premium based pension plan on parts of salary above 20 basic income amounts as a consequence of which the ratio of pension provisions to fixed cash salary depends on the age of the executive. In respect of employees working abroad, pension benefits may be adjusted in line with local pensions practice. The age of retirement for the President and other Members of the Management Group shall be 60 years.

Non-monetary benefits and other remuneration

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

Termination and severance pay

Investor and Members of the Management Group may terminate employment contracts subject to a six months' notice. Fixed cash salary during the notice period and severance pay shall, for Members of the Management Group with employment contracts entered into after the Annual General Meeting 2010, in aggregate not exceed the fixed cash salary for two years. For Members of the Management Group employed before the Annual General Meeting of 2010 the contracts already entered into shall apply.

The Board of Directors may, where particular grounds exist in the individual case, decide to deviate from the guidelines.

For 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 dividend amounts to SEK 3,069 m. Dividends received from the Core Investments amounted to SEK 2,358 m. in 2009. The Group's equity attributable to the shareholders of the Parent Company was SEK 142,669 m. on December 31, 2009 and unrestricted equity in the Parent Company was SEK 87,633 m. Unrestricted equity includes SEK 23,961 m. attributable to unrealized changes in value according to a 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 defensible 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 unappropriated earnings in Investor AB at the disposal of the Annual General Meeting:

Total available funds for distribution:		To be allocated as follows:	
Fair value fund	-171 512 221	Dividend to shareholders, SEK 4.00 per share	3 068 700 120 ¹⁾
Retained earnings	71 015 483 962	Fair value fund	-171 512 221
Net profit for the year	16 788 884 731	Funds to be carried forward	84 735 668 573
Total SEK	87 632 856 472	Total SEK	87 632 856 472

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 Group and the Parent Company gives a true and fair view of the Group's and the Parent Company'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 by the Board of Directors on March 1, 2010. 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 April 14, 2010.

1) Calculated on the total number of registered 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, 2009, the Parent Company's holding of own shares totaled 4,683,800.

Stockholm, March 1, 2010


Jacob Wallenberg
Chairman


Gunnar Brock


Peter Wallenberg Jr
Director


Sune Carlsson
Director


Grace Reksten Skaugen
Director


O. Griffith Sexton
Director

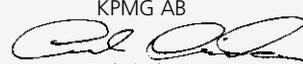

Håkan Mogren
Director


Sirkka Hämmäläinen
Director


Lena Treschow Torell
Director


Börje Ekholm
President and Chief Executive Officer

Our Audit Report was submitted on March 2, 2010

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 9.00 a.m. CET on March 15, 2010.

Consolidated Income Statement

Amounts in SEK m.	Note 2	2009	(Restated) 2008
Dividends		2,866	4,147
Other operating income		1,113 ¹⁾	756 ¹⁾
Changes in value	3	31,327	-39,492
Net sales		381	407
Cost of services sold	4	-376	-379
Operating costs	4, 5, 6, 7	-595	-545 ²⁾
Costs of long-term share-based remuneration	5	-39	-21
Share of results of associates	8	-2,380	-1,382
Operating profit/loss		32,297	-36,509
Profit/loss from financial items			
Financial income	9	2,175	4,727
Financial expenses	9	-2,772	-5,017 ²⁾
Net financial items		-597	-290
Profit/loss before tax		31,700	-36,799
Tax	10	-332	73
Profit/loss for the year		31,368	-36,726
Attributable to:			
Equity holders of the Parent		31,379	-36,708
Minority interest		-11	-18
Profit/loss for the year		31,368	-36,726
Basic earnings per share, SEK	11	41.12	-47.98
Diluted earnings per share, SEK	11	41.08	-47.98

Consolidated Statement of Comprehensive Income

Amounts in SEK m.	Note 21	2009	2008
Profit/loss for the year		31,368	-36,726
Other comprehensive income for the year, net of taxes			
Revaluation of non-current assets for the year		-156	13
Change in fair value of cash flow hedges for the year		-357	41
Foreign currency translation adjustment		24	68
Actuarial gains and losses on defined benefit pension plans		22	-70
Share of other comprehensive income of associates		-43	581
Total other comprehensive income for the year		-510	633
Total comprehensive income for the year		30,858	-36,093
Attributable to:			
Equity holders of the Parent		30,886	-36,091
Minority interest		-28	-2
Total comprehensive income for the year		30,858	-36,093

1) Other operating income consists mainly of interest income on shareholder loans.

2) Restatement of defined benefit pension plans, for further information, see section Changes in accounting policies in Note 1 Accounting policies.

Consolidated Balance Sheet

Amounts in SEK m.	Note	12/31 2009	(Restated) 12/31 2008
ASSETS			
Property, plant and equipment and intangible assets	12, 13, 14	2,184	2,376
Shares and participations	8,15	130,792	96,581
Other financial investments	19	9,062	–
Long-term receivables	16	10,846	11,318
Deferred tax assets	10	11	20
Total non-current assets		152,895	110,295
Tax assets		102	129
Prepaid expenses and accrued income	17	883	1,044
Other receivables	16	474	172
Shares and participations in active portfolio management	18	3,936	1,047
Short-term investments	19	6,130	18,821
Cash and cash equivalents	20	5,804	9,151
Total current assets		17,329	30,364
TOTAL ASSETS		170,224	140,659
LIABILITIES AND EQUITY			
Amounts in SEK m.	Note	12/31 2009	12/31 2008
EQUITY			
Share capital	21	4,795	4,795
Other contributed equity		13,533	13,533
Reserves		41	565
Retained earnings, including profit/loss for the year		124,300	96,238 ¹⁾
Equity attributable to shareholders of the Parent Company		142,669	115,131
Minority interest		4	102
Total equity		142,673	115,233
LIABILITIES			
Long-term interest-bearing liabilities	22	23,550	21,591
Pensions and similar obligations	23	297	327 ¹⁾
Provisions	24	56	62 ¹⁾
Deferred tax liabilities	10	573	522
Other non-current liabilities		0	0
Total non-current liabilities		24,476	22,502
Current interest-bearing liabilities	22	299	818
Trade payables		46	47
Tax liabilities		224	76
Accrued expenses and prepaid income	25	1,122	1,337
Other liabilities	26	1,379	638
Provisions	24	5	8 ¹⁾
Total current liabilities		3,075	2,924
Consolidated total liabilities		27,551	25,426
Total equity and liabilities		170,224	140,659

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

1) Restatement of defined benefit pension plans, for further information, see section Changes in accounting policies in Note 1 Accounting policies.

Consolidated Statement of Changes in Equity

Amounts in SEK m.	Note 21	Equity attributable to shareholders of the Parent Company						Total	Minority interest	Total equity
		Share capital	Other contributed equity	Translation reserve	Revaluation reserve	Hedging reserve	Retained earnings, incl. profit/loss for the year			
Opening balance 1/1 2009		4,795	13,533	314	550	-299	96,238	115,131	102	115,233
Total comprehensive income for the year				89	-156	-448	31,401 ¹⁾	30,886	-28	30,858
Release of revaluation reserve due to depreciation of revalued amount					-9		9	-		-
Dividends							-3,059	-3,059		-3,059
Acquisition of minority interest							-11	-11	-70	-81
Stock options exercised by employees ²⁾							-41	-41		-41
Equity-settled share-based payment transactions ³⁾							25	25		25
Repurchases of own shares							-262	-262		-262
Balance at year-end 2009		4,795	13,533	403	385	-747	124,300	142,669	4	142,673

Amounts in SEK m.	Note 21	Equity attributable to shareholders of the Parent Company						Total	Minority interest	Total equity
		Share capital	Other contributed equity	Translation reserve	Revaluation reserve	Hedging reserve	Retained earnings, incl. profit/loss for the year			
Opening balance 1/1 2008		4,795	13,533	-484	547	-175	136,845	155,061	143	155,204
Changes in Accounting policies, pension plans							-47	-47		-47
Restated opening balance 1/1 2008		4,795	13,533	-484	547	-175	136,798	155,014	143	155,157
Total comprehensive income for the year				798	13	-124	-36,778 ¹⁾	-36,091	-2	-36,093
Release of revaluation reserve due to depreciation of revalued amount					-10		10	-		-
Dividends							-3,637	-3,637		-3,637
Disposal of partly owned subsidiaries								-	-39	-39
Stock options exercised by employees ²⁾							-26	-26		-26
Equity-settled share-based payment transactions ³⁾							24	24		24
Repurchases of own shares							-153	-153		-153
Balance at year-end 2008		4,795	13,533	314	550	-299	96,238	115,131	102	115,233

1) Whereof Profit/loss for the year 31,379 (-36,708) and Actuarial gains and losses 22 (-70).

2) 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 on the option. This effect is offset by the result from equity swaps and equity options 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. For these programs Investor has chosen to repurchase shares that are used for delivery to employees in connection with exercise.

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

Consolidated Statement of Cash Flows

Amounts in SEK m.	Note 20	2009	2008
Operating activities			
Core Investments			
Dividends received		2,358	3,803
Operating Investments			
Dividends received		21	19
Cash receipts		465	549
Cash payments		-313	-313
Private Equity Investments			
Dividends received		489	330
Financial Investments			
Dividends received		14	26
Cash receipts		18,687	22,815
Cash payments		-19,793	-22,677
Operating costs		-637	-439
Cash flows from operating activities before net interest and income tax		1,291	4,113
Interest received ¹⁾		1,903	2,577
Interest paid ¹⁾		-2,394	-2,825
Income tax paid		-44	-261
Cash flows from operating activities		756	3,604
Investing activities			
Core Investments			
Acquisitions		-3,825	-2,150
Divestments		450	20,902
Operating Investments			
Acquisitions, etc.		-1,040	-997
Divestments		5	-2
Increase in long-term receivables		-501	-3,652
Decrease in long-term receivables		5	-
Private Equity Investments			
Acquisitions, etc.		-3,327	-4,008
Divestments		611	2,937
Financial Investments			
Acquisitions, etc.		-68	-53
Divestments		521	425
Acquisitions of subsidiaries, net effect on cash flow		-79	-
Sale of subsidiaries, net effect on cash flow		2	-
Increase in other financial investments		-9,102	-
Net changes, short-term investments		12,617	-8,782
Acquisitions of property, plant and equipment		-92	-64
Cash flows from investing activities		-3,823	4,556
Financing activities			
Borrowings		6,735	-
Repayment of borrowings		-3,679	-269
Repurchases of own shares		-262	-153
Dividends paid		-3,059	-3,637
Cash flows from financing activities		-265	-4,059
Cash flows for the year		-3,332	4,101
Cash and cash equivalents at beginning of the year		9,151	5,010
Exchange difference in cash		-15	40
Cash and cash equivalents at year-end		5,804	9,151

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

Parent Company Income Statement

Amounts in SEK m.	Note	2009	(Restated) 2008
Investing activities			
Dividends		2,358	3,923
Changes in value	3	5,172	3,361
Write-downs of associates	39	8,814	-11,369
Operating costs	5, 6	-297	-232
Net profit/loss – Investing activities		16,047	-4,317
Operating activities			
Net sales		9	8
Operating costs	5, 6	-159	-233 ¹⁾
Operating profit/loss		15,897	-4,542
Profit/loss from financial items			
Results from participations in Group companies	34	20	-12
Results from other receivables that are non-current assets	35	1,330	2,241
Interest income and similar items	36	94	240
Interest expenses and similar items	37	-552	-2,755 ¹⁾
Profit/loss after financial items		16,789	-4,828
Tax	10	-	-
Profit/loss for the year		16,789	-4,828

Parent Company Statement of Comprehensive Income

Amounts in SEK m.	2009	2008
Profit/loss for the year	16,789	-4,828 ¹⁾
Other comprehensive income for the year net of taxes		
Change in fair value of cash flow hedges for the year	-3	12
Total other comprehensive income for the year	-3	12
Total comprehensive income for the year	16,786	-4,816

1) Restatement of defined benefit pension plans, for further information, see section Accounting policies of the Parent company in Note 1 Accounting policies.

Parent Company Balance Sheet

Amounts in SEK m.	Note	12/31 2009	12/31 2008
ASSETS			
Non-current assets			
Intangible assets			
Capitalized expenditure for software	12	16	11
Property, plant and equipment			
Equipment	13	20	20
Financial assets			
Participations in Group companies	38	29,859	29,839
Participations in associates	39	41,287	28,095
Other long-term holdings of securities	40	40,197	35,008
Receivables from Group companies	41	27,179	23,997
Total non-current assets		138,558	116,970
Current assets			
Current receivables			
Trade receivables		3	3
Receivables from Group companies		1,340	6,452
Receivables from associates		0	0
Tax assets		13	19
Other receivables		1	1
Prepaid expenses and accrued income	17	15	13
Cash and cash equivalents	20	0	0
Total current assets		1,372	6,488
TOTAL ASSETS		139,930	123,458

Parent Company Balance Sheet

Amounts in SEK m.	Note	12/31 2009	(Restated) 12/31 2008
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		-172	-169
Accumulated profit/loss		71,016	79,181
Profit/loss for the year		16,789	-4,828 ¹⁾
		87,633	74,184
Total equity		106,363	92,914
Provisions			
Provisions for pensions and similar obligations	23	246	275 ¹⁾
Other provisions	24	59	69 ¹⁾
Total provisions		305	344
Non-current liabilities			
Loans	22	20,071	17,867
Liabilities to Group companies		10,513	10,566
Total non-current liabilities		30,584	28,433
Current liabilities			
Loans	22	298	818
Trade payables		17	12
Liabilities to Group companies		1,734	161
Liabilities to Associated companies		1	1
Tax liabilities		-	-
Other liabilities		11	17
Accrued expenses and prepaid income	25	617	758
Total current liabilities		2,678	1,767
TOTAL EQUITY AND LIABILITIES		139,930	123,458
ASSETS PLEDGED AS SECURITIES AND CONTINGENT LIABILITIES			
Assets pledged as securities	28	1,286	601
Contingent liabilities	28	10,334	10,365

1) Restatement of defined benefit pension plans, for further information, see section Accounting policies of the Parent company in Note 1 Accounting policies.

Parent Company Statement of Changes in Equity

Amounts in SEK m.	Note 21	Restricted equity		Unrestricted equity			Total equity
		Share capital	Statutory reserve	Fair value fund	Accumulated profit/loss	Profit/loss for the year	
Opening balance 1/1 2009		4,795	13,935	-169	74,353		92,914
Total comprehensive income for the year				-3		16,789	16,786
Dividends					-3,059		-3,059
Stock options exercised by employees ¹⁾					-41		-41
Equity-settled share-based payment transactions ²⁾					25		25
Repurchases of own shares					-262		-262
Balance at year-end 2009		4,795	13,935	-172	71,016	16,789	106,363

Amounts in SEK m.	Note 21	Restricted equity		Unrestricted equity			Total equity
		Share capital	Statutory reserve	Fair value fund	Accumulated profit/loss	(Restated) Profit/loss for the year	
Opening balance 1/1 2008		4,795	13,935	-181	83,015		101,564
Changes in Accounting policies, pension plans					-42 ³⁾		-42
Restated opening balance 1/1 2008		4,795	13,935	-181	82,973		101,522
Total comprehensive income for the year				12		-4,828 ³⁾	-4,816
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	-169	79,181	-4,828	92,914

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 on the option. This effect is offset by the result from equity swaps and equity options 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. For these programs Investor has chosen to repurchase shares that are used for delivery to employees in connection with exercise.

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

3) Effect of new accounting policy relating to defined benefit pension plans for further information see section Accounting policies of the Parent company in Note 1 Accounting policies.

Parent Company Statement of Cash Flows

Amounts in SEK m.	Note 20	2009	2008
Operating activities			
Dividends received		2,358	3,923
Administrative costs		-479	-467
Cash flows from operating activities before net interest and income taxes		1,879	3,456
Interest received		2,456	2,085
Interest paid		-1,913	-2,088
Income taxes paid		6	0
Cash flows from operating activities		2,428	3,453
Investing activities			
Share portfolio			
Acquisitions		-4,912	-2,861
Divestments		517	21,381
Other items			
Capital contributions to subsidiaries		-	-888
Acquisitions of items of property, plant and equipment/intangible assets		-11	-8
Cash flows from investing activities		-4,406	17,624
Financing activities			
Borrowings		6,735	-
Repayment of borrowings		-3,669	-269
Change, inter-company transactions		2,233	-17,018
Repurchases of own shares		-262	-153
Dividends paid		-3,059	-3,637
Cash flows from financing activities		1,978	-21,077
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		0	0

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 RFR 1.2 Supplementary accounting policies for groups was 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 because of the tax legislation.

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 both the Parent Company and the Group. The financial statements are therefore prepared in Swedish krona. 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 statements in accordance with IFRS, management must make estimates and assumptions that affect the application of 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 that are specified below have been consistently applied to all periods presented in the consolidated financial statements, unless otherwise noted. The accounting policies of the Group have been consistently applied to the reporting and consolidation of subsidiaries and associates. The accounting policies of the Parent Company that are 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 where reclassification refers to significant amounts, special information is provided.

Changes in accounting policies

Changes in accounting policies caused by new or changed IFRS

The following is a description of the revised accounting policies applied by the Group as of January 1, 2009. Other IFRS changes that are to be applied starting in 2009 did not have a significant effect on the Group's accounting.

- Revised IAS 1 Presentation of Financial Statements was applied as of January 1, 2009. Following the revision, revenues and expenses that previously were recognized directly under equity are now recognized in a separate statement entitled Consolidated statement of comprehensive income immediately following the income statement. Comparison periods were changed throughout the annual report to reflect the new presentation. Another change, although one that is non-mandatory, is that the financial statements have been given new titles. Investor has opted to retain the original statement titles.
- IFRS 8 Operating Segments replaced IAS 14 Segment Reporting as of January 1, 2009. The new standard revises the rules for how segments are identified and makes some changes to the disclosure requirements. Investor's segment structure has not been changed as a result of the new rules, although some disclosures have been added.
- Changes to IFRS 7 Financial Instruments: Disclosures are applied as of January 1, 2009. The changes primarily entail new disclosure requirements about

financial instruments recognized at fair value in the balance sheet. The instruments are divided into three levels based on the quality of the input data used in their value measurements. The division determines how and which disclosures shall be made about the instrument. The disclosure requirements have primarily affected Note 27 Financial assets and liabilities. In addition, the change to IFRS 7 has resulted in some changes to the disclosures about liquidity risk.

- Changes to IFRS 2 Share-based Payment are applied as of January 1, 2009. The change clarifies the definition of vesting conditions and conditions that are not vesting conditions as well how conditions that are not vesting conditions shall be taken into account in the financial statements. For example, one of the clarifications is that if an employee sells shares that were purchased with the intention of receiving matching shares, matching options and performance shares in the future, the entire remaining IFRS 2 cost should be recognized immediately and not over the remaining vesting period. This change has not had an effect on Investor's accounting records, but might have an impact on the accounting records in the future.
- Amendments to IAS 23 Borrowing Costs are applied as of January 1, 2009, and require the capitalization of borrowing costs attributable to the acquisition, construction or production of assets that take considerable time to prepare for their intended use or sale. The alternative allowing the recognition of such borrowing costs in profit or loss is eliminated. This change has not had an effect on Investor's accounting records, but might have an impact on the accounting records in the future.

Voluntary changes to the accounting policies

In 2009, the following changes were made to the Group's applied accounting policies that were not caused by the application of new IFRS.

- Up until year-end 2008, defined benefit pension plans, that encompass several employers, have been reported as defined contribution plans since the policy provider did not have sufficient information for reporting the plan as defined benefit. Information facilitating the actuarial calculation became available as of 2009 and Investor therefore has changed the accounting policy it applies to pensions and similar commitments.
- As of January 1, 2009, the Group stopped reporting actuarial gains and losses in the income statement and included them in other comprehensive income.

The changes were applied retroactively in accordance with IAS 8 and had effects on the financial statements for the current period, the previous period and the cumulative totals at the beginning of the comparison period. No balance sheet was prepared for the opening balance of the comparison period due to the fact that amounts changed are considered non-material. The quantitative effects are presented in the schedule below.

Effect of changes in accounting policies

	Actuarial gains and losses	Defined benefit plans	Total adjustment 2008
<i>Group</i>			
Operating costs	12	0	12
Net interest	1	-3	-2
Change in Profit/loss for the year	13	-3	10
Change of actuarial gains and losses on defined benefit pension plans			
	-13	-56	-69
Change in total comprehensive income for the year	-13	-56	-59
Change of basic and diluted earnings per share			
			-0.01
	12/31 2008	1/1 2008	
<i>Group</i>			
Change of provisions (reclassification)	24	-	
Change of pensions and similar obligations	-83	-47	
Change of retained earnings	-59	-47	

Note 1 cont'd. Accounting policies

New IFRS regulations and interpretations to be applied in 2010 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:

- Revised IFRS 3 Business Combinations and revised IAS 27 Consolidated and Separate Financial Statements will be applied to acquisitions that occur in 2010 or later. The revisions entail a number of changes to the consolidated reporting and the reporting of business combinations. For example, the definition of 'operations' has been changed, transaction costs related to acquisitions must be expensed, the fair value of the amount of contingent considerations must be determined at the acquisition date and effects of revaluations of debts related to contingent considerations are recognized as an income or expense in the net profit/loss for the year. Two options for reporting non-controlling interest and goodwill were also added. These changes will only have forward-looking effects on Investor's financial statements.
- IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and measurement from 2013 at the latest. IASB has published the result from the first of at least three phases that will in the end sum up to IFRS 9. This first phase deals with recognition and measurement of financial assets. The categories of financial assets specified in IAS 39 will be replaced by a two-measurement-category approach, which would measure financial instruments at either fair value or amortized cost. Amortized cost will be used for instruments held based on a business model for which the objective is to receive the contractual cash-flows, these cash-flows should be made up of the principal amount and interest on this amount at specified dates. Other financial assets will be recognized at fair value and the possibility to use "fair value option" will remain like in IAS 39. Changes in fair value should be presented in the income statement except for changes in value on equity instruments that are not held for trading and for which a choice has been made at initial recognition to present changes in value in comprehensive Income. Value changes on derivatives included in hedge accounting will not be affected by this part of IFRS 9, but will until further notice be presented in accordance with IAS 39. The changes are judged not to have any effect in monetary terms on the financial statements of Investor as the majority of the financial instruments are classified as "fair value option". No decision of early adoption has been taken yet.
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation states that only the risk in the functional currency of the parent company and each foreign operation may be hedged. The EU has issued an interpretation that should be applied to financial years starting July 1, 2009 or later. The application of the interpretation will not have an effect on Investor's financial accounts, but might have an impact on the accounting records in the future.
- Other changes to IFRS and IFRIC to be applied in the future are judged to have no effect on the Group's reporting. Changes to IFRS 1 First-time adoption of International Financial Reporting Standards referring to additional exceptions.

OPERATING SEGMENTS

Segment information is reported in accordance with IFRS 8 for the Group only. An operating segment is a component of a Group that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available. An operating segment's results are reviewed regularly by the entity's chief operating decision-maker to evaluate the results and allocate resources to the operating segment. The Group's segments consist of business areas with different investment strategies and goals and the segment division is based on the internal reporting model. The operating segments' profits/losses and assets include directly attributable items and items that can be distributed reasonably and reliably to the segments (primarily shares and participations). Non-distributable items consist of revenue and expenses related to financing and taxes and certain Group-wide operating expenses. Neither the Group's net debt nor other assets and liabilities with the exception of shares and participations were subject to segment distribution. If transactions occur between operating segments, price according to market terms will apply.

Disclosures about goods and services, geographical areas and major customers are not prepared since this information is not deemed relevant given the Group's business.

See Note 2 Operating segments for a more detailed description of operating segments.

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 is 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 acquisition cost of the participations or operations is determined, as well as the fair value of the identifiable assets and the assumed liabilities and contingent liabilities at 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 identifiable 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. Investor is mainly involved in venture capital operations, which means that associated companies are reported as financial instruments, at fair value, via the income statement in accordance with IAS 39 and IAS 28, paragraph 1.

Unlisted associates within Operating and Financial 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.

Associates accounted according to the equity method

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 recognized using the equity method. Interests in associates are recognized using the equity method in the consolidated financial statements from the date significant influence is gained.

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 the associates' profit/loss attributable to the owners of the parent company, adjusted for any depreciation, impairment losses or reversed acquired surplus values and values less than carrying amount, is recognized as Shares of results of associates. This share of the results less dividends received from associates is the primary change in the reported value of interests in associates. The Group's share of other comprehensive income in associates is recognized in a separate item in the consolidated other comprehensive income.

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 the Group's significant influence ceases.

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 impairment loss.

Note 1 cont'd. Accounting policies

FOREIGN CURRENCY

Foreign currency transactions

Foreign currency transactions are translated to 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 krona 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. Translation differences arising when translating foreign operations are recognized directly in other comprehensive income and are accumulated in a separate component under equity under the name translation reserve. When a foreign operation is divested, the cumulative translation differences from equity attributable to the divested operation are reclassified to the Group's income statement. Cumulative translation differences are reported as a separate capital category 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.

Hedging net investments in foreign operations

On the consolidated balance sheet, investments in foreign operations are represented by recognized net assets in subsidiaries. To some extent, measures were taken to reduce currency risks associated with these investments, for example by raising loans or entering into forward contracts in the same currency as the net investments. On the reporting date, the loans are translated at the closing day rate and the forward contracts recognized at fair value. The effective component of the period's exchange rate fluctuations for hedging instruments is recognized under Other comprehensive income, and the cumulative changes under Translation reserve, to meet and in full or partly match the translation differences recognized for net assets in the foreign operations that were hedged.

The translation differences from both net investments and hedging instruments are reversed and recognized in the income statement when foreign operations are divested. When hedging is ineffective, the ineffective component is recognized in the income statement.

REVENUES

Revenues included in Operating profit/loss consist of dividends, other revenues and net sales.

Dividends are recognized when the right to receive payment is established. Other revenues consist mainly of interest on shareholder loans and are estimated using the effective interest rate method for further information about the method, see description of Financial income and expenses.

The Group's net sales are mainly attributable to the activities within The Grand Group. 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 benefits can be measured reliably. Revenues are measured at the fair value of the consideration received or receivable.

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 value change consists of the difference between the value at the close of the period and the acquisition cost. Profit/Loss from the divestment of a financial instrument are recognized when the risks and benefits associated with owning the instrument are transferred to the buyer and the Group no longer has control over the instrument.

EXPENSES

Operating costs

Operating costs refer mainly to costs of administrative nature, such as payroll costs, rental charges, travel expenses and consultant costs.

Cost of services sold

The item Cost of services sold in the income statement is mainly attributable to the activities within The Grand Group.

Fees and expenses for auditors

Audit fees refer to compensation for the audit of the annual accounts, consolidated financial statements, bookkeeping, administration of the Board of Directors and the President and other services associated with auditing. Other expense compensation refers to independent consulting separate from the auditing assignment.

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 included as a decrease in the leasing fees in the income statement on a straight-line basis over the lease of the 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. The calculation includes all of the fees received or paid by the agreement parties, which amounts are a component of the effective interest rate, transaction costs and all other premiums/discounts. 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 using the effective interest rate when measured at amortized cost. Borrowing costs are recognized in profit or loss using the effective interest rate method except to the extent they are directly attributable to the acquisition, construction or production of assets that take considerable time to prepare for their intended use or sale, in which case they are included in the assets' acquisition cost. 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 correspondingly as changes in value recognized in operations. See "Changes in value" above.

TAXES

The Group's total income 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 in goodwill are not recognized. Furthermore, temporary differences attributable to investments in subsidiaries or associates are not recognized to the extent it is probable that they 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.

Income taxes are reported in the income statement except when the underlying transaction is reported as Other comprehensive income or in equity, whereby the associated tax effect is reported as Other comprehensive income or in 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. Borrowing costs attributable to the development of qualifying assets are capitalized as a compo-

Note 1 cont'd. Accounting policies

nent in the asset's acquisition cost. 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. Cost includes 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 to other comprehensive income and cumulated in a separate component in equity, named "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 in profit or loss. If there is a balance in the revaluation reserve attributable to the asset, the decrease in value is recognized in other comprehensive income and as a decrease of 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 value attributable to the asset in the revaluation reserve is transferred to retained earnings, without affecting either profit or loss or other comprehensive income.

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.

Borrowing costs

Borrowing costs attributable to the construction of qualifying assets are capitalized as a component in the qualifying asset's acquisition cost. A qualifying asset is an asset that by necessity takes considerable time to prepare. Firstly, borrowing costs arising on loans that are specific to the qualified asset are capitalized. Then borrowing costs arising on general loans that are not specific to any qualified asset are capitalized. Capitalization of borrowing costs are primarily relevant for the Group when rebuilding Group buildings to a large extent.

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, other financial investments, 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 instruments belonging to the financial asset category recognized at fair value through profit or loss are initially recognized at fair value excluding transaction costs. Other financial instruments are initially recognized at cost corresponding to the instrument's fair value, including 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.

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 value changes in the income statement.

Financial assets recognized with fair value option

Short-term investments, other financial assets 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, paragraph 1, participations in associates over which Investor has significant influence, except unlisted associates companies

Note 1 cont'd. Accounting policies

in Operating and Financial Investments are recognized at fair value through profit and loss in accordance with IAS 39.

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 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 a few financial assets that are not designated in any of the other categories. 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 other comprehensive income and the value changes are cumulated in a separate component of equity, except value changes that are impaired, see the section on impairment below, or are interest on receivables or dividend income as well as exchange differences on monetary items, these items are recognized in profit or loss. When an asset is sold, the accumulated profit/loss, previously recognized in other comprehensive income, 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 through profit or loss.

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 exposures - 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 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 taken up in 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 or 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 profit/loss 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. If the derivative instrument is used for hedge accounting and is effective, changes in the value of the derivative instrument are recognized on 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 in the value of interest rate swaps are recognized as net gains/net losses in net financial 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. The interest rate coupon is recognized on an ongoing basis in the income statement as a component of interest expense. Unrealized changes to fair value of interest rate swaps are recognized in Other comprehensive income and are included as a component in the hedging reserve until the hedged item affects the income statement and as long as the criteria for hedge accounting and effectiveness are met. The gain/loss attributable to the ineffective component of the unrealized value changes of interest rate swaps are recognized in the income statement.

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 in the income statement as a component of interest expense.

Hedging of currency risk in foreign net investments

Investments in foreign subsidiaries to a limited extent have been hedged forward by contracts that on the balance sheet date are translated at the closing rate, see the description under the section "Foreign currency" above.

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 of participations in subsidiaries, associates and joint ventures

If there is proof of impairment, the recoverable amount of the asset is estimated. For goodwill, other intangible assets with an unquantifiable useful life and intangible assets that are not available for use, the recoverable amount is estimated annually. 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. When the impairment amount is identified, it is allocated primarily to goodwill. A proportionate impairment of the other assets in the unit is then made. The

Note 1 cont'd. Accounting policies

recoverable amount is the higher 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 that negatively affect the possibility to recover the acquisition value, and partly of a significant and drawn-out decline in fair value of an investment in an equity 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 of assets in accordance with IAS 36 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. However, impairments of goodwill are never reversed. 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 loan and trade receivables that are recognized at amortized cost is reversed if the previous reasons for the impairment no longer exist and full payment is expected.

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 debt 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. Dilutions from stock option and share programs affect the number of shares and only occur when the strike price is less than the share price. The strike price is adjusted by adding the value of future services associated to equity-settled employee stock options and share programs recognized as share-based payment under IFRS 2. The dilution is small if the difference between the share price and the strike price adjusted for the value of potential future IFRS 2 services is small. The potential ordinary shares are not viewed as dilutive if they would result in better earnings per share after dilution, which is the case when the year results in a loss.

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 pension plans are defined benefit plans 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. Furthermore, the fair value of any plan assets is calculated on the closing day. When determining the present value of the obligation and fair value of plan assets, actuarial gains and losses may arise either from the actual outcome deviating from the previous assumption or due to a change in the assumptions. Actuarial gains and losses are recognized as income or expenses in other comprehensive income.

The value presented in the balance sheet for pensions and similar commitments corresponds to the obligation's present value on the reporting date with deductions for the fair value of plan assets and unrecognized expenses for past service.

When the calculation results in a Group asset, the carrying value of the asset is limited to the net of unrecognized expenses for past service and the present value of future repayments from the plan or decreased future payments to the plan. 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 in the income statement 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.

The net of the interest on pension liabilities and the expected yield on adherent management assets is recognized in net financial items. Other components are recognized in operating income.

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 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.

Share-based payment transactions

Reporting in accordance with IFRS 2 and UFR 7

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 the cost is allocated over the vesting period. The fair value of the granted options is determined at the grant date in accordance with the Black & Scholes valuation model, taking into consideration the terms and conditions that are related to the share price. 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 only because share-price related conditions do not reach the level needed for the options to vest.

Note 1 cont'd. Accounting policies

Remuneration in the form of cash-settled (synthetic) shares results in a obligation that is valued at fair value and recognized as an expense with a corresponding increase in liabilities. Initial fair value is calculated and revalued every balance sheet date and at final settlement. The cost is based on the fair value and is distributed across the vesting period. All changes in fair value of liabilities are recognized in the income statement as a personnel expense.

Social security expenses attributable to share-based remuneration to employees and Board members are recognized in accordance with a statement from the Swedish Financial Reporting Board (UFR 7), which states that the cost is calculated and amortized in accordance with the same principles as the costs for synthetic shares. The value of the social security contributions are based on the fair value of the underlying instrument on each balance sheet 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.

Reporting of exercise transactions

When employee stock options and share programs are exercised, shares are delivered to the employee. Delivered shares are either shares acquired by share swaps or repurchased shares from when the program was implemented. When exercised, the payment of the exercise price from the employee is recognized under equity. If share swaps are used for delivery, the results of the swap are recognized in net financial items at the same time as equity decreases by the market value of the delivered shares. As a result, the net effect recognized directly under equity is negative. This negative effect is normally indirectly offset by the result of the swap. When own shares are used for delivery, equity is affected only by the payment from the employee. As a result, the effect of the exercise on equity is positive.

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 recommendation RFR 2.2 Accounting for Legal Entities. RFR 2.2 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 and additions from IFRS.

Differences between the accounting policies of the Group and Parent Company

Differences between the accounting policies of the Group and Parent Company are presented below. The accounting policies of the Parent Company have been consistently applied to all periods presented in the financial statements of the Parent Company.

Changes in accounting policies

In addition to or in contrast to the changed Group accounting policies, the following changes affected the Parent Company in 2009.

- RFR 2.2 Accounting for Legal Entities states that the revised IAS 1 Presentation of Financial Statements should be applied also for the parent company from 2010 at the latest with some exceptions. The Parent Company presents in accordance with the possibility of early adoption encouraged by RFR 2.2, the financial statements according to the same format as the Group financial statements, with the exception that the income statement and the balance sheet are presented according to disposition required by the Swedish Annual Accounts Act. One effect for the Parent Company compared with previous reporting is that a statement of comprehensive income follows the income statement. Another effect is that the content of the statement of changes to equity is similar to that of the Group, which means that the revenues and expenses that previously were recognized directly in equity are now recognized in a statement of comprehensive income.
- Changes to IFRS 1 The first time IFRS that is applied, and IAS 27 Consolidated and Separate Financial Statements for 'Cost for an investment in a subsidiary, joint venture or associate' has been applied since January 1, 2009. This change means that the Parent Company now always recognizes distributions from subsidiaries and associates at full value as income in profit or loss. Previously, distributions that were larger than profits arising after the date of the acquisition reduced the recognized value of the shares in subsidiaries or associates. This change has not had an effect on any amounts in the Parent Company's financial reports.

Voluntary changes to the accounting policies

In 2009, the following changes were made to the Parent Company's applied accounting policies that were not caused by the application of new IFRS.

- Up until year-end 2008, defined benefit pension plans that encompass several employers, have been reported as defined contribution plans since the policy provider did not have sufficient information for reporting the plan as defined benefit. Information facilitating the actuarial calculation became available as of 2009 and Investor therefore has changed the accounting policy it applies to pensions and similar commitments.

The changes were applied retroactively in accordance with IAS 8 and had effects on the financial statements for the current period, the previous period and the cumulative totals at the beginning of the comparison period. No balance sheet was prepared for the opening balance of the comparison period due to the fact that amounts changed are considered to be non-material. The quantitative effects are presented in the schedule below.

Effect of changes in accounting policies

	Total adjusted 2008	
<i>Parent Company</i>		
Operating costs	-42	
Net interest	-1	
Change in Profit/loss for the year	-43	
	12/31 2008	1/1 2008
<i>Parent Company</i>		
Change of provisions (reclassification)	13	-
Change of pensions and similar obligations	-56	-42
Change of retained earnings	-43	-42

In contrast to the Group, the Parent Company will continue to present actuarial gains and losses in profit or loss due to the fact that the Swedish Annual Accounts Act does not admit these costs to be presented in other comprehensive income.

New accounting policies to be applied in 2010 or later

- RFR 2.3 with regard to IFRS 3 Business Combinations (states that expenses attributable to business combinations even in the future will be included in the acquisition costs in a legal entity) and obstacles for valuing shares in subsidiaries, associates and joint ventures at fair value, in accordance with IAS 27, IAS 28 and IAS 31 are removed (followed by a change in the Swedish Annual Accounts Act).

Associates and subsidiaries

Investments in associates and subsidiaries are recognized in the Parent Company in accordance with the cost method. On each balance sheet date, the carrying amounts are reviewed for objective proof of impairment.

Group contributions and shareholders' contributions

In accordance with a statement from the Swedish Financial Reporting Board, 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 industrial holding 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, paragraph 72, to account for financial guarantee contracts issued on behalf of subsidiaries and associates, which involves a relief compared to the rules in IAS 39 due to the relationship between accounting and taxation.

The Parent Company recognizes financial guarantee contracts as a provision in the balance sheet when the company has a commitment for which payment is most likely required to settle the commitment.

Borrowing costs

In the Parent Company, borrowing costs are charged to profit or loss during the period they are attributable to. Borrowing costs are not capitalized for assets.

Tax

The Parent Company is taxed in accordance with the regulations for industrial holding 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.

Share-based payment transactions

During the several years the Parent Company has implemented stock option and share programs for employees, see also Note 5 Employees and payroll costs. The fair value of the options, determined and recognized in accordance with IFRS 2, relating to employees in subsidiaries is recognized as a share-holders contribution in the Parent Company. In the accounting records of the Parent Company, the value of shares in subsidiaries increases and so does equity. The costs relating to employees in subsidiaries are invoiced to the subsidiaries. The cash settlement of the invoices then neutralizes the increase of shares in subsidiaries.

Note 2 Operating segments

Group

Performance by business area 2009	Core Investments	Operating Investments	Private Equity Investments	Financial Investments	Investor Groupwide	Total
Net sales		381 ¹⁾				381
Dividends	2,358		494	14		2,866
Other operating income		1,113				1,113
Changes in value	29,584	50	396	1,297 ²⁾		31,327
Cost of services sold		-376				-376
Operating costs	-91	-124	-226	-36	-118	-595
Costs of long-term share-based remuneration					-39	-39
Share of results of associates		-2,381		1		-2,380
Operating profit/loss	31,851	-1,337	664	1,276	-157	32,297
Net financial items					-597	-597
Tax					-332	-332
Profit/loss for the year	31,851	-1,337	664	1,276	-1,086	31,368
Dividends paid					-3,059	-3,059
Repurchase of own shares					-262	-262
Other effect on equity		-43 ³⁾			-564 ⁴⁾	-607
Effect on net asset value	31,851	-1,380	664	1,276	-4,971	27,440
Net asset value by business area 12/31 2009						
Carrying amount						
Other assets ⁵⁾	106,231	15,931	18,333	3,283	2,202	143,778
Other liabilities ⁵⁾					-2,719	-2,719
Net debt ⁶⁾					-588	-588
Total net asset value	106,231	15,931	18,333	3,283	-1,105	142,673
Shares in associated companies reported according to the equity method		12,993		24		13,017
Cash flow for the year	-1,017	-1,358	-2,227	-639	1,909	-3,332

1) Net sales refers primarily to The Grand Group.

2) Changes in value include sale proceeds from active portfolio management amounting to SEK 20,705 m.

3) Refers to the translation reserve and hedging reserve attributable to associated companies.

4) The amount includes the effects of long-term share-based remuneration and changes in the hedging and translation reserves.

5) Other assets and liabilities refers to current assets/liabilities, deferred taxes and provisions.

6) Net debt refers to short-term investments, cash and cash equivalents, interest-bearing liabilities with related derivatives and pensions.

Note 2 cont'd Operating segments

Group						
Performance by business area 2008	Core Investments	Operating Investments	Private Equity Investments	Financial Investments	Investor Groupwide	Total
Net sales		407 ¹⁾				407
Dividends	3,803		319	25		4,147
Other operating income		756				756
Changes in value	-35,269	-8	-3,582	-633 ²⁾		-39,492
Cost of services sold		-379				-379
Operating costs	-80	-102	-200	-31	-132	-545
Costs of long-term share-based remuneration					-21	-21
Share of results of associates		-1,399		17		-1,382
Operating profit/loss	-31,546	-725	-3,463	-622	-153	-36,509
Net financial items					-290	-290
Tax					73	73
Profit/loss for the year	-31,546	-725	-3,463	-622	-370	-36,726
Dividends paid					-3,637	-3,637
Repurchase of own shares					-153	-153
Other effect on equity		581 ³⁾			11 ⁴⁾	592
Effect on net asset value	-31,546	-144	-3,463	-622	-4,149	-39,924
Net asset value by business area 12/31 2008						
Carrying amount	73,272	16,092	15,295	1,269		105,928
Other assets ⁵⁾					2,286	2,286
Other liabilities ⁵⁾					-2,718	-2,718
Net cash ⁶⁾					9,737	9,737
Total net asset value	73,272	16,092	15,295	1,269	9,305	115,233
Shares in associated companies reported according to the equity method		14,225		23		14,248
Cash flow for the year	22,555	-4,396	-741	536	-13,853	4,101

1) Net sales refers primarily to The Grand Group.

2) Changes in value include sale proceeds from active portfolio management amounting to SEK 23,653 m.

3) Refers to the translation reserve and hedging reserve attributable to associated companies.

4) The amount includes the effects of long-term share-based remuneration and changes in the hedging and translation reserves.

5) Other assets and liabilities refers to current assets/liabilities, deferred taxes and provisions.

6) Net cash refers to short-term investments, cash and cash equivalents, interest-bearing liabilities with related derivatives and pensions.

Operating segments

Core Investments consists of listed companies with strong positions in international markets. 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. Operating Investments are medium to large-size companies with international operations. Investor prefers to invest in an unlisted environment, but have also invested in listed companies. The investment horizon is long-term, five to ten years or longer. Investor has a majority or large ownership interest in the underlying investment. Investments in unlisted associated companies are reported according to the equity method. For listed holdings, such as Biovitrum, the official stock price is used for valuing the holding. Private Equity Investments consists 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. The investment horizon is 3-7 years. Financial Investments are investments with a short-term ownership horizon and comprises mainly of Investor's active portfolio management. Operating segment profit/loss for the year, assets and liabilities include items directly attributable and items that can reliably and fairly be allocated to the respective segment. The reported items in the operating segment profit/loss for the year, assets and liabilities, are valued according to how they are reviewed by the management group. Items not allocated to any operating segment comprise of groupwide operating costs, net financial items and tax. Assets and liabilities not allocated to any operating segment comprises of deferred taxes, financial assets and liabilities included in net cash, current assets and liabilities and provisions.

Note 3 Changes in value within investing activities

2009	Core Investments	Operating Investments	Private Equity Investments	Financial Investments ¹⁾	Total
<i>Group</i>					
Changes in value of holdings in the closing balance	29,596	2	527	679	30,804
Changes in value of assets divested during the year	-12	48	-131	618	523
Total	29,584	50	396	1,297	31,327
Of which changes in value caused by exchange rate changes	-	-	-1,120	-15	-1,135
Of which changes in value determined with valuation techniques	-	-	1,595	3	1,598
2008					
<i>Group</i>					
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
2009					
<i>Parent Company</i>					
Changes in value of holdings in the closing balance	5,189	-	0	-	5,189
Changes in value of assets divested during the year	-13	-4	-	0	-17
Total	5,176	-4	0	0	5,172
Of which changes in value caused by exchange rate changes	-	-	0	-	0
Of which changes in value determined with valuation techniques	-	-	-	-	-
2008					
<i>Parent Company</i>					
Of which changes in value caused by exchange rate changes	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

1) Including Active Portfolio Management. Changes in the value of holdings remaining in the balance at the end of the year SEK 499 m. (-510).

Changes in the value of assets divested during the year SEK 572 m. (81).

2) Divestments include share redemption programs.

Note 4 Operating costs and Cost of services sold

<i>Operating costs</i>		<i>Cost of services sold</i>			
	2009	2008			
<i>Group</i>		<i>Group</i>			
<i>Investing activities</i>		<i>Investing activities</i>			
Payroll costs	248	222	Payroll costs	130	142
Depreciation	7	7	Depreciation	65	67
Other operating expenses	222	184	Other operating expenses	181	170
	477	413	Total	376	379
<i>Groupwide</i>		<i>Groupwide</i>			
Payroll costs	69	90			
Depreciation	-	2			
Other operating expenses	49	40			
	118	132			
Total	595	545			

Note 5 Employees and payroll costs

Contents

- Introduction
- Remuneration to Investor's employees
 - Remuneration principles
 - Remuneration to the President and Chief Executive Officer
 - Expensed remunerations
 - Remuneration to other members of the Management Group and former Presidents
 - Total remunerations
- Remuneration to the board of the parent company
- Long-term share-based remuneration-program descriptions

Introduction

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 from the President, the CFO and head of Human Resources, among others. The committee also obtains 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. Investor follows the "grand-father" principle, which means that all salary revisions have to be approved by the manager of the manager proposing the salary revision.

"Top management" is defined as:

- the Chairman of the Board,
- Board members not employed by the company and
- the Management Group including the President and Chief Executive Officer.

Investor's Management Group, apart from the President, Börje Ekholm is comprised by Johan Bygge, Stephen Campe, Johan Forssell, Petra Hedengran and Lennart Johansson.

Investor's operations are divided into investing activities and other activities. 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	2009		2008	
	Total	of which women	Total	of which women
<i>Investing activities</i>				
Parent Company, Sweden	93	54	91	52
<i>Subsidiaries</i>				
Sweden	16	4	15	3
United States	21	6	20	6
Hong Kong	8	3	7	2
Netherlands	7	5	6	3
Total, investing activities	145	72	139	66
<i>Other activities</i>				
The Grand Group, Sverige	280	137	324	161
Total, other activities	280	137	324	161
Total	425	209	463	227

Gender distribution in Boards and senior management

	2009		2008	
	Men	Women	Men	Women
<i>Gender distribution in percent</i>				
Board of the parent company	70	30	70	30
Management Group of the parent company	83	17	83	17
Boards of investing activities	77	23	84	16
Boards of other activities	92	8	83	17

Absenteeism due to illness

	2009	2008
Total absenteeism due to illness as a percentage of work time	2.55	2.86
Share of absenteeism due to illness that refers to a continuous period of 60 days or more	36.45	20.10
<i>Gender distribution</i>		
Men	1.77	3.00
Women	3.29	2.73
<i>Age distribution</i>		
< 30 years	0.66	–
30-49 years	3.28	3.64
> 50 years	1.10	1.66

Remuneration to Investor's employees

Remuneration principles

In order to achieve long-term competitive returns for the shareholders, Investor strives to offer its staff total 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 per-

formance 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. 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 a case the positive effects and incentives which Investor's model strives to establish would not be achieved.

Basic salary

Basic salary is reviewed annually for all Investor employees. 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 is based on annually set goals, the outcome of which is reviewed on a yearly basis. The variable portion of salary in 2009 differs between business areas and amounts to a maximum of 20 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 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 programs¹⁾.

A combined employee stock option and restricted stock program was introduced for the Management Group 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 Senior Management. "Senior Management" is defined as the President, other members of the Management Group and a maximum of 20 other senior executives in the company. In the Stock Matching Plan, it is required that the employee invests own money in order to participate in the plan. The programs for 2007, 2008 and 2009 correspond in all material respects to the program for 2006. 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 more details regarding the programs, see section Long-term share-based remuneration – program descriptions

Pension

The pension for the President and the Management Group consists of two parts:

- a 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 1,527 t.) and the option to choose BTP's alternative special pension plan for managers with an annual salary above 10 basic amounts;

- a 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 50. 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 the Management Group. Stephen Campe, who is employed by Investor's subsidiary in the United States, is 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 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. During the year, SEK 95 m. (-) was expensed for the profit-sharing program and SEK 30 m. (-) for social security contributions in addition to what is reported in the table on page 90. The expensed amount for the profit-sharing programs in 2008 and 2009, a total of SEK 95 m. (-), shall be considered in the context of the profit-sharing-based trading result totaling SEK 480 m. (-) for these two fiscal years. Since profit-sharing is a direct function of value generation, costs are included under the heading "changes in value" in the income statement.

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, alternatively receive profit-sharing. Carried interest plans are linked to realized growth in the value of the holdings, after deduction for cost and possible non-realized value decline, seen as a portfolio. The plans allow a maximum share of 15 percent that can be given to parallel investors or participants in the profit-sharing plan, which is in line with practice in the venture capital market. Under heading "Changes in Value" in the income statement, SEK 1 m. (10) has been expensed for these programs.

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 members of the Management Group do not exceed the terms for the President with regard to terms of notice and severance pay. Other employees in Investor have no contracted right to severance pay.

Fees received for Board work

For many years Investor has operated 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 applied 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. Managers and employees with young children can obtain home help in the form of cleaning and babysitting services.

1) Employee stock options refer to commitments in accordance with Chapter 10, Section 11, paragraph 2 of the Swedish Income Tax Law.

Note 5 cont'd Employees and payroll costs

Remuneration and benefits 2009-2007 to Börje Ekholm, President and Chief Executive Officer (SEK t.)

Year	Fixed basic salary	Vacation remuneration	Variable salary for the year	Total salary, cash	Change of vacation pay provision	Pension premiums	Benefits ¹⁾	Long-term share-based remuneration value at grant date	Total remuneration	Own investment in long-term share-based remuneration	Own investment, % of basic salary, pre-tax
2009	7,500	94	1,356	8,950	450	2,671	805	6,000	18,876	2,310	30.8%
2008	7,500	94	2,706	10,300	660	2,627	750	4,500	18,837	1,600	21.3%
2007	7,500	94	2,781	10,375	666	2,565	636	4,500	18,742	1,537	20.5%

1) In addition, value of benefits of exercised options during 2009 granted in 2003 amounts to SEK 642 t. For options exercised during 2008 granted in 2003 the value was SEK 1,021 t.

Expensed remunerations

Expensed remuneration paid to the President, other members of the Management Group as well as former presidents

The amounts in the table are calculated according to the accruals concept, 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. Variable salary refers to the approved variable salary for the current financial year, unless specified otherwise.

Total remuneration for 2009 (SEK t.)	Fixed basic salary	Vacation remuneration	Change of vacation pay provision	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 expensed remuneration
Börje Ekholm, President and CEO	7,500	94	450	1,356	5,355	14,755	2,671	805	18,231
Management Group, excluding the President ³⁾	18,600	171	678	10,330	6,661	36,440	6,277	614	43,331
Former presidents	–	–	–	–	–	–	–	663	663
Total⁴⁾	26,100	265	1,128	11,686	12,016	51,195	8,948	2,082	62,225

1) Cost booked according to IFRS 2.

2) There are no outstanding pension commitments for the Management Group.

3) Johan Bygge, Stephen Campe, Johan Forssell, Petra Hedengran and Lennart Johansson.

4) Of which paid from subsidiaries; basic salary SEK 5,820 t., variable salary SEK 3,307 t., pension SEK 578 t., as well as other remunerations and benefits SEK 466 t.

As a result of realized gains in parallel investment programs (carried interest plans, see also Note 30 Related party disclosures), members of the Management Group in the Private Equity Investments business area have received SEK 29 t. (3,293). Remuneration paid out from the profit-sharing programs for Active Portfolio Management to members of the Management Group totaled SEK 438 m. (–) for the year. These expensed remunerations are in addition to the amounts presented in the table above.

Total remuneration for 2008 (SEK t.)	Fixed basic salary	Vacation remuneration	Change of vacation pay provision	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 expensed remuneration
Börje Ekholm, President and CEO	7,500	94	660	2,706	4,405	15,365	2,627	750	18,742
Management Group, excluding the President ³⁾	16,584	157	504	9,371	6,677	33,293	5,916	588	39,797
Former presidents	–	–	–	–	–	–	–	663	663
Total⁴⁾	24,084	251	1,164	12,077	11,082	48,658	8,543	2,001	59,202

1) Cost booked according to IFRS 2.

2) There are no outstanding pension commitments for the Management Group.

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) Of which paid from subsidiaries; basic salary SEK 3,991 t., variable salary SEK 3,214 t., pension SEK 93 t., as well as other remunerations and benefits SEK 400 t.

Total remunerations – expensed wages, salaries, Board of director fees and other remuneration, as well as social security contributions

Total remuneration (SEK m.)	2009							2008						
	Fixed basic salary ¹⁾	Variable salary	Long-term share-based remuneration	Pension costs excl. payroll costs	Costs for employee benefits	Social security contributions ²⁾	Total	Fixed basic salary ¹⁾	Variable salary	Long-term share-based remuneration	Pension costs excl. payroll costs	Costs for employee benefits	Social security contributions ²⁾	Total
<i>Investing activities</i>														
Parent company	86	20	24	27	14	55	226	81	21	28	17	13	49	209
Subsidiaries	70	35	4	9	3	12	133	59	26	2	6	2	14	109
Total, investing activities	156	55	28	36	17	67	359	140	47	30	23	15	63	318
<i>Other activities</i>														
The Grand Group	88	–	–	5	3	26	122	97	2	–	5	3	29	136
Total, other activities	88	–	–	5	3	26	122	97	2	–	5	3	29	136
Total	244	55	28	41	20	93	481	237	49	30	28	18	92	454

1) Includes vacation remuneration and change of vacation pay provision.

2) Of which SEK 11 m. (–9) 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 39 m. (21), as reported in the Consolidated Income Statement.

Note 5 cont'd Employees and payroll costs

Expensed wages and remuneration distributed between senior executives and CEOs in subsidiaries and other employees

	2009				2008			
	Senior executives and CEOs in subsidiaries	Of which variable salary	Other employees	Total	Senior executives and CEOs in subsidiaries	Of which variable salary	Other employees	Total
Total remuneration (SEK t.)								
<i>Investing activities</i>								
Parent company	37,592	8,380	68,641	106,233	36,992	8,863	65,082	102,074
Subsidiaries	21,458	7,758	83,634	105,092	19,450	7,455	65,880	85,330
Total, Investing activities	59,050	16,138	152,275	211,325	56,442	16,318	130,962	187,404
<i>Other activities</i>								
The Grand Group	4,184	–	83,753	87,937	2,665	260	96,072	98,737
Total, other activities	4,184	–	83,753	87,937	2,665	260	96,072	98,737
Total	63,234	16,138	236,028	299,262	59,107	16,578	227,034	286,141

Remuneration to the President

The fixed basic salary during the year was SEK 7,500 t. Vacation remuneration was SEK 94 t. The variable salary, where the outcome is based on established goals, amounted to SEK 1,356 t. The maximum outcome was SEK 1,500 t. In addition to this, the holiday pay provision increased by SEK 450 t. to SEK 2,640 t. since the vacation taken amounted to 15 days, compared to the 32 days allowed. This increase therefore did not result in any payments during the year. Pension premiums excluding payroll tax amounted to SEK 2,671 t. and other compensation and benefits to SEK 805 t.

In order to participate fully in the share-based remuneration, the President is required to invest approximately 30 percent of the basic salary (before tax) during 2009. The President invested SEK 2,310 t. in investor shares, which corresponds to 30.8 percent of basic salary before tax. This investment means that the President is entitled to receive shares and options worth SEK 6,000 t. at grant.

Total remuneration to the President during 2009 amounted to SEK 18,876 t., of which SEK 8,950 t. was paid out in cash. The President has also exercised options granted in 2003 during 2009, for which he received a benefit value that amounted to SEK 642 t. For more information see table on page 90.

Remuneration to the board of the parent company

At the Annual General Meeting 2009, it was decided that Board remuneration should total SEK 6,938 t. to be divided between, in aggregate, SEK 5,875 t. (whereof SEK 1,875 t. to the Chairman and SEK 500 t. to each of the remaining eight Members of the Board, who are not employed by the company) in cash and in synthetic shares and in aggregate, SEK 1,063 t. in cash as remuneration regarding work in committees of the Board of Directors.

Expensed remuneration paid to the Board

Total remuneration for 2009 (SEK t.)	Cash	Value of synthetic shares as at grant date	Committee fee	Total Board fee as at grant date	Effect from	Effect from	Total fee, actual cost	Number of synthetic shares at the beginning of the year	Number of synthetic shares granted 2009 ¹⁾	Adjustment for dividend	Number of synthetic shares on December 31, 2009
					change in market value of synthetic shares issued 2008	change in market value of synthetic shares issued 2009					
Jacob Wallenberg	938	937	312	2,187	142	123	2,452	6,950	7,975	237	15,162
Anders Scharp ²⁾	–	–	–	–	38	–	38	1,853	–	63	1,916
Gunnar Brock ³⁾	250	250	63	563	–	32	595	–	2,127	–	2,127
Sune Carlsson	250	250	187	687	38	32	757	1,853	2,127	63	4,043
Börje Ekholm	–	–	–	–	–	–	–	–	–	–	–
Sirkka Hämäläinen	500	–	125	625	–	–	625	–	–	–	–
Håkan Mogren	375	125	125	625	38	17	680	1,853	1,063	63	2,979
Grace Reksten Skaugen	500	–	63	563	–	–	563	–	–	–	–
O. Griffith Sexton	500	–	63	563	–	–	563	–	–	–	–
Lena Treschow Torell	250	250	–	500	38	32	570	1,853	2,127	63	4,043
Peter Wallenberg Jr.	250	250	125	625	38	32	695	1,853	2,127	63	4,043
Total	3,813	2,062	1,063	6,938	332	268	7,538	16,215	17,546	552	34,313

1) Based on weighted average stock price for Investor B in the period April 16 to April 22, 2009: 117.56 kronor.

2) Member of the Board until 3/31 2009.

3) Member of the Board as of 3/31 2009.

Total outstanding pension commitments including payroll tax for former members of the board amounted at the year-end to SEK 163,833 t. (179,617), where of SEK 104,138 t. (113,101) pertained to Peter Wallenberg. Remuneration to Peter Wallenberg of SEK 15,367 t. (15,367) was paid out during the year. Expensed remuneration paid to former members of the Board during the year amounted to SEK 1,589 t. (6,916).

Synthetic shares 2009

From 2008, Board members may choose to receive a part of their gross remuneration before payroll tax, excluding committee fees, in synthetic shares. For 2009, a Member of the Board shall be entitled to elect between receiving 50 percent of the proposed remuneration in the form of synthetic shares and 50 percent in cash, or receiving 75 percent of the remuneration in cash and 25 percent in the form of synthetic shares. For administrative reasons, Members of the Board of Directors with foreign tax domicile shall be entitled to receive 100 percent of the remuneration in cash. A synthetic share carries the same economic rights as an Investor share of class B, which means that the value of the Board of Director's remuneration in synthetic shares, in the same way as shares of class B, is dependent on ups and downs in terms of value and that the amount of dividends during the five-year period until 2014, when each synthetic share entitles the Member of the Board for Directors to receive an amount corresponding to the share price, at the time, of a class B Investor share.

The synthetic shares were valued in connection with allocation after the annual general meeting 2009, where the value was based on an average market price of shares of class B during the five trading days immediately following

Note 5 cont'd Employees and payroll costs

Total remuneration for 2008 (SEK t.)	Cash	Value of synthetic shares as at grant date	Committee fee	Total Board fee as at grant date	Effect from change in market value of synthetic shares issued 2008	Total fee, actual cost	Number of synthetic shares as at grant date ¹⁾
Jacob Wallenberg	938	937	312	2,187	-124	2,063	6,950
Anders Scharp	250	250	63	563	-33	530	1,853
Sune Carlsson	250	250	187	687	-33	654	1,853
Börje Ekholm	-	-	-	-	-	-	-
Sirkka Hämäläinen	500	-	125	625	-	625	-
Håkan Mogren	250	250	125	625	-33	592	1,853
Grace Reksten Skaugen	500	-	63	563	-	563	-
O. Griffith Sexton	500	-	63	563	-	563	-
Lena Treschow Torell	250	250	-	500	-33	467	1,853
Peter Wallenberg Jr.	250	250	125	625	-33	592	1,853
Total	3,688	2,187	1,063	6,938	-289	6,649	16,215

1) Based on weighted average stock price for Investor B in the period April 11 to April 17, 2008: 134.91 kronor.

the day of the publication of the Company's interim report for the first quarter 2009. The synthetic shares carry an entitlement, during the fifth calendar year after the beginning of term of office, on four occasions to a payment relating to 25 percent of allocated shares of each occasion, in an amount in cash per synthetic share corresponding to the market price of the Investor AB's share of class B, at each respective occasion for payment. The synthetic shares shall be regarded as continuously vested during the term of office, with 25 percent per quarter. Dividends on Investor class B shares during the period up and until the time of payment shall be credited the Member of the Board of Directors in form of allocation of additional synthetic shares. 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 possible in such a situation for the Board member to exercise his/her right to redemption twelve months after the assignment has been terminated.

Share-based remuneration – program descriptions

2006–2009

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 period, determined by the Board, after the release of Investor's first quarterly report in 2009, 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. 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 a maximum of 20 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 27 percent of their respective basic salary. In order to participate fully in the Stock Matching Plan 2009, the President has to invest approximately 30 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 27 percent of the basic salary. For these programs, the President is entitled to exercise Matching Shares and Matching Options during a period of twelve months from the earlier

of (i) seven years (ten years for 2006 and 2007 year's programs) from the date of allocation and (ii) two months from the end of the year during which the President terminates his employment. The President invested approximately SEK 6.6 m. in the Stock Matching Plan 2006-2009.

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 a price that corresponds to the price of the shares acquired by the employee ("Acquisition Price"). This right is conditional upon whether certain financial goals related to the total return of the Investor share are met during the vesting period. The Performance-Based Share Program has been amended in two respects in relation to the program approved by the Annual General Meeting 2008. Firstly, the price at which Performance Share can be acquired has been increased from 50 to 100 percent of the Acquisition Price. As the price at which shares can be acquired is increased, the theoretical value of the possibility to receive a 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, the total return on the Investor share (for the programs during 2006-2008 the financial goals were related to the development of Investor's net asset value (NAV) and the relative total return (relative TSR) of the Investor share).

The total return is measured during the three-year qualification period. The average annual total return of the Investor share (including reinvested dividends) must exceed the interest on 10-year government bonds by more than 10 percentage points in order for Senior Management to be entitled to acquire the maximum number of Performance Shares, which has been allotted to the respective Senior Manager. If the total return does not exceed the 10-year interest on government bonds with at least 2 percentage points, then Senior Management is not entitled to acquire any shares. If the total return is between the 10-year interest on government bonds plus 2 percentage points and the 10-year interest on government bonds plus 10 percentage points, then a proportional (linear) calculation of the number of shares that may be acquired shall be made.

The theoretical value of a Performance Share takes into account, inter alia, the likelihood for meeting the performance criteria and is based on the Black & Scholes valuation model. The likelihood, calculated on the basis of historical data (verified by external advisors), of meet the performance criteria has then been calculated at nearly 50 percent. The final number of Performance Shares that may be acquired is dependent on the outcome of the performance requirements, but cannot exceed the preset highest number at allotment 2009 (limit). For these programs, the President is entitled to exercise Performance Shares during a period twelve months from the earlier of (i) seven years (ten years for 2006 and 2007 year's programs) from the date of allocation and (ii) two

Note 5 cont'd Employees and payroll costs

months from the expiry of the year during which the President terminates his employment.

At acquisition of the Matching Shares and Performance Shares, the employees are entitled to remuneration for dividends paid during the vesting period and up to the acquisition. This is in order for the program not to be affected by dividends and not to risk that a decision on dividends is affected by the long-term variable remuneration program.

Employee stock option programs 2002-2005

In the employee stock option programs, Investor issued call options giving the option holder the right to purchase an equivalent number of shares at a predetermined price. The term of each program was seven years and the vesting period was 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 the employment ends, with the exception of former employees who have a Board assignment from Investor. The principle for grant was 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 would be 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 would be distributed to each employee. For the program in 2005, the final number of granted stock options was determined after year-end, and depended on each employee's fulfillment of goals, using the same criteria as described in "Variable Salary" above.

The calculation of the fair value on the grant date, according to IFRS 2, was based on the following conditions:

Share	2009			2008		
	Matching Share	Matching Option	Performance Share	Matching Share	Matching Option	Performance Share
Averaged volume-weighted price paid for Investor B shares	117.96	117.96	117.96	138.58	138.58	138.58
Strike price	10.00	141.50	117.96	10.00	166.20	69.29
Assumed volatility ¹⁾	30%	30%	30%	25%	25%	25%
Assumed average term ²⁾	5 years	5 years	5 years	5 years	5 years	5 years
Assumed percentage of dividend ³⁾	0%	3.84%	0%	0%	3.50%	0%
Risk-free interest	2.23%	2.23%	2.23%	4.01%	4.01%	4.01%

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) Mid point of exercise period assumed due to lack of statistical data of exercise behaviour.

3) 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 2006–2009 long-term share-based remuneration programs

Matching Shares 2006-2009

Year issued	Holder ¹⁾	Number of Matching Shares granted	Number at the beginning of the year	Adjustment for dividend	Matching Shares forfeited in 2009	Matching Shares exercised in 2009	Weighted average Share price on exercise	Number of Matching Shares on December 31, 2009	Theoretical value ²⁾	Fair value ³⁾	Strike price	Maturity date	Vesting period (years)
2006	MG	31,038	33,326	1,359	–	2,442	97.75	32,243 ⁴⁾	109.19	121.34	10.00	12–12–31	3
2006	OE	64,459	54,806	1,982	595	17,974	112.22	38,219 ⁴⁾	109.19	121.34	10.00	12–12–31	3
2007	MG	23,845	24,722	1,097	–	–	–	25,819 ⁴⁾	150.91	168.48	10.00	13–12–31	3
2007	OE	46,349	41,306	1,787	1,138	881	130.39	41,074 ⁴⁾	150.91	168.48	10.00	13–12–31	3
2008	MG	30,725	30,725	1,363	–	–	–	32,088	116.71	130.40	10.00	14–12–31	3
2008	OE	57,350	57,017	2,462	2,591	346	130.58	56,542	116.71	130.40	10.00	14–12–31	3
2009	MG	48,362	–	–	–	–	–	48,362	97.64	109.01	10.00	15–12–31	3
2009	OE	86,178	–	–	–	–	–	86,178	97.64	109.01	10.00	15–12–31	3
Total		388,306	241,902	10,050	4,324	21,643		360,525					

1) MG = Management Group, 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) Matching Shares available for exercise at year-end.

Note 5 cont'd Employees and payroll costs

Matching Options 2006–2009

Year issued	Holder ¹⁾	Number of Matching Options granted	Number at the beginning of the year	Matching Options forfeited in 2009	Number of Matching Options exercised in 2009	Number of Matching Options on December 31, 2009	Theoretical value ²⁾	Fair value ³⁾	Strike price	Maturity date	Vesting period (years)
2006	MG	62,076	62,076	–	–	62,076 ⁴⁾	15.62	12.47	155.90	12–12–31	3
2006	OE	128,918	103,796	4,750	–	99,046 ⁴⁾	15.62	12.47	155.90	12–12–31	3
2007	MG	47,690	47,690	–	–	47,690 ⁴⁾	22.80	18.84	212.00	13–12–31	3
2007	OE	92,698	79,946	3,360	–	76,586 ⁴⁾	22.80	18.84	212.00	13–12–31	3
2008	MG	61,450	61,450	–	–	61,450	16.41	18.98	166.20	14–12–31	3
2008	OE	114,700	114,024	5,139	–	108,885	16.41	18.98	166.20	14–12–31	3
2009	MG	96,724	–	–	–	96,724	14.52	16.68	141.50	15–12–31	3
2009	OE	172,356	–	–	–	172,356	14.52	16.68	141.50	15–12–31	3
Total		776,612	468,982	13,249	–	724,813					

1) MG = Management Group, 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) Matching Options available for exercise at year-end.

Performance Shares 2006–2009

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 2009	Performance Shares exercised in 2009	Weighted average share price on exercise	Number of Performance Shares on December 31, 2009	Theoretical value ²⁾	Fair value ³⁾	Strike price	Maturity date	Vesting period (years)
2006	NAV MG	88,270	94,171	–	94,171	–	–	–	52.35	121.34	10.00	12–12–31	3
2006	NAV OE	35,613	31,459	–	31,459	–	–	–	52.35	121.34	10.00	12–12–31	3
2006	TSR MG	45,116	48,132	974	26,150	–	–	22,956 ⁴⁾	52.35	57.03	10.00	12–12–31	3
2006	TSR OE	18,199	16,997	269	9,636	1,345	117.33	6,285 ⁴⁾	52.35	57.03	10.00	12–12–31	3
2007	NAV MG	63,449	65,780	2,915	–	–	–	68,695 ⁴⁾	77.78	168.48	10.00	13–12–31	3
2007	NAV OE	26,958	23,985	962	882	–	–	24,065 ⁴⁾	77.78	168.48	10.00	13–12–31	3
2007	TSR MG	34,371	35,634	1,579	–	–	–	37,213 ⁴⁾	77.78	82.55	10.00	13–12–31	3
2007	TSR OE	14,602	12,989	523	478	–	–	13,034 ⁴⁾	77.78	82.55	10.00	13–12–31	3
2008	NAV MG	121,560	121,560	15,705	–	–	–	137,265	40.98	81.88	69.29	14–12–31	3
2008	NAV OE	53,914	53,914	6,649	4,738	–	–	55,825	40.98	81.88	69.29	14–12–31	3
2008	TSR MG	65,236	65,236	8,429	–	–	–	73,665	38.18	42.98	69.29	14–12–31	3
2008	TSR OE	28,930	28,930	3,569	2,543	–	–	29,956	38.18	42.98	69.29	14–12–31	3
2009	TSR MG	590,946	–	–	–	–	–	590,946	15.45	17.26	117.96	15–12–31	3
2009	TSR OE	279,427	–	–	–	–	–	279,427	15.45	17.26	117.96	15–12–31	3
Total		1,466,591	598,787	41,574	170,057	1,345		1,339,332					

1) MG = Management Group, OE = Other employees.

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) Performance Shares available for exercise at year-end.

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. The adjustment is based on average historical outcome. 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.

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 exercised in 2009	Weighted average share price on exercise	Number of shares on December 31, 2009	Maturity date ³⁾	Vesting period (years)
2004	MG	74,000	67,800	77.00 ⁴⁾	64,600	100.00	3,200	09–01–20	5 ⁵⁾
2005	MG	58,331	53,385	97.04 ⁶⁾	–	–	53,385	10–01–21	5 ⁵⁾
Total		132,331	121,185		64,600		56,585		

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) The President is entitled to exercise the Shares 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.

4) Closing price for the Investor share the day after Investor's year-end report was released.

5) 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 in the first five years after they are granted.

6) Average volume-weighted price paid for the Investor B share on the Stockholm Stock Exchange during the period April 12 to April 18, 2005.

Note 5 cont'd Employees and payroll costs

Summary of terms for long-term employee stock option programs 2002–2005

Year issued	Holder ¹⁾	Number of options granted	Number of options at the beginning of the year	Options exercised during 2009	Weighted average share price on exercise	Options expired during 2009	Number of options on December 31, 2009	Theoretical value ²⁾	Fair value ³⁾	Strike price	Maturity date	Vesting period (year) ⁴⁾
2002	MG	389,000	149,700	–	–	149,700	–	18.08	–	121.55	09-02-11	3
2002	OE	795,750	146,200	–	–	146,200	–	18.08	–	121.55	09-02-11	3
2003	MG	1,081,000	154,333	154,333	113.67	–	–	8.21	7.00	52.50	10-02-11	3
2003	OE	2,606,436	260,559	230,498	124.06	–	30,061 ⁵⁾	8.21	7.00	52.50	10-02-11	3
2004	MG	221,900	191,334	126,100	124.91	–	65,234 ⁵⁾	15.80	13.74	84.70	11-01-20	3
2004	OE	1,079,649	387,732	85,634	120.42	–	302,098 ⁵⁾	15.80	13.74	84.70	11-01-20	3
2005	MG	164,565	145,997	–	–	–	145,997 ⁵⁾	19.00	15.20	106.70	12-01-20	3
2005	OE	1,008,469	595,417	59,513	126.46	–	535,904 ⁵⁾	19.00	15.20	106.70	12-01-20	3
Total		7,346,769	2,031,272	656,078		295,900	1,079,294					

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 by 12 months if a holder has been employed more than four years.

5) Options available for exercise at year-end.

Accounting effects of share-based payment transactions

(SEK t.)	2009	2008
<i>Group</i>		
Payroll costs relating to Share-based payment transactions		
Costs relating to equity-settled share-based payment transactions	25,196	23,944
Costs relating to cash-settled share-based payment transactions	2,663	1,898
Social security and other costs relating to share-based payment transactions	11,564	–5,040
Total	39,423	20,802
(SEK t.)	2009	2008
<i>Parent Company</i>		
Payroll costs relating to Share-based payment transactions		
Costs relating to equity-settled share-based payment transactions (IFRS 2)	21,369	20,774
Costs relating to cash-settled share-based payment transactions (IFRS 2)	2,663	1,898
Social security and other costs relating to share-based payment transactions	11,520	–8,709
Total	35,552	13,963
(SEK t.)	2009	2008
<i>Group and Parent Company</i>		
Negative effects on equity relating to stock-options exercised by employees	40,999	25,702
Carrying amount of liability relating to share-based payment transactions	4,561	1,898
Cost of net financial items relating to share-based payment transactions	1,178	77,478
Weighted average price in outstanding hedging contracts SEK	127.03	121.59

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.

For programs implemented as of 2006 and after, Investor has been repurchasing its own shares to guarantee delivery.

Note 6 Fees and expenses for auditors

	2009	2008
<i>Group</i>		
<i>Auditing assignments</i>		
KPMG	10	9
<i>Other assignments</i>		
KPMG	0	1
Total	10	10
<i>Parent Company</i>		
<i>Auditing assignments</i>		
KPMG	5	5
<i>Other assignments</i>		
KPMG	0	0
Total	5	5

Note 7 Operating leases

Non-cancellable lease payments amount to:

	2009	2008
<i>Group</i>		
Not later than one year	9	8
Later than one year and not later than five years	36	24
Later than five years	53	–
Total	98	32
<i>Costs for the year</i>		
Minimum lease payments	11	5
Contingent rent	2	1
Total	13	6

Note 8 Investments in associates

Specification of carrying amount using the equity method

	12/31 2009	12/31 2008
<i>Group</i>		
At the beginning of the year	7,246	5,963
Acquisitions	79	1,827
Divestments	–3	–
Share of results of associates ¹⁾	–2,380	–1,382
Translation differences, etc.	–224	838
Carrying amount at year-end	4,718	7,246

Specification of investments in associates

12/31 2009	Number of shares	Share of voting power%	Proportion of equity%	Investor's share of				Profit/loss for the year ¹⁾
				Assets ²⁾	Liabilities ²⁾	Equity ³⁾	Revenue ⁴⁾	
<i>Group</i>								
Mölnlycke AB, Stockholm, 556723–5949 ⁵⁾	334,196,743	47	58	19,668	17,726	1,942	5,256	–394
Indap Sweden AB, Stockholm, 556678–4111 ^{5) 6)}	490,000	49	49	18,447	16,454	1,993	7,943	–1,212
Hi3G Holdings AB, Stockholm, 556619–6647 ⁵⁾	40,000	40	40	6,021	5,858	163	2,336	–240
Hi3G Enterprise AB, Stockholm, 556782–9329 ⁵⁾	40,000	40	40	4,257	4,218	39	–	–18
Lindorff First Holding AB, Stockholm, 556714–9413 ⁵⁾	90,518,750	50	50	6,522	6,255	267	1,462	–541
Kunskapsskolan Education Sweden AB, Stockholm, 556691–3066 ⁵⁾	11,500	29	29	132	128	4	210	1
Kunskapsskolan International KIAB AB, Stockholm, 556747–9349 ⁵⁾	300	30	30	6	6	0	0	–1
EQT Partners AB, Stockholm, 556233–7229	1,550	31	31	89	59	30	237	26
Sternwood Investment Ltd, Guernsey, 42893	15	50	50	25	–	25	11	1
EFIN S.à.r.l., Luxemburg, B 145.168	166,996	50	50	185	183	2	0	0
Novare Holding AB, Stockholm, 556694–6066	200	50	50	19	13	6	27	0
Blasieholmen 54 Restaurang AB, Stockholm, 556706–6963	500	50	50	6	5	1	18	1
Blasieholmen 54 SPA AB, Stockholm, 556768–7362	500	50	50	8	8	0	1	–3
Total investments in associates				55,385	50,913	4,472	17,501	–2,380

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 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 Gambro Holding is included in Indap Sweden AB.

Note 8, cont'd Investments in associates

12/31 2008	Number of shares	Share of voting power%	Proportion of equity%	Investor's share of			Revenue ⁴⁾	Profit/loss for the year ¹⁾
				Assets ²⁾	Liabilities ²⁾	Equity ³⁾		
Group								
Mölnlycke AB, Stockholm, 556723-5949 ⁵⁾	332,946,745	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
Lindorff First Holding AB, Stockholm, 556714-9413 ⁵⁾	90,518,750	50	50	7,220	6,442	778	750	-191
Kunskapsskolan i Sverige Holding AB, Stockholm, 556691-3066 ⁵⁾	11,621	30	29	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	15	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

- 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.
- 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.
- 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.
- Refers to the ownership interest of the company's net sales.
- Reported with one month's delay.
- The investment in Gambro Holding is included in Indap Sweden AB.

Note 9 Net financial items

	2009		2008	
	Income	Expense	Income	Expense
Group				
Interest				
<i>Items valued at fair value</i>				
- assets recognized at fair value - fair value option	447		943	
- derivatives used in hedge accounting	487			-121
- assets/liabilities held for trading		-203		-10
	934	-203	943	-131
<i>Items not valued at fair value</i>				
- other liabilities		-987		-952
- other items		-10		-11
		-997		-963
Total interest	934	-1,200	943	-1,094
Net result				
- assets recognized at fair value - fair value option		-210	43	
- derivatives used in hedge accounting		-914	1,528	
- assets/liabilities held for trading	294			-376
- other liabilities	660			-1,483
- from sale of subsidiaries		-3		-99
- exchange rate changes affecting items valued at fair value		-445	2,213	
- other exchange rate effects	282			-1,961
- other items	5			-4
Total net result	1,241	-1,572	3,784	-3,923
Total financial income and expenses	2,175	-2,772	4,727	-5,017
Net financial items		-597		-290

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 -1 m. (-77) and revaluations established with valuation techniques totaling 20 m. (-253). Liabilities accounted for as hedges have been revalued by SEK 964 m. (-1,480) and the associated hedging instruments have been revalued by SEK -944 m. (1,528). Derivatives included in cash flow hedges are not recognized in the Income Statement and have affected other comprehensive income by SEK -357 m. (41). Hedge accounting has been applied for Lindorff and Mölnlycke Health Care starting July 1, 2008. Revaluation effects attributed to these hedges of net investments in foreign operations, have affected other comprehensive income.

Note 10 Taxes

Tax for the year

	2009	2008
Group		
Current tax expense	-219	-149
Deferred tax expense relating to changes in temporary differences	-113	222
Total	-332	73
Parent Company		
The Parent Company reported no tax expenses for 2009 and 2008.		
<i>Information about the connection between tax expense for the period and reported income before tax</i>		
	2009	2008
Group		
Reported loss/profit before taxes	31,700	-36,809
Tax according to applicable tax rate, 28%	-	10,307
Tax according to applicable tax rate, 26,3%	-10,545	-
Effect of changed tax rate, 26,3%	-	-9
Effect of other tax rates for foreign subsidiaries	2,163	1,224
Tax from previous years	4	1
Tax effect of non-taxable income and status as an industrial holding company ¹⁾	8,820	3,460
Tax effect of non-deductible expenses	-774	-14,900
Control Foreign Company taxation	-	-10
Reported tax expense	-332	73

- 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.

Note 10, cont'd Taxes

Deferred taxes

Deferred taxes consist of the following assets and liabilities

	12/31 2009	12/31 2008
<i>Group</i>		
<i>Deferred tax assets</i>		
Provisions	0	0
Accrued expenses	5	6
Financial assets	4	7
Other	2	7
Total deferred tax assets	11	20
<i>Provisions for deferred tax liabilities</i>		
Property, plant and equipment	228	277
Financial assets	156	–
Tax allocation reserves	188	244
Other	1	1
Total deferred tax liabilities	573	522
Net receivable/liability	–562	–502

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 84 m. on December 31, 2009 (90). The amount refers to premiums paid for pension solutions for future pension payments.

Change in deferred taxes in temporary differences and unused tax losses

12/31 2009	Amount at the beginning of the year	Recognized in the Income Statement	Recognized in other comprehensive income	Amount at year-end
<i>Group</i>				
Provisions	0	0	–	0
Accrued expenses	6	–1	–	5
Financial assets	7	–159	–	–152
Property, plant and equipment	–277	–2	51	–228
Tax allocation reserves	–244	56	–	–188
Other	6	–6	1	1
Total	–502	–112	52	–562

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 will result in a payment. These are considered non-current assets and liabilities.

12/31 2008	Amount at the beginning of the year	Recognized in the Income Statement	Recognized in other comprehensive income	Amount at year-end
<i>Group</i>				
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

Note 11 Earnings per share

Basic earnings per share

The calculation of earnings per share for 2009 was based on profit/loss for the year attributable to the holders of ordinary shares in the Parent Company, amounting to SEK 31,379 m. (–36,708), and on a weighted average number of outstanding shares amounting to 763,156,634 during 2009 (765,033,649).

	2009	2008
<i>Group</i>		
Profit/loss for the year attributable to the holders of ordinary shares in the Parent Company, SEK m.	31,379	–36,708
Weighted average number of ordinary shares outstanding during the year, millions	763.2	765.0
Basic earnings per share, SEK	41.12	–47.98
Change in the number of outstanding shares, before dilution, millions		
Total number of outstanding shares at beginning of the year, millions	764.7	765.8
Repurchases of own shares during the year, millions	–2.2	–1.1
Total number of outstanding shares at year-end	762.5	764.7

Diluted earnings per share

The calculation of diluted earnings per share for 2009 was based on profit/loss for the year attributable to the holders of ordinary shares in the Parent Company amounting to SEK 31,379 m. (–36,708), and on a weighted average number of shares amounting to 763,857,139 during 2009 (765,942,373).

	2009	2008
<i>Group</i>		
Profit/loss for the year attributable to the holders of ordinary shares in the Parent Company, SEK m.	31,379	–36,708
Profit/Loss for the year attributable to the holders of ordinary shares in the Parent Company, diluted, m	31,379	–36,708
Weighted average number of outstanding ordinary shares, millions	763.2	765.0
Effect of issued: employee share- and stock option programs, millions	0.7	–
Number of shares used for the calculation of diluted earnings per share, millions	763.9	765.0
Diluted earnings per share, SEK	41.08	–47.98

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 were less after than before dilution. One reason that no such instruments were dilutive during 2008 is the fact that net income was negative and the loss per share should be less in view of this. Some options have no dilutive effect in that the average market price for the year (SEK 119.33) is lower than the total of the exercise price and the potential value per option will 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 2009	12/31 2008
<i>Group/Parent Company</i>		
<i>Accumulated cost</i>		
Opening balance	14	8
New purchases	7	6
	21	14
<i>Accumulated depreciation</i>		
Opening balance	-3	-1
Depreciation for the year	-2	-2
	-5	-3
Carrying amount at year-end	16	11

Intangible assets refer to capitalized expenditures for software.

Note 13 Equipment

	12/31 2009	12/31 2008
<i>Group</i>		
<i>Accumulated costs</i>		
Opening balance	756	813
New purchases	41	59
Sales and disposals	-11	-18
Reclassifications	-	-103
Exchange rate differences	-2	5
	784	756
<i>Accumulated depreciation</i>		
Opening balance	-385	-376
Sales and disposals	11	18
Reclassifications	0	22
Depreciation for the year	-41	-45
Exchange rate differences	2	-4
	-413	-385
Carrying amount at year-end	371	371

The year's depreciation amounts to SEK -41 m. (-45) and is reported in the Income Statement under the headings "Operating costs" SEK -5 m. (-9) and "Cost of services sold" SEK -36 m. (-36)

	12/31 2009	12/31 2008
<i>Parent Company</i>		
<i>Accumulated costs</i>		
Opening balance	42	52
New purchases	3	2
Sales and disposals	0	-12
	45	42
<i>Accumulated depreciation</i>		
Opening balance	-22	-30
Sales and disposals	0	12
Depreciation for the year	-3	-4
	-25	-22
Carrying amount at year-end	20	20

The year's depreciation according to plan amounts to SEK -3 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 2009. 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 2009	12/31 2008
<i>Group</i>		
<i>Revalued cost</i>		
Opening balance	2,350	2,345
Acquisitions	45	5
Disposals	-1	-
Effect of revaluations on revaluation reserve	-252	-
	2,142	2,350
<i>Accumulated depreciation</i>		
Opening balance	-356	-325
Depreciation for the year	-29	-31
Effect of revaluations on revaluation reserve	40	-
	-345	-356
Carrying amount at year-end	1,797	1,994

Carrying amount if acquisition cost method had been used

	12/31 2009	12/31 2008
<i>Tax values</i>		
<i>Group</i>		
Tax value, buildings	408	407
Tax value, land	508	488

Note 15 Shares and participations in investing activities measured at fair value

Group	Core Investments	Operating Investments	Private Equity Investments	Financial Investments	Total
12/31 2009					
Listed holdings	106,231	971	794	133	108,129
Unlisted holdings	–	6	17,539	400	17,945
Total	106,231	977	18,333	533	126,074
12/31 2008					
Listed holdings	73,272	–	317	100	73,689
Unlisted holdings	–	7	14,978	661	15,646
Total	73,272	7	15,295	761	89,335
12/31 2009					
Opening balance	73,272	7	15,295	761	89,335
Acquisitions	3,825	958	2,921	–	7,704
Divestments	–450	–	–563	–453	–1,466
Exchange rate differences	–	–	–68	–	–68
Revaluations	29,584	12	748	225	30,569
Carrying amount at year-end	106,231	977	18,333	533	126,074
12/31 2008					
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

In addition to the above holdings of securities, there are commitments for add-on investments amounting to SEK 6,416 m. (8,914). The tables above include interests in associates recognized at fair value in accordance with IAS 39.

Note 16 Long-term receivables and other receivables

Group	12/31 2009	12/31 2008
<i>Non-current receivables that are non-current assets</i>		
Receivables from associates	9,698	8,771
Derivatives	1,148	2,548
Other	0	–1
Total	10,846	11,318
<i>Other receivables that are current assets</i>		
Receivables from associates	1	0
Derivatives	22	36
Trade receivables	35	29
Incoming payments	223	11
Other	193	96
Total	474	172

Note 17 Prepaid expenses and accrued income

Group	12/31 2009	12/31 2008
Interest	859	1,021
Other financial receivables	5	–
Other	19	23
Total	883	1,044
<i>Parent Company</i>		
Other	15	13
Total	15	13

Note 18 Shares and participations in Active Portfolio Management

Group	12/31 2009	12/31 2008
Shares	3,879	1,048
Options	10	0
Forward contracts	47	–1
Total	3,936	1,047

Note 19 Short-term investments and other financial 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		3-6 months	7-12 months	13-24 months	Total	
					Carrying amount	Nominal value
12/31 2009						
Short-term investments	3,642	2,488			6,130	5,506
Other financial investments				9,062	9,062	9,250
Total	3,642	2,488	9,062	15,192	14,756	
12/31 2008						
Short-term investments	12,478	6,343			18,821	18,851
Total	12,478	6,343			18,821	18,851

Short-term investments and other financial investments consist of interest-bearing securities.

Total funds available for investments amounted to SEK 20,938¹⁾ m. and include cash and cash equivalents, as specified in Note 20.

1) Cash and cash equivalents attributed to Operating investments have been excluded.

Note 20 Cash flow statement

Cash and cash equivalents

Group	12/31 2009	12/31 2008
Cash and cash equivalents include:		
Short-term investments equivalent to cash	5,601	8,877
Cash on hand and balances with banks	203	274
Total	5,804	9,151

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 2009	12/31 2008
Group		
Translation reserve		
Opening balance	314	-484
Translation differences for the year, subsidiaries	-184	388
Less: hedging of exchange risk in foreign operations	222	-452
Less: translation differences attributed to divested operations	3	116
Change for the year, associates	48	746
403	314	
Revaluation reserve		
Opening balance	550	547
Effect of changed tax rate attributed to non-current assets	-	13
Revaluation of non-current assets for the year	-212	-
Tax relating to revaluations for the year	56	-
Release of Revaluation reserve due to depreciation of revalued amount	-9	-10
385	550	
Hedging reserve		
Opening balance	-299	-175
Cash flow hedges:		
Change in fair value of cash flow hedges for the year	-357	41
Change in Income Statement, Net financial items	-	0
Change for the year, associates	-91	-165
-747	-299	
Total reserves		
Opening balance	565	-112
Change in reserves for the year:		
Translation reserve	89	798
Revaluation reserve	-165	3
Hedging reserve	-448	-124
Carrying amount at year-end	41	565

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.

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. Changes in translation reserve had no impact on reported tax, see Note 1 Accounting policies under the heading Accounting policies of the Parent company.

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 accounted for in the Profit and loss. Changes in the hedging reserve had no impact on reported tax, see Note 1 Accounting policies, under the heading Accounting policies of the Parent company.

Retained earnings, including profit/loss for the year

Retained earnings, including profit/loss for the year, consist 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.

Note 21, cont'd Equity

Minority interest

Minority interest includes the portion of equity not owned by the Parent Company.

Repurchased shares

Repurchased shares include the cost of acquiring own shares held by the Parent Company. On December 31, 2009, the Group held 4,683,800 of its own shares (2,483,800).

Repurchased shares included in retained earnings under equity, including profit/loss for the year:

	Number of shares		Amounts affecting equity, SEK m.	
	2009	2008	2009	2008
Opening balance, repurchased				
own shares	2,483,800	1,400,000	-366	-213
Purchases for the year	2,200,000	1,083,800	-262	-153
Balance at year-end,				
repurchased own shares	4,683,800	2,483,800	-628	-366

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 2009 amounting to SEK 3,069 m. (SEK 4.00 per share). The dividend is subject to the approval of the annual General Meeting on April 14, 2010. The dividend for 2008 amounted to SEK 3,059 m. (SEK 4.00 per share) and the dividend for 2007 amounted to SEK 3,637 m. (SEK 4.75 per share). Dividends paid out per share for 2008 and 2007 corresponds to proposed dividend per share.

Capital management

In order to be able to act upon business opportunities at any point in time, it is vital for Investor to maintain financial flexibility. The Group's goal is to have a leverage (net debt as a percentage of total assets) of 5-10 percent 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 the opening balance was -9.2 percent and at year-end 0.4 percent. The change is mainly due to cash flow arising from the participation in new issues in SEB and Husqvarna, the acquisition of Biovitrum, new- and additional investments within the business area Private Equity as well as dividends paid to shareholders.

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 8-9 percent and for the Operating Investments business area in excess of 15 percent. The return objective for Private equity investments is an average annualized return (IRR) of 20 percent or more on realized investments, before operating costs, over the course of a business cycle. Capital is defined as total recognized equity.

Capital	2009	2008
Equity attributable to shareholders of the Parent Company	142,669	115,131
Attributable to minority interest	4	102
Total	142,673	115,233

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 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 accounted for in the Profit and loss. The change in value is recognized in other comprehensive income. Changes in the hedging reserve has no effect on the reported tax expense since the Parent Company is taxed in accordance with the regulations for investment companies in Sweden.

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, 2009, as well as on December 31, 2008 consists of the following numbers of shares with a quota of SEK 6.25 per share:

Share class	Number of shares	Number of votes	Proportion, % of:	
			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

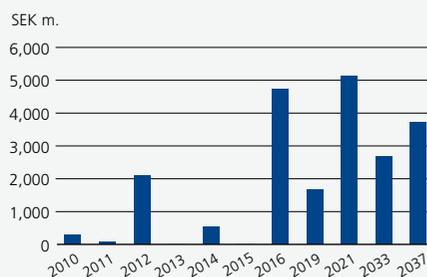
Note 22 Interest-bearing liabilities

Investor's financing is primarily arranged 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 a loan program intended for long-term financing. The program is for EUR 5 bn, of which EUR 1.8 bn. has been utilized. For short-term financing Investor has an uncommitted Swedish and a European Commercial Paper program (CP/ECP) for SEK 10 bn. and USD 1.5 bn., respectively. None of the Commercial Paper programs were utilized during 2009. 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 in any of Investor AB'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 manage 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 at group level was 13.3¹⁾ years (12.6). The following chart shows the maturity profile of the loans (nominal value).

Maturity profile

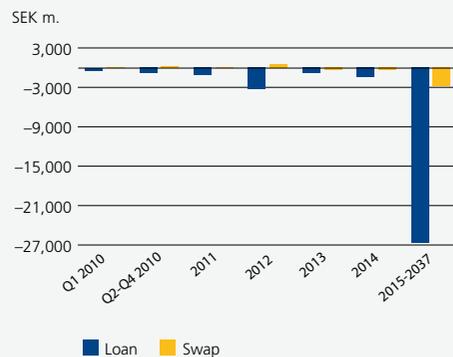


1) The average maturity calculated excluding debt attributed to wholly owned Operating investments amounted to 13.5 years at year end.

Note 22, cont'd. Interest-bearing liabilities

	12/31 2009	12/31 2008
<i>Group</i>		
<i>Long-term interest-bearing liabilities</i>		
Bond loans with hedged portion valued at fair value	19,761	18,074
Related interest rate derivatives with negative value	2,429	1,927
Bond loans valued at amortized cost	1,360	1,590
Total	23,550	21,591
<i>Short-term interest-bearing liabilities</i>		
Bond loans with hedged portion valued at fair value	100	–
Bond loans valued at amortized cost	199	818
Total	299	818
Total	23,849	22,409
<i>Parent Company</i>		
<i>Long-term interest-bearing liabilities</i>		
Bond loans with hedged portion valued at fair value	1,959	2,410
Bond loans valued at amortized cost	18,112	15,457
Total	20,071	17,867
<i>Short-term interest-bearing liabilities</i>		
Bond loans valued at amortized cost	298	818
Total	298	818
Total	20,369	18,685

Cash flow of financial liabilities and derivatives¹⁾

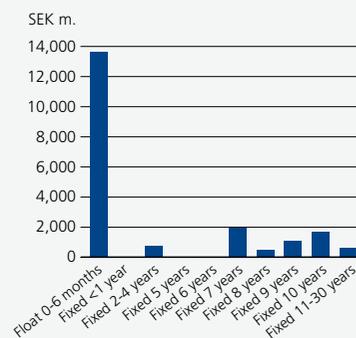


1) Interest payments included.

	12/31 2009	12/31 2008
<i>Group, carrying amounts</i>		
Maturity, less than 1 year from Balance Sheet date	299	818
Maturity, 1–5 years from Balance Sheet date	3,177	7,354
Maturity, more than 5 years from Balance Sheet date	17,944	12,310
Total	21,420	20,482
<i>Parent Company, carrying amounts</i>		
Maturity, less than 1 year from Balance Sheet date	298	818
Maturity, 1–5 years from Balance Sheet date	7,604	6,417
Maturity, more than 5 years from Balance Sheet date	12,467	11,450
Total	20,369	18,685

Taking into account existing interest swaps, the average effective interest rate on loans was 3.35 percent (4.66). The average interest rate fixing tenor was 3.0 years at year-end (2.2). The following diagram shows the distribution of the interest rate tenor.

Interest rate tenor



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.

Provisions for pensions and similar obligations	12/31 2009	12/31 2008
<i>Group</i>		
Present value of funded or partly funded obligations	222	228
Present value of unfunded obligations	182	195
Total present value of defined benefit plans	404	423
Fair value plan assets	-170	-162
Restriction in accounting of surplus in the benefit plan regarding asset selling	2	-
Net of present value of obligation and fair value of plan assets	236	261
Provision for payroll tax on pension obligation	61	66

Net obligations for defined benefit plans recognized in the balance sheet.

Pensions and similar obligations	297	327
Net amount in the balance sheet	297	327

Changes in the obligations for defined benefit plans recognized in the Balance Sheet

	12/31 2009	12/31 2008
<i>Group</i>		
Defined benefit plan obligations per January 1	423	338
Benefits paid	-26	-22
Expense for service within current period	9	7
Interest expense on obligations	14	14
Adjustment amount	2	1
Additional pension obligations	0	20
Actuarial gains and losses	-15	58
Exchange rate differences	-3	7
Obligations for defined benefit plans per December 31	404	423

Changes in fair value of plan assets	12/31 2009	12/31 2008
<i>Group</i>		
Fair value of plan assets per January 1	162	131
Fees from employer	7	7
Paid compensations	-7	-3
Expected returns on plan assets	6	5
Additional pension obligations	0	20
Difference in expected and real return (actuarial gain or loss)	2	2
Fair value of plan assets per December 31¹⁾	170	162

1) Plan assets comprise 30 percent government bonds and 70 percent equity securities.

Expense recognized in the income statement	2009	2008
<i>Group</i>		
Expense for service within current period	9	7
Expense for service within previous periods	2	1
Interest expense on obligations	14	14
Expected returns on plan assets	-6	-5
Additional pension obligations	0	-
Restriction in accounting of surplus in the benefit plan regarding asset selling	2	-
Exchange rate differences	-3	7
Change of provision payroll tax	4	7
Total net expense in the income statement	22	31

The expense is recognized in the following lines in the income statement

	2009	2008
<i>Group</i>		
Operating costs	17	15
Financial income	-6	-5
Financial expenses	11	21
Obligations for employee benefits	22	31

Actuarial gains and losses recognized in other comprehensive income statement¹⁾

	2009	2008
<i>Group</i>		
Accumulated per January 1	128	58
Recognized during the period	-22	70
Accumulated per December 31	106	128

1) The amount includes payroll tax.

Historical information ¹⁾	2009	2008	2007	2006	2005
Present value of defined benefit plans	404	423	192	199	221
Fair value of plan assets	-168	-162	-	-	-
Deficit/surplus (+/-) in plan	236	261	192	199	221

Experience adjustments arising on plan liabilities

	10	15	-	-	-
Experience adjustments arising on plan assets	-2	-2	-	-	-

1) Information for valuation of defined benefit plans regarding BTP as well as information regarding experience adjustments available as of 2008.

The group estimates that SEK 12 m. will be paid to defined benefit plans during 2010.

Provisions for pensions and similar obligations	12/31 2009	12/31 2008
<i>Parent Company</i>		
Present value of funded or partly funded obligations	184	188
Present value of unfunded obligations	149	164
Total present value of defined benefit plans	333	352
Fair value plan assets	-146	-139
Restriction in accounting of surplus in the benefit plan regarding asset selling	2	0
Net of present value of obligation and fair value of plan assets	189	213
Provision for payroll tax on pension obligation	57	62

Net obligations for defined benefit plans recognized in the balance sheet.

Provisions for pensions and similar obligations	246	275
Net amount in the balance sheet	246	275

Changes in the obligations for defined benefit plans recognized in the Balance Sheet

	12/31 2009	12/31 2008
<i>Parent Company</i>		
Defined benefit plan obligations per January 1	352	278
Benefits paid	-26	-21
Expense for service within current period	7	6
Interest expense on obligations	13	12
Adjustment amount	2	1
Additional pension obligations	0	20
Actuarial gains and losses	-11	47
Exchange rate differences	-4	9
Obligations for defined benefit plans per December 31	333	352

Note 23, cont'd Pensions and similar obligations

Changes in fair value of plan assets	12/31 2009	12/31 2008
<i>Parent Company</i>		
Fair value of plan assets per January 1	139	108
Fees from employer	6	6
Paid compensations	-6	-2
Future returns on plan assets	5	4
Additional pension obligations	0	20
Difference in expected and real return (actuarial gain or loss)	2	3
Fair value of plan assets per December 31¹⁾	146	139

1) Plan assets comprise 30 percent government bonds and 70 percent equity securities.

Expense recognized in the income statement	2009	2008
<i>Parent Company</i>		
Expense for service within current period	7	6
Expense for service within previous periods	2	1
Interest expense on obligations	13	12
Future returns on plan assets	-5	-4
Additional pension obligations	0	0
Recognized actuarial gains (-) and losses (+)	-13	43
Restriction in accounting of surplus in the benefit plan regarding asset seiling	2	0
Exchange rate differences	-4	9
Change of provision, payroll tax	1	17
Total net expense in the income statement	3	84

The expense is recognized in the following lines in the income statement

	2009	2008
<i>Parent Company</i>		
Operating costs	-1	67
Interest income and similar items	-5	-4
Interest expenses and similar items	9	21
Total	3	84

Assumptions for defined benefit obligations

The most significant actuarial assumptions on the balance sheet date (expressed as weighted averages):

Group and Parent Company	12/31 2009	12/31 2008
Discount rate on December 31	3.75%	3.75%
Future increase on plan assets per December 31	3.50%	3.50%
Future salary increase	3.00%	3.00%
Future increase in pensions	2.40%	2.40%

Defined contribution plans

	Group		Parent Company	
	2009	2008	2009	2008
Expenses for defined contribution plans	20	19	12	15

Note 24 Provisions

	12/31 2009	12/31 2008
<i>Group</i>		
Provisions expected to be paid within 12 months		
Other	5	8
Total	5	8
<i>Provisions expected to be paid after more than 12 months</i>		
Provision for social security contributions for long-term share-based remuneration	28	28
Other	28	34
Total	56	62

Note 24, cont'd Provisions

	12/31 2009	12/31 2008
<i>Provision for social security contributions for long-term share-based remuneration</i>		
Opening balance	28	47
Provisions for the year	7	-
Reversals for the year	-7	-19
Carrying amount at year-end	28	28

Other

Opening balance	42	55
Provisions for the year	1	7
Reversals for the year	-10	-20
Carrying amount at year-end	33	42

	12/31 2009	12/31 2008
<i>Parent Company</i>		
Provisions expected to be paid within 12 months		
Other	5	8
Total	5	8

Provisions expected to be paid after more than 12 months

Provision for social security contributions for long-term share-based remuneration	26	28
Other	28	33
Total	54	61

Provision for social security contributions for long-term share-based remuneration

Opening balance	28	47
Provisions for the year	4	-
Reversals for the year	-6	-19
Carrying amount at year-end	26	28

Other

Opening balance	41	54
Provisions for the year	1	7
Reversals for the year	-9	-20
Carrying amount at year-end	33	41

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 2009	12/31 2008
<i>Group</i>		
Interest	788	1,123
Personnel-related expenses	100	123
Other	234	91
Total	1,122	1,337
<i>Parent Company</i>		
Interest	516	659
Personnel-related expenses	32	59
Other	69	40
Total	617	758

Note 26 Other liabilities

	12/31 2009	12/31 2008
<i>Group</i>		
Shares on loan	1,167	562
Forward contracts	44	0
Incoming payments	114	19
Other	54	57
Total	1,379	638

Note 27 Financial assets and investments

Financial assets and liabilities by valuation category

Group 12/31 2009

	Financial assets valued at fair value through profit or loss		Derivatives used in hedge accounting	Loans and receivables	Available-for-sale financial assets	Financial liabilities valued at fair value through profit or loss			Total carrying amount	Fair value
	Fair value option	Held for trading				Held for trading	Other liabilities			
<i>Financial assets</i>										
Shares and participations in investing activities	126,069				5				126,074	126,074
Other financial investments	9,062								9,062	9,062
Long-term receivables		56	1,092	9,698					10,846	10,846
Accrued interest income				859					859	859
Other receivables		22		452					474	474
Shares and participations in active portfolio management		3,936							3,936	3,936
Short-term investments	6,130								6,130	6,130
Cash and cash equivalents	5,804								5,804	5,804
Total	147,065	4,014	1,092	11,009	5				163,185	163,185
<i>Financial liabilities</i>										
Long-term interest-bearing liabilities			1,172				1,257	21,121	23,550	20,764
Current interest-bearing liabilities								299	299	301
Trade payables								46	46	46
Accrued interest expenses								788	788	788
Other liabilities							1,325	54	1,379	1,379
Total			1,172				2,582	22,308	26,062	23,278

Group 12/31 2008

	Financial assets valued at fair value through profit or loss		Derivatives used in hedge accounting	Loans and receivables	Available-for-sale financial assets	Financial liabilities valued at fair value through profit or loss			Total carrying amount	Fair value
	Fair value option	Held for trading				Held for trading	Other liabilities			
<i>Financial assets</i>										
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
<i>Financial liabilities</i>										
Long-term interest-bearing liabilities			13				1,913	19,665	21,591	19,360
Current interest-bearing liabilities								818	818	825
Trade payables								47	47	47
Accrued interest expenses								1,123	1,123	1,123
Other liabilities							581	57	638	638
Total			13				2,494	21,710	24,217	21,993

Note 27, cont'd Financial assets and investments

Financial assets and liabilities by valuation category

Parent Company 12/31 2009

	Financial assets valued at fair value through profit or loss				Total carrying amount	Fair value
	Fair value option	Derivatives used in hedge accounting	Loans and receivables	Other liabilities		
<i>Financial assets</i>						
Other long-term holdings of securities	40,197				40,197	40,197
Receivables from Group companies (non-current)		-622	27,801		27,179	27,179
Trade receivables			3		3	3
Receivables from Group companies (current)			1,340		1,340	1,340
Receivables from associates			1		1	1
Other receivables			0		0	0
Total	40,197	-622	29,145		68,720	68,720
<i>Financial liabilities</i>						
Loans (non-current)				20,071	20,071	20,201
Liabilities to Group companies (non-current)		325		10,188	10,513	10,513
Loans (current liabilities)				298	298	301
Trade payables				17	17	17
Liabilities to Group companies (current liabilities)				1,734	1,734	1,734
Accrued interest expenses				516	516	516
Total		325		32,824	33,149	33,282

Parent Company 12/31 2008

	Financial assets valued at fair value through profit or loss				Total carrying amount	Fair value
	Fair value option	Derivatives used in hedge accounting ¹⁾	Loans and receivables ¹⁾	Other liabilities		
<i>Financial assets</i>						
Other long-term holdings of securities	35,008				35,008	35,008
Receivables from Group companies (non-current)		-1,276	25,273		23,997	23,997
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	-1,276	31,728		65,460	65,460
<i>Financial liabilities</i>						
Loans (non-current)				17,867	17,867	16,885
Liabilities to Group companies (non-current)		-222		10,788	10,566	10,566
Loans (current liabilities)				819	819	825
Trade payables				12	12	12
Liabilities to Group companies (current liabilities)				161	161	161
Accrued interest expenses				659	659	659
Total		-222		30,306	30,084	29,108

1) The allocation between categories has been changed for 2008 to enable comparison with the current year.

Note 27, cont'd Financial assets and liabilities

Result from financial assets and liabilities by valuation category

Group 2009

	Financial assets valued at fair value through profit or loss		Derivatives used in hedge accounting	Loans and receivables	Other liabilities	Total
	Fair value option	Held for trading				
<i>Operating profit/loss</i>						
Dividends	2,845	21				2,866
Other operating income	1,113					1,113
Changes in value, including currency net gains/net losses	30,257	1,071				31,328
<i>Net financial items</i>						
Interest income/expenses	447	-203	487		-987	-256
Changes in value net gains/losses	-210	294	-914		660	-170
Exchange rate changes net gains/losses	0	294	-709	-491	743	-163
Total	34,452	1,477	-1,136	-491	416	34,718

Group 2008

	Financial assets valued at fair value through profit or loss		Derivatives used in hedge accounting	Loans and receivables	Other liabilities	Total
	Fair value option	Held for trading				
<i>Operating profit/loss</i>						
Dividends	4,114	33				4,147
Other operating income	756					756
Changes in value, including currency net gains/net losses	-39,062	-430				-39,492
<i>Net financial items</i>						
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/net losses	451	-349	1,913	225	-1,988	252
Total	-32,757	-1,132	3,321	225	-4,423	-34,766

Note 27, cont'd Financial assets and liabilities

Result from financial assets and liabilities by valuation category

Parent Company 2009

	Financial assets valued at fair value through profit or loss		Derivatives used in hedge accounting	Loans and receivables	Other liabilities	Total
	Fair value option					
<i>Operating profit/loss</i>						
Dividends	1,403					1,403
Changes in value, including currency net gains/losses	5,185					5,185
<i>Net financial items</i>						
Interest income/expenses			-42	1,851	-1,121	688
Changes in value net gains/losses			111	-34	-76	1
Exchange rate changes net gains/losses			0	-1,157	1,341	184
Total	6,588		69	660	144	7,461

Parent Company 2008

	Financial assets valued at fair value through profit or loss		Derivatives used in hedge accounting	Loans and receivables ¹⁾	Other liabilities ¹⁾	Total
	Fair value option					
<i>Operating profit/loss</i>						
Dividends	1,201					1,201
Changes in value, including currency net gains/losses	-10,191					-10,191
<i>Net financial items</i>						
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	570	-1,047	-477
Total	-8,990		-230	2,577	-2,710	-9,353

1) The allocation between categories has been changed for 2008 to enable comparison with the current year.

Note 27, cont'd Financial assets and liabilities

Assets measured at fair value

The table below indicates how fair value is measured for the financial instruments valued at fair accounted for in the balance sheet. The financial instruments are placed in categories on three levels, depending on how the fair value is measured:

Level 1: According to quoted prices (unadjusted) in active markets for identical instruments

Level 2: According to directly or indirectly observable inputs that are not included in Level 1

Level 3: According to inputs that are unobservable in the market

Financial assets and liabilities by level

Group 12/31 2009

	Level 1	Level 2	Level 3	Total
<i>Financial assets</i>				
Shares and participations				
in investing activities	106,116	2,013	17,945	126,074
Other financial instruments	9,062			9,062
Long-term receivables	11	1,137		1,148
Other receivables		22		22
Shares and participations in				
active portfolio management	3,934	2		3,936
Short-term investments	2,714	3,416		6,130
Cash and cash equivalents	5,804			5,804
Total	127,641	6,590	17,945	152,176
<i>Financial liabilities</i>				
Long-term interest-bearing liabilities		1,733	696	2,429
Other liabilities	1,211			1,211
Total	1,211	1,733	696	3,640

Financial assets and liabilities by level

Group 12/31 2008

	Level 1	Level 2	Level 3	Total
<i>Financial assets</i>				
Shares and participations				
in investing activities	72,736	953	15,646	89,335
Long-term receivables	13	2,313	222	2,548
Other receivables		36		36
Shares and participations in				
active portfolio management	1,047			1,047
Short-term investments	13,884	4,937		18,821
Cash and cash equivalents	9,151			9,151
Total	96,831	8,239	15,868	120,938
<i>Financial liabilities</i>				
Long-term interest-bearing liabilities		1,882	44	1,926
Other liabilities	562			562
Total	562	1,882	44	2,488

Note 27, cont'd Financial assets and liabilities

The table below shows a reconciliation between opening and closing balance for the financial instruments valued at fair value in the balance sheet derived from a valuation technique of unobservable input (level 3).

Change of financial assets and liabilities in level 3
Group 12/31 2009

<i>Financial assets</i>	Shares and participations in investing activities	Long-term receivables	Total
Opening balance	15,646	222	15,868
Total gains or losses			
in profit or loss	765	-267	498
in other comprehensive income	-53	45	-8
Acquisitions	2,830		2,830
Divestments	-939		-939
Transfers in to Level 1	-304		-304
Carrying amount at year-end	17,945	0	17,945
Total gains or losses for the period included in profit or loss for assets held at the end of the period			
Changes in value	568		568
Total	568		568

<i>Financial liabilities</i>	Long-term interest-bearing liabilities	Total
Opening balance	44	44
Total gains or losses		
in profit or loss	529	529
in other comprehensive income	123	123
Carrying amount at year-end	696	696
Total gains or losses for the period included in profit or loss for assets held at the end of the period		
Changes in value	652	652
Total	652	652

Note 27, cont'd Financial assets and liabilities

Change of financial assets and liabilities in level 3

Group 12/31 2008

<i>Financial assets</i>	Shares and participations in investing activities	Long-term receivables	Total
Opening balance	16,598	213	16,811
Total gains or losses			
in profit or loss	-2,792	54	-2,738
in other comprehensive income	60	-45	15
Acquisitions	3,700		3,700
Divestments	-1,920		-1,920
Carrying amount at year-end	15,646	222	15,868

Total gains or losses for the period included in profit or loss for assets held at the end of the period

Changes in value	-2,620	9	-2,611
Total	-2,620	9	-2,611

<i>Financial liabilities</i>	Long-term interest-bearing liabilities	Total
Opening balance	1,275	1,275
Total gains or losses		
in profit or loss	-1,345	-1,345
in other comprehensive income	114	114
Carrying amount at year-end	44	44

Total gains or losses for the period included in profit or loss for assets held at the end of the period

Changes in value	-1,231	-1,231
Total	-1,231	-1,231

Financial assets and liabilities by level

Parent Company 12/31 2009

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Other long-term holdings of securities	40,197	-	-	40,197
Total	40,197	-	-	40,197

Financial assets and liabilities by level

Parent Company 12/31 2008

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Other long-term holdings of securities	35,008	-	-	35,008
Total	35,008	-	-	35,008

Note 27, cont'd Financial assets and liabilities

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".

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 "arm's length transaction" has been made, after which a valuation is effected 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. An assessment is then made of the above-mentioned methods to determine which method best reflects the market value of the holding, and the holding is then valued according to that method. In 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.

Holdings in funds are measured at Investor's share of the value that the fund manager reports for all 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.

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 investments is determined by discounting the estimated future cash flows in accordance with the terms and expiration of the contract, based on the market interest rates for the 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 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 calculated with the Black & Scholes valuation model when sufficient data is available. Otherwise, the value 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 remaining life 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, 2009, Investor used the market rate and relevant interest spread for each instrument.

Note 28 Pledged assets and contingent liabilities

	12/31 2009	12/31 2008
<i>Group</i>		
Assets pledged as securities		
<i>In the form of pledged securities for the Group's liabilities and provisions</i>		
Real estate mortgages	550	560
Bank deposits, bonds and other securities	1,615 ¹⁾	801
Total	2,165	1,361

1) Mainly attributable to pledged assets for short-term security transactions commonly used in trading.

Contingent liabilities¹⁾		
Guarantee commitments to FPG/PRI	0	1
Guarantees on behalf of associates	4,317	4,344
Other contingent liabilities	86	71
Total	4,403	4,416

	12/31 2009	12/31 2008
<i>Parent Company</i>		
Assets pledged as securities		
<i>In the form of pledged securities for the Parent Company's liabilities and provisions</i>		
Bonds and other securities	1,286	601
Total	1,286	601

Contingent liabilities¹⁾		
Guarantees on behalf of subsidiaries	6,000	6,000
Guarantees on behalf of associates	4,317	4,344
Guarantees on behalf of others	17	21
Total	10,334	10,365

1) For further information regarding contingent liabilities, see Note 30 Related party disclosures.

Note 29 Risk exposure and risk management

RISK MANAGEMENT

Risk management is part of the Board's and management's governance and follow-up of the business operations. Its purpose is to secure the organization's means for following strategies and working towards set objectives. The support function used by the Board and management in performing the activities required is the Risk Control Function. The overarching purpose of the function is, within the framework of the Risk Policy, to manage and control the risks within the Investor business to ensure that the Group's ability to fulfill its mission and obligations is not compromised. The Risk Control Function is responsible for coordinating risk management work in the business, developing awareness of different types of risk and contributing to the creation of a healthy culture in connection with risks and risk management. The Function is also responsible for identifying and controlling the risks that arise in the Group's financial activities, for continuously developing and improving risk measurement methodology and for ensuring accurate and fit-for-purpose risk reporting. The Risk Control Function reports back regularly on its work to the Finance and Risk Committee.

At Investor, risk management is an integral part of the Group's processes, which means that control and responsibility for control is close to the business operations. Every year, the organization carries out risk assessments and adopts appropriate action plans. The risk analysis is compiled by the Risk Control Function and conclusions are reported to the Board and the management, see Corporate Governance Report on page 42. The principal risks identified to which the Investor Group is exposed are commercial risks, financial risks (market, credit, liquidity and financing risks), operational risks, legal risks and regulatory risks.

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 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.

There have been no significant changes in the measurement and follow-up of risks compared with the preceding year.

COMMERCIAL RISKS

Investor's business activities expose the company to various types of risk. Maintaining long-term ownership in Core Investments and a flow of investments and divestments in the Private Equity Investments business area and Operating Investments involves commercial risks. These risks include having a high exposure to a certain sector or an individual holding, changed market conditions for finding attractive investment candidates and barriers that arise and prevent exits from a holding at the chosen time. The main factors that help control risks in Investor's business activities are described below.

Diversification – Diversification, for example with regard to sector, industry, investment horizon, ownership stake, type of company, region and degree of maturity of the companies, represents an important tool of risk control. Diversification of Investor's portfolio maintains a balance between companies in different sectors, of different sizes and at different stages of development. Core Investments have international operations and are therefore exposed, only to a limited extent, to economic and political developments in a single country. The same is also true of a major share of Operating Investments. Private Equity activities extend over Asia, Europe and the USA. The portfolio spans a number of divergent sectors and industries; finance, technology, telecom, medicine, manufacturing, knowledge and services, to name a few. The ownership share varies, depending on the investment strategy, and the investment horizon, from long (Core Investments) to short (three to seven years in the case of Private Equity Investments). Core Investments and a small proportion of the companies in Operating Investments and Private Equity Investments are listed and have high liquidity.

Network – Over its nearly 100-year history, Investor has built up a major national and international network of industrialists and entrepreneurs, as well as sector and market specialists. In this context, the network to which Investor has access by virtue of its portfolio companies is also an important resource. This is not only an important asset in facilitating the sharing of knowledge and experience, but also as a source of suggestions and advice in identifying investment opportunities.

Expertise – The fund of knowledge, experience and expertise that the Company has accumulated over the decades is an important asset in managing commercial risks. This fund of expertise is continuously growing via the experience gained by the Company from every investment, realized or contemplated. Because the Company has been operating in a number of distinct markets for nearly a century, fluctuations in the economic cycle, as well as technological, economic, political and global events have played a part in developing this asset. In the case of Private Equity Investments, an in-depth knowledge of the domestic market is offered by the personnel of the local offices in the USA, Asia and Europe. Their expertise and presence where the investments are implemented play an important role in the management of commercial risks.

Processes – For a company to be considered as an investment candidate, it must undergo a series of structured processes involving not only the investment manager but also various committees and boards. These processes and every individual business process are well documented in investment instructions. External experts of high repute are also engaged, for example, in analyzing the companies concerned. Out of the many attractive investment opportunities considered, only a few survive right through to the end of the process. Thorough preparation plays an important role in the management of commercial risks, especially in Private Equity Investments and Operating Investments. Once a company is brought into the portfolio, it is managed as part of the Group's active ownership. At Investor, active ownership means supporting the company in its development and critically examining and exercising influence over its activities to prevent loss of focus on profitability. This work is reviewed, evaluated and documented continuously.

FINANCIAL RISKS

The main financial risks that the Investor Group is exposed to are market risks, primarily risks associated with fluctuations in share prices, but also interest rate risks and foreign exchange rate risks. Other financial risks that the Investor Group is exposed to are credit risks, liquidity risks and financing risks.

Market risks

Market risks refer to the risk of a change in value of a financial instrument because of changes in share prices, exchange rates and interest rates.

Note 29, cont'd Risk exposure and risk management

Share price risks

Core Investments

Most of Investor's share price risk exposure is found in the Core Investments. These are analyzed and continuously monitored by Investor's analysts. Through committed ownership, which is exercised through Board representation and in other ways, Investor influences a company's strategy and decisions. Thus, a large portion of share price exposure in a Core Investment does not necessarily lead to any action. It is the long-term commitment that lays the groundwork for Investor's strategic measures. In 2009, the share prices in the majority of Core Investments rose sharply. At year-end 2009, Core Investments accounted for 75 percent of total assets.

Operating Investments

Operating Investments are 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. At year-end 2009, Operating Investments accounted for 11 percent of total assets.

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 and new technologies and markets, although there is also a higher potential return on these investments. Venture Capital investments comprise around 100 companies operating in Asia, Europe and the USA and contribute considerably to diversity in the portfolio. Private Equity Investments are valued in accordance with the guidelines of the International Private Equity and Venture Capital Association. Investor also takes an active role in these companies through Board work. At year-end 2009, Private Equity Investments accounted for 13 percent of total assets. If the value of Private Equity investments should generally decline at the same time by 10 percent, this would reduce the value of Private Equity investments by approximately SEK 1.8 bn.

Active Portfolio Management

Investor's Active Portfolio Management 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 and confidence level. Investor's VaR model was changed during the year and is based on a 70-day rolling daily 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. In 2009, the VaR limit was not exceeded. In addition, the day-to-day result exceeded the VaR limit once, which validates the model. Investor's VaR model is supplemented by a number of stress tests based on various extreme market scenarios. Value-at-Risk at year-end 2009 regarding Active Portfolio Management was SEK 41 m. (3 percent of net portfolio value).

If the value 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. Value-at-Risk at year-end 2009 (99 percent confidence level and for one day) for Investor's all listed holdings was SEK 3.0 bn. (representing approximately 2.7 percentage of the value). Hence, price risk associated with listed stocks constitutes the greatest risk.

Exchange rate risk

Currency exposure in investments

Since the Core Investments are listed in Swedish kronor, there is no direct exchange rate risk that affects Investor's balance sheet. On the other hand, Investor can be indirectly exposed to exchange rate risks in Core Investments that are listed on foreign stock exchanges or that 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.

Operating Investments and the Private Equity Investments business area are exposed to exchange rate risks in investments made in foreign companies.

There is no regular hedging of foreign currency in the Private Equity Investments or Operating Investments business areas, since the investment horizon is more than three years 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 judged beneficial in a market-economic perspective. At year-end 2009 there were no hedge contracts in foreign currency for Private Equity Investments.

Exchange rate risks for investments in the Active Portfolio Management business are minimized through currency swap contracts on portfolio level.

The following table shows the total currency exposure for the Investor Group for investments in foreign currency on 31 December 2009. A 10-percent strengthening of the Swedish krona against both USD and EUR would reduce the value of the portfolio by approximately SEK 1.4 bn.

Total investments in foreign currency, SEK m:

	12/31 2009	12/31 2008
USD	6,761	6,548
EUR	7,227	4,900
Other European currencies (CHF, DKK, GBP, NOK)	2,576	2,345
Asia (HKD, JPY)	468	595
Total	17,032	14,388

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. Gross exposure to foreign currency risk in the loan portfolio at year-end 2009 was SEK 12,989 m. for EUR, SEK 3,462 m. for GBP, SEK 1,432 m. for JPY, SEK 526 m. for USD and SEK 1,210 m. for NOK.

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 through forward exchange contracts or currency options. This is valid for forecast or contracted flows for Core Investments, Private Equity Investments and Operating Investments.

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 minor 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 subsidiaries is shown in the following table (expressed in the investment currency).

	12/31 2009	12/31 2008
USD m.	12	12
EUR m.	698 ¹⁾	451
HKD m.	26	18
GBP m.	0	1

1) Of which EUR 367 m. are hedged by using currency swaps

Interest rate risk

Excess liquidity and debt portfolio

The Treasury function manages interest rate risks, exchange rate risks and liquidity and financing risks associated with the administration of the excess liquidity portfolio and financing activities.

For excess liquidity exposed to interest rate risks, the goal is to limit interest rate risks while maximizing return within the established guidelines of the risk policy. 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 and high liquidity. For further information, see Note 19 Short-term investments and other financial investments. A one percent parallel movement upward of the interest rate curve would reduce the value of the portfolio by approximately SEK 130 m.

Note 29, cont'd Risk exposure and risk management

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 in the cash flow over time. See also the diagram with interest rate fixing periods in Note 22 Interest-bearing liabilities. A one percent parallel movement downward of the interest rate curve for the loan portfolio would reduce its value by approximately SEK 1.9 bn. When all the swaps are included the interest rate risk is reduced by SEK 1.4 bn. to SEK 0.5 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 2009	12/31 2008
Outstanding amount divided into hedged loans and non-hedged loans – SEK m.	Carrying amount	Carrying amount
Hedged loans	19,861	18,074
– related foreign exchange/interest rate derivatives with positive value	–1,081	–2,403
– related foreign exchange/interest rate derivatives with negative value	1,172	13
Non-hedged loans	1,559	2,409
– related foreign exchange/interest rate derivatives with positive value	–77	–168
– related foreign exchange/interest rate derivatives with negative value	1,257	1,913
Total short-term/long-term loans	21,420	20,483
Total foreign exchange/interest rate derivatives	–1,271	–645

Investor reports both cash flow hedges and fair value hedges. In the case of cash flow hedges, hedging instruments are valued on each balance sheet date and the change in value is recognized in other comprehensive income. The remaining maturities of cash flow hedges are between 10 and 28 years respectively. During the year, cash flow hedges had an impact on liabilities and other comprehensive income in the amount of SEK -357 m. (41). A parallel movement of the yield curve by 1 percent would affect other comprehensive income by less than SEK 100 m. The effect of fair value hedges is recognized in the income statement. The remaining maturities of fair value hedges vary between 0.1 and 28 years.

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.

Liquidity risks are minimized in Treasury operations by keeping the maturity of short-term cash investments to less than two years and by maintaining the ratio between cash and credit commitments/current liabilities at always 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 with a well-functioning second-hand market, allowing conversion to cash when needed.

Liquidity risk in the operations of Active Portfolio Management is restricted via limits established by the Board.

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 limits for long- 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. An important aspect in this context is the ambition to have a long borrowing profile.

Investor's liquidity and financing risks are considered to be low. With an equity/assets ratio of 84 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 minor portion in OTC derivatives. In order to limit credit risks, there are specified limits for exposure to counterparties. According to the Company's credit risk policy, Investor may only be exposed to credit risks towards counterparties with high creditworthiness, based on ratings by highly-reputable rating institutions, for a limited amount and for a limited duration. Investor applies a wide-ranging limit structure with regard to maturities, issuers and counterparties in order to control credit risks. With a view to further limiting credit risks in interest rate and currency swaps, and other derivative transactions, agreements are established with counterparties in accordance with the International Swaps and Derivatives Association, Inc. (ISDA), as well as netting agreements. The credit risk is monitored closely day-by-day and the agreements with various counterparties are analyzed continuously. Despite the highly turbulent year in world financial markets, Investor did not record any credit losses during the year.

The following table shows the credit risk exposure in interest-bearing securities, by rating category, on December 31, 2009:

Rating S&P/Moody's	Interest-bearing securities and deposits, SEK m.	Average remaining term, months.
AAA/Aaa	15,376	9.5
AA/Aa2	3,135	2.2
A/A2	1,820	1.3
Total	20,331	7.7

Credit risks arising as a consequence of positive market values for derivatives amounted on December 31, 2009 to SEK 528 m. (SEK 1,645 m.). The difference compared to the corresponding point last year is attributable mainly to lower positive market values in a number of swap contracts as a result of a stronger Swedish krona and lower interest rates. All counterparties to 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 sectors.

Regarding credit risk, frameworks are specified for exposure to individual counterparties, with the exception of exposure to government-guaranteed debt instruments in the OECD (with a rating of AAA/Aaa).

Rating	Number of issuers	Percentage of total liquidity portfolio
Government debt	1	58
Other AAA	6	18
AA/Aa2	9	15
A/A2	7	9
Total	23	100

Investor classifies covered bonds issued by Swedish mortgage institutions with AAA rating. The proportion of secured bonds accounted for 20 percent of the total nominal value of existing AAA class.

OPERATIONAL RISKS

Operational risks are defined as the risk of loss due to inadequacies in internal routines, processes or systems, or the risk of disruptions of operations through external events. In addition to high awareness of operational risks in the organizations, policies and instructions are in place in every unit and at Group level, governing how the activities are to be conducted. These policies and instructions regulate, for example, system- and personnel-related issues, administrative processes, information security and legal issues. The process is followed up on an ongoing basis to determine and strengthen appropriate control measures. Even if Risk Control, Internal Control and Compliance functions are in place, control of operational risks depends on the efforts of all members of personnel. The annual risk assessment process is an important tool for analysis

Note 29, cont'd Risk exposure and risk management

among operational and other risks. One important aspect of this is the Group's endeavor to maintain a high level of professionalism and sound ethics. Viewed in the light of these ambitions and the strict policies with effective control procedures, the operational risks are reduced significantly.

LEGAL AND REGULATORY RISKS

The Compliance function monitors commitments that must comply with external regulations and laws, contract-related commitments and internal company rules. Awareness of legal and regulatory risks in the Group is high. The work of the Legal and Compliance functions focuses on minimizing these risks. The Group ensures that its activities comply with existing laws, regulations and other external requirements that are imposed, for example, by its auditors.

OTHER RISKS

Work is actively carried out in the area of security to protect Investor against internal and external threats. Investor's Security Committee evaluates security risks that can have short- 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 2009. Parent Company purchases from Group companies totaled SEK 7 m. (5) 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 3 m. (2) in 2009. 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.

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 2 m. (1) pertained to the Parent Company. At year-end, the Group's assets with SEB had a market value of SEK 6,195 m. (8,230), of which SEK 0 m. (0) for the Parent Company, and liabilities SEK 2,097 m. (0), of which for the Parent Company SEK 1,870 m. (0). During 2009, costs for SEB's banking services totaled SEK 3 m. (4), of which SEK 0 m. (0) pertained to the Parent Company. Business services were purchased from Novare Group during the year for SEK 12 m. (11), of which SEK 11 m. (11) was attributable to the Parent Company. In addition, administrative services were sold to Novare Group for SEK 3 m. (2), of which SEK 3 m. (2) 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 Enterprise AB and Hi3G Denmark ApS. In connection with the refinancing of the company's external debt in 2009 the maturity date was moved forward to the end of 2012. Investor AB 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. In 2009, Investor provided SEK 245 m. in financing to Hi3G (931). Note 16 Long-term receivables and other receivables shows receivables from associates. Dividends and financial income from associates totaled SEK 2,068 m. (3,477).

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 to some 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

The merger between Biovitrum and Swedish Orphan International, creating the specialty pharma company Swedish Orphan Biovitrum, was finalized on January 14, 2010. Investor holds 41 percent in the combined listed company.

Note 32 Key estimates and assumptions

Investor's financial reports are prepared in accordance with IFRS. Valuation principles applied are described in Note 27. The choice of valuation principle requires, in certain cases, that management evaluates and selects the principle 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 and Private Equity Investments are recognized at fair value. As a result, associates are not consolidated in accordance with the equity method and 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 and Financial Investments business areas 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 of 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 in 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 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 2009 consist of both the Parent Company and its subsidiaries, together designated the Group.

Note 34 Results from participations in Group companies

	2009	2008
<i>Parent Company</i>		
Impairment losses, participations in Group companies	0	-12
Reversal of impairment losses, participations in Group companies	20	-
Total	20	-12

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 2009. 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

	2009	2008
<i>Parent Company</i>		
Interest income from Group companies	1,962	1,667
Change in value	303	3 ¹⁾
Exchange rate differences	-935	571 ¹⁾
Total	1,330	2,241

1) The allocation between these items and Note 37 has been changed for 2008 for comparability with the current year.

Note 36 Interest income and similar items

	2009	2008
<i>Parent Company</i>		
Interest income from Group companies	11	16
Change in value	-	0
Change in value, hedges of long-term share-based remuneration	0	8
Net financial items, internal bank ¹⁾	-	143
Other interest income	81	74
Exchange rate differences	2	-1 ²⁾
Total	94	240

1) Settlement of net financial items between the Parent Company and the internal bank company, AB Investor Group Finance. Included in Note 37 in 2009.

2) The allocation between this item and Note 37 has been changed for 2008 for comparability with the

Note 37 Interest expenses and similar items

	2009	2008
<i>Parent Company</i>		
Interest expenses to Group companies	-353	-685
Change in value	-303	-3 ¹⁾
Net financial items, internal bank ²⁾	-46	-
Interest expenses, other borrowings	-941	-1,000
Exchange rate differences	1,117	-1,048 ¹⁾
Other	-26	-19 ³⁾
Total	-552	-2,755

1) The allocation between these items and Notes 35 and 36 has been changed for 2008 for comparability with the current year.

2) Settlement of net financial items between the Parent Company and the internal bank company, AB Investor Group Finance. Included in Note 36 in 2008.

3) Restated due to changes in accounting policies. The effect is SEK 1 m. on this item. For further explanation see section Accounting policies of the Parent company in Note 1 Accounting policies.

Note 38 Participations in Group companies

	12/31 2009	12/31 2008
<i>Parent Company</i>		
<i>Accumulated costs</i>		
Opening balance	29,862	28,974
Acquisitions and capital contributions	–	888
	29,862	29,862
<i>Accumulated impairment losses</i>		
Opening balance	–23	–11
Impairment losses	0	–12
Reversed impairment losses for the year	20	–
	–3	–23
Carrying amount at year-end	29,859	29,839

Specification of the Parent Company's direct holdings of participations in Group companies

Subsidiary/Registered office/Registration number	Number of participations	Ownership interest in % ¹⁾		Carrying amount	
		12/31 2009	12/31 2008	12/31 2009	12/31 2008
Investor Growth Capital AG, Switzerland	135,000	100.0	100.0	12,461	12,462
Expibel Holding AB, Stockholm, 556548–6684	1,000	100.0	100.0	8,656	8,656
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	100.0	882	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	393	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	55	36
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	3	2
Invifed AB, Stockholm, 556752–6065	100,000	100.0	100.0	0	0
Invifed 2 AB, Stockholm, 556752–6057	100,000	100.0	100.0	0	0
Dormant companies				0	0
Carrying amount in the Parent Company				29,859	29,839

1) Ownership share of capital pertains to equity, which also corresponds to the share of voting power.

2) The Group's internal bank.

Other material holdings in subsidiaries

Subsidiary/Registered office	Ownership interest in %	
	12/31 2009	12/31 2008
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 Participations in associates

Specification of carrying amount

	12/31 2009	12/31 2008
<i>Parent Company</i>		
<i>Accumulated costs</i>		
Opening balance	46,131	47,252
Acquisitions	4,841	2,810
Divestments	-463	-3,931
	50,509	46,131
<i>Accumulated impairment losses</i>		
Opening balance	-18,036	-6,667
Impairment losses for the year	-242	-11,369
Reversal of impairment losses for the year	9,056	-
	-9,222	-18,036
Carrying amount at year-end	41,287	28,095

The impairment loss refers to the holdings in Hi3G Holdings AB and Hi3G Enterprise AB, based on the holdings' value recognized in the Group. The impairment losses previous year in SEB, Husqvarna, Ericsson and Electrolux have been reversed.

Specification of participations in associates

Company/Registered office/Registration number	Number of shares	Share of voting power %	Proportion of equity %	Investor's share of			
				Equity ¹⁾	Profit/loss for the year ²⁾	Carrying amount ³⁾	Fair value
<i>Parent Company</i>							
<i>Core Investments:</i>							
Atlas Copco, Stockholm, 556014-2720	204,384,326	22	17	4,267	1,043	3,399	21,408
Electrolux, Stockholm, 556009-4178	39,165,071	29	13	2,389	331	3,140	6,560
Ericsson, Stockholm, 556016-0680	164,078,702	19	5	7,069	207	10,721	10,721
Husqvarna, Jönköping, 556000-5331	89,667,692	29	16	1,887	140	4,380	4,579
Saab, Linköping, 556036-0793	21,611,925	38	20	2,115	138	1,155	2,540
SEB, Stockholm, 552032-9081	456,089,264	21	21	20,718	245	17,332	20,227
Total Core Investments						40,127	66,035
<i>Operating Investments:</i>							
Hi3G Holdings AB, Stockholm, 556619-6647 ³⁾	40,000	40	40	163	-240	163	163
Hi3G Enterprise AB, Stockholm, 556782-9329 ³⁾	40,000	40	40	39	-18	39	39
Biovitrum AB, Stockholm, 556038-9321	34,941,921	23	23	312	7	958	971
Total Operating Investments						1,160	1,173
Total participations in associates						41,287	67,208

Specification of participations in associates

Company/Registered office/Registration number	Number of shares	Share of voting power %	Proportion of equity %	Investor's share of			
				Equity ¹⁾	Profit/loss for the year ²⁾	Carrying amount ³⁾	Fair value
<i>Parent Company</i>							
<i>Core Investments:</i>							
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
<i>Operating Investments:</i>							
Hi3G Holdings AB, Stockholm, 556619-6647 ⁴⁾	40,000	40	40	386	-751	386	386
Total Operating Investments						386	386
Total participations in associates						28,095	38,651

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 policies 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 policies and evaluation principles.

3) 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.

4) Reporting from Hi3G Holdings AB and Hi3G Enterprise AB is received with one month's delay.

Note 40 Other long-term holdings of securities

	12/31 2009	12/31 2008
<i>Parent Company</i>		
<i>Accumulated costs</i>		
Opening balance	35,008	49,046
Acquisitions	71	50
Divestments	-67	-3,897
Revaluations disclosed in Income Statement	5,185	-10,191
Carrying amount at year-end	40,197	35,008

Note 41 Receivables from Group companies

	12/31 2009	12/31 2008
<i>Parent Company</i>		
<i>Accumulated costs</i>		
Opening balance	23,997	18,906
New lending	7,607	3,269
Divestments/due/redeemed	-3,004	-
Reclassifications	-183	-183
Unrealized change in value	-1,238	2,005
Carrying amount at year-end	27,179	23,997

Audit report – translation

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 2009. The company's annual accounts are included in the printed version of this document on pages 62 to 121. 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, March 2, 2010

KPMG AB



Carl Lindgren

Authorized 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 take 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. 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. Lindorff is acquired.

2009 Investor invests in Biovitrum and supports the merger between Biovitrum and Swedish Orphan International (previously owned by Investor Growth Capital). Investor participates in SEB's and Husqvarna's new issues.

Ten-Year Summary

Investor Group¹⁾

SEK m.	2000	2001	2002	2003	2004	2005 ¹⁾	2006	2007	2008	2009	Annual average growth 5/10 years
Net asset value²⁾											
Core Investments	130,844	110,518	63,304	85,841	87,408	115,419	135,274	127,293	73,272	106,231	
Operating Investments	1,476	1,822	2,875	3,080	2,811	2,522	5,981	11,806	16,092	15,931	
Private Equity Investments	11,692	12,410	12,860	12,745	13,896	15,478	15,181	17,718	15,295	18,333	
Financial Investments	10,534	5,134	1,541	1,405	788	1,380	3,008	2,583	1,269	3,283	
Other assets and liabilities	15	-518	-1,353	585	3,265	-631	-540	-613	-432	-517	
Total assets	154,561	129,366	79,227	103,656	108,168	134,168	158,904	158,787	105,496	143,261	
Net debt (-)/Net cash (+)	-10,128	-11,082	-16,358	-20,593	-16,082	-223	416	-3,583	9,737	-588	
Net asset value	144,433	118,284	62,869	83,063	92,086	133,945	159,320	155,204	115,233	142,673	
Change in net asset value, %	-4	-15	-43	36	13	47	21	0	-23	26	
Condensed Balance Sheet											
Shares and participations ³⁾	153,141	130,780	79,836	102,981	104,008	133,521	157,481	153,781	97,628	134,728	
Other	11,994	7,686	8,000	14,411	21,366	28,612	23,459	23,450	43,031	35,496	
Balance Sheet total ³⁾	165,135	138,466	87,836	117,392	125,374	162,133	180,940	177,231	140,659	170,224	
Profit and loss											
Profit/loss for the year attributable to											
Parent Company shareholders	14,812	2,935	-1,379	-169	8,736	43,842	28,468	-365	-36,708	31,379	
Comprehensive income ⁴⁾	-	-	-	-	-	-	-	-	-36,093	30,858	
Dividends received	2,788	2,710	2,003	1,846	1,710	2,415	3,171	3,474	4,147	2,866	
of which from Core Investments	2,090	2,351	1,741	1,665	1,574	2,163	2,852	3,161	3,803	2,358	
Change in value⁵⁾											
Change in value, Core Investments ⁵⁾	-6,682	-22,065	-48,968	22,466	7,842	37,424	27,260	-7,537	-35,269	29,584	
Total return, Core Investments, %	-3	-15	-43	38	11	45	26	-3	-25	44	
Change in value, Operating Investments ⁵⁾	62	371	54	-135	-588	-1,563	-2,059	-748	-27	-1,256	
Change in value, Private Equity Investments ⁵⁾	484	-2,474	-2,071	202	1,204	6,053	583	5,907	-3,582	396	
Transactions²⁾											
Divestments, Core Investments	13,838	13,356	2,995	1,891	7,733	10,570	10,530	6,015	20,902	450	
Investments, Core Investments	1,304	15,095	4,749	1,962	1,509	1,157	3,125	5,571	2,150	3,825	
Divestments, Operating Investments	-	-	-	-	-	2,862	123	292	-	143	
Investments, Operating Investments	40	318	1,090	1,830	2,090	-	5,626	6,864	4,705	1,520	
Divestments, Private Equity Investments	4,490	3,820	1,926	2,364	4,448	9,268	5,630	7,401	2,937	563	
Investments, Private Equity Investments	8,074	6,893	4,364	1,914	1,818	4,580	4,490	3,627	3,729	2,921	
Key figures per share											
Net asset value per share, SEK	189	154	82	108	120	175	208	203	150	187	
Basic earnings per share, SEK	19.38	3.83	-1.80	-0.22	11.39	57.15	37.13	-0.48	-47.98	41.12	
Diluted earnings per share, SEK	18.59	3.83	-1.80	-0.22	11.37	57.02	37.03	-0.48	-47.98	41.08	
Equity per share, SEK	79	80	69	64	120	175	208	203	150	187	
Key ratios											
Leverage, %	7	9	21	20	15	0	0	2	-9	0	
Equity/assets ratio, %	87	85	72	71	73	83	88	88	82	84	
Return on equity, %	27	5	-2	0	10	39	19	0	-27	24	
Discount to net asset value, %	25	26	37	36	30	21	20	28	24	29	
Administrative expense as a % of net asset value	0.5	0.6	0.7	0.7	0.5	0.4	0.4	0.4	0.5	0.4	
Share data											
Total number of shares, millions	767.2	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	2.5	4.7	
Share price on December 31, SEK ⁶⁾	141.00	114.50	52.00	69.50	84.50	139.00	168.00	147.00	117.00	132.90	9%/1%
Market capitalization on December 31	107,822	87,686	39,893	53,007	64,826	106,326	127,950	111,244	88,066	100,992	
Dividend paid to Parent Company shareholders	4,218 ⁷⁾	4,219 ⁷⁾	2,608 ⁷⁾	1,726	1,726	2,685	3,449	3,637	3,059	3,069 ⁸⁾	
Dividend per share, SEK	5.50	5.50	3.40	2.25	2.25	3.50	4.50	4.75	4.00	4.00 ⁸⁾	12%/2%
Dividend payout ratio, %	202	179	150	104	110	124	121	115	80	130 ⁸⁾	
Dividend yield, %	3.9	4.8	6.5	3.2	2.7	2.5	2.7	3.2	3.4	3.0	
Total annual turnover rate, Investor shares, % ⁶⁾	81	69	101	168	121	130	146	165	135	117	
Total return, Investor shares, % ⁶⁾	20	-15	-52	43	25	68	24	-10	-18	18	13%/5%
SIXRX (return index), %	-11	-15	-36	34	21	36	28	-3	-39	53	10%/2%
OMXS30 index, %	-12	-20	-42	29	17	29	20	-6	-39	44	5%/-2%
Foreign ownership, capital, %	35	37	30	19	19	20	28	28	31	29	

See page 125 for definitions.

- As a result of reclassifications and changes in accounting policies, comparative figures have been restated for the year preceding the year when the change was implemented, if not stated otherwise. In accordance comparative figures for 2004 have been restated in connection with the transition to IFRS in 2005. Detailed information about the transition to IFRS is available in the 2005 Annual Report.
- The present business area reporting was implemented in 2005. For the years 2000-2004 a reallocation of values has been made in order to, as far as possible, resemble the present business area reporting.
- Periods up to and including 2003 (before the transition to IFRS) include surplus value items.

- New statement from 2009, comparative from 2008 have been restated.
- For the years 2000-2003 changes in value have been calculated based on carrying amounts and surplus values.
- Pertains to class B shares.
- 2000: A definitive dividend of SEK 5.50/share, of which 2.50 was an extra dividend.
- 2001: A definitive dividend of SEK 5.50/share, of which 2.50 was an extra dividend.
- 2002: A definitive dividend of SEK 3.40/share, of which SEK 1.15 was an extra dividend.
- Proposed dividend of SEK 4.00/share.
- Based on the total number of registered shares.

Definitions

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.

Change in value, Core Investments

Change in value as a percentage of opening value.

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.

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.

Dividend yield

Dividend per share in relation to share price on the Balance Sheet date.

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).

Operating costs

General expenses for running investment operations.

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 (Stockholmsbörsen) calculated on share price change and reinvested dividends.

Tier 1 ratio

Core capital as a percentage of the risk-weighted assets. Core capital consists of shareholders' equity, adjusted according to the capital adequacy rules.

Total assets

All assets and liabilities not included in net debt or net cash, which is the same as the Balance Sheet total less asset items included in net debt or net cash and less non-interest-bearing liabilities.

Total comprehensive income for the year

Change in equity during the period resulting from transactions and other events, other than those changes resulting from transactions with the owners in their capacity as owners.

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 AB invites shareholders to participate in the Annual General Meeting on Wednesday, April 14, 2010, at 3:00 p.m. at the City Conference Centre, Barnhusgatan 12–14, in Stockholm. Registration for the Meeting begins at 1:30 p.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 on Thursday, April 8, 2010, and must notify the Company of their intention to attend the Meeting no later than Thursday, April 8, 2010.

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 Thursday, April 8, 2010. 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 2009. Monday, April 19, 2010, 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 Thursday, April 22, 2010.

Calendar of events in 2010

- Annual General Meeting: April 14
- Interim Report, January-March: April 14
- Interim Report, January-June: July 13
- Interim Report, January-September: October 13

Information channels

Financial information about Investor can be accessed and ordered (information by sms, e-mail or printed annual report) on www.investorab.com.

Information materials

Printed annual reports are distributed to shareholders that have requested it. All new shareholders will receive a letter asking how they would like to receive information.

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Analyses of Investor

Firms publishing analyses of Investor AB include:

- ABG Sundal Collier
- Carnegie
- Deutsche Bank
- Erik Penser Bankaktiebolag
- Evli Bank
- Goldman Sachs
- Handelsbanken
- HQ Bank
- Nordea
- SEB Enskilda
- Swedbank Markets
- UBS

In the event of any discrepancies between the Swedish and the English annual report, the former shall have precedence.

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