

Report on the Work of Investor AB's Nomination Committee and its proposals for the 2008 Annual General Meeting

Background

In accordance with a decision made by Investor AB's Annual General Meeting in 2007, a Nomination Committee was announced on September 25, 2007, consisting of the representatives of the four largest shareholders or group of shareholders controlling the largest number of votes and the Company's Chairman. The members of the Nomination Committee are Johan Stålhand (Wallenberg Foundations), Lars Isacson (SEB Foundation), Caroline af Ugglas (Skandia Liv), Mats Lagerqvist (Swedbank Robur Mutual Funds) and Investor's Chairman Jacob Wallenberg. The Nomination Committee elected Johan Stålhand as its Chairman. The four representatives of the largest shareholders jointly represent more than 60 percent of the votes for all shares in Investor AB.

In accordance with a decision made by Investor's 2007 Annual General Meeting, the Nomination Committee has been given the task to prepare and present proposals to Investor AB's 2008 Annual General Meeting on the following items:

- Chairman of the Meeting;
- Board of Directors;
- Chairman of the Board of Directors;
- Remuneration to the Members of the Board of Directors (allocated between the Chairman, other Members of the Board of Directors and for committee work);
- Remuneration to the auditors; and
- Rules for the Nomination Committee regarding the annual general meeting in 2009.

Work of the Nomination Committee

The Nomination Committee has held four meetings during which minutes were taken and has had informal contacts between the meetings. As a base for its work, the Nomination Committee has i.a. had an evaluation of the Board of Directors and its work and reviewed the Chairman of the Board of Director's report regarding the Company's business, objectives and strategies. In order to assess to which extent the current Board of Directors meets the demands imposed on the Board as a consequence of the Company's current position and future direction, the Nomination Committee has discussed the size, age structure and composition of the Board, e.g. in terms of industry experience and competence. An important basis for the assessment has been the principle that the composition of the Board of Directors shall reflect and allow scope for the various competences and experiences that Investor's active ownership philosophy and long-term ownership involvement require.

No proposals for new Members of the Board have been submitted to the Nomination Committee.

Furthermore, the Nomination Committee has discussed the issue concerning the independence of the Members of the Board. The proposal for the composition of the

Board meets the requirements of Stockholmsbörsen and the Swedish Code of Corporate Governance for independent Members of the Board.

The majority of the proposed Members of the Board are independent from the Company and its management. Four of the ten proposed Members of the Board are not considered independent in relation to the Company and its Management. Anders Scharp and Håkan Mogren have both been Members of the Board for more than 12 years, Peter Wallenberg Jr has resigned as President and CEO of the subsidiary Grand Hôtel Holdings less than five years ago, and the President and CEO Börje Ekholm is employed by the Company. Some of the proposed Board Members are also directors on the boards of companies that are included in Investor's Core Investments and receive Board fees from these companies. In the opinion of the Nomination Committee, such Board fees do not mean that these persons are to be considered dependent of Investor AB or its management.

The Board's composition complies with the rules of Stockholmsbörsen and the Swedish Code of Corporate Governance stipulating that at least two of the Board Members who are independent of the Company and its management also shall be independent of the Company's major shareholders.

In the opinion of the Nomination Committee, the ten current Members of the Board are very well suited for carrying out Investor AB's Board work also over the coming term of office and, thus, the proposal is to re-elect all current Members of the Board. It has been considered important that Investor AB, with its active ownership philosophy and long-term ownership involvement, has Board Members who have extensive experience and who are closely associated with Investor AB and its business model.

More detailed information about the proposed Board Members is available on Investor AB's website.

Regarding the remuneration for the Board of Directors, the Nomination Committee has decided to propose that the total value of the remuneration shall be unchanged.

In the opinion of the Nomination Committee, it is advantageous for the Company and its shareholders that the Members of the Board are shareholders or have a corresponding exposure against the development of the market price of the Investor share. In recent years, the Nomination Committee has recommended the Board Members to invest 25 percent of the net remuneration, after taxes, in shares in the Company. With the purpose of further enhancing the Board Member's long term interest for the Company's financial development to be comparable with the shareholders', the Nomination Committee proposes that at least 25 percent of the remuneration of the Board Members, before taxes, excluding remuneration for committee work, shall be paid through allocation of synthetic shares. A Member of the Board may, however, elect to receive 50 percent of the remuneration in synthetic shares. Due to administrative reasons, Members of the Board of Directors with foreign tax domicile shall be entitled to receive 100 percent of the remuneration in cash.

The Members of the Board of Directors will, thus, receive a lower remuneration in cash 2008 compared to 2007, but will instead receive a number of synthetic shares that in terms of value, calculated on the stock market price for the Investor share of class B after the annual general meeting, corresponds to the amount with which the remuneration has been reduced.

A synthetic share carry the same economic rights as an Investor share of class B, which entails that the value of the Board of Director's remuneration in synthetic shares, in the same way as shares of class B, is dependent of ups and downs in terms of value and the amount of dividends during the five year period until 2013, 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 an Investor share of class B. Dividends on Investor shares of class B during the period up and until payment in 2013, shall be credited the Member of the Board of Directors in form of allocation of additional synthetic shares

At the annual general meeting 2007, the registered public accounting firm, KPMG Bohlins AB, was elected auditor of the Company for the time until the end of the annual general meeting of 2011, with the certified auditor Carl Lindgren as auditor in charge until further notice. Regarding compensation for auditors for the financial year 2008, the Nomination Committee proposes that the Annual General Meeting resolve that the fees shall be paid upon approval of the invoices, since the scope of the services is not known in advance.

The Nomination Committee has decided to propose that the rules of the Nomination Committee that was adopted on the 2007 annual general meeting, shall remain unchanged also regarding the annual general meeting in 2009.

The Nomination Committee's proposals for decision

The Nomination Committee therefore proposes the following for decision:

- Jacob Wallenberg as Chairman of the Meeting.
- Ten Members of the Board of Directors and and no Deputy Members.
- A total compensation to the Board of Directors of SEK 6,937,500 to be divided between, in aggregate, SEK 5,875,000 (whereof SEK 1,875,000 to the Chairman and SEK 500,000 to each of the remaining eight Members of the Board, which are not employed by the Company) in cash and in so-called synthetic shares and, in aggregate, SEK 1,062,500 in cash as remuneration regarding work in the committees of the Board of Directors. Compensation related to committee work shall be allocated as follows.
 - The Chairman of the Audit Committee 187,500 Swedish kronor and the three remaining members 125,000 Swedish kronor each
 - The Chairman of the Remuneration Committee 125,000 Swedish kronor and the two remaining members 62,500 Swedish kronor each
 - The Chairman of the Finance and Risk Committee 125,000 Swedish kronor and the two remaining members 62,500 Swedish kronor each

A nominated 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. Due to 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 carry the same economic rights as an Investor share of class B, which entails that the value of the Board of Director's remuneration in synthetic shares, in the same way as shares of class B, is dependent of ups and downs in terms of value and that the amount of dividends during the five year period until 2013, 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 an Investor share of class B

The synthetic shares will be valued in connection with allocation after the annual general meeting 2008 and shall be based on an average market price of shares of class B during the five trading days immediately following the day of the publication of the Company's interim report for the first quarter 2008. The synthetic shares entails to the right, during the fifth calendar year after the beginning of term of office, on four occasions to receive payment, regarding 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 shares of class B, during the period up and until payment in 2013 shall be credited the Member of the Board of Directors in form of allocation of additional synthetic shares.

The intention is that the Company's undertaking to effect future payments regarding the synthetic shares as described above, shall be hedged by the Company, either by re-purchasing of its own shares, which then shall be sold on the market in connection with the payment to the Members of the Board or by hedging agreements with banks. The financial effect for the Company, if the Members of the Board receive part of their remuneration in synthetic shares compared to receiving the full remuneration in cash, is due to the hedging arrangements, assessed to be very limited.

The proposal thus entails that the annual general meeting approves remuneration to the Board of Directors in an amount of, in aggregate, SEK 6,937,500, whereof not less than SEK 1,093,750 and not more than SEK 2,937,500 shall consist of synthetic shares.

- Auditors' fees to be paid on the basis of an approved invoice.
- Re-election of Sune Carlsson, Börje Ekholm, Sirkka Hämäläinen, Håkan Mogren, Grace Reksten Skaugen, Anders Scharp, O. Griffith Sexton, Lena Treschow Torell, Jacob Wallenberg och Peter Wallenberg Jr as Members of the Board of Directors.

- Re-election of Jacob Wallenberg as Chairman of the Board of Directors of Investor AB.
- Rules for the Nomination Committee regarding the annual general meeting of 2010
 1. Investor shall have a Nomination Committee consisting of one representative of each of the four shareholders or group of shareholders controlling the largest number of votes according to section 2 below, which desires to appoint a representative, and the Chairman of the Board of Directors. The names of the four shareholder representatives and the names of the shareholders they represent shall be published not later than six months prior to the annual general meeting in 2009. The Nomination Committee's term of office extends until a new Nomination Committee has been appointed. Chairman of the Nomination Committee shall, if the members of the committee unanimously do not agree otherwise, be the member that represents the shareholder controlling the largest number of votes.
 2. That the Nomination Committee shall be formed based on the shareholder statistics from the VPC, as per the last banking day in August 2008 and on all other reliable ownership information that has been provided to the Company at this point of time. In the assessment of the four largest shareholders a group of shareholders shall be regarded as one owner provided that they (i) have been grouped together in the VPC system or (ii) have made public and notified the Company in writing that they have agreed in writing to have a long term unified conduct regarding the management of the company through co-ordinating the use of their voting rights.
 3. That, if prior than two months before the annual general meeting, one or more shareholders who have been appointed members of the Nomination Committee cease to belong to the four shareholders controlling the largest number of votes, said members shall leave their places of the Nomination Committee and the shareholder(s) that currently is the among the four largest shareholders shall, after having contact with the Chairman of the Nomination Committee, have the right to appoint its own member of the Nomination Committee.

A shareholder that has become one of the four largest shareholders later than two months before an annual general meeting shall, instead of having the right to appoint a member of the Nomination Committee, have the right to appoint a representative that shall be a co-opted to the Nomination Committee.

A shareholder, which has appointed a member of the Nomination Committee, has the right to dismiss its appointed member and appoint a new member of the Nomination Committee. Changes of the composition of the Nomination Committee shall be made public as soon as such changes have taken place.

4. That the Nomination Committee shall present the following proposals for resolutions at the Annual General Meeting in 2009:
 - (a) proposal for Chairman of the Meeting;
 - (b) proposal for Members of the Board of Directors;
 - (c) proposal for Chairman of the Board of Directors;
 - (d) proposal for remuneration to the Members of the Board of Directors, distinguishing between the Chairman of the Board of Directors and other Members of the Board of Directors and remuneration for committee work;
 - (e) proposal for remuneration to Investor's auditors; and
 - (f) proposal for rules for the Nomination Committee regarding annual general meeting in 2010.

5. That the Nomination Committee shall, in connection with their assignment, accomplish their duties in accordance with the Swedish Code of Corporate Governance and the Company shall, upon the request of the Nomination Committee, provide the Nomination Committee with personnel resources, such as secretarial services, in order to facilitate for the Nomination Committee's work. In case of need, the Company shall also assist the Nomination Committee with reasonable costs for external consultancy services that the Nomination Committee assesses as necessary in order for the Nomination Committee to be able to complete its assignment.

Information about all persons proposed as Members of Investor AB's Board of Directors, the Nomination Committee's evaluation of each proposed member's independence, and the terms of conditions for synthetic shares can be found on the Company's website.

The Nomination Committee, February 2008