

## **Report on the Work of Investor AB's Nomination Committee for the 2007 Annual General Meeting**

### Background

In accordance with a decision made by Investor AB's Annual General Meeting in 2006, a Nomination Committee was announced on September 27, 2006 consisting of the representatives of the four largest shareholders and the Company's Chairman. The members of the Nomination Committee are Johan Stålhand (Knut and Alice Wallenberg Foundation), Lars Isacsson (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 for the largest owners jointly represent more than 50 percent of the votes for all shares in Investor AB.

In accordance with a decision made by Investor's 2006 Annual General Meeting, the Nomination Committee has been given the task to prepare and present the following proposals to Investor AB's 2007 Annual General Meeting:

- Proposal for Chairman of the Meeting;
- Proposal for members of the Board of Directors;
- Proposal for the Chairman of the Board of Directors;
- Proposal for compensation to Members of the Board of Directors (allocated between the Chairman, other Board members and for committee work);
- Proposal for auditors and
- Proposal for fees to the auditors.

### Work of the Nomination Committee

The Nomination Committee has held six meetings during which minutes were taken and has had informal contacts between meetings. As a base for its work the Nomination Committee has i.a. had an evaluation of the Board and its work. In order to assess the extent to which the current Board 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 and composition of the Board, e.g. in terms of industry experience and competence.

The Board member Björn Svedberg has declined re-election. Proposals for new Board members have not been submitted to the Nomination Committee by anyone other than the members of the Nomination Committee.

The Nomination Committee proposes that Lena Treschow Torell is elected as new member of Investor's Board.

The members of the Nomination Committee have had the opportunity to meet with Lena Treschow Torell.

Lena Treschow Torell is the President of The Royal Swedish Academy of Engineering Sciences (IVA) Ingenjörsvetenskapsakademien. She is a member of the Board of Directors of Saab, Micronic Laser Systems and Ångpanneföreningen,

among other companies. Furthermore she has during 2003 - 2005 been a member of the Board of Directors of Ericsson and during 2003 – 2006 been a member of the Board of Directors of Gambro.

The Nomination Committee proposes re-election for the rest of the current Board members.

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

In addition, the Nomination Committee has discussed the issue concerning the independence of the Board members. The proposal for the composition of the Board meets the requirements of the Stockholm Stock Exchange and the Swedish Code of Corporate Governance for independent Board members.

The majority of the proposed Board members are independent with respect to the Company and its management. Two of the ten proposed Board members have served on the Company's Board more than 12 years, namely Anders Scharp and Håkan Mogren, and are therefore not considered independent in accordance with the Swedish Code of Corporate Governance. Further, Peter Wallenberg Jr, who has resigned as President and CEO of the subsidiary Grand Hôtel Holdings less than three years ago, and the President and CEO Börje Ekholm are not considered to be independent in accordance with the Swedish Code of Corporate Governance. 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 these Board fees do not mean that these persons are to be considered dependent of Investor AB and its management.

The Board's composition complies with the rules of the Stockholm Stock Exchange and the Swedish Code of Corporate Governance that at least two of the Board members who are independent of the Company and its management are also to be independent of the Company's major shareholders.

In the opinion of the Nomination Committee, the ten proposed Board members are very well suited for carrying out Investor's Board work over their coming term of office. It has been judged important that Investor, with its active ownership philosophy and long-term ownership involvement in companies, has Board members who have extensive experience and who are closely associated with Investor AB and its business model.

Regarding fees for the Board and committee work the Nomination Committee has decided to recommend that the fees should be the same as last year.

In the opinion of the Nomination Committee, it is advantageous for the Company and its shareholders that Board members, as long as they are members of the Board and regardless if they are already shareholders of the Company, use part of their Board fee each year to acquire shares in the Company. The Nomination Committee has therefore decided to recommend Investor's Board to continue the share ownership policy for the Board which the Board resolved upon at the statutory Board meeting

2006. The policy implies that 25 percent of the Board fees should be paid immediately after the Annual General Meeting to give the Board members the possibility to use the net of such fees after tax to acquire shares in the Company early during their term of office. The intention is that shares acquired for part of the Board fee are to be retained as long as the acquirer remains a member of the Board.

The Company's auditors were elected at the 2003 Annual General Meeting for the period up to the end of the 2007 Annual General Meeting. Investor's Audit Committee has carried out a procurement of auditors who will be elected at the 2007 Annual General Meeting for the period up to the end of the 2011 Annual General Meeting. Several leading auditing firms have participated in the procurement procedure and after evaluating these auditing firms the Audit Committee has recommended that KPMG Bohlins AB be elected auditors for the next coming period of four years with the authorized auditor Carl Lindgren as auditor in charge until further notice. The Nomination Committee has had the opportunity to meet with Carl Lindgren and has taken notice of the Audit Committee's evaluation of the auditing firms. The Nomination Committee proposes in accordance with the recommendation of the Audit Committee that KPMG Bohlins AB be elected auditor for the next coming period of four years.

Regarding compensation for auditors for 2007, the Nomination Committee proposes that the Annual General Meeting resolve that it should be paid on the basis of an approved invoice, since the fees are not known in advance.

The proposed rules of the Nomination Committee for the 2008 Annual General Meeting differs partly from the rules of the 2006 Annual General Meeting. The most significant changes are that the Nomination Committee proposes that groups of shareholders may jointly appoint a representative conditional upon that the existence of such group of shareholders has been disclosed and documented and that the members of such group of shareholders are obligated to disclose changes in their joint shareholdings. Furthermore the rules regarding changes in the composition of the Nomination Committee, due to changes in ownership during the Nomination Committee's term of office, have been clarified.

#### The Nomination Committee's proposals for decision

The Nomination Committee therefore proposes the following for decision:

- the election of Jacob Wallenberg as Chairman of the Annual General Meeting.
- the election of ten members of the Board and no deputies.
- a total compensation to the Board of 6,937,500 Swedish kronor to be allocated as follows: 1,875,000 Swedish kronor to the Chairman, 500,000 Swedish kronor to each member of the Board not employed by the Company, and a total of 1,062,500 Swedish kronor as compensation for work in the committees of the Board of Directors. Fees related to committee work are 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
- Auditors' fees to be paid on the basis of an approved invoice.
- Re-election of Sune Carlsson, Sirkka Hämäläinen, Håkan Mogren, Grace Reksten Skaugen, Anders Scharp, O. Griffith Sexton, Jacob Wallenberg, Peter Wallenberg Jr and Börje Ekholm as members of the Board.
- Election of Lena Treschow Torell, as new member of the Board.
- Re-election of Jacob Wallenberg as Chairman of the Board of Directors of Investor AB.
- Election of KPMG Bohlins AB as auditors.
- Rules regarding Nomination Committee for the 2008 Annual General Meeting according to appendix.

Information about all persons proposed as members of Investor AB's Board, and the Nomination Committee's evaluation of each proposed member's independence, can be found on the Company's website.

*The Nomination Committee, February 2007*