

NOTE 3 Changes in value within investing activities

2007	Core Investments	Operating Investments	Private Equity Investments	Financial Investments ¹⁾	Total
<i>Group</i>					
Changes in value of holdings in the closing balance	-12,642	-	3,367	-230	-9,505
Changes in value of assets divested during the year	5,105 ²⁾	291	2,540	35	7,971
Total	-7,537	291	5,907	-195	-1,534
Of which changes in value caused by exchange rate changes	-	-	-122	-42	-164
Of which changes in value determined with valuation techniques	-	-	1,382	-27	1,355
<i>2006</i>					
<i>Group</i>					
Changes in value of holdings in the closing balance	25,100	-	962	122	26,184
Changes in value of assets divested during the year	2,160	-	-379	141	1,922
Total	27,260	-	583	263	28,106
Of which changes in value caused by exchange rate changes	-	-	-858	-19	-877
Of which changes in value determined with valuation techniques	-	-	-428	108	-320
<i>2007</i>					
<i>Parent Company</i>					
Changes in value of holdings in the closing balance	7,804	-	117	-188	7,733
Changes in value of assets divested during the year	5,105 ²⁾	-	0	-63	5,042
Total	12,909	-	117	-251	12,775
Of which changes in value caused by exchange rate changes	-	-	-6	-32	-38
Of which changes in value determined with valuation techniques	-	-	-	-	-
<i>2006</i>					
<i>Parent Company</i>					
Changes in value of holdings in the closing balance	6,753	-	1	-28	6,726
Changes in value of assets divested during the year	7,070	-	1,191	7	8,268
Total	13,823	-	1,192	-21	14,994
Of which changes in value caused by exchange rate changes	-	-	-15	-22	-37
Of which changes in value determined with valuation techniques	-	-	1,192	-	1,192

1) Including active portfolio management.

Changes in the value of holdings remaining in the balance at the end of the year SEK -49 m. (40).

Changes in the value of assets divested during the year SEK 87 m. (131).

2) Divestments include share redemption programs.

NOTE 4 Operating costs

	2007	2006
<i>Group</i>		
<i>Investing activities</i>		
Payroll costs	253	260
Depreciation	11	10
Other operating expenses	140	143
	404	413
<i>Operating investments</i>		
Payroll costs	21	16
Depreciation	0	0
Other operating expenses	34	35
	55	51
<i>Groupwide</i>		
Payroll costs	38	30
Depreciation	4	4
Other operating expenses	34	23
	76	57
Total	535	521

NOTE 5 Employees and payroll costs

Investor's operations are divided into wholly owned investing activities and other activities. The wholly owned investing activities comprise the activities of the Parent Company, the Active Portfolio Management unit and Investor Growth Capital. The payroll costs shown below for these units are included in "Operating costs" in the income statement. Other activities comprise the operations of The Grand Group and, for 2006, also the advisory companies for EQT's funds. The costs shown for these activities are included in "Cost of services sold".

NOTE 5 cont'd **Employees and payroll costs***Average number of employees*

	2007		2006	
	Total	of whom women	Total	of whom women
<i>Wholly owned investing activities</i>				
Parent Company, Sweden	93	52	91	50
<i>Wholly owned subsidiaries</i>				
Sweden	15	3	16	3
United States	20	6	18	6
United Kingdom	1	1	2	1
Hong Kong	6	2	7	1
Netherlands	6	3	6	3
Total, wholly owned investing activities	141	67	140	64
<i>Other activities</i>				
The Grand Group	334	164	262	132
Other subsidiaries	–	–	98	36
Total, other activities	334	164	360	168
Total	475	231	500	232

Gender distribution in boards and senior management

At year-end 2007, the board of the Parent Company consisted of 30 percent women (20) and 70 percent men (80). The Management Group of the Parent Company consisted of 17 percent women (0) and 83 percent men (100). The gender distribution in the boards of Investor's wholly owned investing activities consisted of 17 percent women (15) and 83 percent men (85). The gender distribution in the boards of the other activities of the Investor Group consisted of 25 percent women (22) and 75 percent men (78).

Expensed wages, salaries, board of director fees and other remuneration, as well as social security contributions

	2007							2006						
	Basic salary	Variable salary	Long-term share-based remuneration	Pension costs	Costs for employee benefits	Social security contributions ¹⁾	Total	Basic salary	Variable salary	Long-term share-based remuneration	Pension costs	Costs for employee benefits	Social security contributions ¹⁾	Total
<i>Wholly owned investing activities</i>														
Parent Company	83	24	19	45	11	35	217	84	21	18	33	11	73	240
Wholly owned subsidiaries in investing activities	57	30	–	9	0	9	105	66	28	–	8	0	11	113
Total, wholly owned investing activities	140	54	19	54	11	44	322	150	49	18	41	11	84	353
<i>Other activities</i>														
The Grand Group	91	3	–	4	2	34	134	77	2	–	2	2	26	109
Other subsidiaries	–	–	–	–	–	–	–	144	6	–	12	10	21	193
Total, other activities	91	3	–	4	2	34	134	221	8	–	14	12	47	302
Total	231	57	19	58	13	78	456	371	57	18	55	23	131	655

1) Of which SEK –2 m. (37) 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 17 m. (55), as reported in the consolidated income statement.

NOTE 5 cont'd **Employees and payroll costs**

Expensed wages and salaries distributed by country and between senior executives and other employees

	2007				2006			
	Senior executives	Of which variable salary	Other employees	Total	Senior executives	Of which, variable salary	Other employees	Total
<i>Wholly owned investing activities</i>								
Parent Company	36	8	71	107	41	13	64	105
<i>Wholly owned subsidiaries</i>								
Sweden	7	4	14	21	7	3	17	24
United States	6	2	37	43	7	3	39	46
United Kingdom	0	0	2	2	1	0	3	4
Hong Kong	5	2	12	17	5	2	12	17
Netherlands	2	1	2	4	2	0	1	3
Total, wholly owned investing activities	56	17	138	194	63	21	136	199
<i>Other activities</i>								
The Grand Group	3	0	91	94	3	0	78	81
Other subsidiaries	–	–	–	–	29	6	133	162
Total, other activities	3	0	91	94	32	6	211	243
Total	59	17	229	288	95	27	347	442

Absenteeism due to illness

Absenteeism due to illness in the Parent Company (as a percentage of work time) was 3.37 percent in 2007 (4.65), of which women 3.48 percent (4.84) and men 3.22 percent men (4.40); 38.52 percent (60.99) of absenteeism due to illness refers to a continuous period of 60 days or more. Absenteeism due to illness for employees under the age of 29 was 0.85 percent (0.82), 4.70 percent (5.40) for age 30–49 and 1.34 percent (4.38) for employees over 50 years of age.

Salary and other remuneration

The following text and tables describe Investor's remuneration policy and remuneration for senior executives in the company. Senior executives are defined as "top management" and "other senior executives".

"Top management" is defined as:

- the Chairman of the Board,
- board members not employed by the company who receive special remuneration in addition to the fee received for board duties, and
- the Chief Executive Officer and President.

"Other senior executives" refers to:

- Lars Wedenborn until September 16, 2007, Johan Forssell, Henry E. Gooss, Lennart Johansson, Petra Hedengran as of March 1, 2007 and Johan Bygge as of September 1, 2007.

These persons, together with the President, comprise Investor's Management Group.

Investor's Remuneration Committee is appointed each year by the board. The committee's main purpose is "to enable an independent and thorough review of all aspects of Investor's total remuneration program and to make decisions about executive remuneration in the company."

For decision-making, the Remuneration Committee continuously receives information and views from the President, the CFO and head of Human Resources, among others. The committee also obtains views, reports and information for decision-making from external advisers. Internal and external information used for decision-making purposes helps ensure that Investor's remuneration program is in line with market conditions and competitive. Read more about the work of the Remuneration Committee in Investor's Corporate Governance report.

Remuneration policy

In order to achieve long-term competitive returns for shareholders, Investor strives to offer its staff remuneration in line with market conditions that makes it possible to attract senior executives and other employees and retain them in the company.

Investor conducts investing activities in markets in Asia, Northern Europe and the United States. Investor therefore competes for staff with mainly private equity firms, investment banks, hedge funds and consulting companies, which all have different remuneration structures and levels.

Benchmarking studies of relevant industries and markets are carried out yearly in order to determine what constitutes remuneration in line with market conditions and to evaluate current remuneration levels. The studies are taken into account when determining Investor's remuneration policy and, consequently, when determining total remuneration for senior executives and other employees.

When determining salaries, Investor takes into account the employee's total remuneration, which consists of the following components: basic salary, variable salary, long-term share-based remuneration, pension and other benefits. With this combination of remuneration components, the company has appropriate instruments to influence and evaluate the performance of employees during the year and to establish a common interest between the company and its owners to drive the business towards generating attractive long-term returns.

The principles for total remuneration for Investor's employees are:

- that employees in Investor's different operations shall receive total remuneration that is competitive and in line with market conditions;
- that the allocation between basic salary, variable salary and long-term variable remuneration is to be in proportion to the employee's position and to what is customary on the market for such positions;
- that remuneration shall be based on factors such as position, performance and individual qualification;
- that remuneration shall establish a common interest between shareholders and employees through connection to the company's long-term development;
- that remuneration shall attract the top competence 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 protected status-irrelevant circumstance; and
- that 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 in order to reward good performance and achieved objectives. As the long-term share-based portion of remuneration is affected by the long-term development of the company's share price, the relevant employees are expected to act in harmony with the interests of long-term shareholders. As the remuneration is variable, the company's costs will also be correspondingly variable, meaning that less good performance, which will result in lower remuneration, will also result in lower costs for the company. The alternative to variable salary and long-term variable remuneration would be to only offer basic salary, but in such case the positive effects and incentives which Investor's model strives to establish would not be achieved.

NOTE 5 cont'd Employees and payroll costs

In addition to remuneration from Investor, the President and members of the Management Group receive board fees from the Core Investments in which they are board members. This is taken into consideration when determining each individual's total remuneration.

Basic salary

Basic salary is reviewed annually for all Investor employees, with the exception of Management Group members, whose basic salary is reviewed every other year. Any adjustment to an employee's basic salary is usually effective from January 1.

The annual review of basic salary takes into account the employee's performance, any changes to his or her areas of responsibility, the company's development and salary trends in the market. In cases when the person's areas of responsibilities change considerably during the year, basic salary can be reviewed on those occasions. Basic salary constitutes the basis for calculating variable salary.

Variable salary

The majority of Investor's employees have variable salary. Variable salary for 2007 is based on annually set goals whose outcome is reviewed annually. The variable portion of salary in 2007 differs between business areas and amounts to a maximum of 40 percent of basic salary for the President. For other employees variable salary ranges between 0 and 80 percent of their basic salary, although for a very limited number of key personnel, the variable portion of salary can be a maximum of 100 percent of their basic salary. In cases when the President decides that a person in the company has made an exceptional contribution during the year, he can award an additional variable salary. However, this additional variable salary has to be specifically approved by Investor's Remuneration Committee. When an additional variable salary is awarded, the variable portion of salary can, in individual cases, exceed 100 percent of basic salary.

Established goals must be reached in order to receive variable salary, which clearly links annual variable salary 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 him and the Chairman. The specific goals for the President are proposed by the Remuneration Committee and are 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, in which one part of remuneration to employees is related to the long-term performance of Investor and the Investor share and the employee is exposed to share price increases and decreases.

In 1999, Investor introduced the principle that part of an employee's remuneration is to be connected to the company's long-term share price development. The principle has encompassed all employees since 2000. From 1999 to 2005, this has been carried out mainly in the form of employee stock option programs¹⁾.

A combined employee stock option and restricted stock program was

introduced for senior executives for 2004 and 2005.

In 2006, a Stock Matching Plan was introduced for all Investor employees, as well as a performance-based share program for top management. "Top management" is defined as the President, other members of the Management Group and about 15 other senior executives in the company ("Senior Management"). The 2007 program corresponds 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. The programs are described below.

2006–2007

The programs consist of the following two components:

1) Stock Matching Plan in which all employees may participate. In the Stock Matching Plan, an employee could acquire shares in Investor at the market price during a two-week period, determined by the board, after the release of Investor's first quarterly report in 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 period²⁾. Each Matching Option entitles the holder to purchase one Investor share, during the corresponding period, at a strike price corresponding to 120 percent of the average volume-weighted price paid for Investor shares during the Measurement Period.

The President, the other executives and approximately 15 other senior employees within Investor ("Senior Management") are obligated to invest at least 5 percent of their basic salary in Investor shares according to the Stock Matching Plan. Other employees are not obligated to invest but have a right to invest to such an extent that the value of the allotted Matching Options and Matching Shares amounts to maximum 10 or 15 percent of basic salary. Senior Management has the right to invest to such an extent that the value of the allotted Matching Options and Matching Shares amounts to maximum between 10 and 20 percent of their respective basic salary.

In order to participate fully in the Stock Matching Plan, the President has to invest approximately 21 percent of basic salary in Investor shares. If the President, through the investment mentioned above, participates fully in the Stock Matching Plan, the theoretical value of the right to receive a Matching Share and two Matching Options per acquired share under the Stock Matching Plan is 20 percent of the basic salary.

2) Performance-Based Share Program, in which Senior Management participates in addition to the Stock Matching Plan. Under this program, Senior Management, after a three-year vesting period, has the right during four years to acquire additional Investor shares ("Performance Shares") for SEK 10 per share. This is conditional upon whether certain financial goals relating to the development of Investor's net asset value (NAV) and the total return on the Investor shares (TSR) are met during the vesting period.

Two-thirds of the turnout is dependent on the development of Investor's

²⁾ For as long as he is employed, the President has a longer lockup period following the vesting period for both Matching Shares and Performance Shares. This means that he can be prevented from utilizing the opportunity to acquire shares before the end of the four-year period. However, in such cases, the period during which he can acquire the shares is extended.

1) Employee stock options refer to commitments in accordance with Chapter 10, Section 11, paragraph 2 of the Swedish Income Tax Law.

The calculation of the fair value on the grant date, according to IFRS 2, was based on the following conditions:

Instrument	2007			2006		
	Matching Share	Matching Option	Performance Share	Matching Share	Matching Option	Performance Share
Averaged volume-weighted price paid for Investor B-shares	176.74	176.74	176.74	129.93	129.93	129.93
Strike price	10.00	212.00	10.00	10.00	155.90	10.00
Assumed volatility ¹⁾	20%	20%	20%	20%	20%	20%
Assumed average term	5 years	5 years	5 years	5 years	5 years	5 years
Assumed percentage of dividend ²⁾	0%	3%	0%	0%	3%	0%
Risk-free interest	3.82%	3.82%	3.82%	3.08%	3.08%	3.08%

1) The assumed volatility was based on future forecasts based on the historical volatility of Investor B-shares, in which the term of the instrument is an influencing factor.

The historical volatility has been in the interval of 15 to 30 percent.

2) The dividend for Matching Shares and Performance Shares is compensated for by increasing the number of shares.

NOTE 5 cont'd **Employees and payroll costs**

Summary of terms for the 2006–2007 long-term share-based remuneration programs

Matching Shares 2006–2007

Year issued	Holder ¹⁾	Number of Matching Shares granted	Number at the beginning of the year	Adjustment for dividend	Matching Shares forfeited in 2007	Number of Matching Shares on December 31, 2007	Percentage of total outstanding shares	Number of vested Matching Shares	Theoretical value ²⁾	Fair value ³⁾	Strike price	Maturity date	Vesting period (years)
2006	MG	31,038	31,038	901	–	31,939	0.00%	–	109.19	121.34	10.00	12–12–31	3
2006	OSE	11,593	11,593	319	1,724	10,188	0.00%	–	109.19	121.34	10.00	12–12–31	3
2006	OE	52,866	52,866	1,432	6,183	48,115	0.01%	–	109.19	121.34	10.00	12–12–31	3
2007	MG	23,845 ⁴⁾	–	–	–	23,845	0.00%	–	150.91	168.48	10.00	13–12–31	3
2007	OSE	9,354	–	–	772	8,582	0.00%	–	150.91	168.48	10.00	13–12–31	3
2007	OE	36,995	–	–	2,191	34,804	0.01%	–	150.91	168.48	10.00	13–12–31	3
		165,691	95,497	2,652	10,870	157,473	0.02%	–					

1) MG = Management Group, OSE = Other senior executives, OE = Other employees.

2) The value of Matching Shares on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model.

3) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values.

See above for specification of the basis of calculation.

4) Of which 8,652 were granted to the President.

Matching Options 2006–2007

Year issued	Holder ¹⁾	Number of Matching Options granted	Number at the beginning of the year	Number of Matching Options forfeited in 2007	Number of Matching Options on December 31, 2007	Percentage of total outstanding shares	Number of vested Matching Options	Theoretical value ²⁾	Fair value ³⁾	Strike price	Maturity date	Vesting period (years)
2006	MG	62,076	62,076	–	62,076	0.01%	–	15.62	12.47	155.90	12–12–31	3
2006	OSE	23,186	23,186	3,386	19,800	0.00%	–	15.62	12.47	155.90	12–12–31	3
2006	OE	105,732	105,732	12,216	93,516	0.01%	–	15.62	12.47	155.90	12–12–31	3
2007	MG	47,690 ⁴⁾	–	–	47,690	0.01%	–	22.80	18.84	212.00	13–12–31	3
2007	OSE	18,708	–	1,544	17,164	0.00%	–	22.80	18.84	212.00	13–12–31	3
2007	OE	73,990	–	4,381	69,609	0.01%	–	22.80	18.84	212.00	13–12–31	3
		331,382	190,994	21,527	309,855	0.04%	–					

1) MG = Management Group, OSE = Other senior executives, OE = Other employees.

2) The value of Matching Options on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model.

3) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values.

See above for specification of the basis of calculation.

4) Of which 17,304 were granted to the President.

Performance Shares 2006–2007

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 2007	Number of Performance Shares on December 31, 2007	Percentage of total outstanding shares	Number of vested Performance Shares	Theoretical value ²⁾	Fair value ³⁾	Strike price	Maturity date	Vesting period (years)
2006	NAV MG	88,192	88,192	2,582	–	90,774	0.01%	–	52.74	121.34	10.00	12–12–31	3
2006	NAV OSE	35,580	35,580	986	5,339	31,227	0.00%	–	52.74	121.34	10.00	12–12–31	3
2006	TSR MG	45,194	45,194	1,290	–	46,484	0.01%	–	51.59	57.03	10.00	12–12–31	3
2006	TSR OSE	18,232	18,232	493	2,669	16,056	0.00%	–	51.59	57.03	10.00	12–12–31	3
2007	NAV MG	63,396 ⁴⁾	–	–	–	63,396	0.01%	–	79.83	168.48	10.00	13–12–31	3
2007	NAV OSE	26,934	–	–	2,288	24,646	0.00%	–	79.83	168.48	10.00	13–12–31	3
2007	TSR MG	34,424	–	–	–	34,424	0.01%	–	73.68	82.55	10.00	13–12–31	3
2007	TSR OSE	14,626	–	–	1,144	13,482	0.00%	–	73.68	82.55	10.00	13–12–31	3
		326,578	187,198	5,351	11,440	320,489	0.04%	–					

1) MG = Management Group, OSE = Other senior executives.

2) The value of Performance Shares on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model.

3) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values.

See above for specification of the basis of calculation.

4) Of which 38,404 were granted to the President.

The difference between the theoretical value and fair value is mainly due to the fact that the anticipated personnel turnover is taken into consideration when determining the theoretical value. When estimating the fair value in accordance with IFRS 2, personnel turnover is not taken into account; instead the anticipated number of vested shares or options is adjusted. According to the definition in IFRS 2 Share-based Payment, the NAV component is a so-called “non-market condition”. The difference between the fair value (IFRS 2) and theoretical value of shares granted on the basis of the NAV component is 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.

net asset value. Investor’s average yearly development of the net asset value, including dividends, must exceed the interest on 10-year government bonds by more than 8 percentage points to give Senior Management the right to acquire the highest amount of Performance Shares, which is dependent on the development of the net asset value. There will be no allotment of Performance Shares related to the development of the net asset value if the development of the net asset value does not exceed the 10-year interest

on government bonds by at least 2 percentage points. If the development is between the 10-year interest on government bonds plus 2 percentage points and the 10-year interest on government bonds plus 8 percentage points, a proportional (linear) allotment will occur. The development of the net asset value during the three-year vesting period is measured as the average during three quarters in the beginning of the period, compared with the average during three quarters at the end of the period.

NOTE 5 cont'd **Employees and payroll costs**

One-third of the turnout is dependent upon the total return on the Investor share. Investor's annual running total return, including reinvested dividends, must exceed the development of the share index called SIXRX Total Return by more than 4 percentage points to give Senior Management the right to acquire the highest amount of Performance Shares, which are dependent on the total return. There will be no allotment of Performance Shares related to the total return if the total return does not develop at least in parity with the SIXRX Total Return index. If the total return is between the SIXRX Total Return and SIXRX Total Return plus 4 percentage points, a proportional (linear) allotment will occur. The total return will be measured quarterly on a running 12-month basis over a three-year period. The outcome is estimated as the average during the three years based on the 12 measurement points.

To obtain a total maximum outcome for the Performance Shares, it is required that Investor exceeds the upper limit for both the development of net asset value as well as the total relative return.

The final number of Performance Shares obtained is dependent on the outcome of the performance requirements, but could not, at allotment in 2007, exceed the preset highest number (limit).

When designing the programs with Matching Shares, Matching Options and Performance Shares issued in 2006-2007, it was taken into consideration that employees are taking an investment risk through the requirement that they must own the Investor shares during the vesting period.

Employee stock option programs 2000-2005

In employee stock option programs, Investor issues call options giving the option holder the right to purchase an equivalent number of shares at a predetermined price. The term of the programs is seven years and the vesting period is linked to three years of consecutive employment. The employee stock options were granted free of charge but were part of the total remuneration package for employees. In general, the options can only vest and be exercised during the time the holder is employed with the company and a short period after employment ends, with the exception of former employees who have a board assignment from Investor. The principle is that the total number of options granted shall be in proportion with the current total payroll of the company. The Management Group then decides how the options will be distributed between each business area, after which each business area manager determines the number of options that each department should receive. In the final stage, each department manager evaluates and decides how the options will be distributed to each employee. The number of options granted to each employee does not have to be in proportion to the employee's salary – they are awarded on a discretionary basis. In accordance with the above, Investor's board approved the issue of employee stock options from 2000 to 2005.

The number of outstanding employee stock options for the 2000-2005 programs totals 2,914,108, corresponding to 0.38 percent of the number of outstanding shares in Investor, which totaled 767,175,030 on December 31, 2007. The value of the issued employee stock options was estimated in accordance with the Black & Scholes valuation model. The value of an option was calculated on an assumed volatility of 20–30 percent. The

assumed volatility was based on future forecasts and the historical volatility of Investor B-shares. The options have a term of seven years that has been adjusted for assumptions about premature exercises. In the valuation, special limitations to the exercise rights related to the fulfillment of goals, which have been established for some stock option programs, have not been taken into account.

Options issued for 2000-2005 covered all personnel and replaced an earlier bonus program that was linked to the performance of Investor shares in relation to the OMX Index. The total number of employee stock options for allocation was determined on the basis of the current payroll of the company. For senior executives, a number of options were granted whose calculated theoretical value corresponds to 10–70 percent of basic salary. The strike price for employee stock options in the 2000-2004 programs was set at 110 percent of the share price on the day after Investor's year-end report was released. The strike price for employee options in the 2005 program was set at 110 percent of the average volume-weighted price paid for the Investor B share during the period April 12 to April 18, 2005.

In 2004, the board of directors decided to launch a combined employee stock option and restricted stock program for senior executives, starting that year. The program consists of about 60 percent shares and about 40 percent options. The board's decision was based on information prepared by the Remuneration Committee. Implementation of the program was subject to the approval of the Annual General Meeting.

The allocation of employee stock options and shares constitutes part of the agreed remuneration framework for senior executives. The value of the granted options and restricted stock corresponds to 10–60 percent of a senior executive's basic salary. The stock option component of the program is designed in the same way, and with the same terms, as the program for other employees. For the shares to vest, a senior executive must be continuously employed from three to five years after the shares are granted. The shares become available after five years, at which point the dividend for the past two years is also received. The vesting period ends if a senior executive's employment is terminated, except former employees who may still have a board assignment from Investor.

As opposed to previous years, the final number of granted employee stock options was determined for 2005 after year-end, and depended on each employee's fulfillment of goals, using the same criteria as described in "Variable salary" above.

Accounting effects of employee stock option and share programs

Costs reported for the year for employee stock option and share programs amounted to SEK 17 m. (55). The amount includes costs estimated according to the principles in IFRS 2 for equity-settled programs and costs for social security contributions for the programs. Costs for social security contributions are calculated and allocated in accordance with a statement from the Swedish Financial Reporting Board (UFR 7).

The value of Performance Shares granted in accordance with the 2006 and 2007 Stock Matching Plan is based on a fair value calculated with the Black & Scholes valuation model. For Performance Shares linked to

Summary of terms for long-term restricted stock programs 2004-2005

Year issued	Holders ¹⁾	Number of granted shares	Number at beginning of year	Value on grant date	Fair value ²⁾	Number of shares forfeited in 2007	Number of shares on December 31, 2007	Percentage of total outstanding shares	Number of vested shares	Maturity date	Vesting period (years)
2004	MG	74,000	67,800	77.00 ³⁾	77.00	–	67,800	0.01%	22,600	09-01-20	5 ⁴⁾
2005	MG	58,331	53,385	97.04 ⁵⁾	97.04	–	53,385	0.01%	–	10-01-21	5 ⁴⁾
Total	132,331		121,185			–	121,185	0.02%	22,600		

1) MG = Management Group.

2) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values.

3) Closing price for the Investor share the day after Investor's year-end report was released.

4) One-third of the number of granted shares are not considered vested until three years after the grant date, after which one-third vests during each of the two subsequent years. Shares granted on the grant date carry the right to receive and have access to the vested shares not until five years after they granted.

5) Average volume-weighted price paid for the Investor B share on the Stockholm Stock Exchange during the period April 12 to April 18, 2005.

NOTE 5 cont'd Employees and payroll costs

Summary of terms for long-term employee stock option programs 2000–2005

Year issued	Holder ¹⁾	Number of options granted	Number of options exercised at the beginning of the year	Number of options forfeited at the beginning of the year	Number of options at the beginning of the year	Options exercised during 2007	Weighted average share price on exercise date	Options forfeited during 2007	Number of options on December 31, 2007	Percentage of total outstanding shares	Number of vested, not exercised options on December 31, 2007	Theoretical value ²⁾	Fair value ³⁾	Strike price	Maturity date	Vesting period (years)
2000	MG	405,529	252,805	44,410	108,314	108,314	173.57	–	–	0.00%	–	38.73	–	136.40	07–02–11	3 ⁴⁾
2000	OE	380,400	144,043	199,300	37,057	37,057	171.18	–	–	0.00%	–	38.73	–	136.40	07–02–11	3 ⁴⁾
2001	MG	609,900	48,700	98,300	462,900	190,700	174.93	–	272,200	0.04%	272,200	31.83	–	153.00	08–02–11	3 ⁴⁾
2001	OE	566,200	22,500	266,000	277,700	152,000	171.05	3,900	121,800	0.01%	121,800	31.83	–	153.00	08–02–11	3 ⁴⁾
2002	MG	389,000	33,200	–	355,800	206,100	177.32	–	149,700	0.02%	149,700	18.08	–	121.55	09–02–11	3 ⁴⁾
2002	OE	795,750	240,733	192,517	362,500	177,400	171.92	–	185,100	0.02%	185,100	18.08	–	121.55	09–02–11	3 ⁴⁾
2003	MG	1,081,000	350,000	–	731,000	335,000	157.01	–	396,000	0.05%	396,000	8.21	7.00	52.50	10–02–11	3 ⁴⁾
2003	OE	2,606,436	1,227,027	803,771	575,638	229,579	171.54	–	346,059	0.05%	346,059	8.21	7.00	52.50	10–02–11	3 ⁴⁾
2004	MG	221,900	24,366	6,200	191,334	–	–	–	191,334	0.02%	191,334	15.80	13.74	84.70	11–01–20	3 ⁴⁾
2004	OE	1,079,649	297,820	118,342	663,487	207,919	171.64	5,834	449,734	0.06%	449,734	15.80	13.74	84.70	11–01–20	3 ⁴⁾
2005	MG	164,565	4,750	9,500	150,315	–	–	4,318	145,997	0.02%	100,208	19.00	15.20	106.70	12–01–20	3 ⁴⁾
2005	OE	1,008,469	93,735	102,300	812,434	123,172	170.88	33,078	656,184	0.09%	395,020	19.00	15.20	106.70	12–01–20	3 ⁴⁾
Total		9,308,798	2,739,679	1,840,640	4,728,479	1,767,241		47,130	2,914,108	0.38%	2,607,155					

1) MG = Management Group, OE = Other Employees

2) The value of options on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model. The volatility parameter has been adjusted to take into account the special limitations to disposal rights that are valid for long-term employee stock option programs.

3) The fair value of options on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values.

4) One-third of the number of issued options is considered to be vested during each of the three years immediately following the years the options were granted. Thus, of the options granted in 2005, one-third can be exercised after January 21, 2006. If employment ends, options that have already vested must be exercised within three months from the date employment was terminated. As of the 2002 option program, the exercise period has been extended 12 months if a holder has been employed more than four years.

requirements for a certain development of the net asset value, the same fair value as that for Matching Shares is used for accounting and distribution in accordance with IFRS 2. The probability that the goal for developing the net asset value will be fulfilled has been taken into consideration when calculating the cost in accordance with IFRS 2 by adjusting the anticipated number of vested shares. For performance shares depending on the total return of Investor shares, the probability that the goal will be fulfilled has been taken into consideration in the calculation of fair value, which is made on the grant date and provides the basis for accounting and distribution in accordance with IFRS 2.

When options are exercised, equity is negatively affected by the difference between the market value of the shares and the strike price of the options. This is because Investor, instead of issuing new shares, has chosen instead to repurchase shares that are subscribed for by the employees. The effect on equity for the year, as a result of exercise transactions, amounted to SEK –121 m. (–113). The effect is offset by the result from the hedging contract described below, which is recognized in the income statement.

Investor reports all costs for long-term share-based remuneration programs issued to the Group's employees in the Parent Company. In 2007, the costs for long-term share-based remuneration programs for employees in the Parent Company amounted to SEK 16 m. (45), including social security contributions.

Hedge contracts for long-term share-based remuneration programs Investor's policy is to implement measures to minimize the effects of an increase in Investor's share price. For programs up to and including 2005, Investor has used share swaps and share options as hedging instruments that are recognized at fair value according to the rules for derivatives (IAS 39) because such swaps and share options do not qualify for hedge accounting. With the hedging solution, long-term employee stock option and share programs do not affect the actual number of outstanding shares in Investor; instead, there is a theoretical dilution effect because of the programs. The number of hedged options depends on the total number of outstanding options and the probability that these options will be exercised. At year-end 2007, the weighted average price in outstanding hedging contracts was SEK 128.18 (130.72). During 2007, the hedging contracts had a negative effect on net financial items amounting to SEK 94 m. (–194), which consisted mostly of unrealized changes in value (see

also "Note 1 Accounting policies"). For programs implemented as of 2006, Investor has been repurchasing its own shares to guarantee delivery.

Pension

Pension for the President and other senior executives consists of two parts:

- A defined benefit pension plan based on premiums in accordance with the BTP Plan (Swedish pension plan for the banking sector) on parts of salary up to 30 basic income amounts (SEK 1,377,000) and the option to choose BTP's alternative special defined contribution pension plan for managers with an annual salary above 10 basic amounts.
- A defined contribution pension plan based on special pension regulations ("Särskilt Pensionsreglemente") on parts of salary above 20 basic amounts. The amount of the pension provision depends on age and is currently 25 percent until the age of 40; 30 percent between 41 and 50 years; and 35 percent over 51. Only basic salary is used to establish the annual pension premium. Each person who will receive a pension decides on a suitable type together with his or her employer, based on current pension practice. The retirement age is 60 years for the President and other senior executives.

Henry E. Gooss, who is employed by Investor's subsidiary in the United States, 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 to choose BTP's alternative special defined contribution pension plan on parts of salary between 7.5 and 30 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.

NOTE 5 cont'd **Employees and payroll costs**

Profits are shared in the form of salary or pension insurance. The choice of payment method is neutral for Investor in terms of cost. For the profit-sharing program, SEK 10 m. (57), and SEK 3 m. (19) in social security contributions, were expensed during the year in addition to what is reported in the table on page 76. The expensed amount for the profit-sharing programs in 2006 and 2007, a total of SEK 67 m., shall be put in relation to the profit-sharing-based trading result totaling SEK 328 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.

Severance pay

A mutual six-month term of notice applies between the President and the company. If the company terminates employment, the President will receive severance pay corresponding to 12 months of basic salary. If no new employment has been obtained after one year, the President is entitled to a maximum of 12 months' additional severance pay.

The terms and conditions for other senior executives do not exceed the terms for the President with regard to terms of notice and severance pay. Other employees in Investor have no contracted right to severance pay.

Fees received for board work

For many years Investor has had the practice of allowing employees to keep the fees they receive for work done on the boards of Core Investments. One reason that this practice is 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. Employees with small children have the possibility to have home help in the form of cleaning and babysitting services.

Amounts of remuneration paid to the board, top management and other senior executives

The persons who are members of "Top management" are defined in this note on page 77. For Investor, the term "Other senior executives" refers to Management Group members, excluding the President. At year-end 2007, the Management Group comprised five men and one woman. 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 decided variable salary for the current financial year, unless specified otherwise.

Total remuneration for 2007 (SEK 000s)	Basic salary	Variable salary for the year	Theoretical value of granted long-term share-based remuneration ¹⁾	Total salary	Pension costs excluding payroll tax ²⁾	Other remuneration and benefits	Board fee ³⁾	Total remuneration
<i>Top management</i>								
Jacob Wallenberg							2,188	2,188
Börje Ekholm	8,260 ⁴⁾	2,781	4,500	15,541	2,565	636		18,742
<i>Other board members</i>								
Sune Carlsson							687	687
Sirkka Hämäläinen							625	625
Håkan Mogren							625	625
Grace Reksten Skaugen							563	563
Anders Scharp						1	563	564
O. Griffith Sexton							563	563
Lena Treschow Torell							500	500
Peter Wallenberg Jr							625	625
<i>Former board members and presidents</i>								
Björn Svedberg ⁵⁾						746		746
Peter Wallenberg					15,037			15,037
Others					3,263	1,575		4,838
<i>Other senior executives</i>								
Management Group, excluding the President ⁶⁾	16,331	7,763	7,242	31,336	4,217	487		36,040
	24,591	10,544	11,742	46,877	25,082	3,445	6,939	82,343

1) The theoretical value of granted options has been calculated in accordance with the Black & Scholes valuation model. For 2007, the theoretical value of Matching Options has been calculated at SEK 22.80 per option on the grant date. The theoretical value of Matching Shares has been calculated at SEK 150.91 per share and for Performance Shares SEK 79.83 (NAV) and SEK 73.68 (TSR) per share. The presented total theoretical value of granted long-term share-based remuneration has been reduced by SEK 24.02 per Matching Share to take into account the investment risk taken by an employee.

2) Outstanding pension commitments for Peter Wallenberg decreased with pensions paid during the year and were adjusted for valuation in accordance with IFRS principles. Pension commitments amounted to SEK 120,592,000 at year-end. Outstanding pension commitments for former board members and presidents total SEK 39,520,000.

There are no outstanding pension commitments for top management members and other senior executives.

3) In accordance with the decision made by the Annual General Meeting, total board fees were allocated as follows: SEK 1,875,000 to the chairman, SEK 500,000 to each board member not employed by the company, and a total of SEK 1,063,000 as remuneration for work on the committees of the board. See the Corporate Governance Report for more information about related remuneration for work on the committees of the board.

4) The amount includes a basic salary of SEK 7,500,000 and a change of SEK 760,000 in the reserve for vacation pay provisions.

5) "Other remuneration and benefits" refers to remuneration paid for special assignments for Investor concerning Hi3G.

6) Henry E. Gooss, Johan Forsell, Lennart Johansson, Lars Wedenborn until September 16, 2007, Petra Hedengran as of March 1, 2007 and Johan Bygge as of September 1, 2007.

As a result of realized gains in parallel investment programs (carried interest plans, see also "Note 30 Related party disclosures"), other senior executives in the Private Equity Investments business area have received SEK 11,999,000 (13,588,000).

NOTE 5 cont'd **Employees and payroll costs**

Total remuneration for 2006 (SEK 000s)	Basic salary	Variable salary for the year ¹⁾	Theoretical value of granted long-term share-based remuneration ²⁾	Total salary	Pension costs excluding payroll tax ³⁾	Other remuneration and benefits	Board fee ⁴⁾	Total remuneration
<i>Top management</i>								
Jacob Wallenberg							2,125	2,125
Börje Ekholm	6,763	2,533	3,300	12,596	2,055	438		15,089
<i>Other board members</i>								
Sune Carlsson							687	687
Sirkka Hämäläinen							563	563
Håkan Mogren							625	625
Grace Reksten Skaugen							563	563
Anders Scharp						0	563	563
O. Griffith Sexton							563	563
Peter Wallenberg Jr							625	625
<i>Former board members and presidents</i>								
Björn Svedberg ⁵⁾						720	625	1,345
Peter Wallenberg					14,820			14,820
Others					3,485	1,241		4,726
<i>Other senior executives</i>								
Management Group, excluding the President ⁶⁾	17,682	11,661	7,478	36,821	4,623	591		42,035
	24,445	14,194	10,778	49,417	24,983	2,990	6,939	84,329

1) In the financial statements for a fiscal year, a provision is made for variable salary for the current year. The decision to award actual variable salary, and its payment, is made in the beginning of the subsequent year. The expensed amount may therefore differ from the decided amount.

2) The theoretical value of granted options has been calculated in accordance with the Black & Scholes valuation model. For 2006, the theoretical value of Matching Options has been calculated at SEK 15.62 per option on the grant date. The theoretical value of Matching Shares has been calculated at SEK 109.19 per share and for Performance Shares SEK 52.74 (NAV) and SEK 51.59 (TSR) per share. The presented total theoretical value of granted long-term share-based remuneration has been reduced by SEK 18.95 per Matching Share to take into account the investment risk taken by an employee.

3) Outstanding pension commitments for Peter Wallenberg decreased with pensions paid during the year and were adjusted for valuation in accordance with IFRS principles. Pension commitments amounted to SEK 133,313,000 at year-end. Outstanding pension commitments for former board members and presidents total SEK 35,009,000.

There are no outstanding pension commitments for top management members and other senior executives.

4) In accordance with the decision made by the Annual General Meeting, total board fees were allocated as follows: SEK 1,875,000 to the chairman, SEK 500,000 to each board member not employed by the company, and a total of SEK 1,063,000 as remuneration for work on the committees of the board. See the Corporate Governance Report for more information about related remuneration for work on the committees of the board.

5) "Other remuneration and benefits" refers to special assignments for Investor concerning Hi3G.

6) Adine Grate Axén until September 30, 2006, Henry E. Gooss, Johan Forssell, Lennart Johansson and Lars Wedenborn.