

Report on the Work of Investor AB's Nomination Committee for the 2006 Annual General Meeting

Background

In accordance with a decision made by Investor AB's Annual General Meeting in 2005, a Nomination Committee was announced on September 21, 2005 consisting of the representatives for the four largest shareholders and the Company's Chairman. The members of the Nomination Committee are Marcus Wallenberg (Knut and Alice Wallenberg Foundation), Peter Rudman (Nordea's mutual funds), Lars Isacson (EB Foundation), Caroline af Ugglas (Skandia Liv) and Investor Chairman Jacob Wallenberg. The Nomination Committee elected Marcus Wallenberg as its Chairman. The four representatives for the largest owners jointly represent more than 52 percent of the votes for all shares in Investor AB.

In accordance with a decision made by Investor's 2005 Annual General Meeting, the Nomination Committee has been given the task to prepare and present the following proposals to Investor AB's 2006 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 (divided between the Chairman, other board members and for committee work) and
- Proposal for audit fees.

Work of the Nomination Committee

The Nomination Committee held three meetings during which minutes were taken and had informal contacts between meetings. Among other business, the Nomination Committee performed an evaluation of the board and its work. In order to assess the extent to which the current board meets the demands that will be made of 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 in terms of industry experience and expertise, for example.

Marcus Wallenberg left the board in connection with his resignation from the Company as President and CEO at the end of August 2005. Board member Ulla Litzén, who resigned from her position as CEO of W Capital Management AB in the autumn of 2005, has declined re-election. Proposals for 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 the following persons be elected new members of Investor's board:

Grace Reksten Skaugen
Peter Wallenberg Jr
Börje Ekholm

Grace Reksten Skaugen is Chairman of the Board of Directors of Entra Eiendom AS and Member of the Board of Directors of Atlas Copco AB, Tandberg ASA, Statoil ASA and Storebrand ASA, among other companies.

Peter Wallenberg Jr is Chairman of the Board of Directors of the Marcus and Amalia Wallenberg Memorial Fund and W Capital Management AB, and Vice Chairman of the Board of Directors of Investor's largest owner, the Knut and Alice Wallenberg Foundation. Before the 2006 Annual General meeting, Peter Wallenberg Jr has resigned from his current position as President and CEO of Grand Hôtel Holdings but will remain on the Board of Directors.

Börje Ekholm is President and CEO of Investor AB and Chairman of the Board of Directors of WM-data AB and Biotage AB. In the opinion of the Nomination Committee, it is important that Börje Ekholm be a member of the Board of Directors in view of his position as President and CEO of the Company and because of his many years of experience from Investor's private equity business.

More detailed information about 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 Stockholmsbörsen for independent board members.

The proposed board composition deviates from the rule in the new Swedish Code of Corporate Governance which states that a majority of the board members elected by the Annual General Meeting shall be independent of the Company and its management. In the view of the Nomination Committee, half of the proposed board members are independent of the Company and its management. Two of the proposed ten 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 Code. Björn Svedberg, who receives compensation from Investor AB in addition to board fees, Peter Wallenberg Jr, who has been employed by the subsidiary Grand Hôtel Holdings over the past three years, and President and CEO Börje Ekholm are not either considered to be independent in accordance with the Swedish Code of Corporate Governance. A few 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 independent of Investor AB and its management. 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.

The board's composition complies with the rules of the Swedish Code of Corporate Governance that at least two of the board directors who are independent of the

Company and its management are also to be independent of the Company's major shareholders.

Regarding board fees, the Nomination Committee, against the background that the board has been increased by one person (the Audit Committee is also expected to increase by one person) and the increased amount of time it has taken over the past few years to carry out board and committee work, has decided to propose an increase in the board's total compensation from 5,050,000 Swedish kronor to 6,937,500 Swedish kronor per year. The increase is 25 percent per board director, including the Chairman, and refers to the annual fee for the directors and the fee for committee work. The proposed increase in fees is also motivated by the fact that the Nomination Committee, as described below, recommends the board to adopt a policy in which board directors shall use 25 percent of their board fee after tax to purchase shares in the Company.

In the opinion of the Nomination Committee, it is advantageous for the Company and its shareholders that board directors, as long as they are members of the board and regardless if they are already a shareholder 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 define and establish a share ownership policy for the board. In order to facilitate the financing of share acquisitions, it may be suitable that the board decide that 25 percent of board fees be paid immediately after the Annual General Meeting to give directors 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 a director remains a member of the board.

The Company's auditors were elected at the 2003 Annual General Meeting for the period up to the 2007 Annual General Meeting. Regarding compensation for auditors for fiscal year 2006, the Nomination Committee proposes that the Meeting decide if it shall be paid on the basis of an approved invoice, since the fees are not known in advance.

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 10 board members and no deputies.
- a total compensation to the board of 6,937,500 Swedish kronor to be divided as follows: 1,875,000 Swedish kronor to the Chairman, 500,000 Swedish kronor to each member of the board not employed in the Company, and a total of 1,062,500 Swedish kronor as compensation for work in the committees of the board of directors.
- Auditors' fees to be paid on the basis of an approved invoice.

- *Re-election of* Sune Carlsson, Sirkka Hämäläinen, Håkan Mogren, Anders Scharp, O. Griffith Sexton, Björn Svedberg and Jacob Wallenberg as members of the board.
- *Election of* Grace Reksten Skaugen, Peter Wallenberg Jr and Börje Ekholm as new members of the board.
- Jacob Wallenberg as Chairman of Investor AB.

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

The Nomination Committee, February 2006