

Annual General Meeting of Investor AB to be held on April 14, 2010

Agenda Item 16

Regarding proposal from the Board of Directors on guidelines for salary and other remuneration for the President and other Members of the Management Group and on a Long-term Variable Remuneration Program

Information concerning proposed resolutions at the Annual General Meeting

Reasons for the proposal by the Board of Directors

In order to achieve long-term competitive return for the shareholders, Investor strives to offer its employees a total compensation package in line with market conditions which makes it possible to recruit and retain the most suitable executives and employees.

The setting of salaries within Investor takes into consideration the total remuneration package payable to members of staff which consist of the following elements: fixed cash salary, variable salary, which includes a variable cash salary and long-term variable remuneration, pension and other remuneration and benefits. 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 level of remuneration in line with market conditions and to evaluate current remuneration levels. The result of such studies is an important variable when determining the total remuneration for the Management and other employees. Investor conducts investment activities in Asia, Northern Europe and the USA and competes for staff on these markets primarily with 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 fixed salary and variable salary 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 qualifications;
- that the remuneration shall establish a common interest between shareholders and employees through connection to the company's long-term value development;
- to encourage an entrepreneurial method of working;
- that the remuneration shall attract the specialist 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 build up a significant private ownership of Investor shares in relation to the employee's financial conditions.

Investor strives to establish a model where the possible variable cash salary and long-term variable remuneration constitutes a considerable part of the calculated total remuneration. Clear individual goals for the variable cash salary create appropriate opportunities for Investor to clarify the expectations pertaining to the performance of individual employees and thus provide the possibility to reward good performance and achieved goals. The long-term variable remuneration is effected by the long-term share price development, which gives the employees concerned a common interest with the shareholders. As part of the remuneration is variable, the company's costs will also be correspondingly variable meaning that poor performance entails lower remuneration and thereby also lower costs for the company. The alternative to variable cash salary and long-term variable remuneration would be to

only offer a higher fixed cash salary, although in such event the positive effects and incentives which Investor's model strives to establish would not be achieved.

The Board of Directors considers that the proposal presented to the Annual General Meeting 2010, and which substantially accords with what was determined at the Annual General Meeting in 2009, constitutes a balanced adjustment between fixed cash salary, yearly cash based variable salary, long-term variable remuneration and pension terms and other remuneration and benefits.

16A Guidelines for salary and other remuneration to 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.

Preparation of decisions on 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

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

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 per cent (lower or higher in exceptional cases however, not to exceed 100 per cent) 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 million 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 million.
- The variable cash salary before tax to the other Members of the Management Group in respect of 2009 amounted to SEK 10.3 million.

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

The long-term variable remuneration is described under item 16B below.

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.

The Board of Directors proposes that the Annual General Meeting approve the above reported guidelines for salary and other remuneration for the President and other Members of the Management Group.

16B Background and description in respect of Long-term Variable Remuneration program

As concerns the long-term variable remuneration program, it is the ambition of the Board of Directors to encourage employees to build up a significant shareholding in Investor. The program is structured to provide a balance between, on the one hand, the employees' assumption of risk through a requirement of personal investment in Investor shares and, on the other, the employees' possibility to receive performance-related allotments of shares in Investor. The own investment makes the employees committed 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 and the employee is exposed to share price increases and decreases and the employee thereby has goals equivalent to those of Investor's shareholders.

1. Earlier Long-term Variable Remuneration Programs

During 1999-2005, Investor introduced long-term variable remuneration programs in the form of employee stock option programs which, from 2000, have comprised all members of staff. The programs have been resolved by the Board of Directors of Investor. Commencing 2004, the long-term variable remuneration programs have also been approved by the Annual General Meeting. Prior to the Annual General Meeting 2006, the Board of Directors, in consultation with representatives of a number of Investor's shareholders, developed a new long-term variable remuneration program. Kepler Associates, a consultant firm which specializes in incentive programs, was retained to develop a new proposal for a long-term incentive program. In summary, the 2006 program is built on a Stock Matching Plan under which the employees, for each Investor share which they purchase, receive two options and the right to purchase one share at a pre-determined price. In addition, the President and certain Members of Senior Management may participate in a Performance-Based Share Program. Under the program opportunities are given to purchase more Investor shares. The number of shares is depending on the development of Investor during a three year period as concerns growth of the net asset value and total return. The programs 2007 and 2008 correspond in all material respects to the 2006 program. Prior to the Annual General Meeting 2009, a project group, which was established by the Remuneration Committee, conducted a thorough evaluation of the long-term variable remuneration program for the Management and the employees which had been adopted at the Annual General Meeting 2008. The evaluation was made from three perspectives: the employees' motivation, the control effects of the program, and the effects of the program on shareholder value. The evaluation resulted in the fundamental principles set forth in the programs 2006-2008 nevertheless remaining unchanged and that the program proposed to the Annual General Meeting 2009 was only modified in two respects in comparison with the program for 2008. Firstly, the price at which performance-based shares may be acquired was increased. Secondly, the two previous financial targets were replaced by a target related to the Investor share's total return. The changes entail a simplification of the program and that a clearer connection is created to the Investor share's long-term value development.

Long-term Variable Remuneration Program 2010

2. The program in short, Decision Procedure, Majority Requirements, etc

The Board of Directors has decided to propose to the Annual General Meeting 2010 a program for long-term variable remuneration which in all material respects is identical to the program from 2009. The value of, and the cost for, the long-term variable remuneration program is in line with the program from last year. The Board of Director's decision has been preceded by the Compensation Committee's preparation of the matter. The implementation of the program is conditional upon the adoption of the scope and main principles of the program pursuant to a resolution adopted by simple majority at the Annual General Meeting.

The proposals for Investor's long-term variable remuneration program for 2010, which is connected to Investor shares of class B, in common with the program of 2009, have the following two components.

3. Stock Matching Plan

The **Stock Matching Plan** entails that all employees, for each Investor share ("Participation Share") which they acquire at market price during a certain period as determined by the Board of Directors, after the announcement of Investor's first quarterly financial report for 2010 (the "Measurement Period"), will receive two options ("Matching Options") and the right to purchase one Investor share ("Matching Share"). Allotment occurs after a three-year vesting period. The Matching Share can be acquired for SEK 10 during a four-year period after the vesting period. During the same period, each Matching Option entitles the holder to purchase one Investor share at an exercise price corresponding to 120 per cent of the average volume weighted payment price of the Investor share during the Measurement Period.

The President, other Members of the Management Group and a maximum of 20 other executives within Investor ("Senior Management") are obligated to invest at least 5 per cent of their fixed cash salary before taxes in Investor shares according to the Stock Matching Plan. 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 approximately 38 per cent of their respective fixed cash salary before taxes, depending on position, performance, etc. 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 per cent of fixed cash salary of the employees concerned depending on position, performance, etc.

Under the Stock Matching Plan, the President is entitled to invest up to 43 per cent of the fixed cash salary before taxes in Investor shares. If the President participates fully in the Stock Matching Plan, the possibility to receive a Matching Share and two Matching Options per acquired share under the Stock Matching Plan corresponds to a theoretical value of approximately 38 per cent of the fixed cash salary before taxes. The President is entitled to exercise Matching Shares and Matching Options during a period of twelve months from the earlier of: (i) seven years from the date of allocation in 2010; and (ii) two months from the expiry of the year during which the President terminates his employment.

The theoretical value of the Stock Matching Plan has been calculated taking into consideration the value of the options, the investment risk, the risk of termination of employment and the price paid for every Matching Share. At an estimated stock price of SEK 120 the calculated value amounts to approximately 88 per cent of the amount the employee invests in Investor shares.

4. Performance-Based Share Program

According to the proposal, Senior Management, in addition to participating in the Stock Matching Plan, also participate in a **Performance Share Program**. Under the Performance Share Program, Senior Management, after a three-year vesting period, have the right, during a period of four years thereafter, to acquire additional Investor shares ("Performance Shares") at the same price as the Senior Management paid for a Participation Share (the "Acquisition Price") during the Measurement Period 2010. The President is entitled to exercise Performance Shares during a period of twelve months from the earlier of: (i) seven years from the date of allocation in 2010; and (ii) two months from the expiry of the year during which the President terminates his employment. This acquisition right is conditional upon the total return on the Investor shares exceeding a certain level during the vesting period. The price at which Performance Share can be acquired is, as per the 2009 program, 100 per cent of the Acquisition Price.

The total return is measured during three year qualification period. In order to give the Senior Management the right to acquire the maximum number of Performance Shares that are allotted to the Senior Manager in question, 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. If the total return does not exceed the 10-years interest on government bonds by at least 2 percentage points, then Senior Management is not entitled to acquire any Performance Shares. If the total return is between the 10-years interest on government bonds plus 2 percentage points and the 10-years 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 the opportunity to acquire Performance Shares for Senior Management shall amount to between 20 and approximately 77 per cent of the respective senior manager's fixed cash salary for 2010 (for the President, 77 per cent).

The theoretical value of a Performance Share considers, *inter alia*, the likelihood of meeting the performance criteria and is based on the Black & Scholes valuation model. At an estimated stock price of SEK 120, the value of every Performance Share amounts to SEK 16. The likelihood, calculated based on historical data (verified by external advisors), to meet the performance criteria has then been calculated to nearly 50 per cent.

The final number of Performance Shares that may be acquired is dependent on the outcome of the performance requirements, but cannot exceed a maximum number (limit) determined in conjunction with the allotment in 2010.

When the Matching Shares and Performance Shares are acquired, the employee receives remuneration for dividends paid during the vesting period and up to the date of acquisition. This is in order for the program to be dividend neutral and so that there is no risk of such being affected by any resolutions concerning dividends.

5. Number of Shares, Costs and Hedging Arrangements

A stock price of SEK 120 during the Measurement Period, entails that the employees as a result of the Matching Options may acquire not more than 360,000 shares if all employees fully exercise the Stock Matching Plan possibility. The highest number of Matching Shares that the employees can have the right to acquire, including estimated remuneration for dividends, amounts to 235,000 provided all employees fully exercise the possibility to invest in shares under the Stock Matching Plan. The highest number of Performance Shares that Senior Management can have the right to acquire, including estimated remuneration for dividends, amounts to 1,385,000. The highest number of shares that can be acquired under the long-term variable remuneration is, in order to maintain the value given above, dependent upon the stock price for the Investor share over the Measurement Period and can thus increase or decrease. The maximum number of shares can also change following a recalculation due to a rights issue, split, bonus issue or similar action.

The costs for the 2010 long-term variable remuneration program as shown on the income statement is based on the accounting principles in accordance with IFRS-2 and amounts, with a stock price of SEK 120 for the shares during the Measurement Period, to approximately SEK 31 (of which the Management Group 10) million for the Stock Matching Plan and approximately SEK 23 (of which the Management Group SEK 16) million for the Performance Share Program. Estimated costs for social security charges are included in these amounts. The costs will be allocated over the three-year vesting period.

In order to limit the costs inclusive of social security charges for the long-term variable remuneration, the Board of Directors intends to hedge the exposure by entering into total return swaps with third parties and/or provided that the Annual General Meeting so decides under item 17 on the agenda to purchase its own shares, which can be transferred to the employees under the Stock Matching Plan and the Performance Share Program. The hedging measures and the future handling of these will have the effect that the costs mentioned above will not be affected by an increasing share price, but the costs may decrease if the goals for the Performance Shares are not fully met.

The intention is that no new shares shall be issued as a result of the Stock Matching Plan or the Performance Share Program. In case of hedging through the acquisition of own shares, already existing shares may however first be repurchased and delivered to the employees, or be sold in the market place in order to cover social security charges.

6. Miscellaneous

The long-term variable remuneration program 2010 is expected to result in only marginal dilutive effects for the company and its shareholders since the program is limited in scope and due to the fact that already existing shares will be used. Under the given assumptions above, the program may lead to delivery of not more than 1,980,000 Investor shares, corresponding to approximately 0.3 per cent of the total number of outstanding shares and approximately 0.06 per cent of the total number of votes in the company. Together with long-term variable remuneration programs previously resolved upon, which comprise approximately 3.5 million shares, the variable remuneration programs of Investor include approximately 0.7 per cent of the total number of outstanding shares and approximately 0.2 per cent of the total number of votes in the company. Further information regarding variable remuneration programs for previous years is contained in Investor's Annual Report and on the company's website.

With reference to the presentation above the Board of Directors propose that the Annual General Meeting approve the scope and main guidelines for the Stock Matching Plan and the Performance Share Program for 2010.

Stockholm, March 2010

Investor AB (publ)
The Board of Directors