

## 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. The costs shown for these activities are included in "Cost of services sold".

Average number of employees	2008		2007	
	Total	of which women	Total	of which women
<i>Wholly owned investing activities</i>				
Parent Company, Sweden	91	52	93	52
<i>Wholly owned subsidiaries</i>				
Sweden	15	3	15	3
United States	20	6	20	6
United Kingdom	–	–	1	1
Hong Kong	7	2	6	2
Netherlands	6	3	6	3
<b>Total, wholly owned investing activities</b>	<b>139</b>	<b>66</b>	<b>141</b>	<b>67</b>
<i>Other activities</i>				
The Grand Group, Sweden	324	161	334	164
<b>Total, other activities</b>	<b>324</b>	<b>161</b>	<b>334</b>	<b>164</b>
<b>Total</b>	<b>463</b>	<b>227</b>	<b>475</b>	<b>231</b>

### Gender distribution in Boards and senior management

At year-end 2008, the Board of the Parent Company consisted of 30 percent women (30) and 70 percent men (70). The Management Group of the Parent Company consisted of 17 percent women (17) and 83 percent men (83). The gender distribution in the Boards of Investor's wholly owned investing activities consisted of 16 percent women (17) and 84 percent men (83). The gender distribution in the Boards of the other activities of the Investor Group consisted of 22 percent women (25) and 78 percent men (75).

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

	2008							2007						
	Basic salary	Variable salary	Long-term share-based remuneration	Pension costs	Costs for employee benefits	Social security contributions <sup>1)</sup>	Total	Basic salary	Variable salary	Long-term share-based remuneration	Pension costs	Costs for employee benefits	Social security contributions <sup>1)</sup>	Total
<i>Wholly owned investing activities</i>														
Parent Company	81	21	28	38	13	28	209	83	24	19	34	11	35	206
Wholly owned subsidiaries in investing activities	59	26	2	7	2	13	109	57	30	–	9	0	9	105
<b>Total, wholly owned investing activities</b>	<b>140</b>	<b>47</b>	<b>30</b>	<b>45</b>	<b>15</b>	<b>41</b>	<b>318</b>	<b>140</b>	<b>54</b>	<b>19</b>	<b>43</b>	<b>11</b>	<b>44</b>	<b>311</b>
<i>Other activities</i>														
The Grand Group	97	2	–	5	3	29	136	91	3	–	4	2	34	134
<b>Total, other activities</b>	<b>97</b>	<b>2</b>	<b>–</b>	<b>5</b>	<b>3</b>	<b>29</b>	<b>136</b>	<b>91</b>	<b>3</b>	<b>–</b>	<b>4</b>	<b>2</b>	<b>34</b>	<b>134</b>
<b>Total</b>	<b>237</b>	<b>49</b>	<b>30</b>	<b>50</b>	<b>18</b>	<b>70</b>	<b>454</b>	<b>231</b>	<b>57</b>	<b>19</b>	<b>47</b>	<b>13</b>	<b>78</b>	<b>445</b>

1) Of which SEK –9 m. (–7) 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 21 m. (17), 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

	2008				2007			
	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	37	9	65	102	36	8	71	107
<i>Wholly owned subsidiaries</i>								
Sweden	5	2	15	20	7	4	14	21
United States	7	3	33	40	6	2	37	43
United Kingdom	–	–	–	–	0	0	2	2
Hong Kong	5	2	14	19	5	2	12	17
Netherlands	2	1	4	6	2	1	2	4
<b>Total, wholly owned investing activities</b>	<b>56</b>	<b>17</b>	<b>131</b>	<b>187</b>	<b>56</b>	<b>17</b>	<b>138</b>	<b>194</b>
<i>Other activities</i>								
The Grand Group	3	0	96	99	3	0	91	94
<b>Total, other activities</b>	<b>3</b>	<b>0</b>	<b>96</b>	<b>99</b>	<b>3</b>	<b>0</b>	<b>91</b>	<b>94</b>
<b>Total</b>	<b>59</b>	<b>17</b>	<b>227</b>	<b>286</b>	<b>59</b>	<b>17</b>	<b>229</b>	<b>288</b>

### Absenteeism due to illness

Absenteeism due to illness in the Parent Company (as a percentage of work time) was 2.86 percent in 2008 (3.37), of which women 2.73 percent (3.48) and men 3.00 percent (3.22); 20.10 percent (38.52) of absenteeism due to illness refers to a continuous period of 60 days or more. Absenteeism due to illness for employees for age 30–49 was 3.64 percent (4.70) and for employees over 50 years of age 1.66 percent (1.34). (Absenteeism for employees under the age of 29 is not reported since there are fewer than ten employees in this category.)

### 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: Johan Bygge, Stephen Campe (from December 1, 2008), Johan Forssell, Petra Hedengran and Lennart Johansson. During the period January 1 to November 30, 2008, Henry E. Gooss was a member of the Management Group. 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 the shareholders, Investor strives to offer its staff remuneration in line with market conditions, which makes it possible to recruit the most suitable executives and employees and to retain them in the company. The total remuneration - which consists of basic

salary, variable salary, long-term variable remuneration programs, pensions and other remuneration and benefits - is considered when determining the salaries for Investor's staff. 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 remuneration in line with market conditions and to evaluate current remuneration levels. The result of such studies is an important variable when determining Investor's remuneration policy and, as a consequence, when deciding on the total remuneration for the Management and other employees.

Investor conducts investment activities on markets in Asia, Northern Europe and the USA and competes for staff with primarily 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 basic salary, variable salary and long-term variable remuneration 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 qualification;
- that the remuneration shall establish a common interest between shareholders and employees through connection to the company's long-term development;
- that the remuneration shall attract the top 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 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. Clear individual goals for the variable salary create appropriate opportunities for Investor to clarify the expectations on performance of individual employees and therefore provide the possibility to reward good performance and achieved goals. The long-term variable remuneration is affected by the long-term share price development, and the relevant employees are thus expected to act in harmony with the interests of the long-term shareholders.

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## Note 5 cont'd Employees and payroll costs

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As the remuneration is variable, the company's costs will also be correspondingly variable, meaning that under-performance will result in lower remuneration and thereby 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.

In addition to remuneration from Investor, the President and members of the Management Group receive Board fees from the Core Investments companies 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 before 2009 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 in 2008 is based on annually set goals, the outcome of which is reviewed on a yearly basis. The variable portion of salary in 2008 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.

The established goals must be reached in order to receive the variable salary and the annual variable salary is thereby clearly linked 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 the President and the Chairman. The specific goals for the President are proposed by the Remuneration Committee and 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 such that a part of remuneration to employees is related to the long-term performance of Investor and the Investor share, thereby exposing the employee to share price increases and decreases.

In 1999, Investor introduced the principle that part of an employee's remuneration is 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 programs<sup>1)</sup>.

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") and the 2008 program corresponds in all material respects to the program for 2007.

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. For the 2009 program, a project group appointed by the Remuneration Committee conducted a comprehensive evaluation of the long-term variable remuneration programs (see page 58). The programs are described below.

### 2006–2008

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 2008, 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 period<sup>2)</sup>. 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 his 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. As of 2009, the President is entitled to exercise Matching Shares and Matching Options during a period twelve months from the earlier of (i) seven years from the date of allocation and (ii) two months from the expiry of the year during which the President terminates his employment. The President has invested approximately SEK 4.3 m. in the Stock Matching Plan 2006-2008.

#### 2) Performance-Based Share Program, in which Senior Management participates in addition to the Stock Matching Plan

Under this program, which presumes participation in the above mentioned Stock Matching Plan, 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 (in the 2008 program the acquisition price was increased to 50 percent of what was paid per Participation Share for Employees). 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 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 7-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.

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

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

2) The President is entitled to exercise Matching Shares and Performance Shares from the earlier of (i) ten years from the date of allocation and (ii) two months from the expiry of the year during which the President terminates his employment.

## Note 5 cont'd Employees and payroll costs

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

Instrument	2008			2007			2006		
	Matching Share	Matching Option	Performance Share	Matching Share	Matching Option	Performance Share	Matching Share	Matching Option	Performance Share
Averaged volume-weighted price paid for Investor B shares	138.58	138.58	138.58	176.74	176.74	176.74	129.93	129.93	129.93
Strike price	10.00	166.20	69.29	10.00	212.00	10.00	10.00	155.90	10.00
Assumed volatility <sup>1)</sup>	25%	25%	25%	20%	20%	20%	20%	20%	20%
Assumed average term	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years
Assumed percentage of dividend <sup>2)</sup>	0%	3.5%	0%	0%	3%	0%	0%	3%	0%
Risk-free interest	4.01%	4.01%	4.01%	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.

Information regarding assumed valuation, see below, section Accounting effects of employee stock option and share programs.

### Summary of terms for the 2006–2008 long-term share-based remuneration programs

#### Matching Shares 2006–2008

Year issued	Holder <sup>1)</sup>	Number of Matching Shares granted	Number at the beginning of the year	Adjustment for dividend	Matching shares forfeited in 2008	Matching Shares exercised in 2008	Number of Matching Shares on December 31, 2008	Percentage of total outstanding shares	Number of vested Matching Shares	Theoretical value <sup>2)</sup>	Fair value <sup>3)</sup>	Strike price	Maturity date	Vesting period (years)
2006	MG	31,038 <sup>4)</sup>	31,939	1,173	0	0	33,112	0.00%	33,112	109.19	121.34	10.00	12-31-12	3
2006	OSE	11,593	10,188	349	293	1,025	9,219	0.00%	9,219	109.19	121.34	10.00	12-31-12	3
2006	OE	52,866	48,115	1,689	3,251	1,240	45,313	0.01%	45,313	109.19	121.34	10.00	12-31-12	3
2007	MG	23,845 <sup>5)</sup>	23,845	877	0	0	24,722	0.00%	–	150.91	168.48	10.00	13-31-12	3
2007	OSE	9,354	8,582	301	589	216	8,078	0.00%	–	150.91	168.48	10.00	13-31-12	3
2007	OE	36,995	34,804	1,237	2,434	398	33,209	0.01%	–	150.91	168.48	10.00	13-31-12	3
2008	MG	30,725 <sup>6)</sup>	0	0	0	0	30,725	0.00%	–	116.71	130.40	10.00	14-31-12	3
2008	OSE	12,745	0	0	0	0	12,745	0.00%	–	116.71	130.40	10.00	14-31-12	3
2008	OE	44,605	0	0	0	338	44,267	0.01%	–	116.71	130.40	10.00	14-31-12	3
<b>Total</b>		<b>253,766</b>	<b>157,473</b>	<b>5,626</b>	<b>6,567</b>	<b>3,217</b>	<b>241,390</b>	<b>0.03%</b>	<b>87,644</b>					

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 8,992 were granted to the President.

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

6) Of which 11,544 were granted to the President.

#### Matching Options 2006–2008

Year issued	Holder <sup>1)</sup>	Number of Matching Options granted	Number at the beginning of the year	Matching Options forfeited in 2008	Number of Matching Options exercised in 2008	Number of Matching Options on December 31, 2008	Percentage of total outstanding shares	Number of vested Matching Options	Theoretical value <sup>2)</sup>	Fair value <sup>3)</sup>	Strike price	Maturity date	Vesting period (years)
2006	MG	62,076 <sup>4)</sup>	62,076	0	0	62,076	0.01%	62,076	15.62	12.47	155.90	12-31-12	3
2006	OSE	23,186	19,800	0	1,341	18,459	0.00%	18,459	15.62	12.47	155.90	12-31-12	3
2006	OE	105,732	93,516	0	8,555	84,961	0.01%	84,961	15.62	12.47	155.90	12-31-12	3
2007	MG	47,690 <sup>5)</sup>	47,690	0	0	47,690	0.01%	–	22.80	18.84	212.00	13-31-12	3
2007	OSE	18,708	17,164	0	1,150	16,014	0.00%	–	22.80	18.84	212.00	13-31-12	3
2007	OE	73,990	69,609	0	5,677	63,932	0.01%	–	22.80	18.84	212.00	13-31-12	3
2008	MG	61,450 <sup>6)</sup>	0	0	0	61,450	0.01%	–	16.41	18.98	166.20	14-31-12	3
2008	OSE	25,490	0	0	0	25,490	0.00%	–	16.41	18.98	166.20	14-31-12	3
2008	OE	89,210	0	0	676	88,534	0.01%	–	16.41	18.98	166.20	14-31-12	3
<b>Total</b>		<b>507,532</b>	<b>309,855</b>	<b>0</b>	<b>17,399</b>	<b>468,606</b>	<b>0.06%</b>	<b>165,496</b>					

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 17,984 were granted to the President.

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

6) Of which 23,088 were granted to the President.

## Note 5 cont'd Employees and payroll costs

### Performance Shares 2006–2008

Year issued	Component and holder <sup>1)</sup>	Maximum number of Performance Shares granted	Number at the beginning of the year	Adjustment for dividend	Performance Shares forfeited in 2008	Number of Performance Shares on December 31, 2008	Percentage of total outstanding shares	Number of vested Performance Shares	Theoretical value <sup>2)</sup>	Fair value <sup>3)</sup>	Strike price	Maturity date	Vesting period (years)
2006	NAV MG	88,270 <sup>4)</sup>	90,833	3,338	0	94,171	0.01%	94,171	52.74	121.34	10.00	12-31-12	3
2006	NAV OSE	35,613	31,292	1,049	882	31,459	0.00%	31,459	52.74	121.34	10.00	12-31-12	3
2006	TSR MG	45,116 <sup>5)</sup>	46,426	1,706	0	48,132	0.01%	48,132	51.59	57.03	10.00	12-31-12	3
2006	TSR OSE	18,199	15,991	541	455	16,077	0.00%	16,077	51.59	57.03	10.00	12-31-12	3
2007	NAV MG	63,449 <sup>6)</sup>	63,449	2,331	0	65,780	0.01%	–	79.83	168.48	10.00	13-31-12	3
2007	NAV OSE	26,958	24,732	867	1,687	23,912	0.00%	–	79.83	168.48	10.00	13-31-12	3
2007	TSR MG	34,371 <sup>7)</sup>	34,371	1,263	0	35,634	0.01%	–	73.68	82.55	10.00	13-31-12	3
2007	TSR OSE	14,602	13,396	468	914	12,950	0.00%	–	73.68	82.55	10.00	13-31-12	3
2008	NAV MG	121,560 <sup>8)</sup>	0	0	0	121,560	0.02%	–	40.98	81.88	69.29	14-31-12	3
2008	NAV OSE	53,914	0	0	0	53,914	0.01%	–	40.98	81.88	69.29	14-31-12	3
2008	TSR MG	65,236 <sup>9)</sup>	0	0	0	65,236	0.01%	–	38.18	42.98	69.29	14-31-12	3
2008	TSR OSE	28,930	0	0	0	28,930	0.00%	–	38.18	42.98	69.29	14-31-12	3
<b>Total</b>		<b>596,218</b>	<b>320,490</b>	<b>11,563</b>	<b>3,938</b>	<b>597,755</b>	<b>0.08%</b>	<b>189,839</b>					

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 27,593 were granted to the President.

5) Of which 14,103 were granted to the President.

6) Of which 24,910 were granted to the President.

7) Of which 13,494 were granted to the President.

8) Of which 48,808 were granted to the President.

9) Of which 26,193 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" and TSR component is a so-called "market condition". There is a difference between the fair value (IFRS 2) and theoretical value of shares granted on the basis of the NAV component 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.

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 2008, exceed the preset highest number (limit).

When designing the programs with Matching Shares, Matching Options and Performance Shares issued in 2006-2008, 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. As of 2009, the President is entitled to exercise Performance-Based Shares during a period twelve months from the earlier of (i) seven years from the date of allocation and (ii) two months from the expiry of the year during which the President terminates his employment.

#### Employee stock option programs 2001-2005

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 each program 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 to the current total payroll of the company. The Management Group then decided how the options were distributed between each business area, after which each business area manager determined the number of options that each department should receive. In the final stage, each department manager evaluated and decided how the options were distributed to each employee. The number of options granted to each employee did 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 2001 to 2005.

The number of outstanding employee stock options for the 2001-2005 programs totals 2,031,272, corresponding to 0.26 percent of the number of outstanding shares in Investor, which totaled 767,175,030 on December 31, 2008. 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 2001-2005 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, the calculated theoretical value of which corresponds to 10-70 percent of basic salary. The strike price for employee stock options in the 2001-2004 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 for three

## Note 5 cont'd Employees and payroll costs

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

Year issued	Holder <sup>1)</sup>	Number of granted shares	Number at the beginning of the year	Fair value <sup>2)</sup>	Number of shares forfeited in 2008	Number of shares on December 31, 2008	Percentage of total outstanding shares	Number of vested shares	Maturity date	Vesting period (years)
2004	MG	74,000	67,800	77.00 <sup>3)</sup>	–	67,800	0.01%	45,200	09-20-01	5 <sup>4)</sup>
2005	MG	58,331	53,385	97.04 <sup>5)</sup>	–	53,385	0.01%	17,795	10-21-01	5 <sup>4)</sup>
<b>Total</b>		<b>132,331</b>	<b>121,185</b>		<b>–</b>	<b>121,185</b>	<b>0.02%</b>	<b>62,995</b>		

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 first five years after they are 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.

### Summary of terms for long-term employee stock option programs 2001–2005

Year issued	Holder <sup>1)</sup>	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 2008	Weighted average share price on exercise	Options forfeited during 2008	Number of options on December 31, 2008	Percentage of total outstanding shares	Number of vested, not exercised options on December 31, 2008	Theoretical value <sup>2)</sup>	Fair value <sup>3)</sup>	Strike price	Maturity date	Vesting period (years)
2001	MG	609,900	239,400	98,300	272,200	–	–	272,200	–	0.00%	–	31.83	–	153.00	08-11-02	3 <sup>4)</sup>
2001	OE	566,200	174,500	269,900	121,800	–	–	121,800	–	0.00%	–	31.83	–	153.00	08-11-02	3 <sup>4)</sup>
2002	MG	389,000	239,300	0	149,700	–	–	–	149,700	0.02%	149,700	18.08	–	121.55	09-11-02	3 <sup>4)</sup>
2002	OE	795,750	418,133	192,517	185,100	35,400	130.66	3,500	146,200	0.02%	146,200	18.08	–	121.55	09-11-02	3 <sup>4)</sup>
2003	MG	1,081,000	685,000	0	396,000	268,667	122.23	–	127,333	0.02%	127,333	8.21	7.00	52.50	10-11-02	3 <sup>4)</sup>
2003	OE	2,606,436	1,456,606	803,771	346,059	38,500	136.21	20,000	287,559	0.04%	287,559	8.21	7.00	52.50	10-11-02	3 <sup>4)</sup>
2004	MG	221,900	24,366	6,200	191,334	–	–	–	191,334	0.02%	191,334	15.80	13.74	84.70	11-20-01	3 <sup>4)</sup>
2004	OE	1,079,649	505,739	124,176	449,734	60,302	133.41	1,700	387,732	0.05%	387,732	15.80	13.74	84.70	11-20-01	3 <sup>4)</sup>
2005	MG	164,565	4,750	13,818	145,997	–	–	–	145,997	0.02%	145,997	19.00	15.20	106.70	12-20-01	3 <sup>4)</sup>
2005	OE	1,008,469	216,907	135,378	656,184	45,190	125.78	15,577	595,417	0.07%	595,417	19.00	15.20	106.70	12-20-01	3 <sup>4)</sup>
<b>Total</b>		<b>8,522,869</b>	<b>3,964,701</b>	<b>1,644,060</b>	<b>2,914,108</b>	<b>448,059</b>		<b>434,777</b>	<b>2,031,272</b>	<b>0.26%</b>	<b>2,031,272</b>					

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.

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. As of 2009 the President is entitled to exercise shares in the Stock Option Programs during a period twelve months from the earlier of (i) ten years from the date of allocation and (ii) two months from the expiry of the year during which the President terminates his employment.

Accounting effects of employee stock option and share programs  
Costs reported for the year for employee stock option and share programs amounted to SEK 21 m. (17). 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). Assumed average term for long-term share-based remuneration programs is based on expected exercise history and average personnel turnover.

The value of Performance Shares granted in accordance with the 2006, 2007 and 2008 Stock Matching Plans are based on a fair value calculated with the Black & Scholes valuation model. For Performance Shares linked to 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 –26 m. (–121). The effect is offset by the result from the hedging contract described below, which is recognized in the Income Statement. Exercise transactions from the 2006-2008 programs will have an impact on equity equal to the exercise price of the instruments due to the Company's repurchase of own shares at the start of the program that are subject to employee subscriptions.

Up to December 31, 2007, the total cost of the share-based payment for the employees in Investor Group was recorded in the Parent Company. Given that IFRIC 11, IFRS 2 – Group and Treasury Share Transactions, which addresses how share-based payment arrangements are to be classified in entities that receive services from their employees, has been applicable since 2008 the Parent Company has chosen to adapt its accounting. This adaptation means that, in cases where a Parent Company grants rights to its equity instruments to employees of a subsidiary, the cost calculated in accordance with the interpretation is to be recognized as a capital contribution to a subsidiary that receives services from its employees. In accordance with the transition regulations, this interpretation was applied retroactively and increased the Parent Company's equity and participations in subsidiaries for the year-end 2007 by SEK 20 m.

Starting in 2008 the cost incurred for the share-based payment arrange-

## Note 5 cont'd Employees and payroll costs

ments for employees in subsidiaries will be invoiced to the subsidiaries and cash settled on a timely basis. In 2008, the costs for long-term share-based remuneration programs for employees in the Parent Company amounted to SEK 14 m. (16), 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 2008, the weighted average price in outstanding hedging contracts was SEK 121.59 (128.18). During 2008, the hedging contracts had a negative effect on net financial items amounting to SEK -77 m. (-94), which consisted mostly of unrealized changes in value (see also "Note 1 Accounting policies"). For programs implemented as of 2006 and after, Investor has been repurchasing its own shares to guarantee delivery.

### Pension

The 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 1,440,000) 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 as a senior executive up until November 30, 2008, and Stephen Campe as a senior executive from December 1, 2008, are 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 of choosing BTP's alternative special defined contribution pension plan for employees with an annual salary above 10 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.

Profits are shared in the form of salary or pension insurance. The choice of payment method is neutral for Investor in terms of cost. Nothing was expensed for the profit-sharing program (10) or social security contributions (3) during the year. The explanation is related to the development of the profit-sharing based trading result for the years 2007 and 2008 which had no contribution to the Profit-sharing program. Accruals from prior year have been reversed.

### 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 at 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 used 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 President and Chief Executive Officer, other members of the Management Group as well as former Board members and Presidents

At year-end 2008, the Management Group comprised five men and one woman. The amounts in the table are calculated according to the accrual basis, 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.

Total remuneration for 2008 (SEK 000s)	Basic salary	Variable salary for the year	Cost of long-term share-based-remuneration <sup>1)</sup>	Total salary	Pension costs excluding payroll tax	Other remuneration and benefits	Total remuneration
Börje Ekholm, President and CEO	8,254 <sup>2)</sup>	2,706	4,405	15,365	2,627	750	18,742
Management Group, excluding the President <sup>3)</sup>	17,245	9,371	6,677	33,293	5,916	588	39,797
Former Board members and presidents <sup>4)</sup>	–	–	–	–	–	7,446	7,446
<b>Total</b>	<b>25,499</b>	<b>12,077</b>	<b>11,082</b>	<b>48,658</b>	<b>8,543</b>	<b>8,784</b>	<b>65,985</b>

1) Cost booked according to IFRS 2.

2) The amount includes a basic salary of SEK 7,500,000 and a change of SEK 754,000 in the reserve for vacation pay provision and vacation supplement.

3) Johan Bygge, Stephen Campe (as of December 1, 2008), Johan Forssell, Henry E. Gooss (until November 30, 2008), Petra Hedengran and Lennart Johansson.

4) Remuneration to Peter Wallenberg of SEK 15,367,000 has been paid out during the year. Outstanding pension commitments for Peter Wallenberg amounted to SEK 113,101,000 at year-end and for former Board members and Presidents a total of SEK 53,530,000. There are no outstanding pension commitments for top management members and other senior executives.

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 3,293,000 (11,999,000).

## Note 5 cont'd Employees and payroll costs

Total remuneration for 2007 (SEK 000s)	Basic salary	Variable salary for the year	Cost of long-term share-based remuneration <sup>1)</sup>	Total salary	Pension costs excluding payroll tax <sup>2)</sup>	Other remuneration and benefits	Total remuneration
Börje Ekholm, President and CEO	8,260 <sup>2)</sup>	2,781	3,004	14,045	2,565	636	17,246
Management Group, excluding the President <sup>3)</sup>	16,331	7,763	4,018	28,112	4,217	487	32,816
Former Board members and Presidents <sup>4)</sup>	–	–	–	–	–	2,321	2,321
<b>Total</b>	<b>24,591</b>	<b>10,544</b>	<b>7,022</b>	<b>42,157</b>	<b>6,782</b>	<b>3,444</b>	<b>52,383</b>

1) Cost booked according to IFRS 2.

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

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

4) Remuneration to Peter Wallenberg of SEK 15,037,000 has been paid out during the year. Outstanding pension commitments for Peter Wallenberg amounted to SEK 120,592,000 at year-end and for former Board members and Presidents a total of SEK 39,520,000. There are no outstanding pension commitments for top management members and other senior executives.

### Expenses remuneration paid to the Board

Total remuneration for 2008 (SEK 000s)	Cash	Value of synthetic shares at grant date	Number of synthetic shares at grant date <sup>1)</sup>	Committee-fee	Total Board-fee as at grant date	Effect from change in market value of synthetic shares	Total fee, actual cost
Jacob Wallenberg	938	937	6,950	312	2,187	–124	2,063
Anders Scharp	250	250	1,853	63	563	–33	530
Sune Carlsson	250	250	1,853	187	687	–33	654
Börje Ekholm	–	–	–	–	–	–	–
Sirkka Hämäläinen	500	–	–	125	625	–	625
Håkan Mogren	250	250	1,853	125	625	–33	592
Grace Reksten Skaugen	500	–	–	63	563	–	563
O. Griffith Sexton	500	–	–	63	563	–	563
Lena Treschow Torell	250	250	1,853	–	500	–33	467
Peter Wallenberg Jr.	250	250	1,853	125	625	–33	592
<b>Total</b>	<b>3,688</b>	<b>2,187</b>	<b>16,215</b>	<b>1,063</b>	<b>6,938</b>	<b>–289</b>	<b>6,649</b>

1) Based on weighted average stock price for Investor B in the period April 11 to April 17, 2008: 134.91 SEK

Total remuneration for 2007 (SEK 000s)	Cash	Committee-fee	Total fee, actual cost
Jacob Wallenberg	1,875	312	2,187
Anders Scharp	500	63	563
Sune Carlsson	500	187	687
Börje Ekholm	–	–	–
Sirkka Hämäläinen	500	125	625
Håkan Mogren	500	125	625
Grace Reksten Skaugen	500	63	563
O. Griffith Sexton	500	63	563
Lena Treschow Torell	500	–	500
Peter Wallenberg Jr.	500	125	625
<b>Total</b>	<b>5,875</b>	<b>1,063</b>	<b>6,938</b>

## Note 5 cont'd Employees and payroll costs

### Synthetic shares 2008

At the Annual General Meeting 2008, it was decided that Board remuneration should total SEK 6,937,500. The Board fee should be divided into cash, SEK 3,687,500, and synthetic shares, SEK 2,187,500, of which the Chairman receives SEK 1,875,000 and the other eight Board members who are not employed by the Company SEK 500,000. In addition, the Board will be remunerated a total of SEK 1,062,500 in cash for its committee work.

Board members may choose to receive a minimum of 25 percent and a maximum of 50 percent of their gross remuneration before payroll tax, excluding committee fees, in synthetic shares. For administrative purposes, a Board member who is a non-resident for tax reasons may opt to receive 100 percent of his/her remuneration in cash. The number of granted synthetic shares is based on the weighted average stock price for Investor B during the five business days following the publication of the interim report for January-March 2008.

The synthetic shares carry the right to a cash amount per share after five years. Dividends from Investor B shares from now until 2013 will be credited to Board members in the form of additional shares. The total cost base of the synthetic share program is fully vested and was recognized in 2008. The expense in 2008 and the liability as of December 31, 2008, totaled SEK 1,898,000. There is no condition stating that a Board member must serve on the Board during the five-year period, which means that the amount will be settled even if the assignment is terminated before the end of the five-year period. In addition, it is also possible in such a situation for the Board member to exercise his/her right to redemption twelve months after the assignment has been terminated.

## Note 6 Fees and expenses for auditors

	2008	2007
<i>Group</i>		
<i>Auditing assignments</i>		
KPMG	9	6
<i>Other assignments</i>		
KPMG	1	1
<b>Total</b>	<b>10</b>	<b>7</b>
<i>Parent Company</i>		
<i>Auditing assignments</i>		
KPMG	5	3
<i>Other assignments</i>		
KPMG	0	–
<b>Total</b>	<b>5</b>	<b>3</b>

When providing information about fees and expenses for auditors, the classification of auditing assignments and other assignments has been applied in accordance with the accounting recommendation (RedR1) issued by FAR SRS, the Institute for the Accountancy Profession in Sweden.

Audit assignment is defined as the audit of the annual financial statements, the administration of the Board of Directors and the President, other tasks resting upon the auditor as well as consulting and other assistance, which have been initiated by the findings in performing the audit work or implementation of such tasks. All other work is referred to as other assignments.

## Note 7 Operating leases

### Non-cancellable lease payments amount to:

	2008	2007
<i>Group</i>		
Not later than one year	8	12
Later than one year and not later than five years	24	22
Later than five years	–	3
<b>Total</b>	<b>32</b>	<b>37</b>
<i>Costs for the year</i>		
Minimum lease payments	5	11
Contingent rent	1	1
<b>Total</b>	<b>6</b>	<b>12</b>