

NOTE 4 Operating costs

	2005	2004
<i>Group</i>		
<i>Investing activities</i>		
Payroll costs	251	238
Depreciation	9	11
Other operating expenses	154	167
	414	416
<i>Operating investments</i>		
Other operating Investments	8	6
	8	6
<i>Groupwide</i>		
Payroll costs	29	17
Depreciation	2	–
Other operating expenses	22	19
	53	36
Total	475	458

NOTE 5 Employees and payroll costs**WHOLLY OWNED INVESTING ACTIVITIES**

Investor's 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.

Average number of employees

	2005		2004	
	Total	of whom women	Total	of whom women
Parent Company, Sweden	89	48	92	50
<i>Wholly owned subsidiaries</i>				
Sweden	16	3	17	4
United States	20	8	24	9
United Kingdom	2	1	1	0
Hong Kong	7	1	7	1
Netherlands	5	2	4	2
Total, wholly owned investing activities	139	63	145	66

Gender distribution in senior management

At year-end 2005, the board of the Parent Company consisted of 25 percent women (22) and 75 percent men (78). The Management Group of the Parent Company consisted of 20 percent women (17) and 80 percent men (83). The gender distribution in the boards of Investor's wholly owned investment operations consisted of 22 percent women and 78 percent men, while the gender distribution in senior management consisted of 20 percent women and 80 percent men.

NOTE 5 cont'd Employees and payroll costs

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

	2005					2004				
	Wages, salaries and other compensation	Costs for benefits and share-based payments ¹⁾	Social security contributions ²⁾	Of which, pension costs	Total	Wages, salaries and other compensation	Costs for benefits and share-based payments ¹⁾	Social security contributions ²⁾	Of which, pension costs	Total
Parent Company	91	30	124	42	245	73	26	69	44	168
Wholly owned subsidiaries in investing activities	105	–	22	9	127	102	–	24	12	126
Total, wholly owned investing activities	196	30	146	51	372	175	26	93	56	294

1) Of which SEK 20 m. (18) refers to the cost of employee stock option and share programs.

2) Of which SEK 53 m. (0) refers to social security contributions for employee stock option and share programs.

Expensed wages, salaries and other compensation distributed by country and between board members and the President and other employees

	2005				2004			
	Board and President	Of which, variable salary	Other employees	Total	Board and President	Of which, variable salary	Other employees	Total
Parent Company, Sweden	16	3	75	91	14	3	59	73
<i>Wholly owned subsidiaries</i>								
Sweden	7	1	25	32	2	1	27	29
United States	15	5	36	51	15	7	35	50
United Kingdom	1	0	2	3	1	0	1	2
Hong Kong	5	2	12	17	5	2	13	18
Netherlands	1	0	1	2	1	0	2	3
Total, wholly owned investing activities	45	11	151	196	38	13	137	175

NOTE 5 cont'd Employees and payroll costs**Absenteeism due to illness**

Absenteeism due to illness in the Parent Company (as a percentage of work time) was 2.69 percent in 2005 (women: 1.80 percent and men: 3.68 percent), 44.29 percent 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 0.94 percent, 3.87 percent for age 30–49 and 0.60 percent for employees over 50 years of age.

Compensation

In accordance with the recommendation concerning information about benefits for senior executives issued by the Swedish Industry and Stock Exchange Committee (NBK), the following information is being provided in the text and tables below. Since the recommendation is to be applied by companies whose shares are quoted on the stock exchange in Sweden, the information is primarily about senior executives in Investor AB. Since the general principles described here also encompass other employees in Investor's wholly owned investing activities, information is also being provided about these units.

Based on NBK's recommendations, Investor defines senior executives as "top management" and "other senior executives" in the company at year-end.

"Top management" is defined as:

- the Chairman of the Board (Claes Dahlbäck until April 11 and Jacob Wallenberg as of April 11),
 - board members not employed by the company who receive special compensation in addition to the fee received for board duties (Björn Svedberg); and
 - the Chief Executive Officer and President (Marcus Wallenberg until September 1 and Börje Ekholm as of September 1)
- "Other senior executives" refers to:
- Börje Ekholm up to and including August 31, Adine Grate Axén, Henry E. Gooss, Fredrik Hillelson and Lars Wedenborn. These persons, together with the President, comprise Investor's Management Group.

Compensation Committee

Investor's Compensation Committee is appointed each year by the board. In 2005, the committee's members consisted of board members Claes Dahlbäck until April 11 and Jacob Wallenberg as of April 11 (chairman), Anders Scharp and O. Griffith Sexton. The main purpose of the committee is "to enable an independent and thorough review of all aspects of Investor's compensation program and to make decisions about executive compensation in the company." For decision-making, the Compensation 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 for the purpose of securing access to current reference material. Internal and external information used for decision-making purposes help ensure that Investor's compensation program is ethical and in accordance with market conditions in both the company's and employees' perspective. In 2005, the committee had nine meetings during which minutes were taken. The committee's basic work and decision-making process are as follows:

- Questions concerning all compensation for the CEO and the variable long-term incentive programs for the company are submitted to the board for decision.
- Other compensation issues are decided by the committee and reported to the board afterwards.

Compensation policy

Investor strives to offer compensation in line with market conditions that makes it possible to recruit senior executives and other employees and retain them in the company. Benchmarking studies of relevant industries and markets are continuously carried out in order to determine what constitutes compensation in line with market conditions and to evaluate current compensation levels. The principles for compensation for Investor's employees are:

- to ensure that employees in Investor's different operations receive compensation that is competitive and in line with market conditions. Here, it must be taken into account that Investor conducts different types of investment activities in a number of countries where compensation practices differ;

- to ensure that shareholders and employees have a similar view and perspective with regard to the company's long-term operations;
- to enable a clear connection between compensation and the long-term performance of Investor and the company's net asset value;
- that compensation is based on such factors as work responsibilities, competence, experience, position and performance. Investor AB is an equal opportunity employer and does not unlawfully discriminate on the basis of gender, ethnic background, national origin, age, disability, or any other protected status; and
- that the proportion between basic salary and variable salary is to be based on the employee's position and tasks.

For the entire organization Investor applies the principle that every manager's superior is always to be informed about the recruitment of an employee and to approve it and the employee's compensation.

Compensation program

Investor conducts different types of investment activities in markets in Asia, Europe and North America. Investor therefore competes for personnel against companies that offer different types of compensation programs and compensation levels. Investor's total compensation for senior executives, as well as for other employees, takes this into consideration. Total compensation consists of the following components:

- basic salary;
- variable salary;
- variable long-term incentive programs;
- pension; and
- other benefits

Basic salary, variable salary and long-term incentive programs together comprise the employee's salary.

The Annual General Meeting approved the board's decision regarding principles for compensation and other terms of employment for the Management Group for 2005.

A fee is paid to board members in accordance with a decision made by the Annual General Meeting. In addition to compensation from Investor, the President and members of the Management Group receive board fees from core investments in which they are board members. (See page 68, Fees received for board work).

Basic salary

The same principle for basic salary is applicable to all Investor employees in which salaries are reviewed annually, with the exception of basic salary for Management Group members which 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.

Variable salary

The majority of Investor's employees have variable salary. The variable portion of salary for 2005 differs between business areas and amounts to a maximum of 60 percent of basic salary for the President, and to between 0 and 80 percent of basic salary for other senior executives. For other employees variable salary ranges between 0 and 50 percent of their basic salary, although for a very limited number of key personnel, the variable portion of salary can be 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 Compensation Committee.

When an additional variable salary is awarded, the variable portion of salary can, in individual cases, exceed 100 percent of the employee's basic salary. Quantitative and qualitative goals must be reached in order to receive variable salary. The focus of the goals for the President is set each year in a dialog between the President and the Chairman. The specific goals for the President are proposed by the Compensation Committee and are later approved by the board. The development of Investor's net asset value, and specific tasks that may vary from year to year, can constitute the basis for the President's variable salary. The President sets the goals for Investor's Management Group. Goals for other employees are established by each employee's manager.

NOTE 5 cont'd Employees and payroll costs

The following principle was adopted for distributing any variable portion of salary for 2005:

- 25 percent of any variable salary was based on positive growth of Investor's net asset value during the year;
- 25 percent of any variable salary was based on the results of a business area's or department's specific performance; and
- 50 percent of any variable salary was based on the employee's personal performance.

Example: For an employee with a possible variable salary of 20 percent, 5 percentage points is derived from the growth of Investor's net asset value, 5 percentage points from the performance of the employee's department and the remaining 10 percentage points are based on fulfilling personal goals.

*Variable long-term incentive programs**Employee stock option programs*

In 1998, Investor's board approved the launch of an annual, recurring employee stock option program¹⁾ based on shares in Investor AB. The programs have encompassed all employees since 2000. The employee stock option programs do not cover board members. As of 2004, there is a special employee stock option and restricted stock program for senior executives (see also below). The board's approval of both programs is conditional on the Annual General Meeting approving the program's scope and basic principles. In the 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 are granted free of charge but are part of the total compensation 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 in the Investor Group. 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 has approved the issue of employee stock options from 1998 to 2005. The number of outstanding employee stock options totals 7,203,539 (including the 2005 program), corresponding to 0.94 percent of the number of outstanding shares in Investor, which totaled 767,175,030 on December 31, 2005. The value of the employee stock options issued between 1998 and 2005 has been estimated in accordance with the Black & Scholes valuation model. The value of an option has been calculated on an assumed volatility of 20–30 percent. The assumed volatility is based on future forecasts and the historical volatility of Investor B-shares. When determining the volatility, special limitations to the exercise rights for employee stock options are also taken into account. 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.

The calculation of fair value on the grant date in 2005 was based on the following prerequisites:

Average volume-weighted price paid for Investor B-shares	SEK 97.04
Strike price	SEK 106.70
Assumed volatility	22 percent
Assumed average term	5 years
Assumed dividend in 2005	SEK 2.32
Assumed dividend growth as of 2005	3 percent
Risk-free interest	3.07 percent

The calculation results in a fair value of SEK 15.20 per option.

The value of shares granted in 2004 and 2005 within the framework of restricted stock programs is based on the average volume-weighted price paid for Investor B-shares. For shares granted in 2005, the price paid for Investor B-shares during the period April 12–18 is the basis for the value totaling SEK 97.04 per share.

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

1998

Options issued in 1998 refer in their entirety to an allocation to the President that year and were granted in connection with the conversion to a defined-contribution pension plan. The program expired on December 31, 2005.

1999

The options issued in 1999 can be divided into two different programs. One program refers to the options that were granted to senior executives in connection with the conversion to a defined-contribution pension plan. This was a non-recurring allocation of options that expired on December 31, 2005. The other program pertains to options for around 15 other senior executives. These persons were granted a number of options whose calculated theoretical value (see "Summary of terms for employee stock option programs" table) corresponded to 10–60 percent of basic salary. This program expired on February 11, 2006.

2000, 2001, 2002, 2003 och 2004

For these years, the issued options refer in their entirety to one program per year which covers all personnel and replaces 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 is 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. For other employees, the stock options were allocated as of 2002 based on a pool of options that was allocated on a departmental basis, which each department manager distributed among his or her employees based on individual assessment. The exercise price for employee options in the 2000–2004 programs was set at 110 percent of the share price the day after Investor's year-end report was released.

2005

The 2005 employee stock option program is designed in the same way as programs of the last five years with regard to the term and vesting period. The strike price is set at 110 percent of the average volume-weighted price paid for Investor B shares from April 12 to April 18, 2005. As opposed to previous years, the final number of granted employee stock options was determined after the end of 2005, and depended on each employee's fulfillment of quantitative and qualitative goals, using the same criteria as described in "Variable salary" above.

Combined employee stock option and restricted stock program

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 Compensation Committee. Implementation of the program was subject to the approval of the Annual General Meeting, which has approved the programs for 2004 and 2005.

The allocation of employee stock options and shares constitutes part of the agreed compensation 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. The value of options granted in 2005 amounted to approximately 9 percent of Investor's total payroll.

Accounting effects of employee stock option programs and restricted stock programs

Costs reported for the year for employee stock option programs and restricted stock programs amount to SEK 73 m. (18). 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 Accounting Standards Council (URA 46).

When options are exercised, the cost for the shares delivered to employees is recognized in equity. The effect on equity for the year, as a result of exercise transactions, amounted to SEK –52 m. (–4). The negative effect arose because the strike price paid by employees was below the market

NOTE 5 cont'd Employees and payroll costs**Summary of terms for employee stock option programs**

Year issued	Number of options granted	Options exercised at the beginning of the year	Options forfeited at the beginning of the year	Number of options at the beginning of the year	Options exercised during 2005	Weighted average share price on exercise date	Options forfeited during 2005	Number of options at year-end	Percentage of total outstanding shares	Number of vested options	Theoretical value ⁷⁾	Fair value ⁸⁾	Strike price	Maturity date	Vesting period (years)	Holders ⁹⁾
1998	784,000	–	–	784,000	784,000	123.00	–	–	0.00%	–	22.25	–	103.13	12/31 2005	5	SE
1999	2,197,948 ¹⁾	–	–	2,197,948	2,197,948	124.62	–	–	0.00%	–	22.25	–	103.13	12/31 2005	3	SE
1999	651,680 ²⁾	–	54,856	596,824	141,720	118.90	–	455,104	0.06%	455,104	17.50	–	93.00	02/11 2006	3	SE
2000	405,529 ³⁾	–	44,410	361,119	–	–	–	361,119	0.05%	361,119	38.73	–	136.40	02/11 2007	3 ⁴⁾	SE
2000	380,400	–	152,100	228,300	–	–	29,900	198,400	0.03%	198,400	38.73	–	136.40	02/11 2007	3 ⁴⁾	OE
2001	609,900 ⁵⁾	–	98,300	511,600	–	–	–	511,600	0.07%	511,600	31.83	–	153.00	02/11 2008	3 ⁴⁾	SE
2001	566,200	–	200,400	365,800	–	–	40,800	325,000	0.04%	325,000	31.83	–	153.00	02/11 2008	3 ⁴⁾	OE
2002	389,000 ⁶⁾	–	–	389,000	–	–	–	389,000	0.05%	389,000	18.08	–	121.55	02/11 2009	3 ⁴⁾	SE
2002	795,750	–	120,904	674,846	3,333	132.00	58,480	613,033	0.08%	613,033	18.08	–	121.55	02/11 2009	3 ⁴⁾	OE
2003	1,081,000 ¹⁰⁾	–	–	1,081,000	270,666	115.46	–	810,334	0.11%	449,998	8.21	7.00	52.50	02/11 2010	3 ⁴⁾	SE
2003	2,606,436	148,526	653,017	1,804,893	499,194	105.73	115,754	1,189,945	0.16%	624,638	8.21	7.00	52.50	02/11 2010	3 ⁴⁾	OE
2004	221,900 ¹¹⁾	–	–	221,900	11,966	116.00	–	209,934	0.03%	62,000	15.80	13.74	84.70	01/20 2011	3 ⁴⁾	SE
2004	1,079,649	–	–	1,079,649	74,176	107.63	38,437	967,036	0.13%	284,699	15.80	13.74	84.70	01/20 2011	3 ⁴⁾	OE
2005	164,565 ¹²⁾	–	–	–	–	–	–	164,565	0.02%	–	19.00	15.20	106.70	01/20 2012	3 ⁴⁾	SE
2005	1,008,469	–	–	–	–	–	–	1,008,469	0.13%	–	19.00	15.20	106.70	01/20 2012	3 ⁴⁾	OE
Total	12,942,426	148,526	1,323,987	10,296,879	3,983,003		283,371	7,203,539	0.94%	4,274,591						

1) Of which 458,936 were granted to the President.

2) Of which 154,284 were granted to the President.

3) Of which 77,459 were granted to the President.

4) One-third of the number of issued options is considered to be earned during each of the three years immediately following the year the options were issued. Of the options issued in 2000, one-third can be exercised after February 12, 2001. For options issued in 2001, one-third can be exercised after February 12, 2002. etc. 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.

5) Of which 110,000 were granted to the President.

6) Of which 193,600 were granted to the President.

7) Theoretical value of the options on the allocation date, which is the basis for allocation on an individual level. The value is calculated in accordance with the Black & Scholes model and the volatility parameter is adjusted to take into account the special limitations to disposal rights that are valid for employee stock option programs.

8) Fair value on the grant date calculated in accordance with IFRS 2, which is the basis for the recognized value. See page 66 for a specification of the basis for the calculation.

9) SE = Senior Executives; OE = Other Employees.

10) Of which 475,000 were granted to the President.

11) Of which 86,100 were granted to the President.

12) Of which 41,937 were granted to the President during the period 1/1 – 8/31 2005 and 22,989 to the President during the period 9/1–12/31 2005.

Summary of terms for employee restricted stock programs

Year issued	Number of granted shares	Number at beginning of year	Value on grant date	Number of shares at year-end	Percentage of total outstanding shares	Vested shares	Maturity date	Vesting period (years)
2004	74,000 ¹⁾	74,000	77.00 ⁴⁾	74,000	0.01%	0	01/20 2009	5 ³⁾
2005	58,331 ²⁾	0	97.04 ⁵⁾	58,331	0.01%	0	01/21 2010	5 ³⁾
Total	132,331	74,000		132,331				

1) Of which 28,700 were granted to the President.

2) Of which 14,839 were granted to the President during the period 1/1–8/31 2005 and 7,419 during the period 9/1–12/31 2005.

3) One-third of the number of granted shares are not considered vested until three years after the allocation date, after which one-third vests during each of the two subsequent years. Thus, of shares granted in 2004, one-third can be exercised after January 20, 2007, etc.

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

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.

price of the share on the exercise date. 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 employee stock option programs and restricted stock programs in the Group in the Parent Company. The costs for employee stock option programs and restricted stock programs for employees in the Parent Company amounted to SEK 63 m. (12), including social security contributions.

Hedge contracts for employee stock option programs and restricted stock programs

Investor's policy is to protect the company against costs that might arise in connection with an increase in Investor's share price. As hedging instruments, Investor uses share swaps and share options 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, employee stock option and restricted stock 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 2005, the weighted average price in outstanding hedging contracts was SEK 128.64. During 2005, the hedging contracts had a positive effect on net financial items amounting to SEK 468 m. (110), which consisted mostly of unrealized changes in value (see also Note 1 Accounting policies).

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. For the profit-sharing program, SEK 13 m. (-2), and SEK 4 m. (0) in social security contributions were expensed during the year in addition to what is reported in

NOTE 5 cont'd Employees and payroll costs

the above table on page 64. The expensed amount for the profit-sharing programs in 2004 and 2005, a total of SEK 12 m., shall be put in relation to the profit-sharing-based trading result totaling SEK 84 m. for these two fiscal years. When profit sharing is a direct function of value generation, costs are included under the heading "Changes in value" in the income statement.

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 1,299,000) and the possibility 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 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 possibility to choose BTP's alternative special defined contribution pension plan on parts of salary between 7.5 and 30 basic amounts.

*Other compensation**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. Some senior executives also have a company car and a free parking space in a garage.

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 Holdings. 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 compensation for the employee.

Amounts of compensation paid to the board and top management

This table is prepared in accordance with the recommendation of the Swedish Industry and Stock Exchange Committee (NBK) concerning information about the benefits for senior executives. "Top management" in this note is defined on page 65.

The amounts in the table are calculated according to the accruals concept, in which any changes to vacation pay provisions, etc., are included. Variable salary refers to the decided variable salary for the current financial year, unless specified otherwise.

Total compensation for 2005 (SEK 000s)	Basic salary	Variable salary for the year	Board fee ⁶⁾	Other compensation and benefits	Total salary and compensation	Value of granted employee stock options and restricted stock ⁴⁾	Pension costs excluding payroll tax ⁵⁾	Total compensation
<i>Top management</i>								
Jacob Wallenberg			1,700		1,700			1,700
Björn Svedberg ¹⁾			500	720	1,220			1,220
Börje Ekholm ²⁾	2,060	983		7	3,050	1,069	609	4,728
<i>Other board members</i>								
Håkan Mogren			500		500			500
Sune Carlsson			550		550			550
Anders Scharp			450		450			450
Ulla Litzén			450		450			450
O Griffith Sexton			450		450			450
Sirkka Hämäläinen			450		450			450
<i>Former board members and presidents</i>								
Claes Dahlbäck				30	30			30
Marcus Wallenberg ³⁾	4,889	1,992		51	6,932	2,077	1,368	10,377
Peter Wallenberg							14,730	14,730
Others				1,050	1,050		3,398	4,448
	6,949	2,975	5,050	1,858	16,832	3,146	20,105	40,083

1) "Other compensation and benefits" refers to special assignments for Investor concerning Hi3G.

2) Assumed the position as President and CEO on 9/1 2005.

3) Resigned as President and CEO on 8/31 2005.

4) The final allocation of the 2005 employee stock option program depends on each senior executive's fulfilment of quantitative and qualitative goals during the year.

Employee stock options granted to Börje Ekholm, in his position as President and CEO, total 22,989 and 377,632 on an accumulated basis, and the number of shares granted (restricted stock), in his position as President and CEO, amount to 7,419 and 12,812 on an accumulated basis.

The maximum number of employee stock options granted to Marcus Wallenberg total 41,937 and 1,597,316 on an accumulated basis, and the number of shares granted (restricted stock) amount to 14,839 and 43,539 on an accumulated basis.

The accumulated number of employee stock options awarded to Claes Dahlbäck is 1,085,705, to Jacob Wallenberg 759,252 and 376,663 to Ulla Litzén.

5) Outstanding pension commitments for Peter Wallenberg decreased with pensions paid during the year and amounted to SEK 149,154,000 at year-end.

Outstanding pension commitments for former board members and presidents total SEK 39,803,000.

6) In accordance with the decision made by the Annual General Meeting, total board fees were allocated as follows: SEK 1,500,000 to the chairman, SEK 400,000 to each board member not employed by the company, and a total of SEK 750,000 as compensation for work on the committees of the board.

The value of granted options has been calculated in accordance with the Black & Scholes valuation model. The theoretical value has been calculated at SEK 15.20 per option for the 2005 Employee Stock Option Program.

NOTE 5 cont'd Employees and payroll costs

Total compensation for 2004 (SEK 000s)	Basic salary	Variable salary for the year	Board fee ⁴⁾	Other compensation and benefits	Total salary and compensation	Value of granted employee stock options and restricted stock ²⁾	Pension costs excluding payroll tax ³⁾	Total compensation
<i>Top management</i>								
Claes Dahlbäck			1,500		1,500			1,500
Marcus Wallenberg	6,123	2,520		63	8,706	3,393	1,904	14,003
Björn Svedberg ¹⁾			375	720	1,095			1,095
<i>Other board members</i>								
Jacob Wallenberg			325		325			325
Håkan Mogren			375		375			375
Peter D. Sutherland			350		350			350
Sune Carlsson			400		400			400
Anders Scharp			350		350			350
Ulla Litzén			350		350			350
O. Griffith Sexton			350		350			350
Sirkka Hämäläinen			350		350			350
<i>Former board members and presidents</i>								
Peter Wallenberg							14,651	14,651
Others				450	450		307	757
	6,123	2,520	4,725	1,233	14,601	3,393	16,862	34,856

1) "Other compensation and benefits" refers to special assignments for Investor concerning Hi3G.

2) Employee stock options granted to Marcus Wallenberg total 86,100 and 1,555,379 on an accumulated basis, and the number of granted shares (restricted stock) amount to 28,700. The accumulated number of employee stock options awarded to Claes Dahlbäck is 1,085,705, to Jacob Wallenberg 759,252 and 376,663 to Ulla Litzén. The value has been adjusted, compared with the reported value in 2004, as a consequence of taking prematurely exercised options into account.

3) Outstanding pension commitments for Peter Wallenberg decreased with pensions paid during the year and amounted to SEK 161,794,000 at year-end.

Outstanding pension commitments for former board members and presidents total SEK 33,000,000. There are no outstanding pension commitments for top management members.

4) In accordance with the decision made by the Annual General Meeting, total board fees were allocated as follows: SEK 1,500,000 to the chairman, SEK 325,000 to each board member not employed by the company, and a total of SEK 300,000 as compensation for work on the committees of the board.

The value of granted options has been calculated in accordance with the Black & Scholes valuation model. The value has been calculated at SEK 13.74 per option for the 2004 Employee Stock Option Program.

Amounts of compensation paid to other senior executives

"Other senior executives" for Investor refers to the Management Group, excluding the President. At year-end, the Management Group consisted of one woman and four men. The amounts in the table are calculated according to the accruals concept, whereby the terms basic salary and variable salary refer to expensed amounts, including any changes to provisions for variable salary, vacation pay, etc.

Total compensation for 2005 (SEK 000s)	Basic salary	Variable salary for the year	Other compensation and benefits	Total salary and compensation	Value of granted employee stock options and restricted stock ²⁾	Pension costs excluding payroll tax ³⁾	Total compensation
Management Group, excluding the President ¹⁾	17,756	11,418	717	29,891	5,016	5,091	39,998
	17,756	11,418	717	29,891	5,016	5,091	39,998

1) Adine Grate Axén, Börje Ekholm up to 8/31 2005, Henry E. Gooss, Fredrik Hillelson, and Lars Wedenborn.

2) The final allocation of the 2005 employee stock option program depends on each senior executive's fulfilment of quantitative and qualitative goals during the year.

The number of employee stock options granted to the Management Group, excluding the president, total 99,639 and 1,593,997 at year-end, on an accumulated basis.

The number of shares (restricted stock) granted to the Management Group total 36,073 and 81,373 at year-end, on an accumulated basis.

3) For other senior executives there are no outstanding pension commitments.

The value of granted options has been calculated in accordance with the Black & Scholes valuation model. The value has been calculated at SEK 15.20 per option for the 2005 Employee Stock Option Program.

Total compensation for 2004 (SEK 000s)	Basic salary	Variable salary for the year	Other compensation and benefits	Total salary and compensation	Value of granted employee stock options and restricted stock ²⁾	Pension costs excluding payroll tax ³⁾	Total compensation
Management Group, excluding the President ¹⁾	17,676	9,004	1,440	28,120	5,354	5,058	38,532
	17,676	9,004	1,440	28,120	5,354	5,058	38,532

1) Adine Grate Axén, Börje Ekholm, Henry E. Gooss, Fredrik Hillelson and Lars Wedenborn.

2) The number of employee stock options granted to other senior executives total 135,800 and 1,494,358 at year-end, on an accumulated basis.

The number of granted shares (restricted stock) total 45,300 and 45,300 at year-end, on an accumulated basis. The value has been adjusted, compared with the reported value in 2004, as a consequence of taking prematurely exercised options into account.

3) For other senior executives there are no outstanding pension commitments.

The value of granted options has been calculated in accordance with the Black & Scholes valuation model. The value has been calculated at SEK 13.74 per option for the 2004 Employee Stock Option Program.

In the financial statements for a fiscal year, a provision is made for variable salary for that 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. As a result of capital gains in parallel investment programs (carried interest plans, see also "Note 29 Related party disclosures"), other senior executives in the Private Equity Investments business area have received SEK 89,593,000 for 2005 (10,655,000), of which Börje Ekholm received SEK 75,926,000, as reported in a press release issued on August 24, 2005.

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

Operating investments comprise the activities of The Grand Group and Novare, as well as the companies that are investment advisers to the funds in EQT and Investor Capital Partners. The payroll costs shown below for these units are included in "Costs of services sold" in the income statement.

Average number of employees

	2005		2004	
	Total	of whom women	Total	of whom women
The Grand Group, Sweden	328	162	399	192
<i>Other subsidiaries</i>				
Sweden	50	27	44	22
Denmark	9	3	7	3
Finland	8	2	8	2
Germany	20	7	16	5
Hong Kong	15	10	14	8
Total operating investments	430	211	488	232

Gender distribution in senior management

The gender distribution in the boards of Investor's operating investments consisted of 26 percent women and 74 percent men. The corresponding gender distribution for senior executives was 11 percent women and 89 percent men.

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

	2005					2004				
	Wages, salaries and other compensation	Costs for benefits and share-based payments	Social security contributions	Of which, pension costs	Total	Wages, salaries and other compensation	Costs for benefits and share-based payments	Social security contributions	Of which, pension costs	Total
The Grand Group	88	2	34	5	124	102	2	44	7	148
Other subsidiaries	138	8	31	11	177	146	8	31	11	185
Total operating investments	226	10	65	16	301	248	10	75	18	333

Expensed wages, salaries and other compensation distributed by country and between board members and the President and other employees

	2005				2004			
	Board and President	of which variable salary	Other employees	Total	Board and President	of which variable salary	Other employees	Total
The Grand Group, Sweden	2	0	86	88	2	0	100	102
<i>Other subsidiaries</i>								
Sweden	8	0	45	53	7	0	46	53
Denmark	3	0	12	15	6	3	13	19
Finland	3	0	8	11	3	0	11	14
Germany	5	0	30	35	4	0	32	36
Hong Kong	9	4	15	24	8	4	16	24
Total operating investments	30	4	196	226	30	7	218	248

NOTE 6 Fees and expenses for auditors

	2005	2004
<i>The Group</i>		
<i>Auditing assignments</i>		
KPMG	8	8
Ernst & Young	0	0
<i>Other assignments</i>		
KPMG	2	1
Ernst & Young	0	0
Total	10	9
<i>Parent Company</i>		
<i>Auditing assignments</i>		
KPMG	5	4
Ernst & Young	0	0
<i>Other assignments</i>		
KPMG	–	–
Ernst & Young	–	–
Total	5	4

When providing information about fees and expenses for auditors, the classification of auditing assignments and other assignments has been applied in accordance with the guidance of the Swedish Institute of Authorized Public Accountants (FAR) "About annual accounting of stock corporations."

Audit assignment is defined as the audit of the annual financial statements, the administration of the board of directors and the President, and other tasks, which rest 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-cancelable lease payments amount to:

	2005	2004
<i>Group</i>		
Not later than one year	33	32
Later than one year and not later than five years	82	73
Later than five years	12	11
Total	127	116
Minimum lease payments	31	30
Contingent rent	2	5
Total lease payments	33	35