

"Good corporate governance ensures that companies are managed in the most efficient way for the shareholders".
Jacob Wallenberg

Corporate Governance Report

Corporate governance practices refer to the decision-making systems through which owners, directly or indirectly, control a company. Good corporate governance rests on three pillars – active owners, an involved and well-constructed Board and efficient processes with thorough risk management.

Good corporate governance creates value by ensuring an effective decision-making process that is in line with the company's strategy and guides the company toward established business goals. Investor supports each company in its specific challenges and opportunities. This is particularly important in times of turbulence and uncertain financial development. Good corporate governance also includes transparency towards company owners so they can monitor the company's development.

For Investor, as an industrial holding company, the business model of active ownership is to create value in companies. For this, good corporate governance is fundamental. This applies to Investor's own organization, as well as to the companies in which Investor is an owner. This Corporate Governance Report for 2010 describes Investor's corporate governance from both of these perspectives.

The Auditor's report of the Corporate Governance Statement is presented on page 137.

Cornerstones for good corporate governance



Investor's corporate governance in 2010

- Continued foreign representation in the Nomination Committee
- Two new Board members elected to the Board
- Evaluation of the Board
- Board remuneration partly in synthetic shares, overall level unchanged
- Long-term variable remuneration for employees
- Continued focus on risk assessment
- New operating subsidiaries
- Focus on Whistleblower policy
- Establishing revised ethical guidelines throughout the organization

Special focus in 2010 on internal controls and risk management

Follow up
- Follow up on action plans decided in conjunction with the risk analysis in 2009
- Follow up on measures from review reports by the auditor and Internal Control function
- Follow up on identified risks 2010

Information and communication
- Information security
- Internal communication via intranet

Control activities
- Routines for the reporting of values from new operating subsidiaries
- Controls in the investment and valuation processes for Operating Investments
- Controls for Active Portfolio Management
- IT controls in the systems for financial reporting

Risk assessment
- Identification of current risks and self-evaluation of risks for each business area
- Specific risk areas identified by Management to be evaluated by the organization, such as new operating subsidiaries

Control environment
- Further development of all group policies and associated instructions
- Internal workshops where the organization's employees discuss Investor's ethical guidelines and Whistleblower Policy with a representative from Management

"One of the cornerstones in our value creation plans is good corporate governance".

Börje Ekholm



Investor adheres to the Swedish Code of Corporate Governance

- This Corporate Governance Report is submitted in accordance with the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance ("the Code") and explains how corporate governance was carried out during the 2010 fiscal year.
- Investor complied with the Code in 2010.
- The Corporate Governance Report has been reviewed by Investor's auditor.
- Investor did not violate the NASDAQ OMX Stockholm Rule Book for issuers or good stock market practice.

For more information about Investor's corporate governance, please visit our website at www.investorab.com

- The Articles of Association.
- Corporate governance reports since 2004.
- Information about the company's management.
- Information about compensation.
- Information about the Auditor.
- Information about the Board, Committees and their work.
- Internal control reports since 2005.
- Nomination committees since 2005 and adherent documentation.
- AGMs since 2004 and adherent documentation.
- The Auditor report of the Corporate Governance Report 2010.

More information on laws and practice for Swedish corporate governance can be found at the following websites:

- The Swedish Code of Corporate Governance available on the Swedish Corporate Governance Board's website: www.corporategovernanceboard.se.
- The NASDAQ OMX Stockholm Rule Book for Issuers available at: www.omxnordicexchange.com.
- The Swedish Financial Supervisory Authority's statute book and information on insiders is available on the Authority's website at: www.fi.se.

Investor's 10 largest shareholders listed by voting rights on December 31, 2010[1)]

	% of votes	% of capital
Knut and Alice Wallenberg Foundation[2)]	40.0	18.6
SEB Foundation	4.9	2.3
Marianne and Marcus Wallenberg Foundation[2)]	4.9	2.3
Third Avenue Management LLC	4.3	2.0
Skandia Liv insurance company	4.1	2.1
Marcus and Amalia Wallenberg Memorial Fund[2)]	3.1	1.4
Alecta	2.5	3.9
Swedbank Robur Funds	2.3	1.5
AMF Pension	1.4	2.0
Third AP-fund	0.9	1.1

1) Directly registered, or registered in the name of nominees, with Euroclear Sweden.
2) The three largest Wallenberg foundations own a total of 48 percent of the votes and 22 percent of the capital.

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The Auditor's report of the Corporate Governance Statement 137

Corporate Governance from our perspective as an owner



Our ownership role

We are a responsible and long-term owner, focusing on what we deem best for each individual company. Through our international network, our strong brand name and active approach, we can add significant value. Our business teams, consisting of in-house analysts and our Board representatives, develop value creation plans for each company, identifying strategic key drivers that we think the company should focus on during the next 3-5 years. We are also engaged in matters regarding capital structure and overall targets. Our analysts also perform extensive benchmarking of our holdings and their peers to ensure that they progress according to plan, and that corrective action can be taken if they do not. When we exit holdings, this is done in a responsible way.

The Board is at the core of our active ownership model. We are deeply involved in nomination committees and utilize our wide network to help appoint appropriate Board members in our holdings. We also evaluate the Boards and their work on a regular basis.

The Boards of the holdings

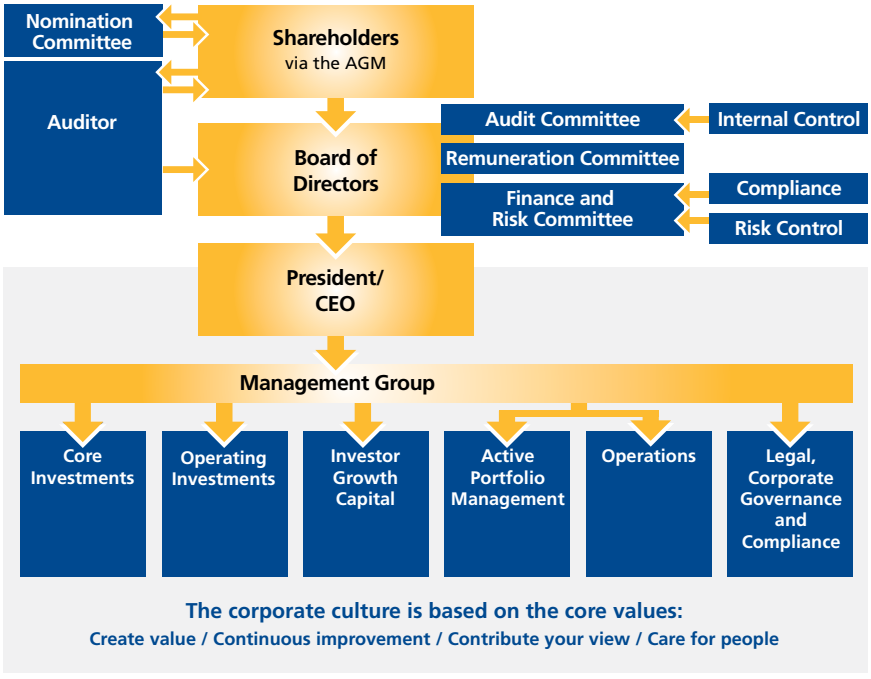
The Board appoints and evaluates management, sets strategies and goals, monitors financial performance and the capital structure. It should act as a supervisor of management, but should also be able to support it in its decisions and actions. Consequently, a Board composed of individuals with time and interest to learn the conditions and challenges of a particular business, having integrity and business acumen, is vital for developing successful companies. The right Board composition does not only vary between companies, but also between different points in time within a company. Given this, when a company enters a new phase or new challenges, Board members could need to be replaced – not because they have done a poor job, but because conditions change.

It is important that the Board works in the best interest of all shareholders. In our view, it is critical that the interests of the Board and the owners are aligned, which for example is achieved by Board members having material, personal long-term shareholdings in the companies in which they have a board seat. This principle applies to both Core and Operating Investments.

The role of the Management

Management is responsible for running the company in line with the strategy established by the Board. In our view, management should have the best understanding of how to implement the strategy practically and run the day-to-day operations. As a consequence of this, management should also be able to help question and modify the strategy if necessary. We aim to have a regular and constructive three-way dialogue between the owners, the Board and management, but at the same time, for accountability and effective corporate governance, we think that it is important that the division of responsibilities is maintained. Such a setup should help ensure that the company is run in a good way, that it is flexible and prepared to capture opportunities and handle challenges, and that any flaws or inefficiencies can be addressed and corrected before they risk turning into larger issues.

Corporate Governance at Investor



Primary external framework for governance at Investor:

- Swedish Companies Act.
- Accounting legislation, e.g. Swedish accounting Act, Swedish Annual Accounts Act.
- NASDAQ OMX Stockholm Rule Book for Issuers.
- Swedish Code of Corporate Governance.

Examples of internal framework for governance at Investor:

- Articles of Association.
- Board instructions, Rules of procedure.
- Compliance Policy, Risk Policy and Standard Operating Procedures.
- Process descriptions for each business area.
- Ethical guidelines/Business principles.
- CSR guidelines.

Investor is a Swedish limited liability corporation that is publicly traded on the NASDAQ OMX Stockholm. Applicable external legislation, regulations and recommendations, as well as internal policies and instructions form the basis of the company's corporate governance – from shareholders, the Board and President to company management.

Another central document for corporate governance is the company's Articles of Association. The Articles of Association establish, for example, the company's name, where the Board is registered, the focus of Investor's business activities and information concerning the share capital.

The Annual General Meeting (AGM) is the company's highest decision-making authority and serves as the forum through which Investor's shareholders exercise their influence over the business.

The Nomination Committee looks after the interests of all shareholders and is responsible for preparations in advance of the AGM, such as a proposal for the composition of the Board.

On behalf of Investor's owners, the Board oversees the management of the company's affairs. The Board is headed by Chairman Jacob Wallenberg.

The Board appoints the President, who is charged with carrying out the day-to-day management of the company in accordance with the directions of the Board. The division of responsibilities between the Board and President is detailed clearly in instructions and rules of procedures that are approved by the Board each year.

To increase the efficiency and depth of the Board's work on certain issues, the Board has established three committees; the Audit Committee, the Remuneration Committee and the Finance and Risk Committee.

Internal Control, Risk Control and Compliance are important support functions for the Board's committees.

The external auditor appointed by the AGM audits the Board and the President's administration of the company, as well as the company's financial reports.

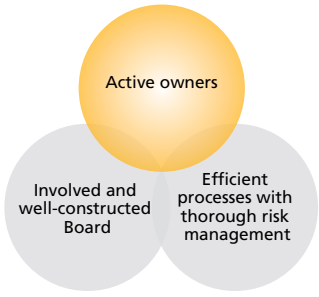
The Management Group is made up of the President and the heads of Core Investments, Operating Investments, Investor Growth Capital, Active Portfolio Management and Operations and Legal, Corporate Governance and Compliance.

Internal policies and instructions constitute important control documents in all parts of the company and clarify responsibilities and powers within areas such as information security, compliance and risk.

The actions of management and personnel are also governed by Investor's corporate culture. A strong, clearly defined corporate culture plays an important role in enabling the company to achieve its vision and goals. The corporate culture at Investor is based on four core values: Create value, Continuous improvement, Contribute your view and Care for people. The Management Group actively works to engage all employees in developing the corporate culture and living by the values expressed through it. For more information, see the section, Employees, Network and Brand in this annual report.

The company´s strategy and management of CSR issues is also a part of the company´s governance. More information is available in the section Good citizen-sustainable business in this annual report.

Cornerstones for good corporate governance



Investor has approximately 140.000 shareholders. The largest shareholders by votes have been the same during the last years, which enable ownership stability in strategic important questions. For the third consecutive year, a foreign shareholder has been appointed to the Nomination Committee. Investor advocates the active involvement of both national and international long-term shareholders. This will strengthen the company's corporate governance in the long run.

AGM and AGM's decision-making authorities

Investor's AGM is held in the Stockholm area during the first half of the year. No later than at the publication of the third-quarter report, shareholders are informed of the time and place of the AGM and are provided information on their right to have business discussed at the AGM. The notice of the AGM is published at the earliest six weeks, but no later than four weeks, before the date of the AGM.

The AGM is informed about the company's development over the past fiscal year and decides on a number of central issues, such as the election of auditor, discharging the Board from liability for the fiscal year, remuneration for the Board and fees to the auditor, decisions on the number of Board members, election of the Board for the period up to the close of the next AGM and dividends. Investor always strives to ensure that the Board, Management Group, Nomination Committee and the auditor are present at the AGM.

Shareholders are entitled to participate in and vote at the AGM if they are recorded in the register of shareholders and have reported their intention to attend by the specified deadline. Shareholders who cannot attend the AGM in person may appoint a proxy. To enable non-Swedish-speaking shareholders to participate, the AGM's proceedings are simultaneously interpreted into English. All printed information is available in both Swedish and English.

Decisions at the AGM usually require a simple majority vote. However, for certain items of business taken up at the AGM, the Swedish Companies Act requires that a proposal is approved by a higher percentage of the shares and votes represented at the AGM.

Voting rights at Investor's AGM

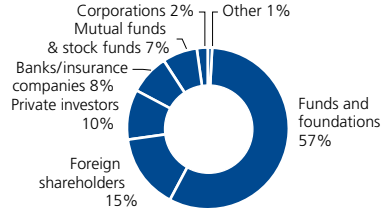
- Each Investor shareholder entitled to vote may vote for the entire number of the shares owned and represented by the shareholder without restrictions to the number of votes.
- A-shares are entitled to one vote.
- B-shares are entitled to 1/10 vote.

ANNUAL GENERAL MEETING 2010

Investor's 2010 AGM was held on April 14 at the City Conference Centre in Stockholm. Approximately 1,000 shareholders, including proxies, attended the meeting, representing 68.3 percent of the votes and 44.8 percent of the capital.

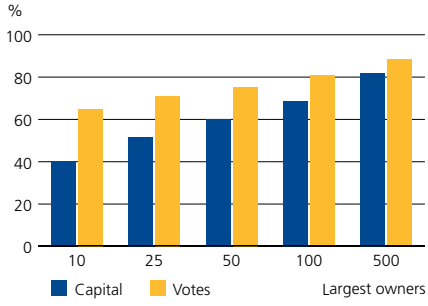
The President's presentation at the AGM was published on Investor's website the day after the AGM. All documents required for the AGM and the minutes of the meeting are available on the company's website.

Distribution of shareholders, percentage of votes



For ownership in percentage of capital, see page 35

Shareholder structure



Contact information AGM 2011

Board of Directors
Investor AB
Attn: Chairman of the Board, SE-103 32 Stockholm
investorAGM@investorab.com

Nomination Committee
Investor AB
Attn: Nomination Committee, SE-103 32 Stockholm
nomination.committee@investorab.com

Information about the AGM is published on the website.

ANNUAL GENERAL MEETING 2011

The 2011 AGM will be held on April 12 at Stockholm Waterfront Congress Centre. All shareholders wishing to take up business at the meeting could submit their request to the AGM until February 22, 2011.

SHARES, OWNERSHIP AND DISTRIBUTION POLICY

At year-end 2010, Investor had 138,761 shareholders according to the register of shareholders maintained by Euroclear Sweden. Institutional owners dominate the ownership structure. Foundations represent the largest single shareholder category. Investor's share capital totaled SEK 4,795 m., consisting of a total of 767 million shares, of which 312 million are class A-shares and 455 million class B-shares.

Investor's distribution policy

- A large percentage of the dividends received from Core Investments are distributed.
- Shareholders receive a distribution from other net assets corresponding to a yield in line with the equity market.
- Investor AB aims to generate a steadily increasing annual dividend.

The 2010 AGM decided on a dividend payment of SEK 4.00 per share to shareholders.

The Board of Directors and the President propose a dividend to the shareholders of SEK 5.00 per share to the AGM 2011.

REPURCHASE OF OWN SHARES

Since 2000, the Board has requested and been granted a mandate by the AGM to buy back the company's shares.

In 2010, 2,000,000 shares were repurchased to hedge Investor's program for long-term share-based remuneration and for the allocation of synthetic shares as a part of Board remuneration.

Investor currently considers it more attractive from a long-term ownership perspective to invest capital in new and existing holdings with a high return potential than to repurchase own shares.

Nomination Committee

The AGM appoints the members of the Nomination Committee.

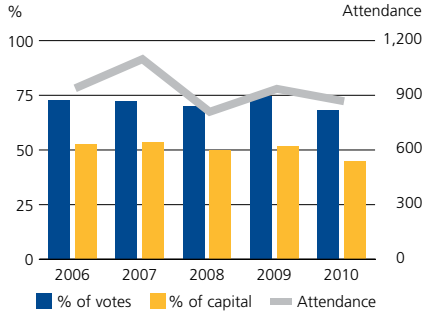
By mandate from the 2010 AGM, the membership of the Committee consists of five members, including one representative from each of the four shareholders or groups of shareholders controlling the largest number of votes and the Chairman of the Board of Directors. The register of recorded shareholders and shareholder groups from Euroclear Sweden and other reliable shareholder information available to the company as of the last business day of August serves as the basis for identifying the members.

NOMINATION COMMITTEE MEMBERS FOR 2011 AGM

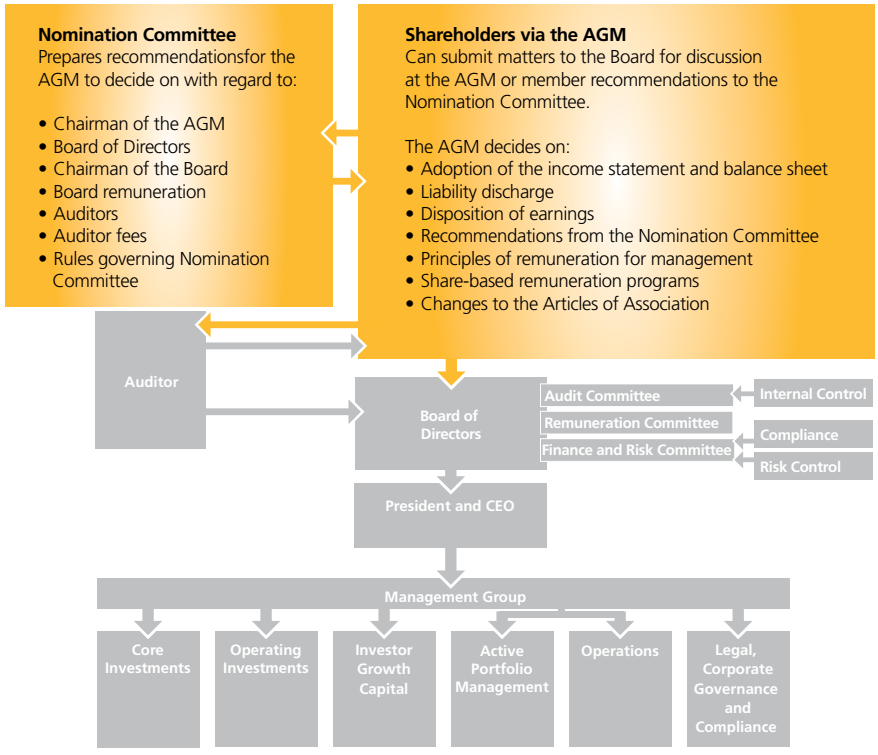
Together with the Chairman of the Board, Jacob Wallenberg, the four owners with the largest share of votes (taking into account shareholder groups) appointed the following representatives to the Nomination Committee prior to the 2011 AGM: Hans Wibom (Wallenberg foundations), Lars Isacsson (SEB Foundation), Curtis Jensen (Third Avenue Management LLC) and Caroline af Ugglas (Skandia Liv). The composition of the Committee was made public on September 23, 2010. Altogether, its membership represents just over 60 percent of the votes in Investor.

The composition of the Nomination Committee meets the independence criteria set forth by the Code.

Attendance at Investor´s AGMs



Governance structure for shareholders



NOMINATION COMMITTEE'S PREPARATIONS FOR 2011 AGM

The Nomination Committee held three meetings at which the minutes were kept and maintained informal contact between meetings up to and including February 28 2011. At the committee's first meeting, Hans Wibom, Wallenberg foundations, was elected Chairman. Each member of the Nomination Committee signed a confidentiality agreement in connection with the start of their work.

Nomination Committee members for 2011 AGM

Nomination Committee Member	Representing	Independent in relation to company management	Independent of the company's major shareholders/ shareholder groups in terms of votes	8/31 2010 % of votes	12/31 2010 % of votes
Hans Wibom	Wallenberg foundations	No[1]	No[2]	48,0	48,0
Lars Isacsson	SEB-Foundation	Yes	Yes	4,9	4,9
Curtis Jensen	Third Avenue Management LLC	Yes	Yes	4,3	4,3
Caroline af Ugglas	Skandia Liv	Yes	Yes	4,2	4,1
Jacob Wallenberg	Chairman of the Board for Investor AB	Yes	No[3]		

1) Significant business relationship with the company within the last year.
2) Representing the Wallenberg foundations.
3) Member of the Knut and Alice Wallenberg Foundation.

The Nomination Committee is charged with preparing and presenting to the 2011 AGM proposals for resolutions regarding the Chairman at the AGM, the Board of Directors and the Chairman of the Board, Board remuneration distinguished between the Chairman of the Board and other Board members and remuneration for committee work, choice of auditor and audit fees, and rules for the Nomination Committee for the 2012 AGM.

In order to reach proper decisions about the composition of the Board, the committee is furnished with the evaluation of the Board and its work and the Chairman of the Board's report on the company's activities, goals and strategies.

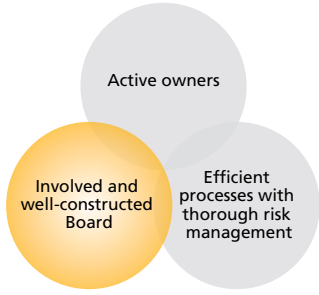
It is the committee's role to assess the performance and effectiveness of the Board given the company's current circumstances and long-term objectives. The committee therefore evaluated the size and composition of the Board in terms of industry experience, expertise, international experience and diversity. The composition of the Board should reflect and allow scope for the different backgrounds and areas of expertise that are required for the implementation of Investor's philosophy of active ownership and long-term ownership commitment.

The Nomination Committee is of the opinion that diversity is important regarding such factors as gender, nationality and industry experience, in order to achieve a well functioning composition of the Board of Directors. However, it is very important that each candidate of the Board has the right profile and merits for the specific competence sought.

The Nomination Committee has also studied the audit efforts for the period 2007-2009 and the 2010 year's audit evaluation and the Audit Committee's proposed auditor and recommended fees.

The recommendations of the Nomination Committee, its motivated opinion regarding the proposed Board of Directors and supplementary information regarding recommended Board Members and Auditor are made public when notice of the AGM is published. These matters of business are also presented at the 2011 AGM together with a report on the work of the Nomination Committee.

Cornerstones for good corporate governance



Investor's Board, elected at the 2010 AGM, consists of 11 members and no deputies. The Board members' experience and knowledge is broad and diverse within areas of strategic importance for Investor, such as business development, corporate governance of both listed and unlisted companies, the financial and capital markets, medical research and healthcare.

Board of Directors

The Board is appointed by the AGM to serve for a mandate period through the end of the next AGM. On behalf of Investor's owners, the Board establishes the goals and strategies for the company, evaluates the operational management and ensures that systems are in place to monitor and verify the company's business and organizational objectives. The Board also ensures that the company's stakeholders are furnished with accurate information, that laws and regulations are complied with and that ethical guidelines and internal policies are modified as needed. Investor's Board forms a quorum when more than half of the members are present. The Board's role to assure the quality of Investor's financial reporting is set out in the section "Internal control and risk management for the financial reporting".

Pursuant to the Articles of Association, the Board must consist of no less than three and no more than eleven directors and no more than four deputies. The AGM decides the exact number. The Board is assisted by a secretary, who is not a member of the Board. Board members are to devote the time and attention to Investor that their assignment demands. Each Board member is responsible for requesting any supplementary information that he/she feels is necessary in order to make sound decisions. New Board members are introduced to Investor's business operations by attending a comprehensive introduction orientation involving, for example, meetings with departmental managers. Board members are continuously updated on new regulations, practices and statutory requirements that may affect the business.

THE CHAIRMAN OF THE BOARD

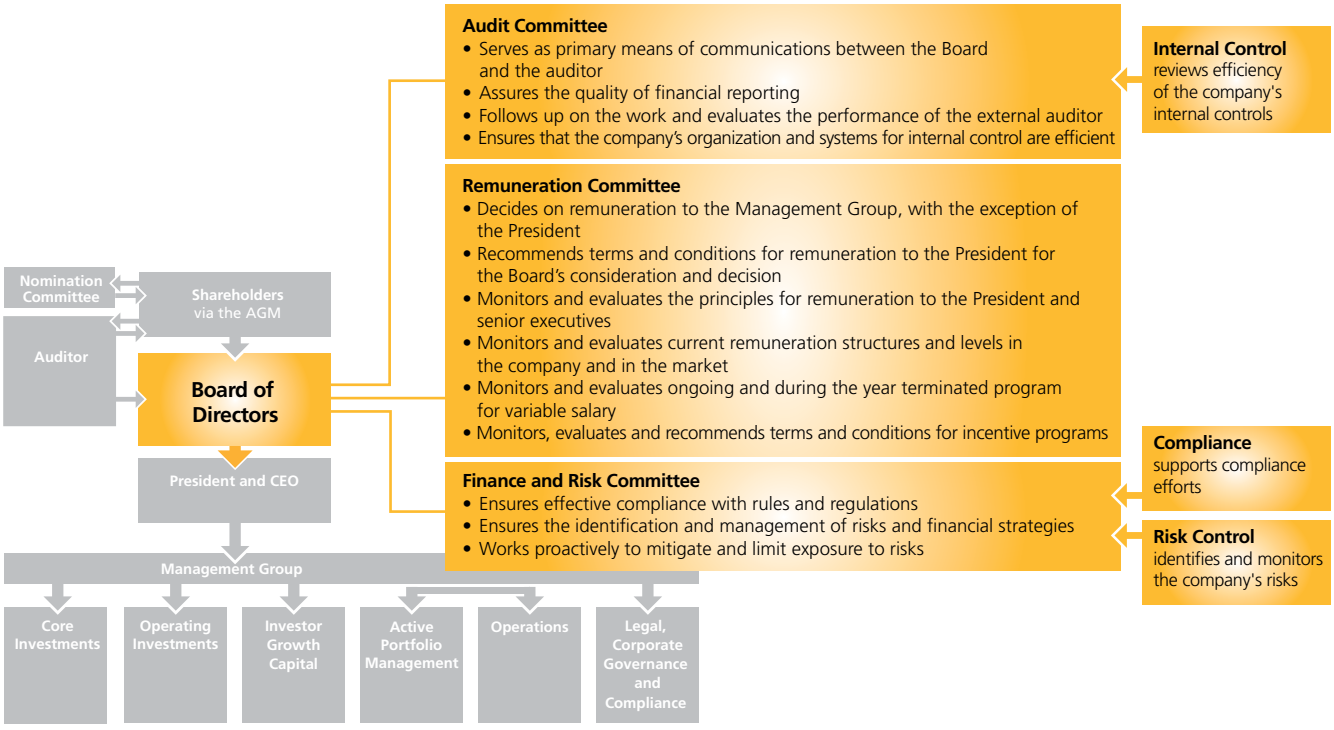
The AGM appoints the Chairman of the Board. The Chairman organizes and leads the work of the Board, ensures that the Board continues to advance its knowledge of the company, communicates views from the owners and serves as support for the President. The Chairman and the President set the agenda for Board meetings. The Chairman verifies that the Board's decisions are implemented efficiently, and ensures that the work of the Board is evaluated annually and that the Nomination Committee is informed of the result of this evaluation.

In addition to his active involvement in Investor, Chairman of the Board Jacob Wallenberg is also involved in a number of other companies and serves on a number of international organizations. He has built up an extensive international network and participates in various policy forums, such as The Atlantic Council, the European Round Table of Industrialists (ERT), the Peter G. Peterson Institute for International Economics and the International Business Council of the World Economic Forum. Jacob Wallenberg is also serving as Chairman of the International Business Leaders' Advisory Council for the Mayor of Shanghai (IBLAC).

MEMBERS OF THE BOARD OF DIRECTORS

Since the 2010 AGM, the Board has consisted of 11 members and no deputies. At the 2010 AGM, Jacob Wallenberg, Gunnar

Overall structure of governance for the Board



Brock, Sune Carlsson, Börje Ekholm, Sirkka Hämäläinen, Grace Reksten Skaugen, O. Griffith Sexton, Lena Treschow Torell and Peter Wallenberg, Jr. were re-elected. Board member Håkan Mogren declined re-election. Tom Johnstone and Carola Lemne were elected as new members. The AGM elected Jacob Wallenberg as Chairman of the Board for the period ending with the next AGM. President Börje Ekholm is the only Board member who is a member of the company's Management Group.

The Nomination Committee considers the 11 members to be well suited to serve on the Board of Directors during the mandate period ending with the 2011 AGM. It is also of the opinion that the newly elected Board members, Tom Johnstone and Carola Lemne will contribute valuable expertise and experience to the Board. Tom Johnstone has long experience of managing a world-leading global company with operations in more than 130 countries. Carola Lemne has medical knowledge, within both medical research and as a practicing medical doctor, as well as experiences in managerial positions in international pharmaceutical companies.

The percentage of women and the percentage of foreign members on the Board are both 36 percent. A more detailed presentation of the Board is found on page 60 and on the website.

INDEPENDENCE OF BOARD MEMBERS

The composition of Investor's Board of Directors meets the requirements concerning the independence of directors.

Several of the Board members are directors of Investor's holdings and they receive remuneration from these companies. It is the opinion of the Nomination Committee and the company that this remuneration does not entail a dependence of these members on Investor or its management. The assessment of each Board member's independence is presented in the adjacent table.

THE BOARD'S RULES OF PROCEDURE

In addition to laws and recommendations, the work of the Board is governed by its rules of procedure. The Board reviews its rules of procedure annually and is empowered to adopt them following a Board decision.

The rules of procedure are divided into five sections in order to clarify and regulate the practices and tasks of the Board. These five sections are as follows: the rules of procedure, instructions to the President and instructions to each of the three Board committees (the Remuneration Committee, Audit Committee and Finance and Risk Committee).

The rules of procedure also specify which matters of business should always be included on the agenda of each Board meeting as well as on the agenda of the statutory Board meeting. The rules of procedure set out that minutes should be kept at every meeting by the Board's secretary, who may not be a member of the Board.

Furthermore, the rules of procedure set out how the minutes are to be prepared and distributed to the members and how the Board is to be informed about matters such as the issue of press releases. The rules of procedure also contain guidelines governing the decisions the Board may delegate to the President.

EVALUATION OF THE BOARD

Pursuant to the rules of procedure, the Chairman of the Board initiates an annual evaluation of the performance of the Board.

The 2010 comprehensive evaluation consisted of an anonymous questionnaire that was answered by each Board member. The questionnaire was divided into a number of sections covering topics such as the atmosphere of co-operation within the Board, its range of expertise and the methods the Board utilized to carry out its tasks. In addition, the Chairman met with each Board member privately to discuss the work done by the Board during the year.

The objective of the evaluation is to provide insight into the Board members' opinions about the performance of the Board and identify measures that could make the work of the Board more effective. A secondary objective is to form an overview of the areas the Board believes should be afforded greater scope and where additional expertise might be needed within the Board.

The Board discussed the results of this year's evaluation and the Chairman of the Board presented them to the Nomination Committee.

Investor's Board continuously evaluates the performance of the President by monitoring the development of the business in relation to the established objectives. A formal performance review is carried out once a year and discussed with the President.

WORK OF THE BOARD IN 2010

During the year, the Board held ten meetings, of which seven were regular meetings, one was statutory and two were extraordinary. The attendance of each Board member at these meetings is shown in the table on page 52. Up until the 2010 AGM, the secretary at most of these Board meetings was attorney Hans Wibom. Petra Hedengran, General Counsel, took over the role of secretary for the Board meetings after the AGM. Prior each meeting, Board members were provided with comprehensive written information on the issues that were to be discussed.

During the year, the Board devoted considerable time to the acquisition of additional shares in Saab, the acquisition of Aleris and the acquisition of additional shares in Mölnlycke Health Care and NASDAQ OMX. Prior to each acquisition, extensive analyses were conducted at Investor and then reviewed by the Board.

Board of Directors 2010

Member	Elected	Position	Year of birth	Nationality	Independent in relation to the company and company management	Independent in relation to the company's major shareholders
Jacob Wallenberg	1998	Chairman	1956	Swedish	Yes	No[1]
Gunnar Brock[4]	2009	Member	1950	Swedish	No[2]	Yes
Sune Carlsson	2002	Member	1941	Swedish	Yes	Yes
Börje Ekholm	2006	Member	1963	American/Swedish	No[3]	Yes
Sirkka Hämäläinen	2004	Member	1939	Finnish	Yes	Yes
Tom Johnstone	2010	Member	1955	British	Yes	Yes
Carola Lemne	2010	Member	1958	Swedish	Yes	Yes
Grace Reksten Skaugen	2006	Member	1953	Norwegian	Yes	Yes
O. Griffith Sexton	2003	Member	1944	American	Yes	Yes
Lena Treschow Torell	2007	Member	1946	Swedish	Yes	Yes
Peter Wallenberg Jr	2006	Member	1959	Swedish	Yes	No[1]

1) Member of the Knut and Alice Wallenberg Foundation
2) Has been President of a closely-related company during the last five years
3) President
4) Acquired, in connection with the position as Chairman of the Board of Mölnlycke Health Care in 2007, and thus before the election to the Board of Directors of Investor, shares (ordinary shares and preference shares) in Mölnlycke Health Care within a management participation program for the Board of Directors and the Management in this company. This circumstance does not entail that Gunnar Brock, for this reason, is dependent to Investor or its Management Group.

At the time of the resolution of the Board to acquire Aleris, four of the Board of Directors, including the Chairman of the Board and the CEO, did not participate in the decision, due to the assessment of conflict of interest of such Board of Directors.

As one of the Board of Directors, Carola Lemne, is CEO of Praktikertjänst AB, which business partially competes with Aleris, she has consequently been prevented from participating in the resolution regarding the acquisition of Aleris and hence she does not participate in other resolutions that involve Aleris or its business during the board meetings, nor does she receive any information regarding said company.

The Board also devoted time to both internal and external presentations of the financial markets in particular countries, as well as from a global perspective. The Board discussed the development and the effects on industries, markets and individual companies, paying particularly close attention to Investor's holdings and the long-term strategies of such holdings. For example, guest speakers were invited to give presentations at Investor's Board meeting that was held in June in New York, as well as at the meeting in September in Shanghai.

The financial reports presented at every regular Board meeting, including those prior to the year-end and interim reports, are an important aspect of the Board's work. The Board also receives monthly reports on the company's financial position. At regular Board meetings, reports were delivered on the ongoing operations in the business areas, together with in-depth analyses and proposed actions regarding one or more of the company's holdings. Committee work is an important task performed by the Board. A more detailed description of the work conducted by the committees during 2010 is presented in the table on page 51.

During the year, the company's management presented value-creating plans for Core Investments, including analyses of the holdings' operations and development potential in the business areas where they

are active. These analyses and their implications were discussed and assessed by the Board with a focus on the individual companies as well as in the context of overall strategic discussions. Similar presentations and discussions were held regarding holdings of Operating Investments.

Besides its efforts associated with the acquisition of Aleris and to acquire additional shares in Saab and Mölnlycke Health Care and NASDAQ OMX, the Board was given comprehensive presentations and information concerning a number of potential acquisitions and sales, Investor's financing of acquisitions, and in the company's holdings in the Core Investments and Operating Investments business areas.

The Board also received and discussed reports on the composition of portfolios and developments in the Private Equity Investments business area, including Investor's involvement in EQT and the operations of Investor Growth Capital.

Due to the company's growing exposure in Asia in general, and in China in particular, one of the Board meetings was held in Shanghai. At that meeting, the Board listened to presentations by guest speakers concerning the Chinese market and its development. The Board also visited some of the Core Investments' production facilities in the area.

The acquisition of operating subsidiaries, changes in the market and legislation has increased the focus on corporate governance, remuneration, compliance and issues relating to the nomination process and Board remuneration, above all with regard to Core Investments but also in relation to holdings in the other business areas.

In addition to participating in meetings of the Audit Committee, the company's auditor also attended a Board meeting during which Board members had the opportunity to pose questions to the auditor without representatives of the company's management being present. An evaluation of the work done by the Board was also conducted during the year, which provided the basis for the work of the Nomination Committee and for determining the focus of future Board work.

Board Committees´ work 2010

	Audit Committee	Remuneration Committee	Finance and Risk Committee
Members[1)]	Sune Carlsson (Chairman) Jacob Wallenberg Peter Wallenberg Jr	Jacob Wallenberg (Chairman) O. Griffith Sexton Lena Treschow Torell	Grace Reksten Skaugen (Chairman) Sirkka Hämäläinen Jacob Wallenberg
Number of meetings	7	6	4
Work in 2010	• Assessed each interim report and the Year End Report for completeness and accuracy • Evaluated the valuation principles for each business area • Evaluated the accounting effect and management of the new operating subsidiaries, Aleris and Mölnlycke • Discussed both structural and specific tax issues • Followed up the auditor´s reports on the year-end financial statements and interim reviews • Evaluated the audit work of KPMG during the period 2007-2010. Presented results to the Nomination Committee prior to the election of auditor at the 2011 AGM • Followed up on the results of the Internal Control Function's reviews of the control activities in the business processes. Particular focus this year has been on Operating investments	• Evaluated the Code's section on remuneration, based on the EU Commission's recommendation regarding remuneration of directors in listed companies • Evaluated and approved remuneration structures for personnel and salary reviews for management • Evaluated and assessed the President's goals for 2010, which were then approved by the Board • Discussed strategic personnel issues such as leadership development, diversity and succession • Monitored and evaluated variable salary programs that were in effect or concluded during the year • Evaluated and implemented the guidelines for remuneration and the long-term variable remuneration program for management and employees that was adopted by the 2010 AGM • Proposed to the Board to submit to the AGM 2011 a share program that essentially is in line with the 2010 program • Monitored and evaluated the development of remuneration programs and remuneration levels in the market	• Followed up on limits, mandate and risk status of the various business areas at each meeting • Updated the limits and mandates in the risk policy • Decided on updates to Group-wide policies • Followed up the impact of new rules and regulations on Investor • Followed up the work done by the Security function in such areas as information security and continuity plans • The Committee's new Chairman attended a special presentation of the daily work done by the risk control function and its system support • Followed up on the 2010 risk assessment process

1) The composition of the Audit Committee and Remuneration Committee fulfill the requirements set out in the Code and the Swedish Companies Act regarding the independence of Directors. The Finance and Risk Committee is not affected by the independence criteria.

BOARD COMMITTEES

In order to increase the efficiency of its work and enable a more detailed analysis of certain issues, the Board has formed three committees: the Audit Committee, the Remuneration Committee and the Finance and Risk Committee. The members of the committees are appointed for a maximum of one year at the statutory Board meeting and perform their duties as assigned by the instructions presented to each committee annually.

The primary objective of the committees is to provide preparatory and administrative support to the Board. The issues considered at committee meetings are to be recorded in the minutes and reported at the next Board meeting. Representatives from the company's specialist functions always participate in committee meetings.

Auditor

The Auditor is appointed by the AGM for a mandate period of one year. On behalf of the shareholders, the Auditor is responsible for auditing the company's annual accounts, accounting records and administration by the Board and the President. The Auditor in charge also submits an audit report to the AGM, submits a statement regarding the application of guidelines for salary and other remuneration and submits a report of the Corporate Governance Statement. Shareholders are welcome to direct questions to the Auditor at the AGM.

Pursuant to its Articles of Association, Investor must have one or two Auditors, and no more than two deputies. A registered firm of auditors may be appointed as the company's auditor. At the 2007 AGM, the registered firm of Auditors, KPMG AB was appointed Auditor until the close of the 2011 AGM. The Auditor in charge is Helene Willberg, Authorized Public Accountant.

Investor's Auditor: KPMG AB

Auditor in charge, Helene Willberg
Year of birth: 1967
Authorized Public Accountant at KPMG AB
President of KPMG AB
Auditor in charge for Investor since 2010
Other auditing assignments: Cloetta, Nobia, Ortivus, Thule
Shares in Investor AB: 0 shares

Over the past three years, the auditing firm has, besides the audit, conducted a limited number of other assignments on behalf of Investor. These assignments mainly consisted of services associated with auditing, such as in-depth reviews during an audit. By limiting the extent to which the auditor is allowed to perform services other than auditing, it is possible to ensure that the Auditor is independent of the company. For fees paid to the auditor over the past three years, see enclosed table. For details on remuneration to the Auditor see note 6.

Fees paid to Auditors 2008-2010

SEK m.	2010	2009	2008
KPMG AB	11	10	10
Deloitte	2	–	–
Total, Group	**13**[1]	**10**	**10**

1) Of total fees to Auditors SEK 9 (9) m. refers to the investment activities and SEK 4 (1) m. refers to operating activities.

Remuneration

REMUNERATION TO THE BOARD

The Nomination Committee recommends the remuneration to the Board for the coming fiscal year and the AGM approves the remuneration. Remuneration is paid to Board members not employed by the company.

The Nomination Committee believes it is to the advantage of the company and its shareholders if Board members are either shareholders in the company or have similar exposure to changes in the price of Investor's share over the long term. The Nomination Committee recommended a new structure for the Board fees, which was adopted for the first time by the 2008 AGM. The new structure entails that a portion of the remuneration be paid as synthetic shares. The term synthetic share carries the entitlement to receive future

Attendance record and Board remuneration in 2010

● Member ● Chairman	Audit Committee	Remuneration Committee	Finance and Risk Committee	Attendance record, Board Meetings	Attendance record, Committee Meetings	Board fee excl. Committee fees: Cash, SEK	Board fee excl. Committee fees: Value of synthetic shares, SEK[2]	Board fee excl. Committee fees: Number of synthetic shares[1,2]	Committee fees: Audit Committee, SEK	Committee fees: Remuneration Committee, SEK	Committee fees: Finance and Risk Committee, SEK	Total Board Remuneration incl. synthetic shares, SEK[2]
Jacob Wallenberg	●	●	●	100%	100%	937,500	937,500	6,838	125,000	125,000	62,500	2,187,500
Gunnar Brock				100%		250,000	250,000	1,823				500,000
Sune Carlsson	●			100%	100%	250,000	250,000	1,823	187,500			687,500
Börje Ekholm				100%								–
Sirkka Hämäläinen			●	100%	100%	500,000	0	0			62,500	562,500
Tom Johnstone				86%		250,000	250,000	1,823				500,000
Carola Lemne				100%		250,000	250,000	1,823				500,000
O. Griffith Sexton		●		100%	83%	500,000	0	0		62,500		562,500
Grace Reksten Skaugen			●	100%	100%	500,000	0	0			125,000	625,000
Lena Treschow Torell		●		100%	100%	250,000	250,000	1,823		62,500		562,500
Peter Wallenberg Jr	●			100%	86%	250,000	250,000	1,823	125,000			625,000
Total						**3,937,500**	**2,437,500**	**17,776**	**437,500**	**250,000**	**250,000**	**7,312,500**

1) Based on volume weighed average price for Investor's B shares during the five trading days immediately following the day the B-share was traded without the right to receive dividend 2010 (16/4-22/4): SEK 137.
2) At point of allocation.

For total value of Board fee including synthetic shares and dividends at year-end, see Note 5.

dividends corresponding to the market price of Investor's B-shares at the time of distribution. For the detailed terms and conditions for synthetic shares, please visit the company website.

The total remuneration to the Board approved by the AGM was SEK 7,312.5 t. The distribution of Board fees is shown in the enclosed tables and in Note 5 of the 2010 Annual Report.

The Chairman receives higher compensation than other Board members, which reflects the extra duties this position involves.

Members of the Board not employed by the company do not participate in Investor's share-based remuneration programs.

Board remuneration 2008-2010

SEK	2010	2009	2008
Chairman	1,875,000	1,875,000	1,875,000
Vice Chairman			500,000
Member	500,000	500,000	500,000
Chairman Audit Committee	187,500	187,500	187,500
Member Audit Committee	125,000	125,000	125,000
Chairman Remuneration Committee	125,000	125,000	125,000
Member Remuneration Committee	62,500	62,500	62,500
Chairman Finance and Risk Committee	125,000	125,000	125,000
Member Finance and Risk Committee	62 500	62 500	62 500

REMUNERATION TO MANAGEMENT AND OTHER EMPLOYEES

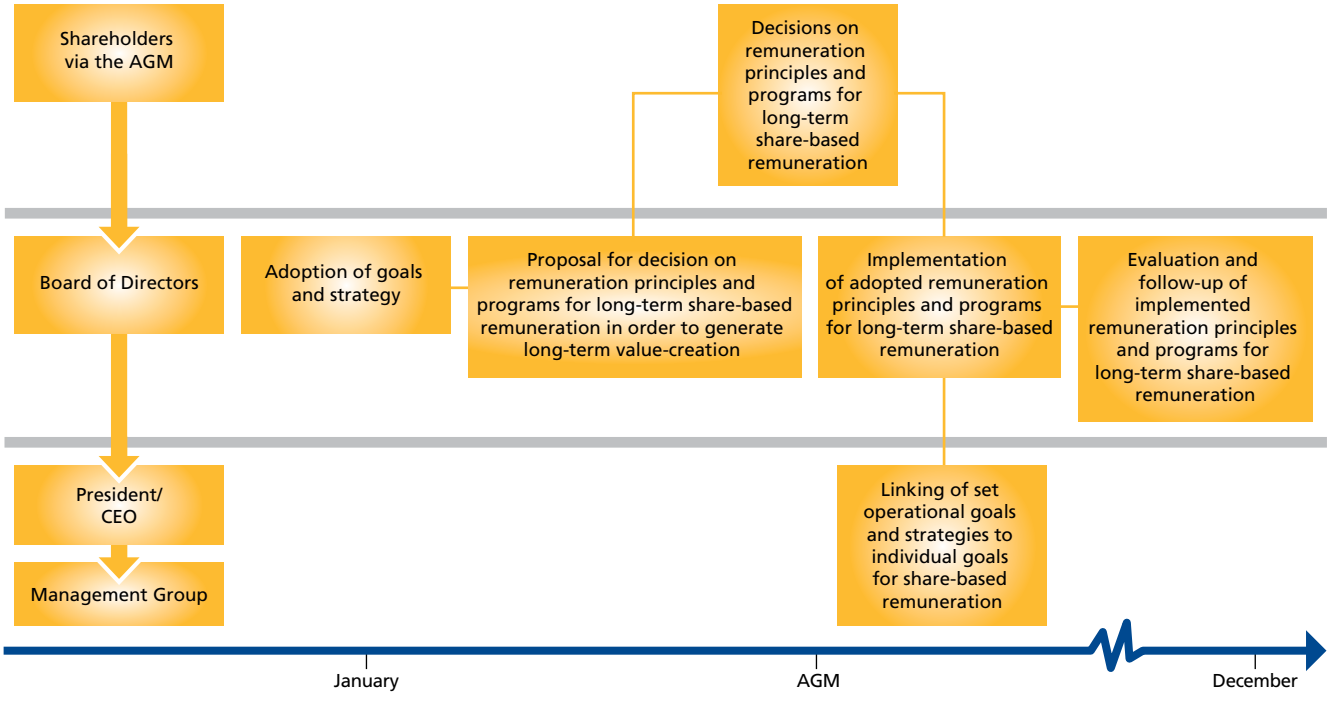
In order to achieve long-term competitive return for the shareholders, Investor strives to offer its employees a total remuneration package that is in line with market conditions and enables the recruitment and retention of the most suitable employees. Comparative studies of relevant industries and markets are carried out annually in order to determine what constitutes a total level of remuneration in line with market conditions and to evaluate current remuneration levels.

The total remuneration for the President is determined by the Board. Remuneration issues concerning other members of the Management Group are decided by the Remuneration Committee, after which the Board is informed. Investor applies, throughout the organization, the principle that the immediate superior of every manager must always be informed of and approve the recruitment of and remuneration to an employee.

When determining salaries, the total remuneration consists of a fixed cash salary, variable cash salary, long-term variable remuneration, pension and other remuneration and benefits.

Remuneration as governing instruments for the Board

One of the Board's most important assignments is to design and modify the remuneration programs in such a way as to benefit long-term value creation within the company. The remuneration program is a significant tool for ensuring that the company has the proper management in place.



• ***Fixed cash salary***

The fixed cash salary is reviewed annually. The fixed cash salary constitutes the basis for calculating variable salary.

• ***Variable cash salary***

The majority of employees also receive variable cash salary, in addition to their fixed cash salary. Variable cash salary is based on individual goals that are set each year. In this way, the annual variable cash salary is clearly connected to the work and performance of the individual. The goals are both qualitative and quantitative and are based on factors that support the company's long-term strategy. The variable cash salary component for 2010 varies across Investor's business areas. The President's variable cash salary totals a maximum of 10 percent of his fixed cash salary for 2010. The variable cash salaries of the Management Group as a rule are 45-80 percent of their fixed cash salaries, depending on the position and agreement. For other employees, variable cash salary can range from 0-80 percent of the employee's fixed cash salary. In the case of a very limited number of key personnel, variable cash salary can total 100 percent of the employee's fixed cash salary. If the President considers an employee of the company to have made an exceptional contribution during the year, he may decide to award the employee an extra variable salary component in order to be international competitive. However, any such award is conditional on specific approval by the Remuneration Committee.

Senior executives in certain business areas may also participate in profit-sharing and parallel investment programs that are based on the development of a certain investment or an entire business area.

Members of personnel employed in Active Portfolio Management participate in a profit-sharing program in which they are paid a variable salary component corresponding to 20 percent of the profits of the business, which may result in the variable salary component exceeding 100 percent of the basic salary.

• ***Long-term variable remuneration***

During the period 1999-2010, Investor has operated a long-term variable remuneration program which, since 2000, has been offered to all employees. The programs have been resolved by Investor's Board. As of 2004, the programs have also been approved by the AGM.

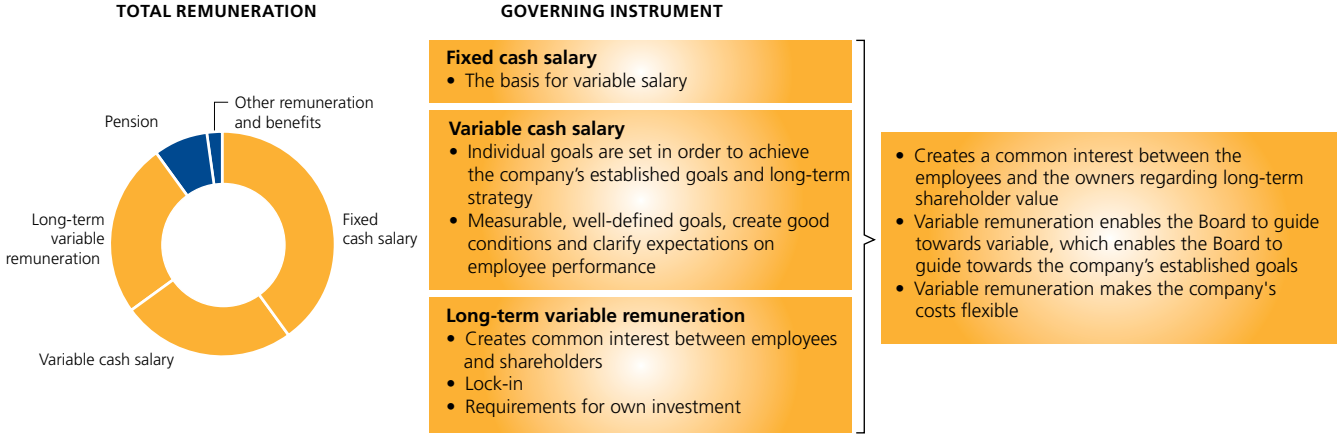
The Board's ambition is to encourage employees to build up a shareholding in Investor. The program is structured to provide a balance between, on the one hand, the employees' assumption of risk through a requirement of personal investment in Investor shares and, on the other, the employees' possibility to receive performance-related allotments of shares in Investor. The own investment makes the employees committed to Investor. In addition, a part of the remuneration to the employee is related to the long-term development of Investor and the Investor share and the employee is exposed to share price increases and decreases and the employee

Management remuneration 2009-2010

SEK 000's	Year	Basic salary incl. Change in vacation provision	Variable salary	Cost of granted long-term share-based remuneration	Total salary	Pension cost excl. payroll tax	Other remunerations and benefits	Total cost of remuneration
President and CEO,								
Börje Ekholm	2010	7,542	0	5,005	12,547	2,515	1,105	16,167[1)]
	2009	8,044	1,356	5,355	14,755	2,671	805	18,231
Other members of the Management Group	2010	20,017	10,400	5,248	35,665	6,273	945	42,883[2)]
	2009	19,449	10,330	6,661	36,440	6,277	614	43,331

For details on remuneration to Management see note 5, page 95, in the Annual report 2010.
1) In addition to this amount, as a result of realized gains in parallel investment programmes, additional SEK 37,165 t. (99) has been paid out to Börje Ekholm. For more information see note 5 and the press release December 20th, 2010.
2) In addition to this amount the Management Group has received payment from carried interest plans due to realized gains of SEK 12,416 t. (106) and remuneration from the profit-sharing program for Active Portfolio Management of SEK 33 t. (438). For more information see note 5.

Remuneration components as governing instruments



thereby has goals equivalent to those of Investor's shareholders. The own investment requirement was implemented in 2006. In 2008, the Remuneration Committee commissioned a comprehensive evaluation of the long-term variable remuneration program. The program that was adopted by the 2009 AGM was slightly modified. The 2010 program is essentially the same as the program that was approved in 2009 and just as in previous years, it consists of two parts: a stock matching plan and a performance-based share program.

Investor's policy is for the Management Group to own shares in Investor corresponding to a market value of at least one year's salary for the President and at least half of one year's salary for the other members of the Management Group.

For more information on salaries and other remuneration, see Note 5 of the 2010 Annual Report or the company's website. Information is also available on the website about Investor's system of variable remuneration to the Board of Director and the Management Group, and of each outstanding share- and share price related incentive scheme.

President, management and the organization 2010

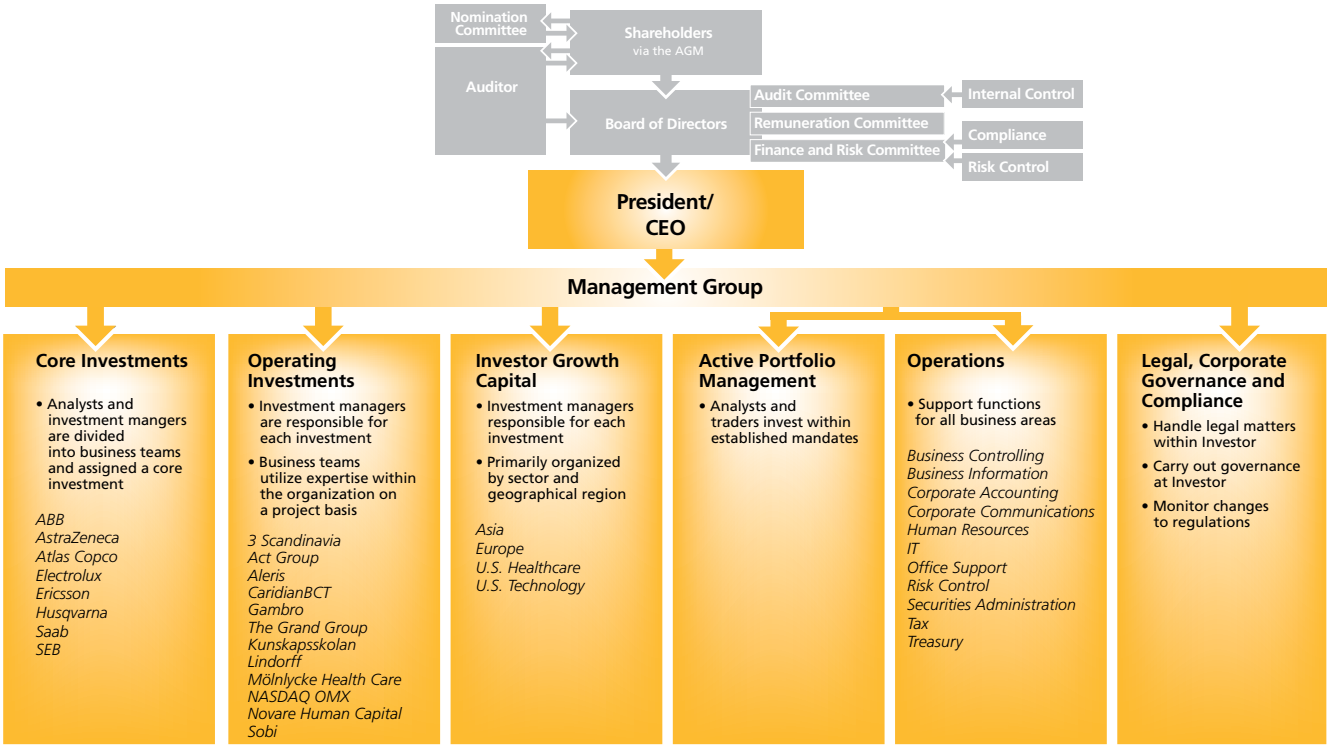
President and Chief Executive Officer (CEO) Börje Ekholm is responsible for the daily operation of the business. The President's responsibilities include ongoing investments and divestments, personnel, finance and accounting issues and regular contact with the company's stakeholders, such as public authorities and the financial market. The President is responsible for ensuring that the Board is provided with the requisite material for making well-informed decisions.

The President reports to the Board. He is also a member of the Investor Board and attends all Board meetings except for when his performance is under evaluation and when the Board meets the auditor without the presence of the Management Group.

The President has appointed a Management Group that has day-to-day responsibility for different parts of Investor's business. Each member of the Management Group is responsible for one or several of the business units: Core Investments, Operating Investments, Investor Growth Capital, Active Portfolio Management and Operations and Legal, Corporate Governance and Compliance. For more information about the President and Management Group, see page 62.

The Management Group meets once a week to decide and follow up on business activities, current projects and other issues, and to discuss personnel and organizational

Overall structure of governance for the Management Group



See Investor's Annual Report in Swedish, page 56, for new organization as per January 1, 2011.

issues. In addition to these weekly meetings, the Management Group holds meetings focused on the company's strategy and risk assessment four to five times a year.

The Management Group regularly works with specific business transactions. During 2010, it gave particular attention to the consolidation of two new subsidiaries, Aleris and Mölnlycke, and the challenges for the organization contingent on this. It also focused on the transactions in Saab and NASDAQ OMX. Furthermore, it continued to work with value creation plans, add-on investments as well as new investment opportunities. The Management Group has also proactively worked with extending the company's funding in order to ensure that the company has financial flexibility. It also evaluated the anticipated impact of new EU Directives on the company and worked to modernize the company's IT environment. Furthermore, workshops on the company's ethical guidelines and Whistleblower policy were held during the year. All employees participated to discuss these issues in small groups. The Management Group regularly monitors the organization to ensure that it has the right competencies given the company's strategy, goals and challenges. As per January 1, 2011, decision has been taken regarding re-organization. See Investor's Annual Report in Swedish, page 56, for new organization as per January 1, 2011.

- ***Core Investments***

The Core Investments business area employs investment managers and analysts that are responsible for one or more of the Core Investments. The investment managers and analysts continuously research each holding, the sector to which it belongs and competitors to identify value-creating initiatives and their return potential.

- ***Operating Investments***

The work of Operating Investments' investment managers draws on the expertise of other relevant areas within the organization on a project-basis. Investor's investment managers typically represent the company by participating in the board meetings for its Operating Investment holdings. They also play a leading role in developing these businesses. During 2010, two new operating subsidiaries were acquired: Aleris and Mölnlycke.

- ***Investor Growth Capital***

Each office of Investor Growth Capital in Asia, Europe and the United States employs investment managers that are knowledgeable in their local markets and sectors. Investor Growth Capital is normally represented on the Boards of its holdings by its investment managers. The business flow follows a standardized process for decision-making and implementation, documentation, evaluation and follow-up.

- ***EQT***

Decisions on capital commitments to EQT's funds are made by the Board of Investor.

- ***Active Portfolio Management***

The Active Portfolio Management department comprises both traders and analysts. Active Portfolio Management is controlled by mandates and limits set by the Board. Activities are supervised and monitored daily by the Risk Control function. During 2010, mandates and limits for Active Portfolio Management were evaluated and adjusted.

- ***Operations***

The Operations unit includes the Business Controlling, Group Accounting, Corporate Communications, IT, Business Information, Human Resources, Risk Control, Tax, Treasury and Securities Administration. Each function's responsibilities and processes are governed by established policies and instructions. In order to efficiently support business operations, the organizational structure of Operations is modified as needed in order to adapt to changes within each business area. Operations has its own Management Group that meets weekly and consists of representatives from each department.

- ***Legal, Corporate Governance and Compliance***

The Legal function is responsible for legal matters within the company.

The Corporate Governance unit is engaged in actively handling corporate governance issues as well as in monitoring changes in corporate governance legislation and regulations. Among other things, the new shareholder directive was evaluated and analyzed in 2010.

Compliance strives to ensure that the company complies with legislation and contractual conditions as well as counteracting the development, and minimizing the extent, of undesired events and their consequences. Among other things the Compliance function continued its review of the internal regulatory systems in 2010.

Cornerstones for good corporate governance



Efficient processes help to ensure that there will be efficient decision-making. Efficient processes correspond to the company's strategy and guide the company towards its established business goals. Throughout the organization, there must be a clear division of responsibility, effective internal controls and an explicit risk management process.

Internal control and risk management for financial reporting

As per the Swedish Companies Act, the Board is responsible for internal control at the company. Effective Board work is thereby a cornerstone for good internal control. Internal control and risk management comprise a part of the Board's and management's governance and follow-up of the business operations. Internal control is intended to ensure the appropriate and efficient management of the operations, the reliability of the financial reporting and compliance with laws, ordinances and internal regulations.

This report on the internal control, risk management and the financial reporting refers to Investor's investment activities. The wholly owned subsidiaries, Mölnlycke, Aleris and Grand Group, have their own systems for internal control within their respective operating business. The effectiveness in the operating subsidiaries' internal control, risk management and financial reporting is managed by respective company's Management Group and is reported to respective company's Board. Investor's board representative will analyze and follow up on the information within Investor's investment organization.

Internal control and risk management are an integral part of all processes within Investor's investment activities. Investor's system of internal control and risk management with regard to financial reporting is designed to manage risks involved in the processes related to financial reporting and to ensure a high level of reliability in external reporting. Investor's main business is the management of financial transactions and the company's internal control over financial reporting is focused primarily on ensuring efficient and reliable management of (and accounting for) the purchases, sales and accurate evaluation of securities.

The following description of internal control is based on the framework for internal control issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). According to this framework, internal control is described as comprising the control environment, risk assessment, control activities, information, communication and monitoring.

CONTROL ENVIRONMENT

The foundation of internal control is the overall control environment established by the Board and Management. This control environment is built around an organization with clear decision-making channels, powers and responsibilities that are defined by explicit instructions and a corporate culture based on shared values and the individual's awareness of his/her role in maintaining effective internal control. Investor's core values are Create value, Continuous improvement, Contribute your view and Care for people. During 2010, the Management Group continued to hold workshops to discuss Investor's ethical guidelines and Whistleblower Policy with small groups of employees together with a representative from the Management Group. All employees must participate in such workshops.

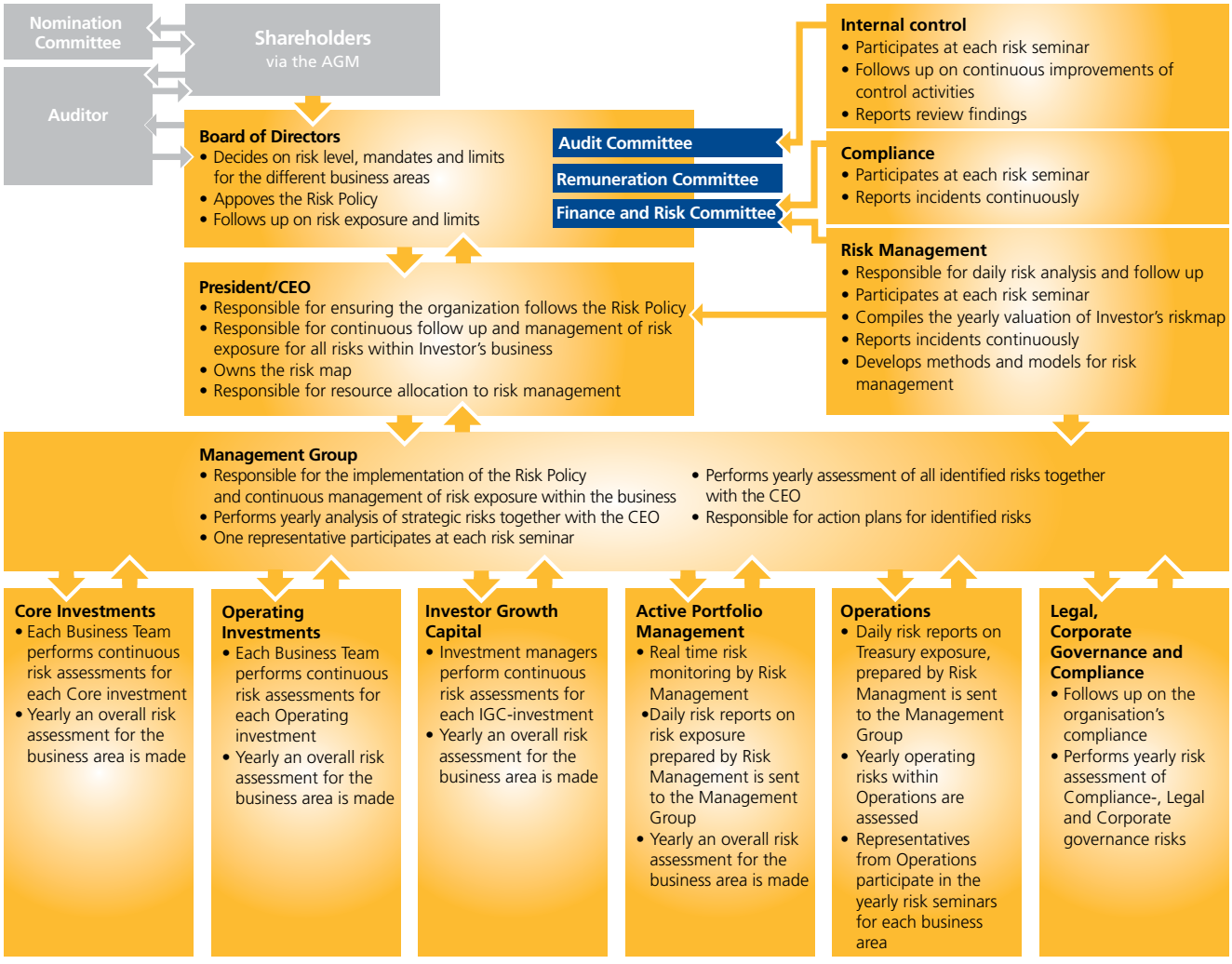
All of Investor's business areas have policies, instructions and detailed process descriptions for the various phases of each business flow, e.g. from transaction management to bookkeeping and the preparation of external reports. These documents establish rules on who is to bear responsibility for a specific task, which mandate and powers are to be included and how validation is to be carried out. The governing documents are updated as needed to ensure that they always reflect current legislation, regulations and changes in processes. During 2010, the Compliance function continued its review of all governing documents. As a result, these documents have been updated and further developed.

The internal rules, such as policies and instructions, for the operating subsidiaries are not covered in this review.

Risk management within Investor's investment activities



Risk management within Investor's investment activities



RISK ASSESSMENT

Risk assessment, which involves identifying and evaluating the company's risks, not to reach business goals and reliable financial reporting, is conducted annually at Investor. Risk assessment is carried out in the form of a self-evaluation and includes the establishment of action plans to mitigate identified risks.

The Board, via the Finance and Risk Committee and the Audit Committee, is responsible for identifying and managing significant financial risks and any risks of material weaknesses in financial reporting.

As part of the risk assessment process, the organization evaluated and followed up identified risks during 2010. The Management Group has identified some particular risk areas that the organization was required to evaluate during the year. One such area is the new operating subsidiaries, Aleris and Mölnlycke, that Investor acquired during the year. The risk assessment process has been led by the Risk Control function, in cooperation with the Compliance and Internal Control functions. Risk assessment encompasses the entire organization and all of its processes. It takes into consideration such things as systems, control activities and key individuals. Identified risks are analyzed in relation to Investor's assets, such as financial assets, brand, personnel, information and IT/infrastructure. When needed, action plans were finalized to minimize the probability and effect of identified risks. The identified risks were compiled in a company-wide risk map. Conclusions drawn from the risk assessments were then reported to the Management Group and the Board.

Using each business area's risk assessment as a starting point, the Audit Committee determines which of the identified risks should be prioritized by the Internal

Control function during the year to ensure correct financial reporting. Focus is placed on risks of material weaknesses in the financial reporting for significant income statement and balance sheet items that are, relatively speaking, higher because of the complexity of the process, or where there is a risk that the effects of potential weaknesses may become significant because of the high transaction values involved. Actions such as improved control routines are then taken in order to further ensure accurate financial reporting. The Finance and Risk Committee monitors follow-up of actions for other risks.

A more detailed description of Investor's risks can be found in the Administration Report on page 64 and in Note 30 on page 127. For description of risk management within the operating subsidiaries see note 30 on page 130.

CONTROL ACTIVITIES

To ensure that business is conducted efficiently and that financial reporting gives a true and fair picture on each reporting date, every process incorporates a number of control activities. These involve all levels of the organization, from Board and company Management to other employees. The purpose of the control activities is to prevent, detect and rectify weaknesses and deviations. At Investor, control activities include approval of business transactions, reconciliation with external counterparts, daily monitoring of risk exposure, daily bank and custody reconciliations, monthly follow-up of outcomes and analytical follow-up of decisions.

Investor's financial reports are analyzed and validated by the company's financial controllers. The validation process consists of both automatic checks, including deviation reporting, and manual checks such as reasonability assessment of the values found. The effectiveness of the automatic checks in the IT systems is monitored regularly on the basis of information received from system administrators in the business process.

The new, independently financed and ring-fenced operating subsidiaries, Aleris and Mölnlycke, which were acquired by Investor in 2010, have required the implementation of new processes and control activities for financial reporting. For example, there is now a new reporting template for associates and the new subsidiaries. It is designed to ensure that correct values are reported in Investor's financial reports.

In 2010, the Internal Control function conducted a special review of the control activities embedded in the processes for Operating Investments and Active Portfolio Management, along with the compliance of foreign subsidiaries. Suggestions for improvements have been implemented on an ongoing basis. During the year, the Business Controlling unit, together with the Operating Investments business area, further developed the investing and valuation processes for the business area.

INFORMATION AND COMMUNICATION

To ensure that information provided externally is accurate and comprehensive, Investor's Board of Directors has approved a communications policy defining exactly what information must be issued, the way in which it must be issued and by whom. There are also instructions on how to communicate financial information between management and other employees.

A proper dissemination of information also requires adequate procedures for information security, which has received special focus at Investor in recent years.

Investor regularly publishes up-to-date information on its website so that shareholders and stakeholders can follow Investor's operations and performance. News and events that are considered to have an impact on Investor's share prices are announced in press releases. Financial information is published in interim reports, year-end reports and the annual reports.

In order to achieve effective and accurate dissemination of information internally, the Management Group holds monthly meetings for all employees. Every few years, a conference is held for the entire global organization. Investor developed its intranet in 2010 in order to continually provide its employees with up-to-date information.

MONITORING

Both the Board of Directors and the Management Group regularly follow up on the compliance and effectiveness of the company's internal controls to ensure the quality of internal processes. Investor's financial situation and strategy regarding the company's financial position are discussed at every Board meeting and the Board is furnished with detailed monthly reports on the financial situation and development of the business to this end. The Audit Committee plays an important role in ensuring that control activities are in place for important areas of risk inherent in the processes for financial reporting. The Audit Committee, Management Group and Internal Control function regularly follow up reported shortcomings.

The Internal Control function provides objective support to the Board on matters relating to the internal control structure, partly by investigating major areas of risk and partly by performing reviews and follow-ups in selected areas. The function works proactively by proposing improvements in the control environment. The Internal Control function plans its work in consultation with the Audit Committee, Management Group and the external Auditor, and regularly reports on its work to the Audit Committee during the year.

During 2010, the Internal Control function has had a special focus on further developing the processes for reporting and accounting for Operating Investments. In addition, the Internal Control function regularly follows up that measures resulting from previous years' reviews have been implemented.

Board of Directors

Jacob Wallenberg
born 1956
Chairman since 2005
Vice Chairman 1999-2005
Director since 1998

Other board assignments
Vice Chairman: Atlas Copco AB, SAS AB and SEB Skandinaviska Enskilda Banken AB (SEB)
Director: ABB Ltd, The Coca-Cola Company, The Knut and Alice Wallenberg Foundation and Stockholm School of Economics
Chairman: IBLAC (Mayor of Shanghai's International Business Leaders Advisory Council)
Member: The European Round Table of Industrialists

Work experience
President and CEO: SEB
Executive Vice President and Head of Enskilda Division, SEB
Advisor to the President and CEO of SEB
Executive Vice President and CFO: Investor AB

Education
B.Sc. in Economics and M.B.A., Wharton School, University of Pennsylvania
Reserve Officer, Swedish Navy

Independent/Dependent
Independent in relation to the company and its management
Dependent in relation to the company's major shareholders

Committees
Chairman: Remuneration Committee
Member: Audit Committee and Finance and Risk Committee

Shares in Investor [1)]
186,936
Synthetic shares
22,441

Gunnar Brock
born 1950
Director since 2009

Other board assignments
Chairman: Mölnlycke Health Care AB and Stora Enso Oyj
Director: Stockholm School of Economics and Total SA
Member: The Royal Swedish Academy of Engineering Sciences (IVA)

Work experience
CEO: Atlas Copco AB, Thule International, Tetra Pak Group of Companies and Alfa Laval

Education
M.Sc. in Economics and Business Administration, Stockholm School of Economics

Independent/Dependent
Dependent in relation to the company and its management
Independent in relation to the company's major shareholders

Shares in Investor [1)]
0
Synthetic shares
4,012

Sune Carlsson
born 1941
Director since 2002

Other board assignments
Chairman: Atlas Copco AB
Director: Autoliv Inc. and Stena AB

Work experience
Vice Chairman: Scania AB
President and CEO: AB SKF
Executive Vice President: ASEA AB and ABB Ltd

Education
M.Sc. in Engineering, Chalmers University of Technology, Gothenburg

Independent/Dependent
Independent in relation to the company and its management
Independent in relation to the company's major shareholders

Committees
Chairman: Audit Committee

Shares in Investor [1)]
40,000
Synthetic shares
5,984

Börje Ekholm
born 1963
Director since 2006
See also information on page 62

Independent/Dependent
Dependent in relation to the company and its management
Independent in relation to the company's major shareholders

Sirkka Hämäläinen
born 1939
Director since 2004

Other board assignments
Chairman: Finnish National Opera
Vice Chairman: KONE Corporation
Director: Sanoma

Work experience
Economist and Head of Department: Bank of Finland
Director General: Economics Department, Finnish Ministry of Finance
Governor and Chairman: Bank of Finland
Member of the Executive Board: European Central Bank

Education
D.Sc. in Economics, Helsinki School of Economics

Independent/Dependent
Independent in relation to the company and its management
Independent in relation to the company's major shareholders

Committees
Member: Finance and Risk Committee

Shares in Investor [1)]
3,900

Tom Johnstone
born 1955
Director since 2010

Current role
President and Chief Executive Officer: AB SKF

Other board assignments
Director: Chalmers University of Technology, Husqvarna AB and AB SKF

Work experience
Director: Electrolux AB and The Association of Swedish Engineering Industries
Executive Vice President: AB SKF
President: Automotive Division, AB SKF

Education
M.A., University of Glasgow

Independent/Dependent
Independent in relation to the company and its management
Independent in relation to the company's major shareholders

Shares in Investor [1)]
0
Synthetic shares
1,823

1) For more information about synthetic shares see Note 5. Includes holdings of close relatives and legal entities


Jacob Wallenberg


Lena Treschow Torell


Tom Johnstone


Sirkka Hämäläinen


Gunnar Brock


Carola Lemne

Carola Lemne
Born 1958
Director since 2010

Current role
President and Chief Executive Officer: Praktikertjänst AB
Associate professor: Karolinska Institutet

Other board assignments
Director: Getinge AB, Meda AB, Praktikertjänst AB, The Confederation of Swedish Enterprise
Member: The Center for Molecular Medicine, The Dental and Pharmaceutical Benefits Agency TLV and The Swedish Corporate Governance Board

Work experience
Director: Apoteket AB, Stockholm University and The Strategic Research Foundation
Member: The Swedish Governmental Delegation on Cooperation in Clinical Research Managing Director: Danderyd University Hospital AB
Vice President Clinical Development and Regulatory Affairs Strategy: Pharmacia Corp, New Jersey
Vice President: Clinical Research Europe, Pharmacia & Upjohn Corp

Education
M.D., Karolinska Institutet, Sweden
Ph.D., Karolinska Institutet
Associate Professor, Karolinska Institutet

Independent/Dependent
Independent of the company and its management
Independent of the company's major shareholders

Shares in Investor [1)]
1,000
Synthetic shares
1,823

Grace Reksten Skaugen
born 1953
Director since 2006

Other board assignments
Chairman: Entra Eiendom AS, Ferd Holding AS and Norwegian Institute of Directors
Director: StatoilHydro ASA

Work experience
Director: Atlas Copco AB, Opera Software ASA, Renewable Energy Corporation ASA, Storebrand ASA and Tandberg ASA
Consultant: Argentum Fondinvesteringar AS
Director: Corporate Finance Enskilda Securities, Oslo
Project Adviser: AS Aircontractgruppen, Oslo
Venture Capital Consultant: Fearnley Finance Ltd, London
Microelectronics Research Officer: Columbia University, New York

Education
M.B.A., BI Norwegian School of Management, Careers in Business Program, New York University, Ph.D., Laser Physics, Imperial College of Science and Technology, London University, B.Sc., Honours, Physics, Imperial College of Science and Technology, London University

Independent/Dependent
Independent in relation to the company and its management
Independent in relation to the company's major shareholders

Committees
Chairman: Finance and Risk Committee

Shares in Investor [1)]
1,500

O. Griffith Sexton
born 1944
Director since 2003

Other board assignments
Director: Morgan Stanley

Work experience
Advisory Director and Managing Director: Morgan Stanley

Education
M.B.A., Stanford University Graduate School of Business and B.S.E., Princeton University

Independent/Dependent
Independent in relation to the company and its management
Independent in relation to the company's major shareholders

Committees
Member: Remuneration Committee

Shares in Investor [1)]
1,800

Lena Treschow Torell
born 1946
Director since 2007

Other board assignments
Chairman: Euro-CASE (European Council of Applied Sciences and Engineering), MISTRA (The Foundation for Environmental Strategic Research) and The Royal Swedish Academy of Engineering Sciences (IVA)
Vice Chairman: The Chalmers University of Technology Foundation, Micronic Mydata AB and ÅF AB
Director: Dagens Industri AB, Saab AB and AB SKF

Work experience
President: Royal Swedish Academy of Engineering Sciences (IVA)
Research Director: Joint Research Centre, European Commission, Brussels
Vice President: Chalmers University of Technology, Gothenburg
Professor: Materials Physics, Chalmers University of Technology
Professor: Solid State Physics, Uppsala University, Uppsala
Board member: Gambro AB, Getinge AB, Imego AB, IRECO Holding AB and Telefonaktiebolaget LM Ericsson

Education
Ph.D., Physics, University of Gothenburg
Docent, Physics, Chalmers University of Technology

Independent/Dependent
Independent in relation to the company and its management
Independent in relation to the company's major shareholders

Committees
Member: Remuneration Committee

Shares in Investor [1)]
16,500
Synthetic shares
5,984

Peter Wallenberg Jr
born 1959
Director since 2006

Other board assignments
Chairman: Foundation Asset Management AB and The Grand Group
Vice Chairman: The Knut and Alice Wallenberg Foundation, The Royal Swedish Automobile Club and The Stockholm Chamber of Commerce
Director: Aleris Holding AB, Scania AB, SEB Kort AB and Stockholmsmässan AB

Work experience
President and CEO: The Grand Hôtel Holdings
General Manager: The Grand Hôtel
President: Hotel Division Stockholm-Saltsjön AB

Education
BSBA Hotel Administration, University of Denver, International Bachaloria, American School, Leysin, Switzerland

Independent/Dependent
Independent in relation to the company and its management
Dependent in relation to the company's major shareholders

Committees
Member: Audit Committee

Shares in Investor [1)]
57,598
Synthetic shares
5,984

1) For more information about synthetic shares see Note 5. Includes holdings of close relatives and legal entities


O. Griffith Sexton


Peter Wallenberg Jr



Honorary Chairman Peter Wallenberg
born 1926

Honorary Chairman since 1997
Chairman 1982-1997
Director 1969-1982

Other board assignments
Chairman: The Knut and Alice Wallenberg Foundation
Honorary Chairman: Atlas Copco AB

Education
Bachelor of Laws, University of Stockholm


Sune Carlsson


Grace Reksten Skaugen


Börje Ekholm

Management Group

Börje Ekholm
born 1963
Director since 2006
President and Chief Executive Officer since 2005
Member of the Management Group since 1997, employed in 1992

Board assignments
Chalmersinvest AB, EQT Partners AB, Husqvarna AB, Lindorff Group AB, Scania AB, Telefonaktiebolaget LM Ericsson and KTH Royal Institute of Technology

Work experience
Head of New Investments: Investor AB
CEO: Novare Kapital
Analyst: Core Holdings, Investor AB
Associate: McKinsey & Co Inc

Education
M.B.A., INSEAD, Fontainebleau and M.Sc. in Engineering, Royal Institute of Technology (KTH), Stockholm

Shares in Investor [1)]
356,418

Johan Bygge
born 1956
Chief Financial Officer
Member of the Management Group since 2007, employed in 2007

Board assignments
The Association of Exchange-listed Companies, The Association for Generally Accepted Principles in the Securities Market, EQT Partners AB, Getinge AB, Global Beauty, Hi3G (3 Scandinavia), Novare Human Capital, SamSari Act Group AB and The Grand Group

Work experience
Executive Vice President, CFO, Chief Administrative Officer and Corporate Controller: AB Electrolux
Deputy Group Treasurer and Deputy Group Controller: Telefonaktiebolaget LM Ericsson
Arthur Andersen

Education
Degree in Economics and Business Administration, Stockholm School of Economics

Shares in Investor [1)]
30,241

Stephen Campe
born 1965
Head of Investor Growth Capital
Member of the Management Group since 2008, employed in 1998

Board assignments
Applied Spine Technologies, Inc., Cayenne Medical, Inc, Intuity Medical, Inc. and Neuronetics, Inc.

Work experience
Managing Director: Investor Growth Capital
Consultant: McKinsey & Company
Investment Banker

Education
M.B.A., Yale School of Management, Bachelor of Applied Science, University of Pennsylvania, Bachelor of Science in Economics, The Wharton School, University of Pennsylvania

Shares in Investor [1)]
7,062

Johan Forssell
born 1971
Head of Core Investments
Member of the Management Group since 2006, employed in 1995

Board assignments
Atlas Copco AB, Saab AB and SSE MBA Research Foundation

Work experience
Head of Research, Head of Capital Goods and Healthcare sector, Head of Capital Goods sector and Analyst Core Holdings: Investor AB

Education
M.Sc. in Finance, Stockholm School of Economics

Shares in Investor [1)]
49,208

Petra Hedengran
born 1964
General Counsel, and Head of Corporate Governance and Compliance
Member of the Management Group since 2007, employed in 2007

Board assignments
Lindorff Group AB

Work experience
Partner and Head of Banking and Financing Group: Advokatfirman Lindahl
Legal Counsel and General Counsel Nordic Region: ABB Financial Services AB
Assistant Judge: Stockholms Tingsrätt
Associate: Gunnar Lindhs Advokatbyrå

Education
Bachelor of Laws, University of Stockholm

Shares in Investor [1)]
13,067

Lennart Johansson
born 1955
Head of Operating Investments
Member of the Management Group since 2006, employed in 2003

Board assignments
Gambro AB and its related businesses, Mölnlycke Health Care AB and SOBI AB

Work experience
CEO: b-business partners and Emerging Technologies AB
Deputy CEO/Senior Executive Vice President and Senior Vice President Accounting: Atlas Copco AB
Audit and Control Business Area Controller: Atlas Copco Industrial Technique
Management Consultant: Nordic Management, SMG

Education
Degree in Economics and Business Administration, Stockholm School of Economics

Shares in Investor [1)]
27,850

See Note 5 for employee stock options held by Management Group members.
1) Includes holdings of close relatives and legal entities.


Johan Forssell


Börje Ekholm


Petra Hedengran


Johan Bygge


Stephen Campe


Lennart Johansson

Audit report

To the Annual Meeting of the Shareholders of Investor AB (publ.)

CORPORATE IDENTITY NUMBER 556013–8298

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of Investor AB for the year 2010. The company's annual accounts are included in the printed version of this document on pages 64 to 136. The Board of Directors and the President are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of International Financial Reporting Standards IFRS as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts.

Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain high but not absolute assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President and significant estimates made by the Board of Directors and the President when preparing the annual accounts and the consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the President. We also examined whether any board member or the President has, in any other way, acted in contravention of the Com–panies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with International Financial Reporting Standards IFRS as adopted by the EU and the Annual Accounts Act and give a true and fair view of the Group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the Annual Meeting of Shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, March 10, 2011

KPMG AB



Helene Willberg

Authorized Public Accountant

Auditors' report of the Corporate Governance Statement

To the Annual Meeting of the Shareholders of Investor AB (publ.)

CORPORATE IDENTITY NUMBER 556013–8298

Engagement and responsibility

We have audited the Corporate Governance Statement for the year 2010 on pages 42-59. It is the Board of Directors who is responsible for the Corporate Governance Statement and that it has been prepared in accordance with the Annual Accounts Act. Our responsibility is to express an opinion on the Corporate Governance Statement based on our audit.

The scope of the audit

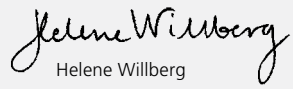
We conducted our audit in accordance with Far's auditing standard RevU 16 The auditors examination of the Corporate Governance Statement. Those standards require that we have planned and performed the audit to obtain reasonable assurance that the Corporate Governance Statement is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the information included in the Corporate Governance Statement. We believe that our audit procedures provide a reasonable basis for our opinion as set out below.

Opinion

In our opinion, the Corporate Governance Statement has been prepared and is consistent with the annual accounts and the consolidated accounts.

Stockholm, March 10, 2011

KPMG AB



Helene Willberg

Authorized Public Accountant