ANNUAL REPORT 2007

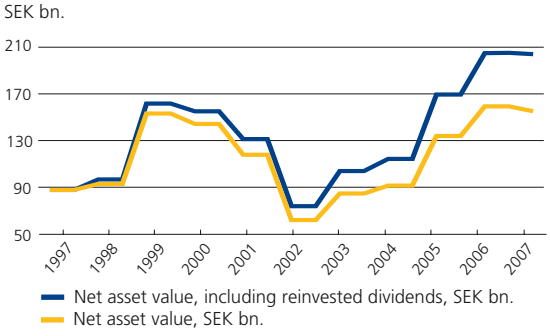


Investor 2007 Net asset value: –0.4%

HIGHLIGHTS OF 2007

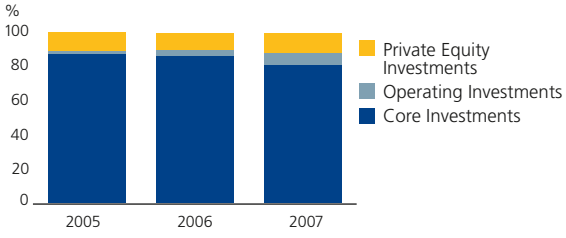
- After a strong first six months, the second half of the year was characterized by major turbulence in financial markets that was precipitated by a credit market crisis. We have prepared for this environment by increasing our financial flexibility over the past few years.
- The board proposes that the dividend be increased by SEK 0.25 to SEK 4.75 per share.
- The net asset value, including reinvested dividends, was basically unchanged in 2007 (–0.4 percent). The net asset value amounted to SEK 155 bn. on December 31, 2007.
- The total return on Investor shares was –10 percent.

DEVELOPMENT OF NET ASSET VALUE



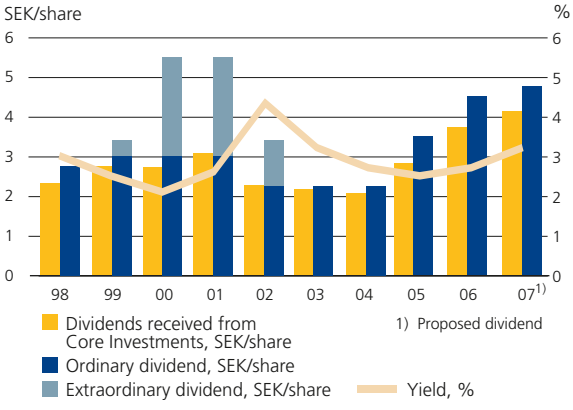
Investor's net asset value developed negatively during the year but outperformed the Stockholm Stock Exchange.

PERCENTAGE OF ASSETS BY BUSINESS AREA



The percentage of unlisted holdings (Operating Investments and Private Equity Investments) has increased in line with our strategy. In addition to the business areas described on these pages, Financial Investments represents 2 percent of total assets.

DIVIDEND



CORE INVESTMENTS 80% *of total assets*

INVESTMENT FOCUS

- Well-established, global companies that are listed.
- Investment cycle: long-term.
- Ownership through significant minority position.
- Returns through value appreciation and dividends.

STRATEGY

- Maintain an attractive mix of investments.
- Be a substantial owner with strategic influence so we can develop and implement value creation plans.

GOAL

- The return is to exceed the risk-free interest rate plus a risk premium over a business cycle. This currently corresponds to 8 to 10 percent per year.

ABB SEB Atlas Copco

SCANIA AstraZeneca ERICSSON

Husqvarna Electrolux

OMX SAAB

HIGHLIGHTS OF 2007

- Investor successfully rejected MAN's hostile bid for Scania since it did not reflect Scania's value and potential. At year-end, the market value of Scania was considerably higher than MAN's bid level.
- Investor agreed to sell OMX to Borse Dubai. According to the terms of the agreement, the Nasdaq Exchange will combine with OMX. The transaction forms the basis for a sound industrial solution that will generate an attractive return to OMX's shareholders.
- Investor increased its positions in Atlas Copco, Electrolux, Ericsson, Husqvarna and SEB.
- Dividends received totaled SEK 3.2 bn.
- To create efficient capital structures, redemption programs were carried out in Atlas Copco, Electrolux and Scania. A total of SEK 5.2 bn. was distributed to Investor.
- Core Investments had an impact of SEK –4.5 bn. on income for the year as an effect of declining stock prices.

Total return on Investor shares: –10%

OPERATING INVESTMENTS 7% of total assets

INVESTMENT FOCUS
- Medium-sized to large companies with international operations.
- Mainly unlisted companies in industries with stable growth and potential for high profitability.
- Investment cycle: longer than five years.
- Ownership through majority or significant minority position.
- Returns through value appreciation and cash flow.

STRATEGY
- Develop existing holdings utilizing methods similar to those employed in private equity.
- Grow the business area's share of total assets by actively seeking new investments.

GOAL
- The return is to clearly exceed the risk-free interest rate plus a risk premium over a business cycle. This currently corresponds to more than 15 percent per year.

MÖLNLYCKE HEALTH CARE

3

GAMBRO Renal Products

GAMBRO BCT.

GRAND HÔTEL STOCKHOLM – SWEDEN

Novare HUMAN CAPITAL

Kunskapsskolan

HIGHLIGHTS OF 2007
- The medical technology company Mölnlycke Health Care was acquired in partnership with Morgan Stanley Principal Investments.
- Gambro was streamlined into three independent units and Gambro Healthcare, the dialysis clinics business, was sold. The import ban was lifted for Gambro Renal Products in the U.S. Gambro BCT launched its new Atreus and Mirasol products in selected markets.
- 3 Scandinavia reported a net increase of 229,000 customers in 2007, up 34 percent. Average revenue per user (ARPU) increased by 7 percent to SEK 431.
- Grand Hôtel joined InterContinental Hotel Group's sales and reservation system to further boost its occupancy rate.
- Operating Investments had an effect of SEK –879 m. on income, due primarily to investments and action programs that have a short-term negative effect on profitability.

PRIVATE EQUITY INVESTMENTS 11% of total assets

INVESTMENT FOCUS
Investor Growth Capital
- Small and medium-sized young growth companies in the U.S., Northern Europe and Asia.
- Mainly unlisted companies in the healthcare, IT and technology sectors.
- Investment cycle: three to seven years.
- Ownership through minority position.
- Returns normally realized when investments are sold.

EQT's funds (partly owned)
- Buyout investments in unlisted companies in Northern Europe and Greater China.
- Investment cycle: three to seven years.
- Ownership through majority position.
- Returns normally realized when investments are sold.

STRATEGY
- Drive and develop existing holdings.
- Invest in attractive new companies with sizeable value creation potential.

GOAL
- Average annualized return (IRR) of 20 percent or more on realized investments, before administrative expenses, over the course of a business cycle.

EQT Investor Growth Capital

HIGHLIGHTS OF 2007
- Investor Growth Capital invested a total of SEK 2.0 bn. during 2007 and sold holdings for SEK 1.7 bn. Sunny Optical was listed on the Hong Kong Stock Exchange and Aerocrine on the Stockholm Stock Exchange.
- EQT's funds invested SEK 1.6 bn. and sold holdings for SEK 5.7 bn. Three initial public offerings were carried out: Tognum on the Frankfurt Stock Exchange and Nederman and Duni on the Stockholm Stock Exchange.
- Private Equity Investments contributed SEK 6.0 bn. to income in 2007 and generated a positive cash flow of SEK 3.8 bn.

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Welcome to Investor

Investor AB is the largest industrial holding company in the Nordic region. For almost a century, Investor's business concept has been to generate solid long-term returns by investing in companies with attractive potential for value creation.

We are an active owner who applies our experience, knowledge and network to develop both listed and unlisted holdings and make them best-in-class. Investor conducts investment activities from Northern Europe, the United States and Asia.

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This annual report has been prepared in Swedish and translated into English.
In the event of any discrepancies between the Swedish and the translation, the former shall have precedence.

President's comments

Strong financial position in a declining market

Regrettably, 2007 was an unsatisfactory year to be a shareholder of Investor AB. After a strong first six months, the second part of the year was characterized by turbulent financial markets and our total return to shareholders ended at –10 percent. This can be compared with our net asset value, including reinvested dividends, which was only marginally down for the year. This means that the NAV discount of the Investor share widened. Our net asset value actually outperformed the general market as a result of several positive events during 2007. We are entering 2008 with a strong balance sheet that positions us well to act on attractive investment opportunities.

A challenging year in financial markets

Overall, 2007 turned out to be eventful. The year started very strongly with rising stock markets. Access to liquidity in the financial system was high and risk premiums fell to unusually low levels. However, the risks associated with subprime mortgages in the United States became apparent during the summer, triggering concerns in global credit markets and leading to substantial write-downs of assets by a number of banks around the world. There is still some speculation about the true extent of the exposure, and the need for further write-downs. A number of banks have been forced to raise new capital to strengthen their balance sheets and we have probably not yet seen the last of this. In addition to credit concerns, uncertainty about the global economy has increased and the risk of a recession in the U.S. is becoming more apparent. Access to liquidity has become severely limited in the capital markets, which has remained weak since the second half of 2007. Central banks have injected capital into the banking system and money markets to alleviate liquidity problems. However, with the prospect of weaker growth and growing expectations for higher inflation, the central banks face countervailing forces, not an enviable position to be in.

It is worth noting that the turbulence in the financial markets so far has had very limited impact on the demand for products and services of companies. Companies exposed, for example, to the construction sector or consumer market in the U.S. have been affected, of course, but our Core Investments, like many other industrial companies, are continuing to develop well with healthy increases in earnings. There has never been such a big difference between the strong earnings of industrial companies and the expectations of the financial markets as there is today, a dichotomy which cannot reasonably last for long.

I expect that 2008 will continue to be volatile, particularly as the credit market risk becomes more transparent, coupled with high probability for a general slowdown in the U.S. and its subsequent impact on the broader global economy. Many sectors in the U.S. are already in recession and it can be argued that the general economy may also be experiencing negative growth. Furthermore, the U.S. presidential election introduces additional uncertainties,

"I believe Investor has never entered a downturn in a stronger financial position. This will allow us to capture attractive investment opportunities as they arise."



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with populist promises about increasing domestic consumption and demands for greater protectionism. Negative markets are certainly not desirable, but at the same time, they give rise to attractive investment opportunities that we can utilize to create value long term, thanks to our strong financial position.

Value-creating events in Core Investments

In January 2007, MAN withdrew its hostile bid for Scania following our, and subsequently Volkswagen's, rejection of the offer. We rejected the offer since it neither reflected Scania's fair value, nor the future potential of the company. Currently, the share price of Scania trades significantly above MAN's bid level, generating considerable value for us and all Scania shareholders. We remain committed to maximizing the value of our Scania holding.

Another important value-creating event is the pending OMX transaction, which will create a world-leading securities exchange and strengthen OMX's competitive position. This is especially important, given recent EU regulatory changes. In the process of finding and negotiating a sound industrial solution and attractive deal for shareholders, we are satisfied that we managed to more than double the value of OMX.

Position increased in several Core Investments

We are long-term owners and developers of companies. When we see fundamental value compared with the current share price, we selectively increase our ownership. On the other hand, if we believe better value can be created with a different ownership, or if we do not think the company can return its cost of capital over time, we seek to find a sound exit. Over the past two years we have actively participated in two major industrial transactions involving WM-data and OMX, which generated substantial value for shareholders. In addition to driving value creation plans effectively through board work, we can also control the sales process when we are an owner with significant influence and create value for our shareholders by getting a premium on our shareholding.

During the second half of the year, we selectively increased our position in several Core Investments. The increase in SEB during the third quarter was based on our positive view of the long-term return potential of the company, both stand-alone and in any potential consolidation scenario. Since our increase, the stock price in SEB has continued to decline, and we can see that we acted prematurely. This is particularly aggravating, given that we had expressed concerns earlier in the year about overheated credit markets and artificially low risk premiums. Our long-term view of SEB remains unchanged and our focus is now on regaining lost value. Throughout the year we added to our position in Husqvarna as we believe the company has attractive value creation prospects. In the last quarter we also bought additional shares in Atlas Copco, Electrolux and Ericsson.

During the fourth quarter, Ericsson revised its profit outlook, which had a significant negative impact on the company's share price. This is a serious issue and appropriate actions need to be taken. However, we must not forget that Ericsson remains the market leader with the highest profit margins in its industry. We believe the company can leverage this strong position to achieve further success and generate attractive returns to shareholders.

Successful year for Operating Investments

During 2007, we continued to develop our Operating Investments. Due to investments in the businesses to create future value, the value contribution was negative for the year. However, we are satisfied with the underlying performance of the holdings and are dedicated to expanding the business area further.

Early in the year we acquired Mölnlycke, together with Morgan Stanley Principal Investments. A new board and strengthened management team are now in place and considerable efforts have been made to implement our growth-oriented value-creation plan, including expanding the sales force and intensifying product development. These investments hampered the results for the year but will drive long-term value of the company.

Gambro Holding achieved several value-creating milestones. As planned, Gambro was streamlined into three independent companies as the synergies between the three were limited and to allow a stronger management focus on each operation. Subsequently, Gambro Healthcare was divested at attractive terms. Gambro Renal Products succeeded in having the import ban to the U.S. lifted after only 18 months and can now fully focus on growing the business. Gambro BCT has been able to launch its new Atreus product across Europe and has landed several key contracts. Mirasol was also introduced during the year, earlier than the original plan, and has already recorded sales.

During the last 18 months, we made significant investments to increase long-term competitiveness and profitability in both Gambro Renal Products and Gambro BCT. Going forward, we expect these efforts to start paying off and we can already see positive effects in the sales growth of both entities.

3 Scandinavia grew its subscriber base by more than 30 percent during 2007 while maintaining a market-leading ARPU. The company has continued to report shrinking losses, even if the fourth quarter is seasonally weak. We are confident that 3 Scandinavia will meet its target to reach EBITDA breakeven on a monthly basis during 2008. For us as owners, it is important that the company remains focused on achieving this milestone.

We account for Operating Investments in our net asset value by taking our share of book equity. Consequently, investments hurting short-term profits, while creating long-term value, will lower our reported value.

Strong value creation within Private Equity

Private Equity Investments had another strong year, adding a satisfactory SEK 6 bn. to our NAV for the year with positive contributions from both EQT and Investor Growth Capital. The exit environment was relatively benign during 2007 and Private Equity contributed with positive cash flow. It is realistic to plan for a less favorable exit market during 2008, and consequently, we are planning for a year of net investments. During the year, Investor Growth Capital continued to grow its portfolio after the large exits over the last 3–4 years.

Clarification of leverage policy

In the spring of 2007, we took advantage of strong credit markets to extend the maturity of our debt portfolio. The average maturity of the portfolio is now more than 13 years and only SEK 1.3 bn. falls due in the coming three years.

Our financial policy allows for maximum leverage of 25 percent. However, operating Investor at this leverage ratio over a long period of time is inappropriate from a business and risk perspective. For example, a sharp fall in market values could require us to liquidate holdings at low points to prevent our leverage from becoming unacceptably high. We believe it is appropriate to have a leverage of 5–10 percent over a business cycle based on return, risk and tax considerations. We could still allow leverage up to 25 percent for a period of time, assuming we have a plan to bring it back down. The exposure to the market, with potentially large fluctuations of the underlying asset values, in combination with the lumpy nature of acquisitions and exits, may result in periods with leverage above or below this desired range. Currently, for example, we operate with leverage below the desired range, only 2 percent, as we have deliberately decided to maintain a strong balance sheet to meet current weak market conditions. Our approach will allow us to benefit from the positive effects of using debt while maintaining flexibility to make attractive investments.

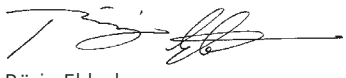
Well positioned to create value

I wish to thank my colleagues at Investor and all the people in our holdings for their dedication and hard work during 2007. Professional employees are the platform for creating value.

For some time we have been concerned about the general economy and have therefore maintained a solid, liquid financial position. In this new environment, valuations have started to adjust and I am convinced we will find opportunities to use our financial flexibility by finding attractive investment opportunities.

The Board of Directors of Investor will ask the AGM for a mandate to buy back shares also this year. Repurchasing shares in Investor would generate an immediate return as we trade at a significant discount to NAV. However, this immediate return must be compared with the value creation potential over an investment cycle if we invest the capital instead. With the return potential we see in new investments within Operating Investments and Private Equity Investments, clearly in excess of 15 percent, our board and the management team believe our shareholders will benefit more if we exploit these investment opportunities at this point in time. However, a mandate to repurchase shares gives the board the flexibility to adjust the capital structure if needed, or if an extreme situation should develop.

Fellow shareholders, while I regret the poor return during 2007, I want to stress that Investor, with its proven business model, is in a strong position to continue our history of generating above-market returns to shareholders. I believe Investor has never entered a downturn in a stronger financial position. This will allow us to capture investment opportunities that will arise when the economies slow down.



Börje Ekholm
President and Chief Executive Officer

Strategies for value creation

Investor's vision is to become the premier investor, consistently developing best-in-class companies.

Business concept

To generate attractive long-term returns by investing in companies with solid potential for value creation and applying our experience, knowledge and network to make them best-in-class.

Goal

To grow our net asset value per share, including reinvested dividends, in excess of market cost of capital, over a business cycle. Market cost of capital is defined as the risk-free interest rate (average interest for ten-year government bonds) plus a risk premium.

We aim to grow our share of Operating Investments further by investing in companies with a return potential exceeding the business area's return requirement. We also aim to increase our portion of capital invested in unlisted companies to 25 percent.

Goal fulfillment in 2007

As a single year, 2007 resulted in net asset value change, including reinvested dividends, of –0.4 percent. Historically, we have either exceeded or matched the return requirement.

Development of net asset value

	Risk-free interest rate, %[1]	Risk premium, %	Return requirement, %	Net asset value growth, incl. reinvested dividends, %[2]	SIXRX, return index, %[2]
5 years	4.1	4.5	8.6	23.8	22.5
10 years	4.6	4.5	9.1	8.7	10.0
15 years	6.0	4.5	10.5	15.0	16.3
20 years	7.3	4.5	11.8	18.6	14.4

1) Risk-free interest rate: average interest rate for ten-year government bonds.
2) Average annual return.

Strategies

Invest in attractive companies

A key factor in long-term value creation is to steadily renew the portfolio and to own companies that can generate high future returns. Investor's experience from developing companies, our unique network, our strong capital base and our flexible investment horizon give us a competitive edge as an investor. We focus on:

- investing in companies with an attractive return potential relative to their risk profile,
- having the expertise and structure to act on attractive investment opportunities regardless of a company's development stage,
- sectors and geographic markets where we have an advantage,
- strengthening ownership positions in selected existing investments when attractive opportunities arise and
- growing the share of unlisted investments, which provides opportunities for creating a higher return potential and generating proprietary returns for our shareholders.

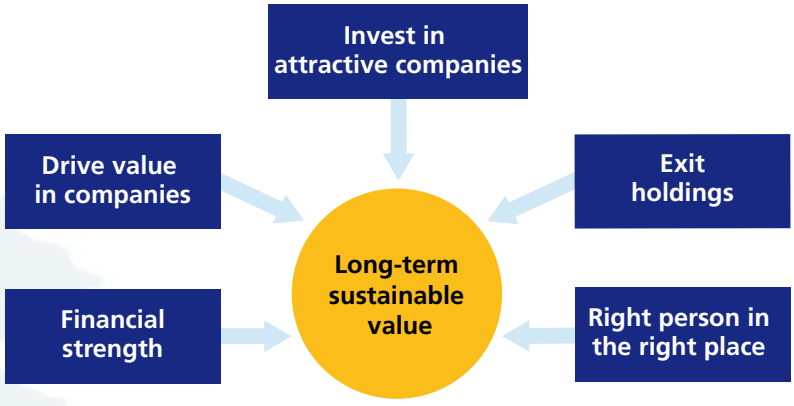
Examples from 2007: During the year, we invested in Mölnlycke Health Care and added to a number of our Core Investments, among other activities. Our share of unlisted assets increased.

Drive value in companies

Our work to create value in companies aims to make them best-in-class. We accomplish this by:

- having a substantial stake and active board role to drive value creation plans focusing on improvements in the areas of profitability, growth, capital structure and industrial structure,
- giving companies access to our unique international network of contacts and experts and
- establishing clear goals and continuously following up and evaluating the performance of our companies in absolute terms as well as relative to their competitors.

Examples from 2007: Several holdings experienced strong organic growth. A number of profitability improvement measures, acquisitions, divestments and changes in capital structure were implemented in holdings.



Exit holdings

We continuously evaluate the long-term return potential of all holdings. If our assessment shows that the potential of a company does not meet our requirements, or if its value can be higher in another ownership structure, we look to exit the holding in a value-creating way.

Examples from 2007: The agreement to sell OMX is a sound industrial solution that will generate attractive returns to shareholders. The rejection of MAN's hostile bid for Scania proved to be value-creating for all of Scania's shareholders.

Financial strength

Our strategy is to maintain high financial flexibility that allows us to act on investment opportunities, regardless of the economic situation. An appropriate leverage level for us is 5–10 percent over a business cycle, based on risk, the desired financial flexibility and current tax considerations. According to our policy, leverage is not to exceed 25 percent, or go below zero, for any extended period of time.

Examples from 2007: Over the past few years, we have deliberately brought our leverage down, enabling us to make substantial investments during the fourth quarter, despite a turbulent market. Our credit rating was also upgraded by the Moody's rating institute in a volatile stock market situation.

Right person in the right place

Having the right person in the right place at the right time is of the greatest importance, since it is people who build successful companies. Therefore, we focus on:

- using and developing our unique network of prominent business leaders and specialists,
- actively working on having the right management teams and boards in our holdings,
- steadily developing the knowledge and experience of our employees and
- providing remuneration to employees, managements and boards that is linked to a large extent to long-term value creation in the companies, preferably by having a substantial ownership stake. This creates a common driving force that is aligned with the goals of the owners.

Examples from 2007: We made a number of changes to the boards of holdings in the Core Investments, Operating Investments and Private Equity Investments business areas. During the year, we also worked actively on developing a model in which board members receive a portion of their board fee in the form of synthetic shares.

Investor shares

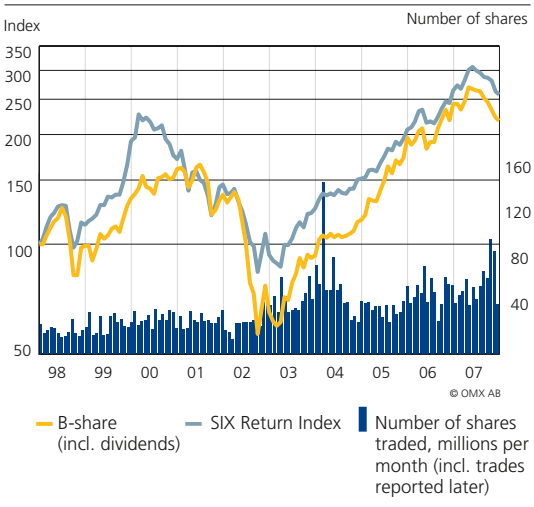
2007 was a turbulent year for stock markets. After trending upwards for four years, stock exchanges declined during 2007. A strong first half was followed by a weak third quarter and a dramatic fourth characterized by concerns about a credit crisis. In 2007, the total return to shareholders ended at –10 percent. Since the total return was weaker than the development of Investor's net asset value, the so-called NAV discount of the Investor share widened during the year.

The total return on Investor shares (share price performance including reinvested dividends) was –10 percent in 2007 (24). This can be compared with the return index of the Stockholm Stock Exchange (SIXRX), which was –3 percent (28). Over the past five-year period, the average annual total return on Investor shares has been 27 percent, as against 23 percent for the return index. The board proposes to increase the dividend to SEK 4.75 per share for fiscal 2007 (4.50).

Investor shares

The price of Investor's A-share declined during 2007 from SEK 166 to SEK 142.75, or 14 percent, while the price of Investor's B-share decreased from SEK 168 to SEK 147, or 13 percent. The average annual total return on Investor shares in the past one, five, ten and 20 years has been –10, 27, 8 and 16 percent, respectively.

Total return compared to return index



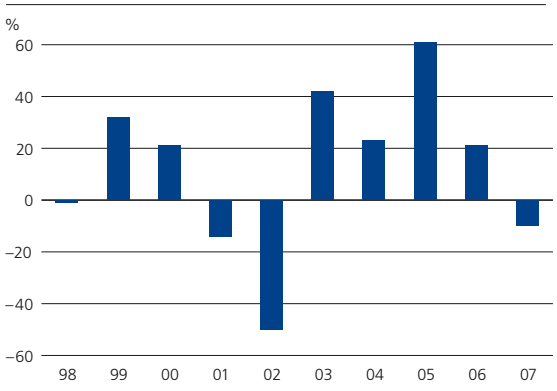
Market capitalization

Investor had a market capitalization of SEK 111 bn. on December 31, 2007 (128) and was the eleventh largest company on the Stockholm Stock Exchange.

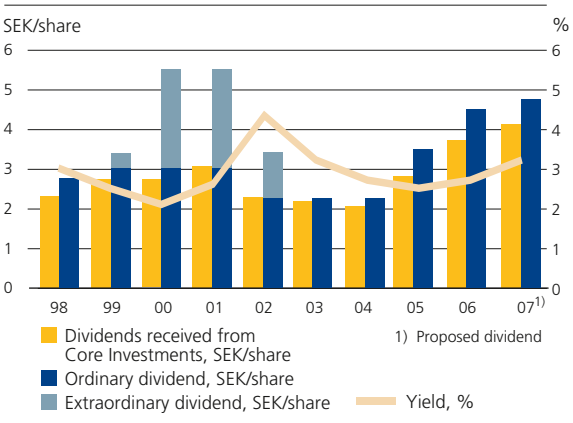
Turnover

The turnover of a company's shares indicates how liquid the shares are, or how much the share is traded. Investor's most actively traded shares are B-shares. During 2007, the turnover of Investor shares totaled 815.6 million (706.7), of which 57.7 million were A-shares (41.4) and 757.9 million were B-shares (665.3). This corresponded to a turnover rate of 106 percent (92), compared with 130 percent (132) for the Nordic Exchange as a whole. On average, 3.3 million (2.8) Investor shares were traded daily. Investor was the sixteenth most actively traded share on the Stockholm Stock Exchange in 2007.

Investor's total return



Dividend



Dividend

The Board of Directors and the President propose a dividend to shareholders of SEK 4.75 per share (4.50), corresponding to a maximum of SEK 3,644 m. (3,449) or 115 percent (121) of dividends received from the Core Investments in fiscal 2007.

Ownership structure

At year-end 2007, Investor's share capital totaled SEK 4,795 m., represented by 767 million shares, each with a quota value of SEK 6.25. Investor had a total of 134,321 shareholders at year-end 2007 (134,230). In terms of numbers, the largest category of shareholders is private investors, 119,347 or 89 percent of the total number of owners. In terms of the percentage of share capital held, institutional owners dominate with 14,974 owning 87 percent of the shares. The largest single shareholder category is foundations. The three largest Wallenberg foundations jointly own 22 percent of the share capital and 47.2 percent of the voting rights.

During the year the percentage of share capital held by foreign shareholders continued to rise, but at a slower pace. On December 31, 2007, 29 percent (28) of the capital and 14 percent (14) of the votes were held by shareholders outside Sweden. Foreign owners primarily own B-shares. Owners in the U.S. hold the largest number of shares outside Sweden corresponding to 12 percent of the share capital.

Repurchase of own shares

Since 2000, the board has requested and been granted a mandate by the Annual General Meeting to buy back the company's shares. In 2007, as in 2006, 700,000 shares were repurchased to hedge Investor's programs for long-term share-based remuneration. No other buybacks of own shares have been carried out since Investor considers it more attractive from a long-term ownership perspective to invest capital in new and existing holdings with a high return potential.

Investor shares as an investment alternative

Investor's business model to actively develop holdings is well proven and has generated healthy long-term returns to shareholders since the company was listed in 1917. We are entering 2008 with a strong financial position and a portfolio with an attractive return potential. The strategy to increase the portion of unlisted investments is firmly in place and implies a growing percentage of proprietary assets with high return potential. Investor is a transparent company providing comprehensive financial information on a continuous basis. The liquidity of Investor shares is also one of the highest on the Stockholm Stock Exchange.

Shareholders statistics according to VPC on December 31, 2007[1)]

Number of shares		Number of shareholders	Shares as % of share capital
1 –	2,000	121,720	6
2,001 –	20,000	11,205	8
20,001 –	40,000	589	2
40,001 –	80,000	283	2
80,001 –	200,000	241	4
200,001 –	400,000	101	4
400,001 –	2,000,000	134	17
2,000,001 –	4,000,000	24	8
4,000,001 –	8,000,000	12	9
8,000,001 –		12	40
		134,321	100

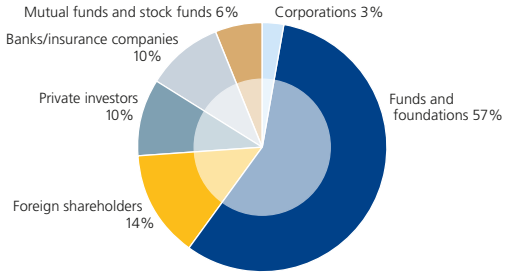
1) Directly registered or registered in the name of nominees.

Investor's 15 largest shareholders listed by voting rights on December 31, 2007[1)]

	12/31 2007		12/31 2006	
	% of votes	% of capital	% of votes	% of capital
Knut and Alice Wallenberg Foundation	40.0	18.6	40.0	18.6
SEB Foundation	4.9	2.3	4.9	2.3
Marianne and Marcus Wallenberg Foundation	4.4	2.1	4.1	1.9
Skandia Liv insurance company	4.0	2.3	3.9	2.5
Swedbank Robur Mutual Funds	4.0	3.0	3.6	3.7
Third Avenue Value and Funds Series	3.0	1.4	1.3	0.6
Marcus and Amalia Wallenberg Memorial Fund	2.8	1.3	2.6	1.2
Alecta	2.4	3.6	1.5	2.8
Öresund	1.2	0.6	0.3	0.5
JP Morgan Chase Bank	1.2	1.8	1.4	2.6
AMF Pension	1.0	1.4	1.2	2.4
Third AP Fund	0.9	1.0	1.0	0.8
SSB CL Omnibus AC OM07 (15 pct)	0.8	3.2	0.9	3.1
Nordea's Mutual Funds	0.8	0.6	2.7	1.5
SEB Trygg Liv insurance company	0.7	0.5	1.3	0.6

1) Directly registered or registered in the name of nominees, with VPC.

Distribution of shareholders (% of votes)



Distribution policy

Investor AB's distribution policy is to declare dividends attributable to a high percentage of dividends received from Core Investments, as well as to make a distribution from other net assets corresponding to a yield in line with the equity market. Investor AB's goal is also to generate a steadily rising annual dividend.

Brief facts

- Investor's A-shares and B-shares are traded on the Large Cap list of the Nordic Exchange in the "Financial" index sector.
- Investor's A-shares carry 1 vote, while Investor's B-shares carry 1/10 vote.
- The ticker code for the B-share is INVEB SS (Bloomberg), INVEb.ST (Reuters) and W:ISBF (Datastream).
- Investor has been listed since 1917 and was the eleventh largest company in terms of market capitalization on the Stockholm Stock Exchange in 2007.

>>

Development of the net asset value

After rising for four consecutive years, the net asset value declined by SEK 4.1 bn. in 2007. At year-end, the net asset amounted to SEK 155.2 bn. (SEK 203 per share). The net asset value, including reinvested dividends, decreased by 0.4 percent and outperformed the Stockholm Stock Exchange.

The net result for the year was SEK –0.4 bn. and was largely attributable to declining stock prices for our Core Investments. In contrast, values of holdings in Private Equity Investments showed strong, positive development.

During the year, dividends totaling SEK 3.4 bn. were distributed to shareholders. A total of SEK 3.2 bn. was received in dividends from the Core Investments and SEK 5.2 bn. from share redemption programs.

Core Investments

The market value of four Core Investments developed positively during 2007. ABB had the most positive impact on net asset value, contributing SEK 10.6 bn. In the beginning of the year, we successfully rejected MAN's hostile bid for Scania. The value of our holding in Scania increased by SEK 4.9 bn. during the year. We also signed an agreement with Borse Dubai to sell OMX at a price of SEK 265 per share, which increased the value of our holding in the company by 116 percent. Ericsson and SEB had the largest negative effect on net asset value in 2007. We also took the opportunity to increase our position in a number of companies, mostly during the second half of the year. We purchased shares in Atlas Copco for SEK 84 m., in Electrolux for SEK 254 m., in Ericsson for SEK 150 m., in Husqvarna for SEK 999 m. and in SEB for SEK 3,301 m. Core Investments had an impact of SEK –4.5 bn. on the net asset value in 2007.

Operating Investments

In the beginning of the year, Mölnlycke Health Care was acquired in partnership with Morgan Stanley Principal Investments. Gambro was divided into three separate companies, after which Gambro Healthcare was divested, which contributed SEK 879 m. to Operating Investments' results. Major investments were made in Gambro Renal Products, Gambro BCT and Mölnlycke Health Care to increase their long-term growth and profit potential. However, these investments negatively impacted the companies' short-term profits and our net asset value during 2007. 3 Scandinavia continued to develop as planned, with shrinking losses as a result. Operating Investments had an effect of SEK –0.8 bn. on net asset value in 2007.

Private Equity Investments

Business activity was on a high level in Investor Growth Capital and in EQT (partly owned by Investor). The Private Equity Investments business area sold holdings for SEK 7.4 bn. and invested in companies for SEK 3.6 bn. Private Equity Investments contributed SEK 6.0 bn. to net asset value during 2007. Strong performance in a number of holdings counterbalanced contracting market multiples for comparable companies during the second half of the year.

Overview of net asset value

	Ownership % (capital)	12/31 2007 SEK/share	12/31 2007 SEK m.	12/31 2006 SEK/share	12/31 2006 SEK m.
Core Investments					
ABB	7.2	40	30,771	26	20,375
SEB	20.0	30	22,662	35	26,735
Atlas Copco	15.4	24	18,227	28	21,691
Scania	11.0	19	14,612	14	10,783
AstraZeneca	3.5	19	14,290	25	18,959
Ericsson	5.1	16	12,417	29	22,356
Husqvarna	14.1	5	4,134	5	3,512
Electrolux	11.9	5	3,969	6	4,699
OMX	10.7	4	3,412[1)]	2	1,625
Saab AB	19.8	4	2,799	6	4,539
Total		**166**	**127,293**	**176**	**135,274**
Operating Investments					
Mölnlycke Health Care	62	7	5,729	–	–
Gambro Holding	49	4	3,217	5	3,476
The Grand Group	100	2	1,337	2	1,477
3 Scandinavia	40	1	920	1	668
Other		1	603	0	360
Total		**15**	**11,806**	**8**	**5,981**
Private Equity Investments					
EQT		13	10,200	12	8,872
Investor Growth Capital		10	7,518	8	6,309
Total		**23**	**17,718**	**20**	**15,181**
Financial Investments					
Active portfolio management		2	1,248	2	1,257
RAM One		1	841	1	786
Other		1	494	1	965
Total		**4**	**2,583**	**4**	**3,008**
Other assets and liabilities		–1	–613	–1	–540
Total assets		**207**	**158,787**	**207**	**158,904**
Net debt/cash		–4	–3,583	1	416
Total net asset value		**203**	**155,204**	**208**	**159,320**

1) The value of Investor's shares in OMX is stated at the agreed price in the bid from Borse Dubai.

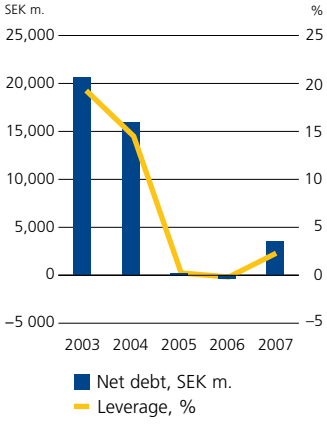
Financial Investments

Within this business area, the active portfolio management unit performed well, contributing SEK 69 m. to results. Financial Investments had a total effect of SEK –0.2 bn. on net asset value in 2007, which was mainly attributable to a decline in the value of remaining shares held in LogicaCMG which were received in connection with the divestment of WM-data.

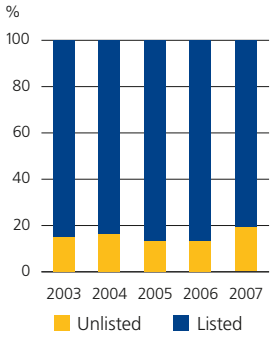
Financial position

On December 31, 2007, consolidated net debt totaled SEK 3.6 bn., compared with a net cash position of SEK 0.4 bn. at the beginning of the year. Investor's leverage (net debt as a percentage of total assets) was about 2 percent at year-end.

Consolidated net debt

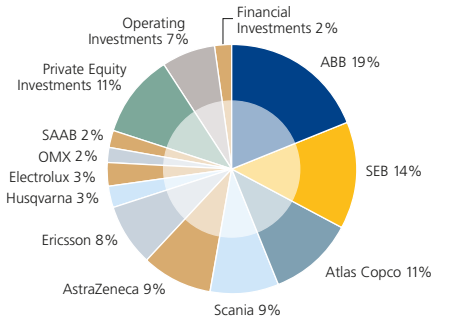


Unlisted/Listed



The percentage of unlisted holdings has increased since 2003, which is in line with our strategy.

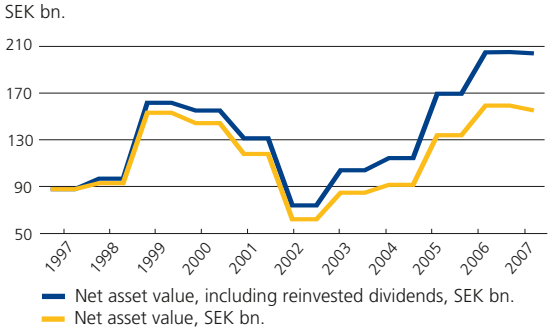
Overview of investments in 2007



Development of the Group

SEK m.	2007	2006	2005
Change in value	–1,534	28,106	43,663
Dividends	3,884	3,302	2,415
Operating costs	–552	–576	–548
Other profit/loss items	–2,165	–2,346	–1,672
Profit/loss	**–367**	**28,486**	**43,858**
Dividends paid	–3,449	–2,685	–1,726
Other	–300	–426	–38
Change in net asset value	**–4,116**	**25,375**	**42,094**

Ten-year development of net asset value (December 31)



The net asset value developed better than the Stockholm Stock Exchange in 2007. The net asset value, including reinvested dividends, has increased by SEK 116 bn. over the past five years.

How investments are valued

All investments are reviewed before the monthly and quarterly accounts are closed. Since investments vary in nature, different valuation principles and methods are applied. Regardless of the valuation principle, we conduct an in-depth analysis and review that provides the basis for valuations reported in connection with Investor's quarterly reports. The overview below addresses the valuation principles applied in each business area.

BUSINESS AREA	
Core Investments	The closing bid price (for the most actively traded class of share) multiplied by the number of shares held.
Operating Investments	The equity method is applied to associated companies (such as Gambro, Mölnlycke Health Care and 3 Scandinavia), representing our proportionate share of equity. Companies which incur large initial costs and make investments in their business to create value in the long term are negatively impacted from a short-term valuation perspective, as investments reduce near-term profits. Subsidiaries (such as The Grand Group) are consolidated 100 percent.
Private Equity Investments	A "fair value" is determined for each holding primarily by using the valuation of the company from the most recent financing round (if the investment was made within the past year, or if a financing with a new third party took place in the past year), or by applying relevant multiples to the holding's key ratios (such as EBITDA) derived from a relevant sample of comparable public companies.
Financial Investments	The holding's closing bid price multiplied by the number of shares held or a third-party valuation (such as RAM) for companies that are not listed.

Core Investments

Representing 80 percent of Investor's total assets, Core Investments is our largest business area. Core Investments are listed companies with strong positions in international markets. Investor is a leading minority owner in the companies. Through active and engaged ownership, we identify value-creating measures to maximize the long-term value potential of the Core Investments.





The business area has a relatively low risk profile as the Core Investments have well proven business models, established market positions and are actively traded, listed companies and are therefore liquid. Since these holdings are listed, the business area is affected by the general stock market environment in Sweden and by other financial markets. Our investment horizon is long and the business area generates returns in the form of value appreciation, share redemptions and dividends. According to our dividend policy, a high percentage of the dividends received from the Core Investments are distributed to Investor's shareholders.

The return objective is to exceed the risk-free interest rate plus a risk premium over a business cycle. This currently corresponds to 8 to 10 percent per year. The return requirement is set on the basis of the relatively well established operations of the companies, thus their more limited operational risk. The combination of listed securities and the relatively low financial leverage in the companies makes the risk level limited and the return requirement is therefore lower than for our other business areas.

On December 31, 2007, we had ten Core Investments: ABB, SEB, Atlas Copco, Scania, AstraZeneca, Ericsson, Husqvarna, Electrolux, OMX and Saab.

High activity in 2007

The turbulence in the world's financial markets during the second half of the year had a negative effect on the values of holdings in the business area. Core Investments had an impact of SEK –4.5 bn. on income. The effect on the business area's income was –3 percent in 2007.

OWNERSHIP STRENGTHENED IN SEVERAL COMPANIES

In the third quarter, we increased our position in SEB based on our positive view of the long-term return potential of the company, both stand-alone and in a potential consolidation scenario.

We gradually added to our position in Husqvarna during the year, making net purchases of A-shares when prices were attractive and swapping B-shares for A-shares. Since the company was spun out of Electrolux, additional focus has been put on acquisitions and organic expansion and we believe Husqvarna has very attractive prospects for profitable growth. During the fourth quarter, we also increased our stakes in Atlas Copco, Electrolux and Ericsson.

FOCUS ON TWO TRANSACTIONS

At the end of 2006, we rejected the hostile bid for Scania made by German truck manufacturer MAN. Since the bid was withdrawn in the beginning of 2007, Scania has continued to perform well with strong sales growth and higher profit margins. The rejection of the bid has enabled all of Scania's shareholders to benefit from the company's positive development. On December 31, 2007, the value of our holding in Scania was more than SEK 4.8 bn. higher than MAN's bid level. We remain committed to maximizing the value of our Scania holding.

We took an active role in the discussions about OMX's future and potential combinations. On September 26, 2007, we agreed to accept Borse Dubai's improved offer for OMX. This transaction forms the basis for a solution where OMX, together with Nasdaq and Borse Dubai, can build a competitive global exchange platform. The divestment of OMX is a very attractive deal for our shareholders. In 2007 alone, the value of our holding in OMX more than doubled.

Investor was a co-founder of Optionsmäklarna OM AB in 1984, which later became OMX. By helping to develop OMX into a leading player in its industry, we have been able to generate a very attractive return.

Our strategy

ATTRACTIVE MIX OF INVESTMENTS

Having the right mix of investments is important for creating long-term sustainable value. We want to own best-in-class companies or companies that have the potential to become best-in-class. We are convinced that companies with leading market positions, a high degree of innovation and a strong corporate culture and management have better prospects than their competitors to act on emerging opportunities in the market and generate higher long-term returns than their competitors.

The long-term potential of our companies is evaluated on an ongoing basis to identify if we want to increase our investment or divest the holding in the long term. In the two cases of WM-data in 2006 and OMX in 2007, the companies were given the opportunity to become part of larger, more competitive alliances to strengthen their competitive edge. In the case of OMX, we believed that consolidation was necessary to meet the market's requirements for cost efficiency. The values we created in both these transactions exceeded by far the value we estimated that the companies could generate on a stand-alone basis. Therefore, the holdings were sold and the return to our shareholders was very attractive.

VALUE CREATION THROUGH COMMITTED OWNERSHIP

We have a substantial and clear ownership position in the Core Investments. Through that position, we gain strategic influence and can therefore influence the choice of board members. Since the board has principal responsibility for driving long-term value creation, we place major emphasis on getting the right board in place with the appropriate expertise and experience geared to the challenges the company faces. The board has the important responsibility to challenge and question management. However, the board must also be prepared to support management with difficult decisions that may have a negative short-term effect but which strengthen the company for the future.

Our board representatives are supported by analysts who monitor the companies, their competitors and their markets on an ongoing basis. To contribute to the development of the Core Investments in a structured manner, we develop a value creation plan for each company that includes goals for profitability, growth, capital structure and industrial structure. See page 12 for a more detailed description of this work.

A board seat requires hard work and dedication. It is therefore important that board compensation reflects this. Given the board's influence and responsibility for a company's development, it is also important to have a clear link to the company's share value. We therefore believe that board members should own shares in the companies in which they have board seats. We have developed a proposal in which board members will receive a portion of their fee in the form of synthetic shares, with compensation being paid in an amount that is linked to the company's share price over a five-year period. It is worth noting here that board members of unlisted companies often have more capital invested but also higher leverage than board members of listed companies.

Core Investments 80% | Operating Investments 7% | Private Equity Investments 11%

Goal

The return is to exceed the risk-free interest rate plus a risk premium over a business cycle. This currently corresponds to 8 to 10 percent per year.

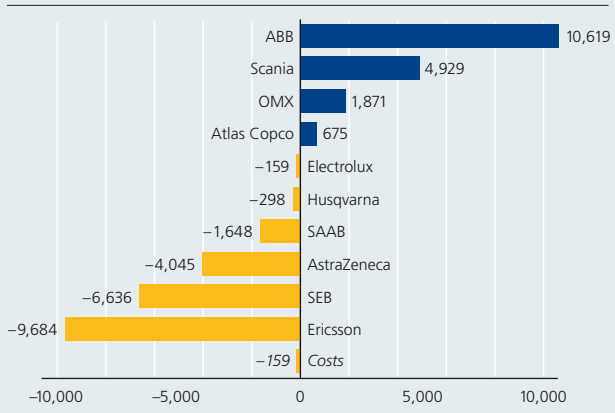
Goal fulfillment

The return for the business area has been in line with, or exceeded, the goal over the past five and ten years.

Strategy

- Maintain an attractive mix of investments.
- Be a substantial owner with strategic influence so we can develop and implement value creation plans.

Impact of Core Investments on income, 1/1-12/31 2007, SEK m.



Core Investments had a negative impact of SEK 4.5 bn. on Investor's income in 2007. Four holdings contributed positively to income.

OVERVIEW OF CORE INVESTMENTS

	Number of shares[1] 12/31 2007	Ownership capital[2] 12/31 2007, %	Ownership votes[2] 12/31 2007, %	Share of total assets 12/31 2007, %	Market value SEK/share 12/31 2007	Market value, SEK m. 12/31 2007	Net purchases(+)/ sales(–), SEK m. 2007	Total return[3] 2007, %	Market value, SEK m. 12/31 2006
Engineering									
ABB	166,330,142	7.2[4]	7.2[4]	19	40	30,771		+52	20,375
Atlas Copco	189,680,826	15.4	21.2	11	24	18,227	–3,691[5]	0	21,691
Scania	88,027,028	11.0	20.0	9	19	14,612	–770[5]	+38	10,783
Husqvarna	54,151,558	14.1	27.5	3	5	4,134	999	–5	3,512
Electrolux	36,665,071	11.9	28.2	3	5	3,969	–433[5]	–5	4,699
				45	**93**	**71,713**			**61,060**
Financial Services									
SEB	137,527,895	20.0	20.3	14	30	22,662	3,301	–22	26,735
OMX	12,950,507	10.7	10.7	2	4	3,412[6]		+116	1,625
				16	**34**	**26,074**			**28,360**
Technology									
Ericsson	820,393,516	5.1	19.5	8	16	12,417	150	–44	22,356
Saab AB	21,611,925	19.8	38.0	2	4	2,799		–37	4,539
				10	**20**	**15,216**			**26,895**
Healthcare									
AstraZeneca	51,587,810	3.5[7]	3.5[7]	9	19	14,290		–22	18,959
				9	**19**	**14,290**			**18,959**
Total				**80**	**166**	**127,293**	**–444**		**135,274**

1) Holdings, including any shares on loan.
2) Calculated in accordance with the disclosure regulations of Sweden's Financial Instruments Trading Act (LHF), unless specified otherwise.
3) Most actively traded class of share.
4) Calculated in accordance with Swiss disclosure regulations.
5) Includes the sale of redemption rights in connection with redemption programs.
6) The value of Investor's shares in OMX is stated at the agreed price in the bid from Borse Dubai.
7) Calculated in accordance with British disclosure regulations.

High value-creating activity in holdings

Value creation plans are developed for all Core Investments, in which we, from an owner's perspective, identify three to five measures that we believe will generate the most incremental value going forward.

The value creation plans developed by our analysts, in consultation with Investor's management, form the basis for our work as an active leading shareholder. The plans are presented and discussed with our board representatives for each company. We extensively monitor the companies, on an ongoing basis, evaluating their performance in relation to the plan and in comparison to their most important competitors. The long-term goal is that all Core Investments will be best-in-class within their respective industries and generate returns that exceed our return requirement. The value creating plans target four main areas: profitability, growth, capital structure and industrial structure.

Increasing profitability

Work to identify potential measures for improving long-term profitability is focused on detailed benchmarking, in which the current profitability of each Core Investment is analyzed, as well as their historic growth and overall performance in comparison with their primary competitors. The goal of the analysis is to contribute to the work performed by the management and board to identify and implement efficiency improvements within each company. In 2007, a number of our holdings carried out efficiency programs to improve profitability and their long-term competitiveness. For example:

- In order to meet the challenges in the pharmaceutical industry, AstraZeneca has implemented programs to increase production efficiency and reduce administrative and selling expenses.
- Saab has launched a savings program that aims to reduce the company's expenses by SEK 1 bn. on an annual basis as of 2010.
- Scania is continuing to increase the efficiency of its production structure, despite the company's strong growth over the past few years.

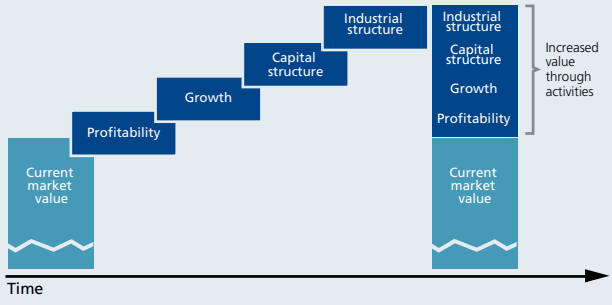
Value-creating growth

Goals are set for the growth of each Core Investment based on the growth potential of the underlying industry and the company's potential for expansion, both organically and by means of acquisitions. In 2007, a number of Core Investments achieved robust organic growth. Here are examples:

- ABB successfully capitalized on its strong market position in power distribution, among other areas.
- Atlas Copco has grown operations considerably in China, India and Eastern Europe. The company has also strengthened market shares in the U.S.
- Scania has gradually increased production capacity to meet the strong growth of the transportation industry and has decided to build an assembly plant in Russia.

In 2007, several Core Investments made important acquisitions, for example:

- Since its IPO in 2006, Husqvarna has made a number of significant acquisitions (Gardena, Dixon, Klippo, Komats Zenoah, Soff-Cut, King Concept and Jikai). These acquisitions have increased company's sales by approximately SEK 6 bn., or around 20 percent.
- In 2007, Ericsson made a number of acquisitions to strengthen its product offering and strategic position. Redback and Tandberg Television were among the larger acquisitions.



- Atlas Copco acquired Dynapac, a leading supplier of compaction and paving equipment for road and land development.

Right capital structure

An important task of an owner is to ensure that each company has an appropriate capital structure. Our opinion is that holdings are to have a capital structure that allows them to make value-creating investments in existing operations and also gives the freedom to act on potential acquisitions. In cases when companies are overcapitalized – despite these capital requirements – the surplus capital should be distributed to the owners to reduce the cost of capital.

- Atlas Copco carried out a large share redemption program in 2007 in which approximately SEK 24 bn. was distributed to shareholders.
- To maintain efficient balance sheets, Electrolux and Scania distributed substantial capital to shareholders through redemption programs in 2007.

Right industrial structure

In some situations, value creation can be achieved by expanding or streamlining the company's structure. In 2007, Atlas Copco completed the divestment of its U.S. rental business and ABB sold Lummus Global – two companies that were non-core operations. To maximize value potential, major industrial transactions are needed in some cases. For example, we devoted considerable time and resources to evaluating the industrial and financial effects of potential combinations for OMX and Scania.

19%

of total assets

ABB

ABB is a global leader in power and automation technologies with products and services that enable utility and industry customers to improve their performance while lowering environmental impact. The ABB Group of companies operates in more than 100 countries and employs 112,000 people. Europe, Asia and the United States are the most significant markets, although other growth markets are becoming more important.

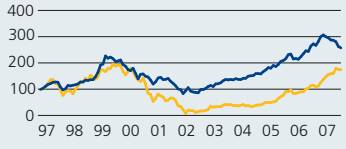
Key figures, USD m.	2004	2005	2006[1]	2007
Sales	20,610	22,442	23,281	29,183
Operating income	1,046	1,742	2,557	4,023
Operating margin, %	5.1	7.8	11.0	13.8
Net income after tax	–35	735	1,390	3,757
Earnings per share, USD	–0.02	0.36	0.65	1.66
Dividend per share, CHF	0	0.12	0.24	0.48[2]
Book equity	2,530	3,142	6,038	10,957
Net debt[3]	1,334	508	–1,444	–5,436
Market capitalization, SEK bn.	77.2	159.4	267.5	427.3
Number of employees	102,500	104,000	108,000	112,000

1) 2006 adjusted for changes to activities within operations that are being divested.
2) Proposed dividend.
3) According to the company's own definition.

ABB IN 2007: During the year, ABB continued to show strong financial growth, with orders rising by 19 percent in local currencies and an operating margin of 14 percent, the highest in the company's history. Contributing to these results were internal efficiency improvements and strong global industrial demand for investments in infrastructure, power grid reliability, industrial productivity and energy efficiency. ABB's financial position was improved considerably by a strong cash flow and the sale of ABB Lummus Global to Chicago Bridge & Iron Company for USD 950 m.

Investor's holding in ABB
Share capital: 7.2%
Voting rights: 7.2%
Market value of holding: SEK 30,771 m.
Serving on the board is the following person from Investor's management or board:
Jacob Wallenberg
Chairman: Hubertus von Grünberg
President and CEO: Fred Kindle (until February 13, 2008)

Total return, Index = 100 = 12/30 1997



5.8%
annual total return past 10 years

52%
total return in 2007

INVESTOR'S VIEW OF ABB: ABB's strong market position combined with structural demand from China, India and other developing countries indicate that ABB has good long-term potential for growth. ABB's focus on improvements in operational performance and cost savings has made the company more profitable than ever, but it is important that this work continues. Today, the company is amply capitalized and has a strong net cash position. ABB's strong financial position provides the scope for R&D programs and capital investments, as well as acquisitions. In the event that value-creating investments are not identified, capital should be returned to the shareholders to optimize ABB's capital structure.

www.abb.com

14%

of total assets

SEB

SEB is a North European financial group serving 400,000 corporate customers and institutions, as well as five million private customers. SEB has a local presence in the Nordic and Baltic countries, Germany, the Ukraine and Russia. SEB has 200 million customer contacts per year, a third of them over the Internet. The Group is represented in some 20 countries around the world and has a staff of around 20,000. SEB operates within retail and private banking, merchant and investment banking, asset management and life insurance.

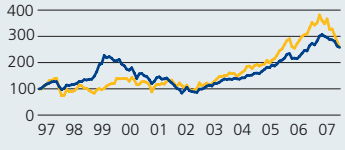
Key figures, SEK bn.	2004	2005	2006	2007
Total operating income	29.9	34.2	38.7	40.4
Operating profit	10.0	11.2	15.6	17.0
Net profit after tax	7.4	8.4	12.6	13.6
Earnings per share, SEK	10.83	12.58	18.72	19.97
Dividend per share, SEK	4.35	4.75	6.00	6.50[1]
Total assets	1,607	1,890	1,934	2,344
Core capital ratio, %	7.76	7.53	8.19	8.63
Total capital ratio, %	10.29	10.83	11.47	11.04
Assets under management	886	1,118	1,262	1,370
Book equity	51.7	56.7	67.3	76.7
Market capitalization	90.4	115.0	149.3	113.7
Number of employees	17,772	18,948	19,672	19,506

1) Proposed dividend.

SEB IN 2007: Concern about the global financial system and the macroeconomic situation in the Baltic countries had a strongly negative impact on the price of SEB shares in 2007. SEB's operating results were also adversely affected by write-downs of financial assets, among other factors. Nevertheless, SEB reported strong growth and earnings. Thanks to its "SEB Way" program, the company has also been able to demonstrate effective cost control. During the year, SEB continued to pursue its organic growth strategy, with additional acquisitions via the Factorial Bank in the Ukraine and Key Asset Management in the United Kingdom.

Investor's holding in SEB
Share capital: 20.0%
Voting rights: 20.3%
Market value of holding: SEK 22,662 m.
Serving on the board is the following person from Investor's management or board:
Jacob Wallenberg (Vice Chairman)
Chairman: Marcus Wallenberg
President and CEO: Annika Falkengren

Total return, Index = 100 = 12/30 1997



10%
annual total return past 10 years

-22%
total return in 2007

INVESTOR'S VIEW OF SEB: SEB has strong market positions in merchant banking and wealth management and a solid platform for further expansion in Eastern Europe. This strength and the cost efficiency program "SEB Way" indicate solid potential for profitable growth in the long term. The profitability of operations in Germany improved during the year but remains unsatisfactory. In the short term, we anticipate continued uncertainty and further risks relating to unrest in the credit market and developments in the Baltic countries.

www.seb.se

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11%

of total assets

Atlas Copco

Atlas Copco is a global industrial group headquartered in Stockholm. The Group operates through a number of divisions in three business areas: Compressor Technique, Construction & Mining Technique and Industrial Technique.

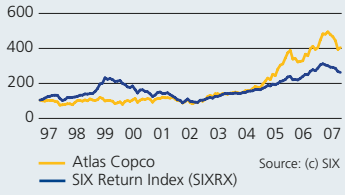
Key figures, SEK m.[1]	2005	2006	2007
Sales	42,205	50,512	63,355
Operating income	6,938	9,203	12,066
Operating margin, %	16.4	18.2	19.0
Net profit after tax[2]	6,581	15,373	7,469
Earnings per share, SEK[2]	5.22	12.24	6.09
Dividend per share, SEK[5]	2.13	22.38[3]	3.00[4]
Book equity	25,808	32,708	14,640
Net debt[6]	7,229	–12,364	19,800
Market capitalization, SEK bn.	107.4	138.9	114.6
Number of employees	22,578	25,900	32,947

1) Due to structural changes in the Group, financial information for 2004 is not comparable with figures for 2005-2007.
2) Including results from divested operations and adjusted for share split.
3) Including the dividend for 2006, SEK 2.38 per share (adjusted for share split), and an extra distribution of SEK 20 per share (adjusted for share split) through mandatory redemption.
4) Proposed dividend.
5) Adjusted for share split.
6) According to the company's own definition.

ATLAS COPCO IN 2007: The Group's results in 2007 were very strong, driven by consolidated market positions and a brisk global economy. In 2007, approximately SEK 27 billion was distributed to Atlas Copco's shareholders to achieve a more efficient capital structure. During the year, Atlas Copco also made several major acquisitions, of which the two largest were ABAC (in the Compressor Technique business area) and Dynapac (in the Construction & Mining Technique business area).

Investor's holding in Atlas Copco
Share capital: 15.4%
Voting rights: 21.2%
Market value of holding: SEK 18,227 m.
Serving on the board are the following persons from Investor's management or board:
Sune Carlsson (Chairman),
Jacob Wallenberg (Vice Chairman) and Grace Reksten Skaugen
Chairman: Sune Carlsson
President and CEO: Gunnar Brock

Total return, Index = 100 = 12/30 1997



15%
annual total return past 10 years

0.5%
total return in 2007

INVESTORS VIEW OF ATLAS COPCO: Atlas Copco is a very well managed company with world-leading market positions and a strong corporate culture. Compared to their international competitors, Atlas Copco's business areas are best-in-class for both profitability and growth. Given the company's excellent profitability, we identify continued growth – both organic and via acquisitions – as the single most important value driver going forward. At the same time, the company must focus on integrating and raising the profitability of acquisitions made to date.

www.atlascopco.com

9%

of total assets

SCANIA

Scania is a world-leading manufacturer of heavy trucks and buses, as well as industrial and marine engines. The company also markets a broad range of service-related products and financing services. Scania operates in more than 100 markets in Europe, Latin America, Asia, Africa and Australia. Scania's most important markets are Europe and Latin America, where the company's production facilities are located. Most Scania customers operate in the transportation industry and range from small trucking firms to major transportation companies in the private and public sectors.

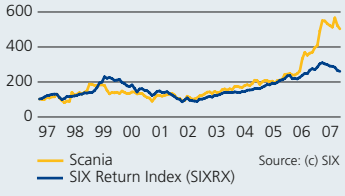
Key figures, SEK m.	2004	2005	2006	2007
Sales	56,788	63,328	70,738	84,486
Operating income	6,599	6,859	8,753	12,164
Operating margin, %	11.6	10.8	12.4	14.4
Net profit after tax	4,316	4,665	5,939	8,554
Earnings per share, SEK[3]	5.40	5.83	7.42	10.69
Dividend per share, SEK[3]	3.75	3.75	12.50[1]	12.50[2]
Book equity	21,433	23,736	26,134	24,812
Net debt[4]	854	269	–4,335	–1,902
Market capitalization, SEK bn.	52.6	64.8	97.2	128.8
Number of employees	29,993	30,765	32,820	35,096

1) Including a dividend of SEK 3.75 per share and an extra dividend of SEK 8.75 per share through mandatory redemption.
2) Including the proposed dividend of SEK 5.00 per share and an extra dividend of SEK 7.50 per share through mandatory redemption.
3) Adjusted for a share split in 2007.
4) Refers to vehicle operations, excluding customer financing. According to the company's own definition.

SCANIA IN 2007: Scania's operations developed very strongly the past year, with high growth and improved profitability. The company is well positioned in the market and can benefit from buoyant demand for transportation equipment, which enabled order bookings to remain strong in 2007. To meet the high level of demand, Scania is working continuously on expanding its technical capacity for production. During the year, Scania was the first manufacturer in the world to market engines complying with Euro 5 emission standards, without any post-treatment of exhaust gases, two years before the limits come into force.

Investor's holding in Scania
Share capital: 11.0%
Voting rights: 20.0%
Market value of holding: SEK 14,612 m.
Serving on the board are the following persons from Investor's management or board:
Börje Ekholm (Vice Chairman) and Peter Wallenberg Jr
Chairman: Martin Winterkorn
President and CEO: Leif Östling

Total return, Index = 100 = 12/30 1997



17%
annual total return past 10 years

38%
total return in 2007

INVESTOR'S VIEW OF SCANIA: Scania is very well managed, with best-in-class profitability. In view of the company's technological leadership, advanced product platform, integrated after-sales service concept, strong balance sheet and solid opportunities for development in Central and Eastern Europe, Scania shows excellent potential for growth and profitability.

www.scania.com

9%

of total assets

AstraZeneca

AstraZeneca is one of the world's leading pharmaceutical companies focused on research in medicines and pharmaceuticals in six important areas of medical need: cancer, cardiovascular, gastrointestinal, infection, neuroscience, and respiratory and inflammation. The company's products are available in more than 100 countries, with the United States, Europe and Japan being the most important markets. Customers are in both primary and specialist healthcare.

Key figures, USD m.	2004	2005	2006	2007
Sales	21,426	23,950	26,475	29,559
Operating income	4,547	6,502	8,216	8,094
Operating margin, %	21.2	27.2	31.0	27.4
Net profit after tax	3,683	4,724	6,063	5,627
Earnings per share, USD[1]	2.01	2.91	3.86	4.20
Dividend per share, USD	0.94	1.30	1.72	1.87[2]
Book equity	14,404	13,597	15,304	14,778
Net debt[3]	–3,996	–5,402	–6,537	9,112
Market capitalization, SEK bn.	397.3	616.1	564.8	403.6
Number of employees	64,000	65,000	66,600	67,000

1) Adjusted for items affecting comparability.
2) Proposed dividend.
3) According to the company's own definition.

ASTRAZENECA IN 2007: Sales of AstraZeneca's most important products are not increasing as rapidly as before, partly because of poorer market conditions in the West, and partly because of a growing degree of maturity for these products. Due to close control over costs, financial results were relatively satisfactory. Operating profit (adjusted for items affecting comparability) rose by 8 percent during the year, based on constant exchange rates. AstraZeneca continued to work on strengthening its research portfolio through internal activities and acquisitions, among which the purchase of MedImmune was especially notable. The acquisition yielded expertise and resources in the area of biopharmaceuticals. At year-end 2007, the company had ten projects in an advanced phase of development, six more than at year-end 2006.

Investor's holding in AstraZeneca
Share capital: 3.5%
Voting rights: 3.5%
Market value of holding: SEK 14,290 m.
Serving on the board is the following person from Investor's management or board:
Håkan Mogren (Non-Executive Deputy Chairman)
Chairman: Louis Schweitzer
CEO: David Brennan

Total return, Index = 100 = 12/30 1997



2.5%
annual total return past 10 years

-22%
total return in 2007

INVESTOR'S VIEW OF ASTRAZENECA: The market conditions for AstraZeneca, as for the pharmaceutical industry in general, have become increasingly challenging in recent years. Against that background, it is important that the company continues to carry out rationalization measures for improved productivity. In order to create value in the future, it will also be very important for AstraZeneca to continue to strengthen its product pipeline and research portfolio to establish new products. The high cost of acquiring MedImmune places great demands on the integration and future development of that business.

www.astrazeneca.com

8%

of total assets

ERICSSON

Ericsson is a world-leading provider of telecommunications equipment and related services. More than 1,000 customers in 140 countries utilize Ericsson equipment. The company's customers are mobile and fixed network operators. Ericsson also offers mobile telephones through a joint venture with Sony. Ericsson is organized in three business units: Networks, Global Services and Multimedia.

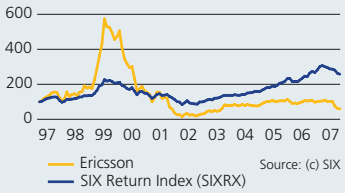
Key figures, SEK bn.	2004	2005	2006	2007
Sales	132.0	151.8	177.8	187.8
Operating income	26.7	33.1	35.8	30.6
Operating margin, %	20.2	21.8	20.2	16.3
Net profit after tax	17.5	24.3	26.4	21.8
Earnings per share, SEK	1.11	1.53	1.65	1.37
Dividend per share, SEK	0.25	0.45	0.50	0.50[1]
Book equity	80.4	104.7	120.1	134.1
Net debt[2]	–42.9	–50.6	–40.7	–24.3
Market capitalization	342.6	440.7	446.1	245.1
Number of employees	50,534	56,055	63,781	74,000

1) Proposed dividend.
2) According to the company's own definition.

ERICSSON IN 2007: Ericsson reported an operating profit of SEK 31 bn. for the full year of 2007 and reinforced its market positions. However, the year ended negatively. Strong growth in Global Services failed to compensate for the lower level of growth in the Networks business area. Ericsson's acquisition of Tandberg Television has strengthened the company's position in IPTV and multimedia.

Investor's holding in Ericsson
Share capital: 5.1%
Voting rights: 19.5%
Market value of holding: SEK 12,417 m.
Serving on the board is the following person from Investor's management or board:
Börje Ekholm
Chairman: Michael Treschow
President and CEO: Carl-Henric Svanberg

Total return, Index = 100 = 12/30 1997



-4.8%
annual total return past 10 years

-44%
total return in 2007

INVESTOR'S VIEW OF ERICSSON: During the year, the increasingly consolidated telecom equipment industry was faced with challenges in the shape of weaker growth and severe price competition. This resulted in lower profitability throughout the industry. However, Ericsson still reports the highest profitability among its peers. Against the background of these developments, it is important that Ericsson accelerates cost-saving measures to secure its market leadership.

www.ericsson.com

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3% Husqvarna

of total assets

Husqvarna is one of the world's oldest industrial manufacturers and a world leader in outdoor products for consumers and professional users. The company also produces cutting equipment and diamond tools for the construction and stone industries. Husqvarna has a global sales organization with more than 25,000 resellers. The United States and Europe are the company's most important markets.

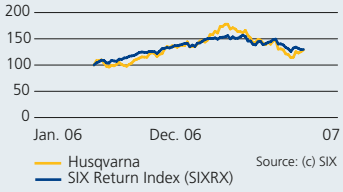
Key figures, SEK m.[1]	2005	2006	2007
Sales	28,768	29,402	33,284
Operating income	2,927	3,121	3,564
Operating margin, %	10.2	10.6	10.7
Net profit after tax	1,641	1,862	2,036
Earnings per share, SEK[2]	4.26	4.83	5.29
Dividend per share, SEK	–	1.73[3]	2.25[4]
Book equity	4,755	6,264	7,389
Net debt[3]	–	4,250	12,012
Market capitalization, SEK bn.	–	31.8	29.5
Number of employees	11,681	11,412	16,093

1) Due to the spin-off of Husqvarna from Electrolux in 2006, financial information for 2004 is not comparable with 2005 and 2006. Financial information for 2005 and 2006 is based on Husqvarna's pro forma financial statements.
2) Earnings per share in 2005 and 2006 have been adjusted for a bonus issue of 88.9 million shares in 2007.
3) According to the company's own definition. Adjusted for bonus issue.
4) Proposed dividend.

HUSQVARNA IN 2007: The price of Husqvarna shares was adversely affected during the year by general stock market developments and concerns about the U.S. economy. However, Husqvarna's operations still performed strongly, achieving organic growth of 3 percent (excluding exchange rate effects) with consistently high profitability. The company's aggressive acquisition strategy served to further strengthen Husqvarna's market positions. In 2007, Husqvarna purchased Klippo, King-Concept, Soff-Cut, Gardena and Komatsu Zenoah.

Investor's holding in Husqvarna
Share capital: 14.1%
Voting rights: 27.5%
Market value of holding: SEK 4,134 m.
Serving on the board is the following person from Investor's management or board:
Börje Ekholm
Chairman: Lars Westerberg
President and CEO: Bengt Andersson

Total return, Index = 100 = 6/13 2006



18%
annual total return past 1.5 years

-4.9%
total return in 2007

INVESTOR'S VIEW OF HUSQVARNA: Husqvarna has effectively established itself as an independent company with strong brands and market leadership in many product segments. Husqvarna's world-leading market positions, combined with a strong global sales organization, indicate to us that the company has further high potential for growth through complementary acquisitions and organic expansion. At the same time, we identify major profitability potential from both internal cost control and synergies through the consolidation of recently acquired units.

www.husqvarna.com

3% Electrolux

of total assets

Electrolux is a global leader in home appliances and similar equipment for professional use, selling more than 40 million Electrolux products to customers in 150 countries every year. The company focuses on innovations that are thoughtfully designed, based on extensive consumer insight, to meet the real needs of consumers and professionals. Electrolux products include refrigerators, dishwashers, washing machines, vacuum cleaners and stoves, sold under esteemed brands such as Electrolux, AEG-Electrolux, Zanussi, Eureka and Frigidaire.

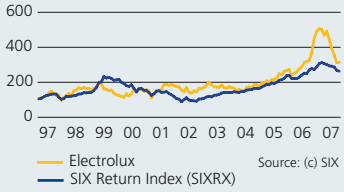
Key figures, SEK m.	2004	2005	Excluding Husqvarna 2005	2006	2007
Sales	120,651	129,469	100,701	103,848	104,732
Operating income	6,767	6,962	4,024	4,575	4,837
Operating margin, %	5.6	5.4	4.0	4.4	4.6
Net profit after tax[1]	3,259	1,763	–142	2,648	2,925
Earnings per share, SEK[1]	10.92	6.05	–0.49	9.17	10.41
Dividend per share, SEK	7.00	7.50	–	4.00	4.25[2]
Book equity	23,626	25,888	–	13,194[3]	16,040
Net debt[4]	1,141	2,974	–	–304	4,703
Market capitalization, SEK bn.	46.9	63.9	–	37.5[5]	30.6
Number of employees	72,382	69,523	57,842	55,471	56,898

1) Including items affecting comparability.
2) Proposed dividend.
3) After distribution of SEK 5.6 bn.
4) According to the company's own definition.
5) Before distribution of SEK 5.6 bn.

ELECTROLUX IN 2007: Electrolux's sales increased in North America during 2007 in local currency, while the company's operating margin also improved. Despite this, the Group's margin remains far too low relative to the industry average. Electrolux's increased focus on R&D and marketing should lead to higher profitability in the long term, even if the high costs of the autumn 2007 product rollout in Europe were a disappointment. However, the launch was well received by consumers, which has favored the company's price mix and strengthened the Electrolux brand in the European market.

Investor's holding in Electrolux
Share capital: 11.9%
Voting rights: 28.2%
Market value of holding: SEK 3,969 m.
No person from Investor's management or board serves on the Electrolux board.
Chairman: Marcus Wallenberg
President and CEO: Hans Stråberg

Total return, Index = 100 = 12/30 1997



12%
annual total return past 10 years

-5.1%
total return in 2007

INVESTOR'S VIEW OF ELECTROLUX: As one of the largest manufacturers of white goods in the world, Electrolux should at least be able to deliver an operating margin in line with the industry average. To accomplish this goal, we take the view that the company's ongoing restructuring program, design initiatives and investments to strengthen the brand are essential. In the near term, it is of the utmost importance that profitability in Europe improves and that Electrolux is successfully established as a premium brand in North America.

www.electrolux.com

2%

of total assets

OMX owns and operates the Nordic Exchange, the largest integrated securities marketplace in Northern Europe, and is a leading provider of services and technology solutions for financial and energy markets worldwide. OMX has three business areas: Nordic Marketplaces, comprising the stock exchanges in Stockholm, Helsinki and Copenhagen, Information Services & New Markets, consisting of operations in the Baltic markets and information services, and Market Technology, providing technology solutions and services to stock exchanges and other market places. In 2007, OMX and Nasdaq announced an agreement to combine. Borse Dubai will be a strategic shareholder in the combined company.

Key figures, SEK m.	2004	2005	2006	2007
Sales	3,106	3,136	3,610	4,305
Operating income	616	910	1,211	1,307
Operating margin, %	19.8	29.0	33.5	30.4
Net profit after tax	383	543	911	986
Earnings per share, SEK	3.31	4.66	7.64	8.12
Dividend per share, SEK	0	9.50	6.50	0.00[1]
Book equity	3,835	4,749	4,614	5,117
Net debt[2]	–155	573	847	850
Market capitalization, SEK bn.	9.8	13.1	15.2	31.5
Number of employees	1,300	1,288	1,402	1,508

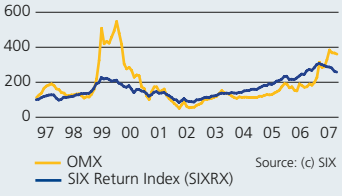
1) Proposed dividend.
2) According to the company's own definition.

OMX IN 2007: Parallel with the discussions about a possible combination, the company further consolidated its market position in Northern Europe and took measures to improve operational efficiency.

Investor's holding in OMX
Share capital: 10.7%
Voting rights: 10.7%
Market value of holding: SEK 3,412 m.
Serving on the board is the following person from Investor's management or board:
Lars Wedenborn[1]
Chairman: Urban Bäckström
President and CEO: Magnus Böcker

1) Lars Wedenborn was a member of Investor's Management Group until September 16, 2007 and is now CEO of Foundation Asset Management (FAM).

Total return, Index = 100 = 12/30 1997



13%
annual total return past 10 years

116%
total return in 2007

INVESTOR'S VIEW OF OMX: The combination with Nasdaq and Borse Dubai is a very good transaction for Investor's shareholders and is being implemented at an attractive valuation with a price of SEK 265 per share, compared with SEK 126 – the price OMX shares were being traded at early in the year. The deal also creates a platform for a sound industrial solution in which OMX can establish a leading global marketplace with its partners, Nasdaq and Borse Dubai.

www.omxgroup.com

2%

of total assets

Saab is one of the world's leading high-technology companies, with activities focused mainly on products and systems for defense, aviation, space and civil security. Sweden remains Saab's most important market, although exports – primarily to Europe, the United States and South Africa – now account for more than 60 percent of sales. Defense forces, commercial airlines and public authorities are examples of important customers.

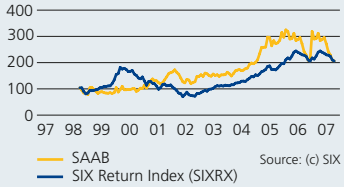
Key figures, SEK m.	2004	2005	2006	2007
Sales	17,848	19,314	21,063	23,021
Operating income	1,853	1,652	1,745	2,607
Operating margin, %	10.4	8.6	8.3	11.3
Net profit after tax	1,310	1,199	1,347	1,941
Earnings per share, SEK	11.78	10.89	11.91	17.60
Dividend per share, SEK	3.75	4.00	4.25	4.50[1]
Book equity	8,118	9,179	9,802	10,981
Net debt[2]	–781	–2,856	–605	1,627
Market capitalization, SEK bn.	11.9	17.7	23.2	14.3
Number of employees	11,936	12,830	13,577	13,757

1) Proposed dividend
2) According to the company's own definition.

SAAB IN 2007: During the year, the Swedish defense forces continued to implement their program of efficiency enhancements that was introduced in 2004. To Saab, these changes may involve the risk of lower sales to Sweden's defense forces and a higher level of product and service development financing on its own. Against this background, Saab launched a savings program in 2007 to increase its gross margin and create scope for achieving an operating margin in line with its goal of ten percent. During the year, Saab received a positive reception from potential export markets for its core product, the Gripen aircraft. During the year, Saab entered into a long-term industrial joint venture in Norway by investing in Aker Holding AS, which holds a 40.1 percent stake in the Norwegian industrial group Aker Kvaerner ASA.

Investor's holding in Saab AB
Share capital: 19.8%
Voting rights: 38.0%
Market value of holding: SEK 2,799 m.
Serving on the board is the following person from Investor's management or board:
Lennart Johansson
Chairman: Marcus Wallenberg
President and CEO: Åke Svensson

Total return, Index = 100 = 6/30 1998



7.7%
annual total return past 9.5 years

-37%
total return in 2007

INVESTOR'S VIEW OF SAAB: Saab has unique cutting-edge expertise in several of its technology areas. Organic growth and operational efficiency improvements will be of the utmost importance for future value creation. The focus will be on reducing the cost of goods sold, and the goal will be to achieve annual savings of SEK 1 bn. by 2010. Success in these areas will be vital to create a platform for investing in development, stepping up marketing initiatives and increasing the company's operating margin. It will also be important for Saab to focus operations in areas where it has the sharpest competitive edge.

www.saabgroup.com

Operating Investments

In the Operating Investments business area, Investor invests in companies to be an owner with significant influence. We focus on owning medium-size to large companies that are mainly unlisted and have international operations, sound profitability and the potential for considerable growth.





Within Operating Investments, we have significant ownership stakes in the holdings. We take an active role in the development of the companies and contribute our experience and expertise from our many years of developing companies. We work with clear plans for value creation. These value-creating plans form the basis of how we want the companies to develop in terms of strengthening long-term profitability and accelerating growth in the companies. These plans include the recruitment of senior managers, the establishment and follow-up of goals, strategy, business model, profitability, growth, business development, capitalization and organizational structure.

Focus on owning unlisted companies

We prioritize companies in which we can act as an owner in an unlisted environment. In many cases, value-creating measures can be achieved more quickly in unlisted companies and with better possibilities to manage risks. It is also easier to align the objectives of the owners, board and management around the company's goals and operational plans, and to create a compensation system geared to these goals.

The objective is to build and develop a unique portfolio of companies that also forms the basis for generating cash flow to Investor. Cash flow is achieved by optimizing leverage over time and returning surplus liquidity through dividends and refinancing to us as owner.

Flexible investment horizon

Value creation plans are based on a three to five year perspective, although the investment cycle is long-term – five to ten years or longer. We therefore search for companies with a platform which will allow for long-term growth. Our flexible investment horizon allows us, for example, to remain as an owner of a holding should it be listed and develop it further as a Core Investment. In our work with the companies over the first one to three years, major investments are often made to strengthen long-term profitability potential and growth. These investments and action programs normally have a short-term negative impact on profitability, and consequently, on Investor's net asset value. However, the measures are expected to create substantial value.

Attractive return potential

Loan financing is being used to a growing extent to improve the return on equity in these holdings. High leverage is possible since we, as owners, are prepared to inject additional equity into the holdings as needed, for example, in connection with acquisitions or other aggressive initiatives.

Due to the leverage in the companies, combined with their limited liquidity as an unlisted holding, the investment risk is higher than in Core Investments.

Given the risk profile, our return requirement, based on current interest rate levels, is in excess of 15 percent per year, measured over a business cycle. Returns are mostly generated by value creation and cash flow.

On December 31, 2007, Operating Investments consisted of the following holdings: Mölnlycke Health Care, Gambro Renal Products, Gambro BCT, 3 Scandinavia, Grand Hôtel, Novare Human Capital and Kunskapsskolan.

> "We prioritize companies in which we can act as an owner in an unlisted environment."

New acquisitions and development of existing holdings

Mölnlycke Health Care was acquired in the first quarter of 2007. The division of Gambro, acquired in 2006, was carried out according to plan, and the clinics business, Gambro Healthcare, was sold during the summer, contributing SEK 879 m. to Operating Investments. After substantial investments and a major effort by management, the import ban for Gambro Renal Products in the U.S. was lifted in August 2007.

3 Scandinavia reported reduced losses in 2007, partly due to the successful launch of mobile broadband services. Grand Hôtel experienced strong revenue growth and healthy earnings. During the year, Operating Investments took over the holding in Kunskapsskolan from Investor Growth Capital.

In 2007, we worked on developing and implementing various aspects of the value creation plans for our holdings and evaluated a number of potential new investment opportunities.

Operating Investments had an impact of SEK –879 m. on income for the year. The business area's negative effect was expected, as major comprehensive measures were implemented to generate long-term value creation in the companies. The business area, established in January 2006, is in a buildup phase.

Strategy remains in place

Making additional investments in this business area is important for Investor's ability to reach its basic objective of increasing net asset value at a pace which exceeds the market cost of capital. By growing the proportion of holdings that continue to operate as unlisted companies, we can generate proprietary returns for our shareholders. It is therefore expected that the business area will continue to expand during 2008. Our strategic priority is to grow the share of unlisted companies, although investments can also be made in listed companies.

Due to the turbulence in the financial markets during the second half of 2007, our position has strengthened, thanks to our solid, liquid, financial condition. We will continue to focus on investments in medium-size to large companies in sectors with healthy underlying growth. Substantial resources will also be devoted to developing existing holdings and driving future value creation.

Goal

The return is to clearly exceed the risk-free interest rate plus a risk premium over a business cycle. This currently corresponds to more than 15 percent per year. The return requirement in individual holdings will increase if higher leverage is employed in a company's capital structure.

Goal fulfillment

The business area, started on January 1, 2006, is developing as planned. In view of the investments made during 2007 in existing and new holdings, we are confident that we will reach our goal, measured over a business cycle.

Strategy

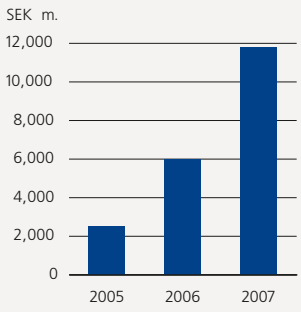
- Develop existing holdings utilizing methods similar to those employed in private equity.
- Grow the business area's share of total assets by actively seeking new investments.

OPERATING INVESTMENTS

		12/31 2007		12/31 2006	
	Owner-ship, %	SEK/ share	SEK m.	SEK/ share	SEK m.
Mölnlycke Health Care	62	7	5,729	–	–
Gambro Holding	49	4	3,217	5	3,476
The Grand Group	100	2	1,337	2	1,477
3 Scandinavia	40	1	920	1	668
Other[1)]	–	1	603	0	58
Total		**15**	**11,806**	**8**	**5,981**

1) Refers to Novare and Kunskapsskolan, among other holdings.

Market value, Operating Investments



MÖLNLYCKE HEALTH CARE

Accelerated investments for growth

Investor acquired Mölnlycke Health Care in partnership with Morgan Stanley Principal Investments. Since the acquisition, the company's organization has been streamlined and strengthened. In addition, the foundations have been laid for major investments in organic growth, for example, by expanding the sales force in important markets and introducing new products.

Mölnlycke Health Care, headquartered in Gothenburg, Sweden, is a world-leading manufacturer and provider of single-use surgical and wound care products, primarily for the professional healthcare sector. The company has a market-leading position and strong potential for international growth, both organically and by means of acquisitions. Mölnlycke Health Care was created by combining three companies: Mölnlycke Health Care, Regent Medical and Medlock Medical. Prior to the acquisition, the company focused on integrating its different businesses and building a sound structure for operations.

BACKGROUND TO THE INVESTMENT

At the time of acquisition, Mölnlycke Health Care's integration process was mostly completed. Our plan for value creation could therefore be based on using a strong platform to accelerate organic growth. We also identified opportunities for selective acquisitions to complement the business.

Mölnlycke Health Care satisfies the criteria we want to see for holdings in the Operating Investments business area: solid potential for growth, strong market positions, international coverage, high profitability and limited sensitivity to market fluctuations. The company also operates in the medical technology sector, which we are already well acquainted with from past experience. Mölnlycke Health Care is favored long-term by a number of global trends, such as demographic shifts that include an aging population, increased investments in healthcare, a rise in wealth-related illnesses, a closer focus on infection control, pressure for savings in healthcare and a rising number of surgical interventions.

DEVELOPMENT IN 2007

■ ***Strengthening at senior executive level***

In 2007, a new CEO took over and a new board was appointed. Executives were also recruited to other key positions and investments were made to expand the sales organization, primarily in the U.S.

■ ***Operational efficiency***

Efficiency improvements were made to research and development processes to maintain a high level of innovation. Other efficiency-enhancing measures included a consolidation of the supply chain and a review of group-wide functions. A decision was also taken to expand operations in Karvina, in the Czech Republic, as a center for customized procedure trays.

■ ***New products launched***

Mepilex Ag, a new antimicrobial soft-silicone foam dressing, was successfully launched in early 2007 in the U.S. The dressing has also been granted approval in parts of Europe and product launches began in the respective markets during the year. In the Surgical Division, sales of new customized procedure trays and surgical gloves showed healthy growth in the U.S. during the year.

INVESTOR'S VIEW OF THE FUTURE

In accordance with the value-creation plan, the focus in the future will continue to be centered on product development, marketing and sales to accelerate Mölnlycke Health Care's growth. This type of investment does not produce results until after a certain time. For example, it often takes 12 to 18 months before the effect of an expanded sales organization becomes evident.

We will also assess value-creating candidates for acquisition. There is potential for consolidation and expansion in many product sectors and geographic markets. It is anticipated that Mölnlycke Health Care, building on our network and experience of developing companies in the healthcare sector, will be capable of strong growth in the future.

FINANCIAL PERFORMANCE

Mölnlycke Health Care had an impact of SEK –32[1)] m. (–) on Investor's income in 2007. This negative impact was partly attributable to amortization of surplus values arising at acquisition.

1) Refers to the result from the March 30, 2007 acquisition date to November 30, 2007.

KEY FIGURES, MÖLNLYCKE HEALTH CARE[1)]

Income statement items, SEK m.	2007[2)]
Net sales	7,127
Normalized EBITDA	1,970

Balance sheet items, SEK m.	12/31 2007
Net debt	18,106

1) Income statement and balance sheet items are reported with one month's delay. Key figures are impacted negatively by exchange rate changes when translating from EUR to SEK.
2) Pro forma – Investor only owned the company for part of the year.

Year of investment: 2007
Share of capital and voting rights: 62% and 47%, respectively
Value of holding: SEK 5,729 m.
Other owner: Morgan Stanley Principal Investments
Serving on the board are the following persons from Investor: Lennart Johansson and Johan Röhss
Chairman: Gunnar Brock
President and CEO: Pierre Guyot

www.molnlycke.com





Growth remains strong and mobile broadband launched

In 2007, 3 Scandinavia increased its customer uptake substantially, by 34 percent. At year-end, the company had 900,000 subscribers. 3 Scandinavia's competitive offerings in mobile subscriptions and phones were bolstered in 2007 by the highly successful launch of mobile broadband with speeds up to 7.2 Mbps. During the year, average revenue per user (ARPU) increased 7 percent to SEK 431, clearly above the market average.

3 Scandinavia is a mobile operator providing mobile broadband services in Sweden and Denmark. The company also holds a 3G license for the Norwegian market. 3 Scandinavia is the market leader in both the Swedish and Danish 3G markets today, and also leads the market in services, including music, MSN, mobile broadband and mobile TV channels.

BACKGROUND TO THE INVESTMENT

The mobile operator 3 Scandinavia was established in 1999 by Investor and Hong Kong-based Hutchison Whampoa on the basis of a shared conviction about the potential of mobile broadband. In 2000, 3 Scandinavia was granted a 3G license for Sweden. Licenses were subsequently obtained for Denmark and Norway. Since 2003, 3 Scandinavia has pioneered market-leading mobile broadband services in the Danish and Swedish markets.

DEVELOPMENT IN 2007

■ *Subscriber growth*

In 2006, 3 Scandinavia concentrated on establishing itself as the leader in mobile broadband with efficient networks and advanced services. The focus in the past year was consequently on expanding the number of subscribers. In 2007, 3 Scandinavia met the network coverage requirement for 8.9 million people in Sweden. As a result, the buildout requirements stated in connection with the award of 3 Scandinavia's license have been satisfied, and the entire market can now be further developed. In 2007, 3 Scandinavia recorded a net increase of 229,000 subscribers, up 34 percent.

■ *Leading range of services*

3 Scandinavia has become the innovative leader in mobile broadband. This position has been achieved by the constant launch of new, advanced services and offerings. In 2007, 3 Scandinavia became the first operator in Sweden to launch a mobile broadband service (Turbo3G) with speeds up to 7.2 Mbps, which fuelled subscriber growth.

New services launched during the year included mobile TV channels, Skype on mobiles and new messaging services. The fact that the key performance indicator average revenue per user (ARPU) rose by 7 percent to SEK 431 during the year was positive proof that 3 Scandinavia's services are being appreciated by customers.

As recognition that the company is at the leading edge of its sector, 3 Scandinavia received awards for the best 3G network and the best mobile broadband in 2007. In addition, the Swedish business weekly Veckans Affärer nominated 3 Scandinavia as "IT Company of the Year".

■ *Operational leverage*

During the year, 3 Scandinavia succeeded in increasing its subscriber uptake, without raising operating costs, which is evidence of the considerable operational leverage that is typical of a mobile operator like 3 Scandinavia. This will enable 3 Scandinavia to report shrinking losses and underscores the importance of the company growing its subscriber base further to achieve profitability.

INVESTOR'S VIEW OF THE FUTURE

The company's plan is to reach breakeven on a monthly basis (EBITDA after deducting all customer acquisition and retention costs) during 2008. We also anticipate remaining within the previously reported total investment framework of SEK 25 bn. However, given that we are capable of achieving a solid potential return, we are prepared to invest capital above that limit.

The main focus is to expand the customer base further, while ensuring that ARPU remains strong and the company is managed at a high level of operational efficiency. It is also important that 3 Scandinavia continues to be at the cutting edge of developing new services and offerings, while increasing both the speed and performance of its network.

FINANCIAL PERFORMANCE

During the year, we invested SEK 1,080 m. in 3 Scandinavia. As of December 31, 2007, we had invested a total of SEK 5,051 m. in the company. In addition, Investor has provided a loan guarantee in the amount of SEK 4.2 bn.

3 Scandinavia had an effect of SEK –798 m. on Investor's income in 2007 (–1,111). The company's losses continued to shrink during the year.

KEY FIGURES, 3 SCANDINAVIA[1]

Income statement items, SEK m.	2006	2007
Net sales	3,142	4,329[2]
Normalized EBITDA[3]	–1,528	–730[2]
Balance sheet items, SEK m.	**12/31 2006**	**12/31 2007**
Net debt	10,087	10,167
Other key figures	**12/31 2006**	**12/31 2007**
Number of subscribers	671,000	900,000
ARPU (SEK)	404	431
Non-voice ARPU (%)	23	27
Postpaid/prepaid ratio	88/12	90/10

1) Income statement and balance sheet items are reported with one month's delay.
2) The items have been adjusted due to a change in the accounting of interconnect costs and interconnect revenue.
3) EBITDA for 3 Scandinavia is defined as follows: EBITDA after deducting all customer acquisition and retention costs.

Year of investment: 1999
Share of capital and voting rights: 40%
Value of holding: SEK 920 m.
Other owner: Hutchison Whampoa
Serving on the board is the following person from Investor: Johan Bygge
Chairman: Marcus Wallenberg
President and CEO: Peder Ramel

w www.tre.se







GAMBRO Renal Products





Lifting of import ban opening up more opportunities

Several decisive steps were taken during 2007 to establish the "new" Gambro, which is focused on products for dialysis. A large number of key people were recruited, a series of new, efficient and secure processes were put in place, and the import ban for monitors in the United States was lifted.

Gambro is a global medical technology company and a leader in developing, manufacturing and supplying products, therapies and services for in-center care and self-care hemodialysis, peritoneal dialysis, renal intensive care and hepatic care.

DEVELOPMENT IN 2007

Import ban lifted

In the first half of 2007, operations were focused on improving quality control and regulatory processes in order to have the ban on dialysis machines lifted in the United States. The ban had been in force since January 2006 and was lifted in August 2007, enabling Gambro to resume deliveries of dialysis machines to the important U.S. market.

Efficiency gains and better use of resources

Work on the company's value creation plan was intensified to achieve efficiency gains and improve profitability. A new organization was implemented that included new managers for Asia, R&D, Quality and Operations. Cost reduction measures were carried out, including the closure of four production units in Europe. A new dialyzer plant is also being built in the U.S. and is scheduled to go on stream in the spring of 2008.

A number of measures were also focused on cash generation and significant improvements were made during the year. In addition, a new IT strategy was developed.

Increased focus on research and product development

Four new products were launched in 2007, including a new-generation dialysis machine, the AK 96, which will be introduced to customers in early 2008.

In China, regulatory approval was granted for the Molecular Adsorbents Recirculating System (MARS), used for blood purification, creating a platform for growth in the region.

Organizational changes

Several major changes were made to Gambro's organization. These included the appointment of a new president and chairman at the end of 2006, and the recruitment of key people at a number of other levels at the company during 2007.

INVESTOR'S VIEW OF THE FUTURE

In 2008, the focus will remain on quality, profitability and growth. Additional R&D initiatives programs will also be carried out. Several new product launches are planned in the coming year to further strengthen the company's market position.

The lifting of the import ban will allow Gambro to fully focus on building business in the U.S. market. The company also plans to expand its operations in China, Brazil and Japan. It may also consider complementary acquisitions as the new organization becomes established and delivers in accordance with set targets.

FINANCIAL PERFORMANCE

As expected, investments made to strengthen long-term profitability continued to have a negative effect on net results. Major costs relating to the now-lifted import ban in the U.S. were also charged to income. However, the company's underlying operations are performing strongly and record sales were achieved in the fourth quarter. The decline in earnings in 2007, relative to 2006, was due entirely to a very weak December month in 2006 that was included in the latest 12-month result.

KEY FIGURES, GAMBRO RENAL PRODUCTS[1)]

Income statement items, SEK m.	2006[2)]	2007
Net sales	11,272	11,049
Normalized EBITDA	1,978	1,869

1) Income statement items are reported with one month's delay.
2) Pro forma – Investor only owned the company for part of the year.

Year of investment: 2006
Share of capital and voting rights: 49%
Value of holding: See Gambro Holding below
Other owner: EQT IV (51%)
Serving on the board is the following person from Investor: Lennart Johansson
Chairman: Peter Sjöstrand
President and CEO: Thomas Glanzmann

www.gambro.com

Gambro Holding owns Gambro Renal Products and Gambro BCT. Gambro Renal Products and Gambro BCT are jointly financed and included in Gambro Holding. Since net debt of the companies has not been formally distributed, this key figure, as well as the value of the holding, is reported for both units.

Gambro Holding had a total impact of SEK –326 m. on Investor's income in 2007 (–630).
Gambro Healthcare was sold in the second quarter, which had a positive impact of SEK 879 m. on income.
The holding in Gambro Holding was valued at SEK 3,217 m. on December 31, 2007.

KEY FIGURES, GAMBRO HOLDING[1)]

Balance sheet items, SEK m.	12/31 2006	12/31 2007
Net debt	27,916	22,939

1) Net debt is reported with one month's delay.





Product launches with potential

Gambro BCT (Blood Component Technology) stepped up investments in new products that are showing promising results for this fast-growing company. The Atreus whole blood processing system was launched in several new markets in 2007. During the year, the Mirasol pathogen reduction technology (PRT) system was also granted an approval that opened the way to marketing and selling Mirasol product in selected European, African and Middle Eastern markets.

Gambro BCT develops and sells products and services for blood collection, the separation of blood components and cell therapy. The company is a world leader in its sector and has demonstrated a high capacity for innovation.

DEVELOPMENT IN 2007

■ ***Three products with potential – Atreus, Mirasol and Spectra Optia***

In 2007, new goals were established and additional resources were invested in the Atreus®, Mirasol® PRT System and Spectra Optia® products. The Atreus and Mirasol products represent initiatives addressing new market segments with substantial potential for growth. The Spectra Optia system is the next generation of Gambro BCT's existing main product for blood separation (therapeutic apheresis). The increased resources invested in the market launch of Atreus, an automated system for whole blood processing, have delivered promising results and the first installations were made in Barcelona and Warsaw. Mirasol, a system to inactivate pathogens in blood platelets, was granted CE approval in the fall, enabling Gambro BCT to start marketing and selling the system in selected markets in Europe, Africa and the Middle East.

■ ***Growth and improved efficiency***

Expanding markets such as China and the EMEA countries contributed exceptional growth during the year. Gambro BCT also grew market share and strengthened its position as a global market leader in both blood collection and cell therapy. Manufacturing efficiency was increased by merging plant facilities.

INVESTOR'S VIEW OF THE FUTURE

The focus will be on securing successful growth for the new products launched in 2007, while ensuring that the existing product portfolio continues to develop well.

Improving Gambro BCT's cash flow and further differentiating the product portfolio will also continue to be important for the company.

FINANCIAL PERFORMANCE

Gambro BCT's financial performance was positive in 2007. The company's EBITDA results, adjusted for currency effects, were in line with the preceding year, despite investments to develop and roll out the Atreus and Mirasol systems, costs associated with the establishment of Gambro BCT as an independent entity in the United States and additional investments for the future. Adjusted for currency effects, Gambro BCT recorded a double-digit increase in net sales in 2007. Since Gambro BCT's operations are USD-based, key figures for the year were impacted negatively by the translation into SEK.

KEY FIGURES, GAMBRO BCT[1)]

Income statement items, SEK m.	2006[2)]	2007
Net sales	2,550	2,640
Normalized EBITDA	754	716

1) Income statement items are reported with one month's delay. Key figures are impacted by changes in exchange rates when translated from USD to SEK.
2) Pro forma – Investor only owned the company for part of the year.

Year of investment: 2006
Share of capital and voting rights: 49%
Value of holding: See Gambro Holding below
Other owner: EQT IV (51%)
Serving on the board is the following person from Investor: Johan Röhss
Chairman: Mats Fischier
President and CEO: David Perez

www.gambrobct.com

BACKGROUND TO THE INVESTMENT

Gambro was acquired in June 2006. The company had strong market positions in dialysis and blood technology, areas with attractive growth potential in which Investor has solid knowledge and a strong network. An analysis showed that the company was facing a number of major challenges that could be better managed if Gambro was a non-listed company. The measures in Investor's value-creating plan included:

- dividing Gambro into three separate entities to streamline operations, since the synergies between business areas were considered limited,
- divesting the clinics business (Gambro Healthcare),
- improving profitability by increasing efficiency throughout the value chain,
- investing to enhance quality and lift the import ban for Gambro Renal Products in the U.S.,
- substantial investments in new products within Gambro BCT,
- implementing a more efficient capital structure,
- evaluating acquisitions in existing and complementary areas and
- strengthening the organization through significant management changes and other measures.

>>

GRAND HÔTEL
STOCKHOLM – SWEDEN

Income leveraged by successful expansion

Grand Hôtel Stockholm has expanded strongly as a result of its "Change Grand Program". Both hotel and restaurant operations posted solid results for 2007.

Grand Hôtel Stockholm, the leading hotel in Scandinavia, is situated on the waterfront in downtown Stockholm, with a view of the Old Town and the Royal Palace. The hotel has 376 rooms and several conference areas, restaurants and bars. The Grand Group is a wholly owned subsidiary of Investor.

DEVELOPMENT IN 2007

- During the year, the Change Grand Program was completed, which involved a number of rebuilding and development projects within restaurant and public areas at the Grand Hôtel in Stockholm. In the fourth quarter, renovation started on a number of hotel rooms which are expected to be ready for use in the first quarter of 2008.
- To further increase its occupancy rate, Grand Hôtel joined the InterContinental Hotels & Resorts reservation system in 2007 and remains part of The Leading Hotels of the World organization.
- In May, the hotel opened its new fine dining restaurant, Mathias Dahlgren, which received widespread acclaim. The restaurant became profitable within six months after opening.
- A decision was taken to build a spa facility that is expected to open in early 2009.

INVESTOR'S VIEW OF THE FUTURE

The Grand Hôtel, with its prime waterfront location in Stockholm and its history, is unique in Sweden and the world. As a result of the hotel's expansion and the Change Grand Program, the Grand Hôtel has further secured this singular position. With a larger number of rooms, remodeling of the premises and a steadily rising occupancy rate, we expect Grand Hôtel to achieve improved profitability and growth in the future.

FINANCIAL PERFORMANCE

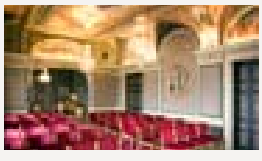
Grand Hôtel's positive development continued during the year, with earnings clearly exceeding those of the preceding year. Operating income of the Grand Group totaled SEK 122 m. (64) in 2007.

KEY FIGURES, GRAND HÔTEL

Income statement items, SEK m.	2006	2007
Net sales	324	433
EBITDA	64	122

Year of investment: 1968
Share of capital and voting rights: 100%
Value of holding: SEK 1,337 m.
Serving on the board are the following persons from Investor: Peter Wallenberg Jr and Kristian Sildeby
Chairman: Peter Wallenberg Jr
President and CEO: Nils Axing

www.grandhotel.se





Novare
HUMAN CAPITAL

Novare Human Capital comprises ten companies with specialist expertise in Human Resources (HR). All Novare companies focus on supporting the development of businesses and their employees. Novare was established by Investor in 2001 for the purpose of providing HR support to our smaller portfolio companies. Investor has had a 50 percent stake in Novare Human Capital since 2006.

Novare Human Capital recorded its highest sales to date, due to successful expansion over the past few years in combination with a strong market for recruitment and organization-related services. Sales amounted to SEK 49 m. in 2007, an increase of slightly more than 25 percent relative to 2006. In addition, a number of new companies were started in 2007.

Novare Human Capital's most important function is to structure and expand Investor's unique international network as a strategic recruitment resource for Investor's holdings. Novare Human Capital should therefore be considered a strategic operative function, as well as an investment.

www.novare.se

Kunskapsskolan

Kunskapsskolan is the leading independent school operator in Sweden. The company currently operates 21 secondary schools and nine upper secondary schools with a total of 9,200 students and 700 employees. Utilizing a common educational concept, students are offered a personalized education with a clear goal orientation.

Investor Growth Capital invested in Kunskapsskolan in 2002 and has helped develop the company into a well established business with a strong academic performance. Since the holding has now entered into a late expansion phase, it has been transferred to the Operating Investments business area. The focus going forward will be on continued growth in present and new schools. Kunskapsskolan had revenues of SEK 571 m. in fiscal year 2006/07 and generated SEK 14 m. in operating income. Investor owns 30 percent of Kunskapsskolan.

www.kunskapsskolan.se

Private Equity Investments

The Private Equity business area makes venture capital stage investments in young, promising growth-oriented companies through the subsidiary Investor Growth Capital. The business area also conducts buy-outs of larger companies through EQT's funds, which are partly owned by Investor. Investments are made in Northern Europe, the United States and Asia. The business area has a high return potential and leverages the competence of the Investor network to build companies during different stages of development.





The Private Equity business makes venture capital investments in young growth-oriented companies and loan-financed investments (buyouts) in medium to large size companies that are more mature and have development potential. Venture capital activities are conducted by Investor Growth Capital (IGC), a wholly owned Investor subsidiary. Buyout activities are conducted indirectly through EQT's funds, which are operated by their own independent organization.

Private equity investments involve higher risk but also have higher return potential. By investing in young growth companies, we can also discover important new technologies and business trends early. When developing the holdings, Investor Growth Capital and EQT utilize the industrial expertise of Investor's network and our experience from building companies during different stages of development. Both organizations assume an active ownership role. This involvement may range from supporting holdings in the development of their business, strategy and vision, to providing access to representatives in Investor's network and legal and financial expertise.

To balance the risk profile in the business area, Investor and EQT have a large number of holdings in their portfolios. The higher risk in the business area is reflected in a higher return objective.

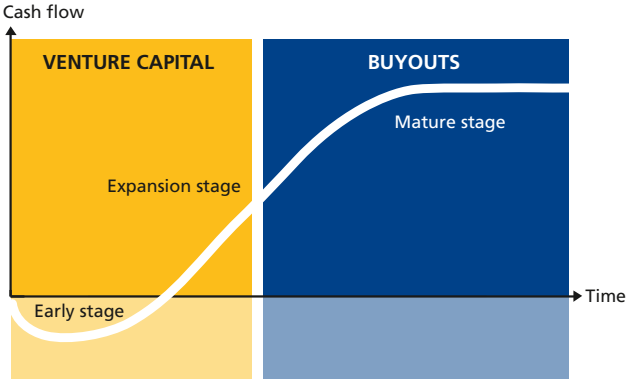
Returns for the business area are evaluated and generated mainly when exits are implemented, since value creation is realized either through initial public offerings or by selling a holding to an industrial company or financial player. The business area's return objective is to achieve an average annualized return (IRR) of at least 20 percent on realized investments, before administrative expenses.

> "Private equity investments involve higher risk but also have higher return potential."

Many deals and strong performance

The year started with a favorable market environment for IPO activity in most of the world's financial markets. Venture-backed company IPOs during the second quarter raised the highest quarterly total since 2000 in the U.S.

In terms of value, the majority of the year's investments and divestments were made within EQT's funds. The end of the year was characterized by greater uncertainty and a more restrictive exit market. However, the strong performance of a number of holdings in both EQT and Investor counterbalanced contracting market multiples in the public markets. For the full year, the business area contributed SEK 6.0 bn. to income.

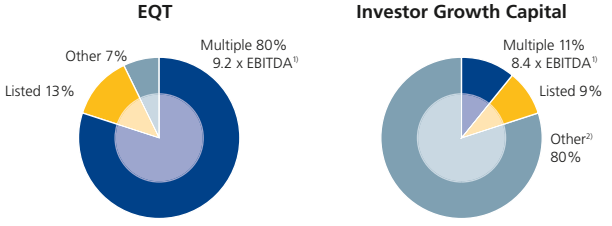


Venture capital investments are primarily made in early and expansion stages, while buyout investments are mainly made in companies that are relatively mature.

Purchases and sales

SEK m.	Purchases	Sales
EQT	1,642	5,727
Investor Growth Capital	1,985	1,674
Total	**3,627**	**7,401**

Valuation method



1) The average EBITDA multiple is based on the past 12-month results.
2) Valuations are based on the latest externally priced financing round, or for investments made within the last 12-month period, the acquisition amount.

Core Investments 80% | Operating Investments 7% | **Private Equity Investments 11%**

Goal

Average annualized return (IRR) of 20 percent or more on realized investments before administrative expenses, over the course of a business cycle.

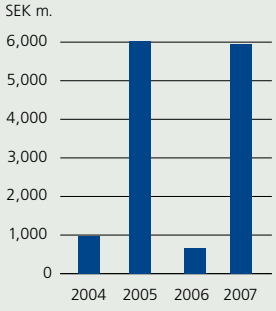
Goal fulfillment

Private Equity Investments has exceeded the targeted return requirement of 20 percent on realized investments (IRR) since 1998, when the business area was given its current shape and structure.

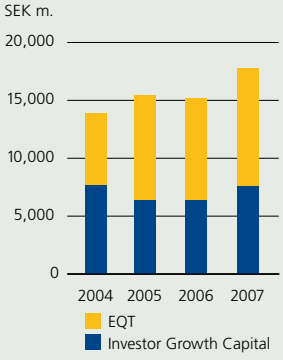
Strategy

- Drive and develop current investments.
- Invest in new attractive companies with sizeable value creation potential.

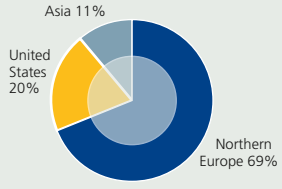
Trend of earnings



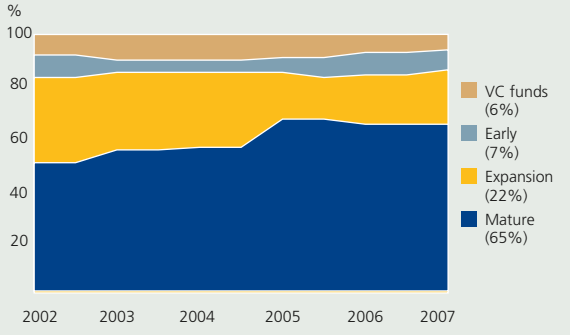
Market value



Geographic distribution, Private Equity Investments



Private Equity Investments by development stage



A company's development stage is usually linked to its financial development. A mature company normally generates a positive cash flow.

EQT

Investments in EQT's funds

EQT operates as an independent organization and makes buyout investments in medium-sized and large companies in Northern Europe and Greater China. The investment cycle is normally three to seven years. Investments are made in funds, with each fund having a specific focus and a number of external fund investors.

Investor was one of the three founders of EQT in 1994 and has been a sponsor and the largest investor in all 12 funds. Investor's ownership in each fund varies but averages about 20 percent in the majority of the funds. Investor now has a minority stake (31 percent) in the advisory company after selling part of our holding in EQT Partners to key persons in EQT in 2007. Due to our position as an anchor investor and history as a sponsor of the funds, we share, in addition to returns, the net realized profits of the funds and the surplus from management fees.

Since Investor is part-owner of the independent funds together with approximately 100 external investors, only limited information is reported about EQT, which distributes information about its activities itself.

EQT contributed a total of SEK 5.3 bn. to the value change in the Private Equity business area.

Events in 2007

- EQT II entered into an agreement to sell its remaining shares in Salcomp, listed on the Helsinki Stock Exchange, and sold its holding in Hemocue.
- EQT III divested Plantasjen and sold its remaining shares in Symrise.
- EQT IV received the cash proceeds from its partial sale of Tognum, which was listed in Germany during the summer.
- EQT V invested in Dako, Scandic Hotels and CBR, signed an agreement to acquire SAG in Germany and made a cash offer for Securitas Direct (Sweden) together with a number of other investors.
- EQT Denmark announced that it had agreed to sell Contex Group and Nederman was listed on the Stockholm Stock Exchange and divested.
- EQT Greater China II acquired PSM International.
- EQT (I and III) sold part of its holding in Duni in connection with the company's initial public offering.

www.eqt.se

EQT's funds

	Year started	Investor's share of fund	Total capital commitments	Investor's capital commitments	Investors share of invested capital[1]
EQT I[2]	1995	18%	3,260	587	587
EQT II[2]	1998	18%	6,193	1,103	973
EQT III[2]	2001	32%	18,935	6,070	5,291
EQT IV[2]	2004	19%	23,669	4,414	3,505
EQT V	2006	12%	40,238	4,805	1,592
EQT Opportunity	2005	25%	3,518	877	169
EQT Denmark[2]	1998	17%	1,291	223	181
EQT Finland[2]	1999	32%	622	197	197
EQT Expansion Capital I	2003	16%	1,751	288	208
EQT Expansion Capital II	2007	15%	4,488	674	5
EQT Asia[2]	2000	61%	2,107	1,293	940
EQT Greater China II	2006	37%	3,522	1,297	189
Total			109,594	21,828	13,837

1) Also includes capital invested in holdings that have been sold.
2) Fully invested.

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Investor Growth Capital

Investor Growth Capital focuses on venture capital investments in growth-oriented companies that are about to enter an expansion phase to establish themselves in the market or launch new products. In exceptional cases, investments are also made in earlier stage companies. Investments are concentrated in the IT/Technology and healthcare sectors. Within healthcare, Investor Growth Capital invests in medical device and pharmaceutical companies, and in diagnostics products, healthcare services and biotechnology. In the IT/Technology sector, the focus is on software and technology-driven services, semiconductors, telecom and datacom equipment (fixed and wireless), Internet services and services for new media.

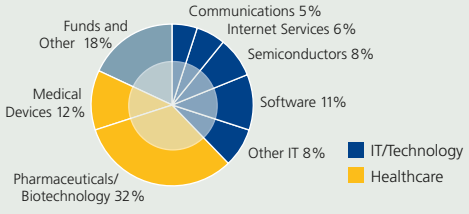
Investor Growth Capital operates in Northern Europe, the United States and Asia (China and Japan). Activities are coordinated from the Amsterdam office. Investor Growth Capital units acquire minority stakes with significant influence and usually take a board seat. The investment cycle is normally three to seven years.

Deal flow was strong and favorable in 2007, which in turn reflected Investor Growth Capital's established position and experienced teams in the U.S., Northern Europe and Asia. Valuations of venture stage companies were generally high, while price levels were attractive for companies that Investor Growth Capital exited. However, the high prices for companies required heavy emphasis on maintaining a disciplined approach to valuations. During the year, Investor Growth Capital also focused intensively on developing its network and contacts with attractive potential investment candidates. Often, Investor Growth Capital can have a dialogue with a company for more than a year before a financing opportunity arises. After the large number of divestments in 2004–2005, Investor Growth Capital's portfolio remains in a rebuilding phase. In 2007, investments exceeded divestments by SEK 311 m.

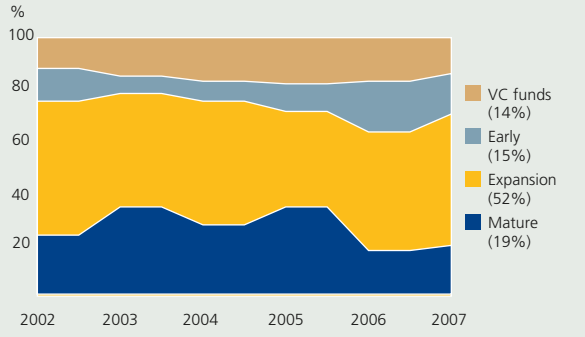
During 2008, Investor Growth Capital will continue to focus on further developing existing holdings, finding new and attractive investment opportunities and implementing sales, as appropriate.

In 2007, Investor Growth Capital invested a total of SEK 2.0 bn. and sold holdings for SEK 1.7 bn. Sunny Optical was listed on the Hong Kong Stock Exchange and Aerocrine on the Stockholm Stock Exchange.

Sector distribution, Investor Growth Capital



Investor Growth Capital's investments by development stage



Investor Growth Capital US

Investor Growth Capital US represents 55 percent of Investor Growth Capital's total assets and invests in the healthcare and IT/technology sectors in North America. The investment commitment ranges from SEK 50 m. to SEK 300 m.

Activities are conducted from offices in New York City and in Menlo Park, California. The unit has 16 investment professionals managing approximately 40 active holdings.

The investment pace was high in 2007, and by year-end, Investor Growth Capital US had made nine new investments in the IT and healthcare sectors. In addition to new investments, a number of follow-on investments were made in existing holdings. During the year, holdings were sold in Kyphon, Lifecell, Navini Networks, Morphotek, Picolight and Vallent.

New investments in 2007

Applied Spine Technologies: A medical device company that has developed a novel dynamic stabilization system to work in concert with the spine's natural biomechanics for relief of lower back pain.

Biolex: A biopharma company focused on the discovery and development of therapeutic antibody drugs to treat Hepatitis C and vascular diseases.

Ception: An emerging biopharmaceutical company focused on the discovery and development of products to address unmet medical needs in inflammatory, infectious and vascular diseases.

Ceregene: This company develops novel, gene-delivered growth factor products for the treatment of serious neurological disorders, such as Parkinson's disease.

Chelsio Communications: The company is a leading fabless semiconductor company providing protocol engines and server adapters for 10 Gigabit Ethernet applications.

ForeSee Results: The market leader in online satisfaction measurement and management based on the methodology of the University of Michigan's American Customer Satisfaction Index (ACSI).

ID Analytics: A provider of software services for managing identity theft risk and behavioral identity information.

Magnum Semiconductor: A provider of chips, software and platforms for recording, storing and managing multimedia content, allowing companies to quickly develop and launch new products on the consumer entertainment market.

Siperian: A provider of master data management (MDM) software and systems for large enterprises to support analytical and transactional business needs.

Sirion Therapeutics: A specialty pharmaceutical company focused on developing and marketing ophthalmology products.

Investor Growth Capital Europe

IGC Europe represents approximately 29 percent of Investor Growth Capital's total assets and focuses mainly on expansion-stage bioscience and technology companies in the Nordic region. Investment activities are conducted from the Stockholm office. Initial investments vary between SEK 50 m. and SEK 200 m.

The unit has six investment professionals managing 25 active holdings.

The investment pace continued to increase during the year and the unit made five new investments. In addition to new investments, Investor Growth Capital Europe made a number of add-on investments in holdings such as SciBase and Åmic.

In June, the holding in Aerocrine was listed on the Stockholm Stock Exchange. Investor Growth Capital Europe has a 20-percent stake in Aerocrine.

New investments in 2007

Global Health Partner: This is a newly started Swedish company that provides specialized healthcare services in the clinical areas of spine, dental implant and orthopedic surgery, as well as obesity treatments, through clinics in Sweden, Norway and the U.K.

Heartscape Technologies: The company has developed an advanced "heart vest" for administering and diagnosing electrocardiograms faster and more accurately. Early diagnosis of cardiac arrest has proven to be critical for successful treatment.

Memira: A pan-Scandinavian chain of clinics based in Sweden that provides corrective eye laser surgery. The company has a number of clinics offering laser treatments and other refractive or related eye surgery.

Sidec: A Swedish company that has developed technology for displaying 3D images of proteins in their natural cell environment. This makes it possible to find out how a protein is affected by different pharmaceuticals at an early stage, saving time in the drug development process.

Tobii Technology: A Swedish company that is a world leader in hardware and software solutions for eye tracking and eye control. The company's main products are computer screens with eye control for users with disabilities and eye-tracking testing to assess the impact of computer software, web pages and advertisements on user behavior.

Investor Growth Capital Asia

Investor Growth Capital Asia represents approximately 16 percent of Investor Growth Capital's total assets and invests in expansion-stage technology companies in China and Japan. Investments range from SEK 50 m. to SEK 100 m.

The unit operates from offices in Beijing, Hong Kong and Tokyo and has six investment professionals managing approximately 20 active investments.

The investment pace was high during the year and six new investments were made. A number of follow-on investments were also made in ChinaCache, Digital Check and Yan Chuan. In the second quarter, the holding in Sunny Optical was listed on the Hong Kong Stock Exchange. During the year, holdings were also sold in Amkor, Asia Renal Care and EpiValley.

New investments in 2007

800 TeleServices: A Chinese Business Process Outsourcing (BPO) provider focusing on contact center services, with operation centers strategically located in the PRC, Hong Kong and Taiwan.

Funmobile: A Hong Kong-based company developing and distributing mobile content and online entertainment services, such as games, infotainment and graphics targeting users of the Internet and mobile networks.

Frepar Networks: This Tokyo-based company provides data storage service for the growing streaming video market and operates through a unique network of 3,000 multimedia kiosks in Japan.

IdeaSync: A Japanese company providing Internet photo storage and printing services.

United Information Technology: This Beijing-based technology company provides data storage systems focusing on IP-based network solutions.

Yanhuang Health Media: A media company specializing in out-of-home advertising in China. The company's network of in-hospital flat panel displays is providing a targeted platform for advertisers in China's health and wellness industry.

Employees and network

Investor's organization consists of the employees working in our business areas and in the Finance, Human Resources, Corporate Communications, Business Information Services, Information Technology, Risk Management and Treasury departments. In addition to our employees, our global network is a unique strategic asset. With Investor's reputation and our long history of developing companies, we have built a strong international brand that we are steadily developing. Our strong brand and network help us come into contact with interesting companies and attract the right people to our organization.

Our employees

Investor's employees in Stockholm, Amsterdam, Beijing, Hong Kong, Menlo Park, New York and Tokyo are of crucial importance for our ability to reach our goals. We therefore put heavy demands on our personnel with regard to their competence, professionalism, quality awareness, ambition and performance. To recruit and retain the right employees, we place major emphasis on creating an attractive workplace where people enjoy working and grow professionally. At year-end 2007, Investor's wholly owned investment activities had 148 employees.

DIVERSITY CREATES A DYNAMIC WORKPLACE

We invest in a number of different industries and in several geographic markets. A diversity of people of different ages and with different backgrounds, experience and knowledge is therefore necessary for a company like Investor to succeed. Our employees represent a large number of different nationalities. We recruit people with different types of expertise and from various professional backgrounds, such as physicians, economists, lawyers and engineers.

Having the right person in the right place at the right time is a time-honored principle at Investor. This principle continues today and we believe that diversity in the organization creates a dynamic workplace. We therefore strive to increase the percentage of women in senior management positions within Investor and our holdings. In 2007, we conducted a survey in association with Novare Act to map factors that would make it easier for women to advance to higher, business-related positions. We used the findings of this survey in our own internal work, but also in dialog with our holdings. We have also devoted two general personnel meetings to discuss our gender equality work. In addition, we were engaged in the Executive Women's Conference of the Swedish-American Chamber of Commerce, held in Stockholm in October 2007. A number of employees have participated in the Novare Management Program for women.

OUR CULTURE GUIDES OUR ACTIONS

A strong and clear corporate culture is of importance for our ability to achieve our vision and goals. We are constantly developing our corporate culture on the basis of the following Core Values:

- Create value: we create value in everything we do with a long-term view and short-term impatience.
- Continuous improvement: we think forward – there is always a better way.
- Contribute your view: we state, listen to and respect different views. We encourage integrity, openness and dialogue. When a decision is made, we take our responsibility.
- Care for people: we are fair and open to one another. We contribute to growth and success as individuals and in teams. We are accountable for results.

During the year we actively worked on involving all employees in the development of our corporate culture and to live up to our core values. In this work, the commitment of management and all our employees is essential for creating a company that is best equipped to cope with changes in the business environment and which ultimately creates value for our shareholders.

PERSONNEL DEVELOPMENT

Since the competence of our employees is of central importance to our ability to develop best-in-class companies, we place major emphasis on giving each employee the opportunity to advance their education and enhance their professional knowledge on a continuous basis. Employees participate in planning and performance reviews with their closest supervisor once or twice a year to discuss the form of competence development, among other matters. We work actively to ensure that vital expertise is shared throughout the organization.

As part of our efforts to create a developing workplace, we have created an internal recruitment market to announce available positions on our intranet. In 2008, we will conduct a new employee survey.



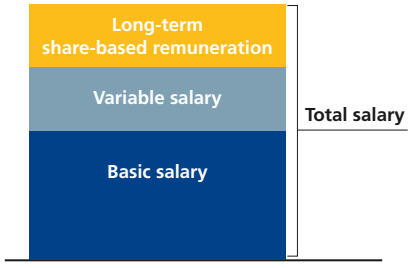


REMUNERATION

We offer competitive remuneration in line with market conditions to ensure that competent employees can be recruited and retained in the company. An employee's total salary consists of basic salary, variable salary and long-term share-based remuneration.

The outcome of variable salary depends on the employee's fulfillment of personal goals, while the outcome of the share-based component depends on how successful the organization is in creating long-term value for Investor's shareholders.

The variable component clearly links the individual's work efforts to the company's strategy and goals. An employee's remuneration will be performance-based, and through the share-based portion, the interests of employees are clearly aligned with those of the shareholders. During the year, the Management Group purchased Investor shares corresponding to 17.8 percent of their gross salary as part of the company's long-term share-based remuneration program. Read more about our remuneration policy on page 42.



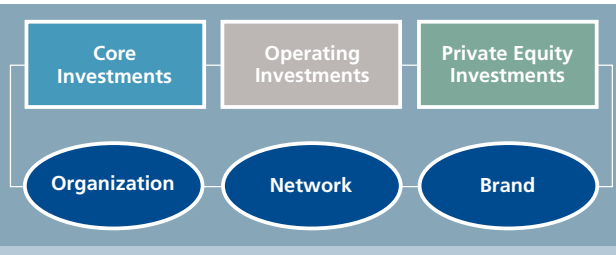
Our unique network

By building and developing companies for almost 100 years, we have created a unique global network that is a strategic asset and competitive advantage. Our network of contacts has breadth and depth that benefits our business dealings in several different ways. We work continuously on maintaining present relations on an ongoing basis at the same time as we create new contacts. We constantly seek new ways to link people, companies and organizations together in order to generate a flow of attractive investments and deals and to help holdings advance their businesses.

The network adds another dimension to our analytic and due diligence work. For example, we can quickly assemble the relevant expertise for evaluating potential investments in advanced industrial sectors, such as healthcare and IT.

We also have access to expertise and contacts for developing our holdings, for example, when they are expanding into new geographic markets or developing their customer and partner relations. Through our reputation and network in China, we can make it easier for our holdings to establish business and capture positions in this important market. In the recruitment process, the network is also crucial for finding the right employees, managers and advisers.

The network is also a conduit for expertise and experience in leadership, entrepreneurship, international development, trends and technologies. Our network encompasses the business community as well as the political arena and academic community. To give our holdings access to the network, we regularly arrange network meetings with representatives from portfolio companies. Current issues are discussed and experience and knowledge are exchanged. We also have frequent informal contacts and participate in different network programs run by Novare Human Capital, such as Forum Novare, the Novare Management Program, International Expertise, Business-driven HR, Leading Business Control and Novare Management Parent.

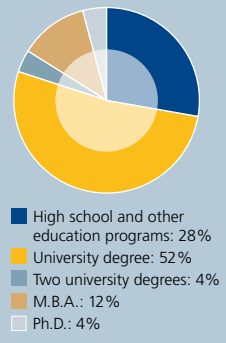


INVESTOR'S WHOLLY OWNED INVESTMENT ACTIVITIES ON DECEMBER 31, 2007

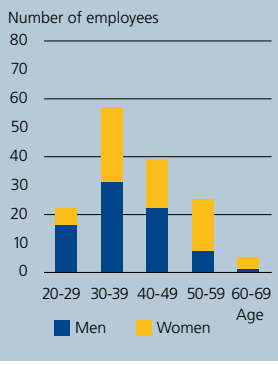
Facts & figures on employees

- Number of employees on December 31, 2007: 148 (147).
- Average number of full-time employees in 2007: 141 (140).
- Average age: 40.5 years.
- About SEK 34,000 was invested in education per employee.
- The percentage of female employees was 48 percent (48).
- The percentage of women in senior management positions was 18 percent (16).
- Personnel turnover was 5.4 percent.

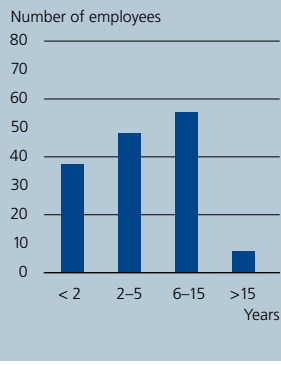
Employees by education



Age distribution



Years of employment



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Letter from the Chairman

Dear Shareholder, as chairman of your company it is my responsibility, together with my colleagues of the board and management, to ensure that Investor is always well prepared to generate attractive sustainable returns to shareholders. 2007 was eventful and we have worked diligently on the strategic priorities for Investor during the year to ensure that Investor is well positioned for the future. It is my firm belief that our business model, based on our active and long-term approach to ownership, together with a well diversified portfolio of attractive holdings, offers excellent value potential, mitigating exposure to any particular industry or geography.

2007 was a challenging year for the global business and financial community. The optimism characterizing the start of last year – fueled by the dynamic growth prospects of rapidly developing markets such as China and India and high liquidity in financial markets – was displaced in the second half of the year by serious concerns about the U.S. economy, the continuing effects of the credit crisis and how these would impact the global economy.

Each company in the Investor portfolio faced unique challenges during the past year. In general for most of our holdings, earnings growth in 2007 was very positive, for others it was a more demanding year. Investor's results for 2007 reflect this mixed performance. We are expecting general market conditions to be more difficult in 2008. Investor, like most of our holdings, is well equipped and has a financial position that will allow us to meet and take advantage of a more uncertain market.

"As industrial investors, it is our overriding objective to generate good returns from every investment or transaction we perform to maximize value for our shareholders."

In this context, I would also like to clarify my views about the discount to net asset values at Investor AB. Shares in investment holding companies such as Investor often tend to trade at a discount – a feature common to many of our peers. As industrial investors, it is our overriding objective to maximize returns to our shareholders from every investment or transaction we perform. This year the discount widened, which is a matter of regret. Nevertheless, Investor AB has a well-known business model to which we remain fully committed. That model has, for many years, helped us to generate returns that have, over time, outperformed the market. We believe this better reflects the underlying quality of our portfolio and the value created by Investor AB. In addition, we have recently increased the transparency of the non-listed holdings and value creation processes at Investor AB, enabling the market to better understand and value our business.

Facing global economic uncertainty

In the wake of the 2007 credit and liquidity crisis, there has been a great deal of analysis and commentary about the global economic outlook. From the threat of recession and theories about the decoupling of the U.S. economic locomotive to unprecedented coordinated action by the world's central banks. Since the turn of the year, there has been a real sense of uncertainty about the world's economy.

Several economic threats came to prominence in 2007, raising the likelihood of recession in the U.S. The only debate was how long or how deep it will be. Despite these concerns, there is hope that growth from emerging economies can help sustain the global economy.

In the face of such international uncertainty, the ugly face of protectionism can be more easily unveiled as illustrated by among others the difficulties encountered in the Doha Round.

Ownership – evolution or revolution

On several fronts, 2007 represented a watershed in the debate on corporate ownership. Our defense of diverse ownership models was vindicated when the EU's Commissioner for Internal Market, Charlie McCreevy, decided not to take any action on the one share/one vote issue. In announcing this decision, he stated that "a further layer of EU action is not the way to go". Ultimately, this decision is





a tribute to the fact that there should be room for different ownership models in the capital markets and for the principle of contractual freedom of shareholders. In the end, it is up to the market forces, rather than regulation, to make these choices.

Indeed, Investor embraces diversified ownership wherever it is in the best long-term interest of a company and its shareholders. For example, we endorsed the proposed acquisition of OMX by Nasdaq and Borse Dubai as a natural evolution in cross-border investment and a necessary step in further global market consolidation. Investor believes that the competitive position of OMX would be enhanced through such an important tie-up with these important international partners.

"We strongly promote investment in R&D in areas where business can and should be a driver of positive change."

Ultimately, the key to success of any company is to have the right management and the right board. The board of a public company, like the board of a private company, has to sit in the same boat as the owners and the management. We therefore strongly advocate a system whereby board members should own shares in the company to link their remuneration to its performance. A proposal to this effect will be submitted to shareholders at some annual general meetings this spring.

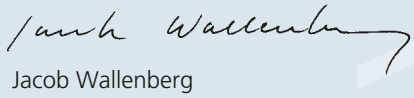
Delivering a sustainable future

In 2007, sustainability gathered momentum as a defining theme for business in the wake of environmental, social and governance imperatives. For more than 90 years, Investor has striven to make a positive contribution to our wider society. Given the size and scope of Investor's holdings, both in terms of industry sectors and geographies, we fully embrace our responsibilities as a leading corporate citizen.

We strongly promote investment in R&D in areas where business can and should be a driver of positive change, including developing new technologies and solutions to deal with climate change and resource depletion. These investments create value for the companies but also benefit the markets where our companies are engaged, not least Sweden, where many are headquartered. We are extremely pleased that several companies associated with Investor, such as Electrolux and Atlas Copco, are recognized as leaders in their sectors in helping to address these issues of environmental and social responsibility.

On behalf of the Board of Directors, I would like to thank our CEO Börje Ekholm, the entire Investor team and our colleagues throughout the wider Investor network for helping us to meet the challenges that we faced in 2007 and for helping to ensure that we are well placed to deliver stronger results in 2008. It is a privilege to work with such dedicated individuals committed to the long-term prosperity of our company.

Finally, I want to thank you, our shareholders, once again for your continued confidence in Investor. We will continue to exercise our responsibilities as stewards of your ownership with great care and remain dedicated to delivering a solid return on your investment.



Jacob Wallenberg
Chairman of the Board

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Corporate Governance Report

Overall structure of governance at Investor



Primary external regulations affecting Investor's governance:

- Swedish Companies Act
- Accounting legislation, such as the Swedish Accounting Act and Swedish Annual Accounts Act
- Listing Rules/Agreement of the Stockholm Stock Exchange
- Swedish Code of Corporate Governance

Examples of internal documents affecting Investor's governance:

- Articles of Association
- Instructions, formal work plans
- Policies and guidelines
- Process descriptions for each business area

Corporate governance practices define the decision-making systems through which owners, directly or indirectly, control a company. In a stock corporation like Investor, authority, management and control are distributed between the shareholders, the board of directors, the president and the management group in accordance with current legislation, regulations and instructions. Investor is a Swedish public stock corporation with shares listed on the Stockholm Stock Exchange. The company thus applies the Swedish Code of Corporate Governance, which was used to prepare this Corporate Governance Report. The Corporate Governance Report describes how the work of corporate governance has been conducted at Investor during the 2007 financial year. The report has not been reviewed by Investor's auditors.

Corporate governance at Investor

Investor's corporate governance practices are regulated partly by Swedish legislation, above all the Swedish Companies Act, and partly by the Stockholm Stock Exchange's listing rules/agreement, of which the Swedish Code of Corporate Governance forms part.

In addition to legislation, regulations and recommendations, Investor's Articles of Association constitute a central document for the company's governance. 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. Investor's Articles of Association are available on Investor's corporate website, www.investorab.com, in the section on Corporate Governance.

The company's highest decision-making authority is the Annual General Meeting (AGM), where Investor's shareholders exercise their influence over the business. The AGM is convened no less than once a year to decide how the Nomination Committee is to be appointed, among other matters. The Nomination Committee proposes, for example, the composition of the board for resolution by the AGM.

Investor deviated from the Code in two respects in 2007:

- Independence of the Audit Committee
- Independence of the Remuneration Committee

Deviations from the Code are reported and explained in greater detail in each section of the Corporate Governance Report.

More information about laws and Swedish corporate governance practices is available at the following websites:

- www.bolagsstyrning.se, Swedish Corporate Governance Board – see "Special features of Swedish corporate governance"
- www.omxgroup.com, Stockholm Stock Exchange (Stockholmsbörsen)
- www.fi.se, Swedish Financial Supervisory Authority

On behalf of Investor's owners, the board oversees management of the company's affairs. Investor's board is headed by Jacob Wallenberg, who is chairman. The board appoints the president, who is responsible for 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 formal work plans approved by the board. 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.

Major support functions are Internal Control, Risk Control and Compliance. The Internal Control function serves as an objective support function for the board in verification of internal control. The role of Risk Control is to provide support in identifying and managing risks. The Compliance function identifies legal risks and ensures that laws and regulations are observed.

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

External auditors, appointed by the AGM, audit 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, Operations and Legal, Corporate Governance and Compliance.

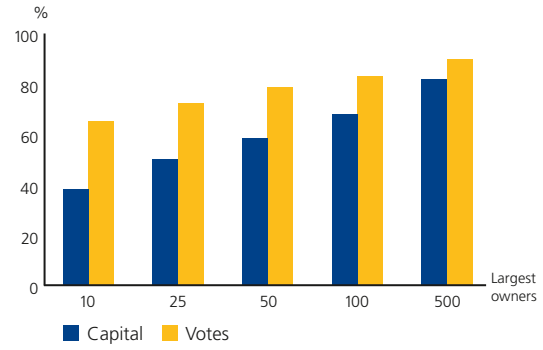
The actions of management and personnel are also governed by Investor's corporate culture. A strong, clearly defined corporate culture plays an important role in enabling the company to achieve its vision and goals. The management group focuses actively on engaging all employees in developing the corporate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

Shares and ownership in Investor

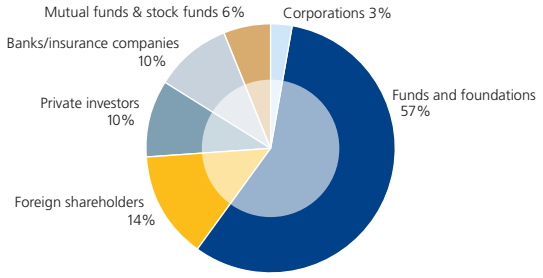
At year-end 2007, Investor had 134,321 shareholders according to the register of shareholders maintained by VPC AB. In terms of ownership share, institutional owners dominate. Foundations constitute the biggest single shareholder category in terms of ownership stake. Investor's share capital totaled SEK 4,795 m., represented by a total of 767 million shares, of which 312 million are class A-shares and 455 million class B-shares. A-shares carry one vote while B-shares carry 1/10th vote, although both types of share carry the same dividend entitlement.

Investor's dividend policy requires that a high proportion of dividends received from Core Investments be redistributed and that a distribution from other net assets be made to

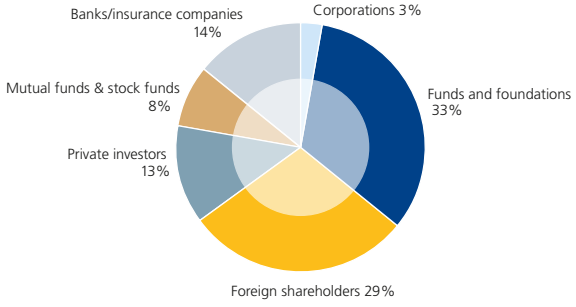
Shareholder structure



Distribution of shareholders, percentage of votes



Distribution of shareholders, percentage of capital



Investor's 10 largest shareholders listed by voting rights on December 31, 2007[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)]	4.4	2.1
Skandia Liv	4.0	2.3
Swedbank Robur Mutual Funds	4.0	3.0
Third Avenue Value and Funds Series	3.0	1.4
Marcus and Amalia Wallenberg Memorial Fund[2)]	2.8	1.3
Alecta	2.4	3.6
Öresund	1.2	0.6
JP Morgan Chase Bank	1.2	1.8

1) Directly registered, or registered in the name of nominees, with VPC.
2) The three largest Wallenberg foundations own a total of 47.2 percent of the votes and 22.0 percent of the capital.

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shareholders, corresponding to a direct return in line with the stock market. Another goal is to achieve a dividend that shows consistent growth over time.

Annual General Meeting

Investor's AGM is held in the Stockholm area during the first half of the year. The date and location of the meeting are announced publicly, no later than to coincide with the release of the company's third-quarter report. Shareholders are also informed, no later than at the time the third-quarter report is published, about their right to have business discussed at the AGM and the deadline for submitting requests to this effect to the company so that such business may be included in the notice of the AGM. The notice of the AGM is published no earlier than six weeks, but no later than four weeks, before the date of the AGM. The business of the AGM is to report on the company's development over the past fiscal year and to make decisions on a number of central issues, such as changes to the company's Articles of Association, the election of auditors, discharging the board from liability for the fiscal year, remuneration for the board and auditors, approval of the number of board members and the board for the period up to the close of the next AGM, and the dividend. Investor always strives to ensure that the board, the management group and the auditor are present at the AGM.

To be entitled to participate in and vote at the AGM, shareholders must be recorded in the register of shareholders and must report their intention to attend by a certain date. 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 information material is available in both Swedish and English.

Decisions at the meeting 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 be approved by a higher percentage of the shares and votes represented at the AGM.

IINVESTOR'S 2007 ANNUAL GENERAL MEETING

The 2007 AGM was held at the City Conference Centre in Stockholm on March 27. The meeting was attended by around 1,000 shareholders, including proxies, representing 72.5 percent of the votes and 53.5 percent of the capital. Investor's board and management, as well as the company's two auditors, were present at the meeting.

The president's presentation at the AGM was published on Investor's website on the day after the AGM. The minutes from the AGM are available on the website in Swedish and English. The website also provides access to all documents required for the AGM, including a report on the work of the Nomination Committee and its proposals in full.

Votes and capital represented at Investor AGMs

Year	% of votes	% of capital
2007	72.5	53.5
2006	72.7	52.8
2005	73.1	55.5
2004	73.2	53.5

INVESTOR'S 2008 ANNUAL GENERAL MEETING

Investor's 2008 AGM will take place on April 3 at the City Conference Centre in Stockholm. All shareholders wishing to have business taken up at the meeting may deliver their proposal to the chairman of the board, or, alternatively, contact the Nomination Committee with any proposed nomination. Information on the AGM is published on Investor's website.

Nomination Committee

The AGM decides how Investor's Nomination Committee will be appointed. At the 2007 AGM, it was decided that the company shall have a Nomination Committee consisting of one representative of each of the four shareholders or groups of shareholders controlling the largest number of votes, plus the chairman of Investor's board of directors. The composition of the Nomination Committee is based on the register of recorded shareholders and shareholder groups supplied by VPC AB as of the last business day in August 2007.

The four largest shareholders (taking into account shareholder groups) appointed the following representatives, with the chairman, to constitute Investor's Nomination Committee prior to the 2008 AGM: Johan Stålhand (Wallenberg foundations, Investor's largest shareholder in terms of votes controlled), Lars Isacsson (SEB Foundation), Caroline af Ugglas (Skandia Liv) and Mats Lagerqvist (Swedbank Robur Mutual Funds). The composition of the Nomination Committee was made public on September 25, 2007. The Nomination Committee represents altogether just over 60 percent of the votes in Investor. At the first meeting of the Nomination Committee, Johan Stålhand was appointed chairman.

Nomination Committee members for 2008 AGM

Nomination committee member	Representing	8/31 2007 % of votes	12/31 2007 % of votes
Johan Stålhand	Wallenberg foundations	47.2%	47.2%
Lars Isacsson	SEB Foundation	4.9%	4.9 %
Caroline af Ugglas	Skandia Liv	3.9%	4.0 %
Mats Lagerqvist	Swedbank Robur Mutual Funds	4.0%	4.0 %
Jacob Wallenberg	Chairman of Investor AB		

ROLE OF NOMINATION COMMITTEE

According to a decision taken at Investor's 2007 AGM, the role of the Nomination Committee is to prepare and present proposals for submission to the 2008 AGM as to the chairman at the AGM, board and chairman of the board,

board remuneration (apportioned among chairman, board members and committees), audit fees and proposals for rules concerning the nomination process for the 2009 AGM.

WORK OF THE NOMINATION COMMITTEE FOR 2008 AGM

Since the 2007 AGM, the Nomination Committee has held four meetings during which minutes were taken and has maintained informal contacts between meetings.

To determine the extent to which the current board meets the demands to which the board will be subject as a consequence of the company's current position and future direction, the Nomination Committee discussed the size and composition of the board in terms of industry experience and expertise. One important criterion is the principle that the composition of the board should reflect and allow scope for the different areas of expertise and experiences that are required for the implementation of Investor's philosophy of active ownership and long-term ownership commitment. As a basis for its work, the Nomination Committee studied the evaluation of the board and its work and reviewed of the chairman's report on the company's activities, goals and strategies.

The Nomination Committee also studied the evaluation of auditing activities for the year and the proposal presented by the Audit Committee regarding fees payable for the auditing activities.

The proposals of the Nomination Committee, the report on the committee's work for the 2008 AGM and supplementary information about the proposed board members are published in conjunction with the notice of the AGM and presented to the 2008 AGM.

Board of Directors

The board is elected by the shareholders to serve a mandate period beginning at the AGM and ending at the close of the AGM in the following year. On behalf Investor's owners, the board administers the company by establishing goals and strategies, evaluating the operational management and ensuring that systems are in place for following up and checking established goals. The board is also responsible for ensuring that accurate information is released to the company's stakeholders, that laws and regulations are complied with and that ethical guidelines and internal policies are in place. 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 described in the section "Board of Directors' report on internal control of financial reporting".

The Articles of Association state that Investor's board shall consist of no less than three and no more than 11 directors. The AGM decides the exact number of members. 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 might feel is necessary for making well-based decisions. New board members learn about Investor's business operations by attending a comprehensive internal orientation course involving, for example, meetings with all of Investor's departmental managers. Board members are continuously updated on new regulations, practices and statutory requirements that may affect the business.

CHAIRMAN OF THE BOARD

The AGM appoints the chairman of the board. The duties of the chairman include organizing and leading the work of the board and ensuring that the board regularly updates and improves its knowledge of the company, communicating views from the owners and serving as support for the president. The chairman and the president produce proposals for the agenda of board meetings. The chairman verifies that that board's decisions are implemented efficiently and is also responsible for ensuring 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, board chairman Jacob Wallenberg is also involved in a number of other companies and is a member of a number of international organizations. He has built up an extensive international network and participates in work on various policy issues, for example within the European Round Table (ERT), The Peterson Institute and The World Economic Forum's Business Council.

FORMAL WORK PLAN FOR THE BOARD

In addition to laws and recommendations, the work of the board is governed by a formal work plan. The board reviews its formal work plan annually and adopts it via a decision of the board. The formal work plan is divided into five sections in order to define clearly and regulate the practices and tasks of the board. The five sections consist of the board's formal work plan and instructions to the president, the Remuneration Committee, the Audit Committee and the Finance and Risk Committee.

The formal work plan also describes which points shall always be included on the agenda for every board meeting and on the agenda for the statutory board meeting. The formal work plan states clearly that at every meeting minutes shall be kept by the board's secretary, who may not be a member of the board. Furthermore, the formal work plan states how the minutes are to be prepared and distributed to members and how the board is to be informed in connection with the issue of press releases, for example. The work plan also includes guidelines on which decisions the board may delegate to the president.

EVALUATION OF THE WORK OF THE BOARD

Once a year, the chairman initiates an evaluation of the work of the board, in accordance with the board's formal work plan, by having board members answer a detailed questionnaire anonymously. The questionnaire is divided into six separate sections dealing, for example, with climate of cooperation, breadth of knowledge and how the work of the board has been performed. The intention behind the evaluation is to obtain an idea of opinion among the board members about how the work of the board is performed and any measures that may be taken to improve the efficiency of this work. Another aim is to gain an understanding of the type of issues that the board considers should be afforded greater scope and the areas in which additional expertise is possibly needed within the board. The replies to the questionnaire are compiled by the secretary to the board. The results of the evaluation are discussed by the board. In addition, the chairman holds individual discussions with each member about the work of the board during the year. The Nomination Committee is informed of results of the evaluation.

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

INVESTOR'S BOARD IN 2007

As of the 2007 AGM, the board has consisted of ten members and no deputies during the year. At the 2007 AGM, Jacob Wallenberg, Anders Scharp, Sune Carlsson, Börje Ekholm, Sirkka Hämäläinen, Håkan Mogren, Grace Reksten Skaugen, O. Griffith Sexton and Peter Wallenberg Jr were re-elected. Björn Svedberg declined re-election and Lena Treschow Torell was elected as a new member. Börje Ekholm, president, is the only board member who is a member of the company's management. The AGM elected Jacob Wallenberg as chairman for the period up to the next AGM. The board appointed Anders Scharp vice chairman at the statutory meeting. For a more detailed presentation of the board, see page 50.

INDEPENDENCE OF THE BOARD MEMBERS

The composition of Investor's board meets the independence criteria of both the Stockholm Stock Exchange and the Swedish Code of Corporate Governance.

Some of the board members are directors of companies that form part of Investor's Core Investments and receive board fees from these companies. In the view of the Nomination Committee and the company, these board fees do not mean that these persons are dependent on Investor or its management. It has been judged important that Investor, with its active ownership philosophy and long-term ownership involvement, has board members who have extensive experience and who are closely associated with Investor AB and its business model. The independence of each board member is indicated in the table below.

BOARD WORK IN 2007

2007 was characterized by a high level of activity at Investor, and this was also reflected in the work of the board. During the year, the board held 14 meetings, including eight regular, one statutory and five extraordinary meetings. The attendance record of each board member is shown in the table on page 41. The secretary at the board meetings was attorney Hans Wibom. Before meetings, board members were provided with comprehensive written information on the issues that were to be discussed.

Composition of the board in 2007

Board member	Elected	Position	Born	Nationality	Independent of the company and its management	Independent of the company's major owners
Jacob Wallenberg	1998	Chairman	1956	Swedish	Yes	No[4]
Anders Scharp	1988	Vice Chairman	1934	Swedish	No[1]	Yes
Sune Carlsson	2002	Member	1941	Swedish	Yes	Yes
Börje Ekholm	2006	Member	1963	American/Swedish	No[2]	Yes
Sirkka Hämäläinen	2004	Member	1939	Finnish	Yes	Yes
Håkan Mogren	1990	Member	1944	Swedish	No[1]	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	No[3]	No[5]

1) Has been a member of the company's board for more than 12 years.
2) President and Chief Executive Officer.
3) Has been employed as the president of an associated company over the past three years and employed in an associated company for the past five years.
4) Member of the Knut and Alice Wallenberg Foundation.
5) Vice Chairman of the Knut and Alice Wallenberg Foundation.

Matters on which the board spent a great deal of time included the acquisition of Mölnlycke Health Care, carried out jointly with Morgan Stanley Principal Investments, MAN's bid for Scania, which was subsequently withdrawn, and last but not least, Nasdaq's bid – followed by one from Borse Dubai – for OMX. The acquisition of Mölnlycke Health Care, one of the biggest corporate acquisitions in the Swedish market in 2007, was preceded by extensive planning, and both preparations for and implementation of the acquisition were discussed by the board. As for the bids for OMX, in which Investor is the largest shareholder, the board was required to address a number of bid-related issues of a financial and strategic nature on the basis of information provided by Investor's management.

Among other issues that the board had to address and decide on were the sale (approved by the board at the 2007 AGM) of part of the shares in EQT Partners AB to a company owned by partners within EQT and Investor's involvement in EQT's Infrastructure Fund, established in 2007.

During the year, the company's management presented value-creating plans for the Core Investments, including analyses of the business and development potential of the Core Investments in the business areas in which they operate. These analyses and their implications were discussed and assessed by the board both with the focus on individual companies and in the context of overall strategic discussions. Similar presentations and discussions also took place with regard to companies in Operating Investments: Gambro, Mölnlycke Health Care and 3 Scandinavia.

In Operating Investments, the board dealt with the completed acquisition of Mölnlycke Health Care, received detailed presentations and considered a number of potential acquisitions.

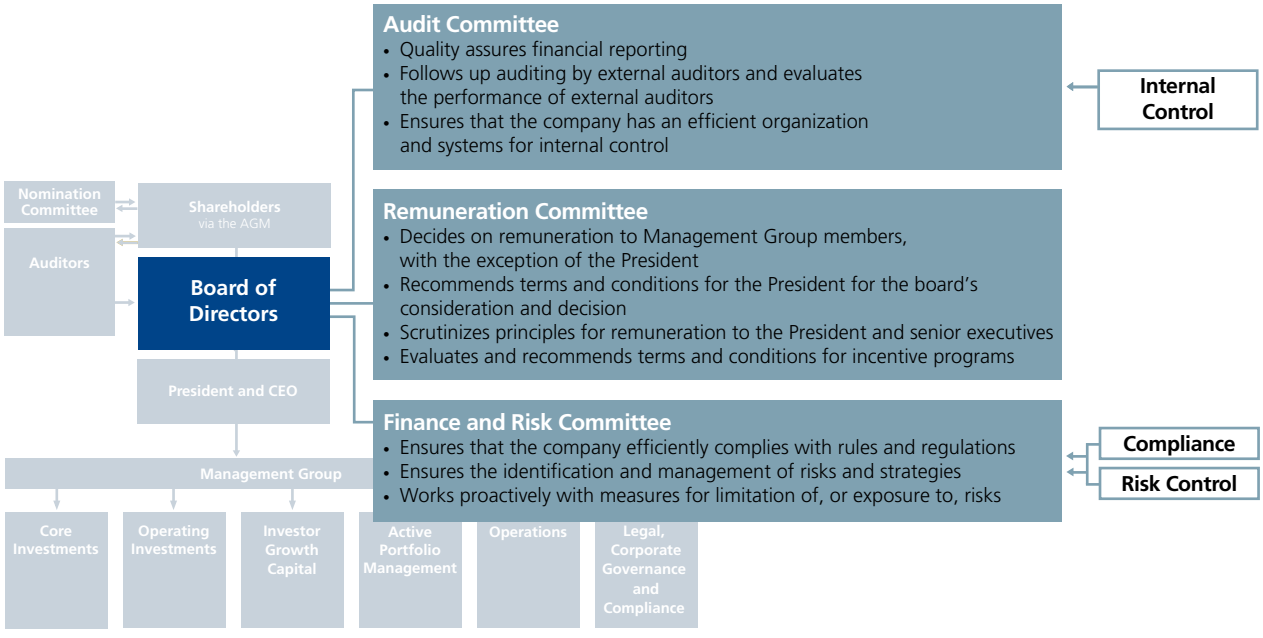
A report, which was also discussed by the board, was also presented regarding the composition of the portfolio and developments in the Private Equity business area.

The financial reports presented at every regular board meeting, including those prior to the year-end and quarterly 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 are also delivered on the ongoing operations in the business areas, together with in-depth analysis and proposed actions regarding one or more associated companies. In such cases, the board examines the developments in the financial markets, both in specific countries and from a global perspective.

Committee work is an important part of the board's role. At each meeting, the board receives reports from the Remuneration Committee, Audit Committee and Finance and Risk Committee concerning decisions, recommendations and other matters that the committees have presented regarding remuneration, tax and accounting issues and finance and risk policies.

Changes in the market and legislation also led to stricter requirements for the treatment of corporate governance issues, compliance issues and issues relating to the nomination process and board remuneration, above all with regard to Core Investments but also in relation to companies in the other business areas.

Overall structure of governance for the board



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. In 2007, the board's work was also evaluated to provide information as a basis for the work of the Nomination Committee and the ongoing work of the board.

BOARD COMMITTEES AND COMMITTEE WORK IN 2007

As part of the company's efforts 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. The committees function above all in a preparatory and administrative role. They are empowered to take decisions on business that the board, under the instructions issued to the committees, has delegated to them and on other issues in their respective areas of responsibility that are not matters of principle. The committees are required to inform the board subsequently of any such decisions. The issues considered and the decisions taken at meetings of the committees are to be recorded in the minutes of the meeting and reported on at the following board meeting. However, the overall responsibility of the board can never be delegated.

The members of the committees are appointed at the statutory board meeting for one year at a time and their work is governed by the instructions, which are subject to annual approval, to the committees.

AUDIT COMMITTEE

The Audit Committee is an important channel of communication between the board and the company's auditors. Via in-depth analysis of specific areas, the Audit Committee supports the board in its work to assure the quality of the company's financial reporting, as well as in following up the results of the audit by the external auditors. One support function provided by the Audit Committee is the Internal Control function.

MEMBERS OF THE AUDIT COMMITTEE

As of the 2007 AGM, the Audit Committee has consisted of four board members: Sune Carlsson (chairman), Jacob Wallenberg, Peter Wallenberg Jr and Håkan Mogren.

In terms of the Swedish Code of Corporate Governance, two of the committee's members are considered not to be independent of the company and the company's management: Håkan Mogren and Peter Wallenberg Jr. Investor therefore deviates from the Code's rule that the majority of the Audit Committee's members should be independent of the company and its management. However, the board, which appoints the members of the committee, took the view that these persons were the best suited to serve as Investor's Audit Committee in 2007 with regard to the continuity of the committee's work, experience and interests. The other rules on audit committees, as stated in the Code, were complied with.

WORK OF THE AUDIT COMMITTEE IN 2007

During the year, the committee held six meetings at which minutes were taken. The members also discussed issues on a day-to-day basis as needed. All meetings were attended by the company's auditor and the CFO.

The Audit Committee's work on continuous quality assurance of financial reporting at Investor is carried out in the form of analysis of the auditors' reports on the year-end financial statements and continuous auditing activities. Minutes are taken at every meeting.

Every year, the Audit Committee evaluates the audit process and informs the Nomination Committee of the results of the evaluation. In the beginning of 2007, the Audit Committee completed procurement of auditing services and recommended to the board and Nomination Committee that KPMG Bohlins AB should be appointed auditor for the next four-year period, with Carl Lindgren as auditor in charge, until further notice. In 2007, the Audit Committee also engaged in an in-depth study of the valuation principles for investments, and spent time investigating both structural and specific tax issues.

The Internal Control function is a support function for the committee in its task of keeping continuously updated on and evaluating how the company's systems of internal control operate. At every meeting of the committee during the year, the Internal Control function reported continuously on evaluations of processes and on the specific auditing actions taken. For example, in 2007, audits were performed on some of the company's foreign subsidiaries, as well as a review of specific aspects of the Private Equity process.

REMUNERATION COMMITTEE

The main task of the Remuneration Committee is to prepare issues relating to remuneration and other terms and conditions of employment, on behalf of both management and other employees. The committee carries out thorough and independent analysis of all aspects of Investor's overall remuneration program and presents a comprehensive picture of the financial consequences of the remuneration program.

MEMBERS OF THE REMUNERATION COMMITTEE

The Remuneration Committee is appointed each year by the board. At its statutory meeting in 2007, the board appointed the following persons as members of the Remuneration Committee: Jacob Wallenberg (chairman), Anders Scharp and O. Griffith Sexton. Anders Scharp has been a member of the company's board for more than 12

years, and according to the Code, is considered not to be independent of the company and its management. Investor therefore deviates from the Code's rule that the members of the Remuneration Committee shall be independent of the company and its management. However, in the opinion of the board, it is important for the committee to have a member who has extra long experience of remuneration issues and Investor's business.

WORK OF THE REMUNERATION COMMITTEE IN 2007

In 2007, the committee had six meetings at which minutes were taken, and continuous informal contacts between these meetings. All meetings were attended by the company's head of Human Resources.

During the year, the committee followed up and evaluated the share program for management and employees that was adopted at the 2007 AGM. The committee also reviewed and approved the remuneration structures for employees, and remuneration amounts for management. The president's goals for 2007 were evaluated and assessed. On behalf of the Remuneration Committee, the Human Resources Department conducted salary reviews and benchmarking studies, which were presented to and discussed within the Remuneration Committee.

The Remuneration Committee also discusses strategically important personnel-related issues, such as leadership development and succession issues. In 2007, the Remuneration Committee was especially involved in strategic personnel-related issues arising from the changes that took place in the management group during the year.

FINANCE AND RISK COMMITTEE

In addition to complying with the requirements of the Code, the board appoints a Finance and Risk Committee each year. The role of the committee is to ensure effective compliance with regulations and to assure effective and reliable processes to identify, manage, control and monitor risks. The Finance and Risk Committee deals with operational, IT, security and financial risks, including market, credit and liquidity risks. The Finance and Risk Committee is supported by the Compliance and Risk Control functions.

MEMBERS OF THE FINANCE AND RISK COMMITTEE

Since the 2007 AGM, the Finance and Risk Committee has consisted of board members Sirkka Hämäläinen (chairman), Grace Reksten Skaugen and Jacob Wallenberg.

WORK OF THE FINANCE AND RISK COMMITTEE IN 2007

During the year, the committee held six meetings at which minutes were taken and informal contacts were maintained between these meetings as needed. Representatives of management and the specialist functions attended the meetings. At each meeting, the Risk Control function reports on the current risk situation in, and follow ups on limits for, each area of operation. The Compliance function reports on changes in legislation and regulations, together with any updates of the Compliance policy that may be required.

During 2007, the work of the Finance and Risk Committee included revising parts of the Treasury policy concerning principles of leverage and the maturities of loans in the Treasury portfolio, and parts of the Compliance policy, owing to changes to disclosure regulations. The mandate for Active Portfolio Management was also analyzed and revised during the year. In addition, the Finance and Risk Committee focused considerably on information security in both internal and external information management. The project aims to further improve information security within Investor.

Attendance record and board remuneration in 2007

Name	Audit Committee	Remuneration Committee	Finance and Risk Committee	Attendance record, board meetings	Attendance record, committee meetings	Board fee SEK 000s	Audit Committee fee SEK 000s	Remuneration Committee fee SEK 000s	Finance & Risk Committee fee SEK 000s	Total fee SEK 000s
Jacob Wallenberg	■	■	■	100%	94%	1,875.0	125.0	125.0	62.5	2,187.5
Anders Scharp		■		100%	100%	500.0		62.5		562.5
Sune Carlsson	■			100%	100%	500.0	187.5			687.5
Börje Ekholm				100% [1]		–				–
Sirkka Hämiläinen			■	100%	100%	500.0			125.0	625.0
Håkan Mogren	■			100%	100%	500.0	125.0			625.0
Grace Reksten Skaugen			■	93%	100%	500.0			62.5	562.5
O. Griffith Sexton		■		100%	100%	500.0		62.5		562.5
Lena Treschow Torell				90%		500.0				500.0
Peter Wallenberg Jr	■			93%	60%	500.0	125.0			625.0
						5,875.0	**562.5**	**250.0**	**250.0**	**6,937.5**

■ Chairman ■ Member 1) Not including the meeting at which remuneration for the President was discussed.

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Remuneration paid to the board of directors 2005-2007

SEK	2007	2006	2005
Chairman	1,875,000	1,875,000	1,500,000
Vice Chairman	500,000	500,000	400,000
Director	500,000	500,000	400,000
Chairman Audit Committee	187,500	187,500	150,000
Member Audit Committee	125,000	125,000	100,000
Chairman Remuneration Committee	125,000	125,000	100,000
Member Remuneration Committee	62,500	62,500	50,000
Chairman Finance and Risk Committee	125,000	125,000	100,000
Member Finance and Risk Committee	62,500	62,500	50,000

Remuneration

BOARD REMUNERATION

Remuneration to the board for the coming fiscal year is decided each year by the AGM and is paid to board members not employed by the company. For 2007, the AGM approved remuneration totaling SEK 6,937,500. The distribution of board fees is shown in the table above and on page 41, and in Note 5 to this annual report. The chairman receives a higher fee than other board members, which reflects the extra work duties that this position involves. Members of the board who are not employed by the company do not participate in Investor's share-based remuneration programs.

At its statutory meeting, the board adopted a share ownership policy for the board's members under which policy board members are required each year to use 25 percent of the board fee, net after tax, to buy shares in Investor. Acquired shares are to be retained as long as the member remains on the board.

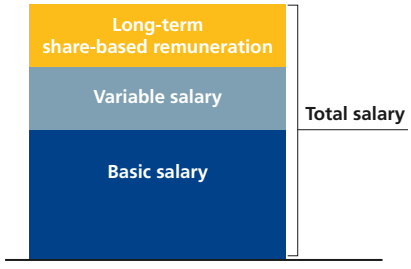
REMUNERATION TO MANAGEMENT AND OTHER EMPLOYEES

Investor's remuneration policy aims to offer employees total remuneration in line with the market to enable the right senior executives and other personnel to be recruited and retained. To be able to decide what market-level total remuneration involves and to evaluate prevailing rates, benchmarking studies are carried out every year on behalf of the Remuneration Committee in relevant sectors and markets.

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, with the board being informed of the decision afterwards. Investor applies, throughout the organization, the principle that the immediate superior of every manager must always be informed of and must approve the recruitment and remuneration of any replacement for an employee. The components of total remuneration are:

- basic salary,
- variable salary,
- long-term share-based remuneration,
- pension, and
- other remuneration and benefits.

Basic salary, variable salary and long-term share-based remuneration together represent the employee's total salary.



Management remuneration 2006-2007

SEK 000s	Year	Basic salary	Variable salary	Theoretical value of granted long-term share-based remuneration	**Total salary**	Pension costs excluding payroll tax	Other remuneration and benefits	**Total remuneration**
President Börje Ekholm	2007	8,260	2,781	4,500	**15,541**	2,565	636	**18,742**
	2006	6,763	2,533	3,300	**12,596**	2,055	438	**15,089**
Other members of the Management Group	2007	16,331	7,763	7,242	**31,336**	4,217	487	**36,040**
	2006	17,682	11,661	7,478	**36,821**	4,623	591	**42,035**

The amounts are calculated according to the accruals concept, including any changes to the reserve for vacation pay provisions, etc. See Note 5 to this annual report for more information on remuneration for the company's management and other employees and the different programs for long-term share-based remuneration.

The basic salary component is reviewed annually for all Investor employees, except in the case of the management group, where salaries are normally reviewed every other year. The basic salary is the basis on which the variable salary is calculated.

The majority of employees benefit from a variable salary component. This is based on goals that are set each year and followed up at the end of the year. The annual variable salary is thus clearly connected to the work input and performance of the individual. The goals, which may be both quantitative and qualitative, link into the company's long-term strategy. The president's overall goals for the year are established by the president and the chairman jointly. The actual goals are proposed by the Remuneration Committee subject to the board's approval. The goals for other members of personnel are set by the individual's immediate superior. The variable salary component for 2007 varies from one business area to another. In the case of the president, it represents no more than 40 percent of the basic salary. The variable salary component for other employees makes up between 0 and 80 percent of the basic salary, although for an extremely limited number of key individuals, the variable component may amount to 100 percent of the basic salary. If the president considers that an employee of the company has made an exceptional contribution during the year, the president may decide to award the employee an extra variable salary component. However, any such award is conditional on specific approval by the Remuneration Committee. In such cases, the variable salary component may exceed 100 percent of the basic salary.

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. For more information, please see Note 5 in this annual report.

Over the years 1999-2007, Investor operated a program of long-term share-based remuneration in the form of an employee stock option program, which from the year 2000 was offered to all employees. This program has been approved by the Investor board. As of 2004, the programs have also been approved by the AGM. The board's ambition is to establish a structure that secures the commitment of personnel, in which their remuneration is based on Investor's long-term growth. Through the program, part of the total remuneration to individual employees is linked to the long-term development of the company and the Investor share, and employees are also exposed to both rises and falls in the company's share price.

Prior to the 2006 AGM, the board developed a new program, in consultation with representatives of a number of the company's owners, for long-term share-based remuneration. The program was developed with the assistance of Kepler Associates, international specialists in incentive programs. The 2007 program basically has the same structure as the 2006 program. The long-term share-based remuneration program consists of two components:

- a share-based savings plan, and
- a performance-based share program.

The 2007 AGM approved a resolution to establish guidelines for salaries and other remuneration to management, as well as programs for long-term share-based remuneration for management and other employees. For more information on salaries and other remuneration, see Note 5 to this annual report.

President, management and organization

The president Börje Ekholm, also Chief Executive Officer (CEO), is responsible for Investor's day-to-day operations. Written instructions establish how responsibilities are divided between the board and president. The president's responsibilities cover ongoing investments and divestments, personnel, finance and accounting issues, regular contacts with the company's stakeholders (such as public authorities and the financial markets) and ensuring that the board receives the information it needs to make well-founded decisions. The president reports to the board. The president is also a member of the Investor board and attends all board meetings, other than the meeting when the board evaluates his performance and when the board meets the auditors without the presence of persons from the company's management.

The president has appointed a management group that has day-to-day responsibility for different parts of Investor's business. In 2007, two new members joined the group. The management group has a scheduled meeting once a week to conduct and follow up current projects and issues in the organization. In addition to the weekly meetings, the management group holds regular meetings four to five times a year to discuss overall strategic issues, and daily interaction takes place between the members. For a more detailed presentation of the president and management group, see page 49 of this report.

Each member of the management group is responsible for one or several units: Core Investments, Operating Investments, Investor Growth Capital, Active Portfolio Management, Operations and Legal, Corporate Governance and Compliance.

The Core Investments business area, headed by Johan Forssell, employs ten analysts, each responsible for one or more of the Core Investments. The analysts continuously research every holding, its sector and competitors, in order to identify value-creating initiatives and to determine their return potential. Investor takes an active role in nominating representatives for its Core Investments. Normally, one or

two representatives of Investor or the company's network sit on the boards of the companies, enabling Investor to participate actively in the development of the companies.

Work on building up the Operating Investments, under the leadership of Lennart Johansson, began in 2006. The business area consists of a team of investment managers, but also uses other relevant parts of the organization in conducting its investments. Investment managers sit on the board of holdings and take a driving role in developing the business.

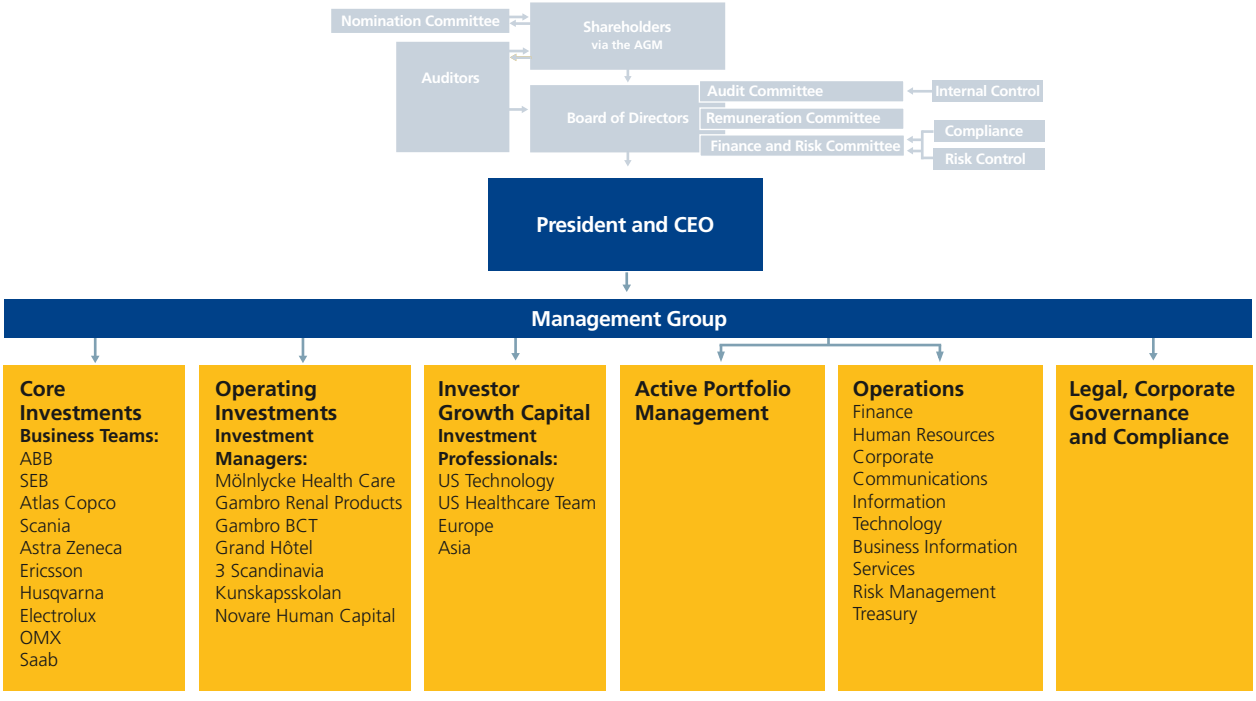
Investor Growth Capital is managed by Henry E. Gooss, who is also in charge of the New York organization. Managers have been appointed for the operations of Investor Growth Capital offices in Europe, the United States and Asia. Each office has investment professionals with knowledge of the local market and expertise in the sectors they manage. Investor Growth Capital is normally represented by its investment professionals on the boards of holdings. The business flow follows a standardized process comprising decision-making and implementation, as well as documentation, evaluation and follow-up of holdings.

Decisions on commitments made to EQT funds are taken by the board. The president and the CFO are responsible for day-to-day commitments and their follow-up in EQT funds. Decisions on other financial investments are taken by the president or person appointed by the president.

Johan Bygge, Investor's CFO, heads Active Portfolio Management and Operations. Active Portfolio Management is controlled by mandates and limits set by the board. The department comprises both traders and analysts. Activities are supervised and monitored daily by the Risk Control function. The Operations unit includes the Finance, Human Resources, Corporate Communications, Business Information Services, IT, Risk Control and Treasury functions. Each function's responsibilities and processes are governed by set policies and guidelines. Operations has its own management group with representatives of the various departments, which meets weekly.

In 2007, a close focus was placed on the Corporate Governance and the Compliance function, for which Petra Hedengran has overall responsibility. In Corporate Governance, the department is partly engaged in actively dealing with corporate governance issues for Investor and its holdings and partly in monitoring changes in corporate governance legislation and regulations. Work on corporate governance issues includes developing procedures for the nomination process and analysis and monitoring of shareholders' rights. The Compliance function strives to provide an effective process for identifying changes in legislation and regulations and to raise awareness of legal risks. The Compliance function strives to ensure that the company meets the requirements of laws and contractual conditions, prevents the development, or minimizes the extent, of undesired situations and their effects and maintains internal regulatory systems to this end. The Compliance policy is revised and updated regularly, subject to approval by the board.

Overall structure of governance for the Management Group



Auditors

The company's auditors are appointed by the AGM. Their term of the audit engagement is until the close of the AGM held in the fourth – or, in some cases, the third – fiscal year after the auditors' election. The task of the auditors is, on behalf the shareholders, to audit the company's annual accounts, accounting records and the administration by the board and the president. The auditor in charge also presents an audit report to the AGM. The shareholders are welcome to put questions to the auditor at the AGM.

Under its Articles of Association, Investor is required to have one or two auditors, with at most two deputies. A registered firm of auditors may also be appointed as the company's auditor. At the 2007 AGM, the registered firm of accountants KPMG Bohlins AB was appointed auditor until the close of the 2011 AGM, with authorized public accountant Carl Lindgren to serve as auditor in charge until further notice.

Investor's auditor: KPMG Bohlins AB

Auditor in charge: Carl Lindgren

- Born 1958
- Authorized public accountant, KPMG Bohlins AB
- Board member, KPMG Bohlins AB
- Auditor in charge for Investor since 2003
- Other auditing assignments: Arla, Brummer & Partners, Intrum Justitia, MTG and Nordea
- Holds 0 shares in Investor AB

Over the past three years, auditing firms have conducted a limited number of other assignments on behalf of Investor, other than auditing services. These have mainly consisted of in-depth reviews in connection with auditing. The independence of the auditor vis-à-vis the company is assured by allowing selected auditors only to conduct services other than auditing to a limited extent. See the table below for more information on remuneration to the auditors over the past three years. Fees paid to the auditors are also specified in Note 6 to this annual report.

Remuneration paid to auditors 2005–2007

SEK m.	2007	2006	2005
For auditing services:			
KPMG Bohlins AB	6	9	8
Ernst & Young AB	0	0	0
For other services:			
KPMG Bohlins AB	1	1	2
Ernst & Young AB	0	0	0
Total, Group:	**7**	**10**	**10**

Corporate Social Responsibility and sustainable enterprise

Corporate Social Responsibility (CSR) is the active commitment by and responsibility of companies for developing society at large. Investor interprets the concept of CSR as covering a number of issues, such as the environment, human rights and working conditions. We have a long tradition of behaving as a responsible company and owner. For some years, we have had a policy in place that controls our work in CSR. Investor's basic principle is that companies that take account of the interests of their stakeholders and society at large improve their potential for healthy long-term profitability. Our activities are based on two separate perspectives: our role as an owner and investor, and our role as an employer.

CORPORATE SOCIAL RESPONSIBILITY AS AN OWNER

In the companies where Investor has an influence, we strive to ensure that operations are conducted in a responsible and ethical manner. Just as with every other issue relating to our holdings, our influence is mainly exercised via our work on the board. Part of the evaluation process for new investments includes an assessment of the risks, or opportunities, related to CSR issues.

Since CSR risks and challenges will differ between companies, industries and countries, each company must identify and address the CSR issues relevant to its particular operations. Compliance with legislation and regulations is a basic requirement. In addition, we recommend the companies to draw up policies and goals for the CSR issues that are most relevant and important to them. Several of Investor's holdings work actively on CSR issues and have made great progress in this area. Here are some examples:

- In 2007, ABB was awarded an environment prize for the environmental benefits of its new combination disconnector and circuit breaker called "Combined". A major Swedish pension fund manager also nominated ABB as "CSR Company of the Year", alongside SKF.
- For the third year in a row, Atlas Copco was named one of the 100 most successful companies in the world in a sustainability perspective. Atlas Copco's production units are certified to ISO 14001 and the company also requires the same of its suppliers. As early as ten years ago, the company developed an energy-efficient compressor that is variable speed driven (VSD). Atlas Copco's goal is to reduce the energy consumption of sold compressors by 1 percent per year.
- Electrolux's goal is to reduce the Group's energy usage by 15 percent by the end of 2009 in relation to 2005 levels. In 2007, Electrolux received the Sustainable Energy Europe Award, an environment prize awarded by the European Commission, and has also been ranked the leading white-goods company globally by the Dow Jones Sustainability Indexes.

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- Ericsson has committed to improve the energy efficiency of its 3G base stations by up to 80 percent between 2001 and 2008. Ericsson has also introduced a number of new product innovations, including the Ericsson Tower Tube and the Village Solar Charger.
- In 2008, Husqvarna is launching the Automower Solarhybrid, a new version of the automatic lawnmower which is powered by a combination of solar cells and batteries. On a sunny day, the solar cells double the cutting time on a single charge, resulting in reduced energy consumption and longer battery life. New chainsaws were also launched with Husqvarna's patented X-TORQ engine that reduces fuel consumption by 20 percent and exhaust emissions by up to 60 percent.
- Scania has sharply cut exhaust emissions from its truck and buses whose fuel economy is also much higher than 15 years ago. During the year, Scania was the first truck maker in the world to launch engines that meet the Euro 5 emissions standards, without any need for aftertreatment of the exhaust gases, two years before the standards will come into force.
- SEB has signed up to and observes "The Equator Principles", an important international set of guidelines for avoiding the financing of major international environmentally hazardous projects. SEB has also raised its ambitions and will publish a sustainability report in 2008.

Activities in the CSR field are under constant development. The climate debate of recent years has further accentuated the importance of companies continuing to focus on the perspective of sustainability.

CORPORATE SOCIAL RESPONSIBILITY AS A COMPANY AND EMPLOYER

Investor supports the OECD Guidelines for Multinational Enterprises, which contain recommendations on employment, human rights, the environment, the disclosure of information and other areas of responsible business conduct. Investor applies an environmental policy that strives to minimize environmental impact through recycling and other measures. Investor's direct impact on the environment is regarded as minor, in that the company conducts office-based activities on a very limited scale in a handful of locations worldwide. In late 2007, a review of Investor's environmental activities was initiated at the company's headquarters. The program, led by an external partner, aims to identify opportunities for development and measures capable of further reducing the company's environmental impact. Investor's sponsorship activities normally include some form of social engagement. Youth, education and entrepreneurship are prioritized areas. Investor sponsors, for example:

- Young Enterprise Sweden (Ung Företagssamhet), entrepreneurship training in the form of a competition at upper secondary school level;
- Venture Cup, entrepreneurship training in the form of a competition at university level;
- SIFE (Students for Free Enterprise), social entrepreneurship at university level; and
- Zon Moderna, an educational art outreach project for upper secondary school students, offered at Moderna Museet in Stockholm.

Board of Directors' Report on internal control over financial reporting

This report on internal control over financial reporting[1)] has been submitted by Investor's board of directors and has been prepared in compliance with the Swedish Code of Corporate Governance. In accordance with the application instructions of the Swedish Corporate Governance Board, the report describes how internal control over financial reporting is organized, without making any statement on how well it has functioned. The report has not been reviewed by the company's auditors.

Investor's system of internal control over financial reporting is designed to manage risks involved in the processes related to financial reporting and to assure 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 purchases and sales of securities and accurate valuation of holdings of securities.

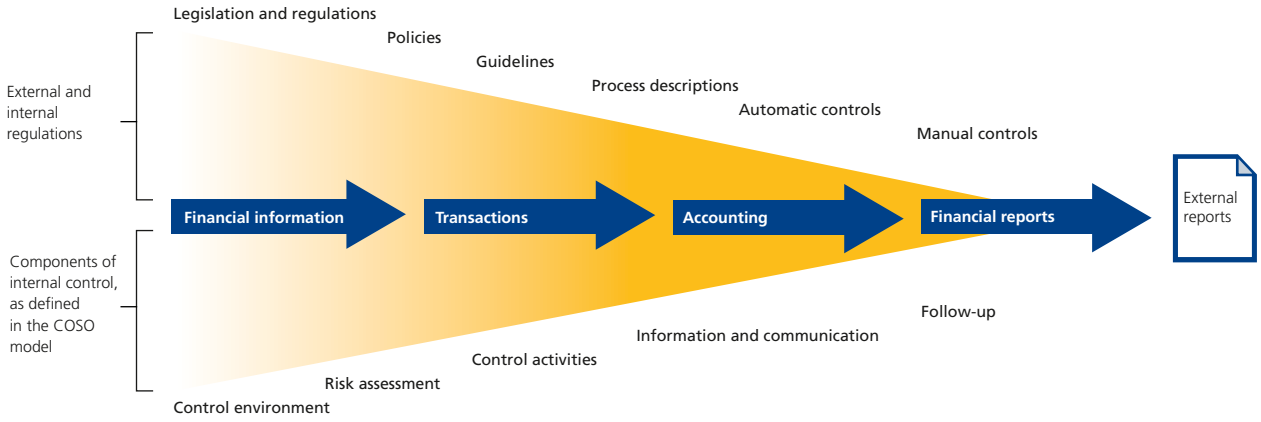
The system of internal control is normally described as defined in the framework for internal control issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). According to this framework, internal control is described as comprising the control environment, risk assessment,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

CONTROL ENVIRONMENT

The overall control environment forms the basis of internal control over financial reporting. An effective control environment is founded on an organization with clear decision-making channels and defined powers and responsibilities, clear guidelines and a corporate culture based on shared values. Investor's ambition is that values such as professionalism and integrity should permeate the organization. This places great demands on the competence and moral sense of Investor's employees, as well as on their awareness of their role in maintaining effective internal control over the process of financial reporting.

1) "Financial reporting" refers to interim reports, the year-end report and the annual report.

Assurance process for information in financial reporting



The diagram provides an overview of how legislation, regulations, guidelines and controls together assure accurate and comprehensive information in financial reporting.

Each business area has policies, guidelines and detailed process descriptions for the various phases of the business flow, 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 required to ensure they always reflect current legislation and regulations and changes in processes. For example, Investor's Compliance and Risk Policy was updated in 2007.

RISK ASSESSMENT

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

Every year, a risk assessment is performed to identify risks concerning financial reporting in each business area. The assessment, conducted by those responsible for the business areas with the Internal Control function, comprises analysis of the business flow, taking into account systems, key individuals and existing controls.

On the basis of the risks assessed for each business area, the Audit Committee determines which of the risks identified should be prioritized by the Internal Control function during the year. 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. As a result of the assessments made, actions such as improved control routines are taken in order to further ensure accurate financial reporting.

In the Operating Investments business area, which showed continued growth in 2007, a policy was developed and work started on designing the risk assessment process. Work on assessing risk in this business area will continue in 2008.

CONTROL ACTIVITIES

To ensure that the business is conducted efficiently and that financial reporting gives a true and fair picture at any one time, 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 control activities is to prevent, detect and rectify weaknesses and deviations. At Investor, control activities include approval of business transactions, reconciliation with external counterparts, monitoring of risk exposure, daily bank and custody reconciliations, follow-up of outcomes and analytical follow-up of decisions. The organization strives to separate duties in such a way that different individuals perform different aspects of control.

The 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 and is evaluated on an ongoing basis.

In 2007, the Finance Department reviewed and adjusted the validation process relating to production of the financial reports. This required the department to work more closely with the head of each business area in validating reported values for the holdings and their results. In association with the Internal Control function, the Finance Department also developed and documented routines and control activities for the new consolidation system implemented in 2007.

INFORMATION AND COMMUNICATION

To ensure that information provided externally is accurate and comprehensive, the board has approved a communications policy defining the way in which (by whom, what and how) this information must be issued. To assure effective and accurate distribution of information internally and externally, guidelines and routines are in place governing how financial information is communicated between management and other personnel. In 2007, work started on a project to review information security in the company.

Investor regularly publishes up-to-date information on its website so that shareholders and stakeholders can follow Investor's operations and performance. Interim and annual reports are released in Swedish and English. News and events that are considered likely to have an impact on Investor's share prices are also announced in press releases.

Financial information is regularly released via:

- Investor's annual report
- Interim reports and the year-end report
- Press releases about events that may have a significant impact on the company's share price
- Investor's corporate website

FOLLOW-UP

Compliance and effectiveness of the company's internal controls are followed up on an ongoing basis. Investor's financial situation and strategy regarding the company's financial position are discussed at every board meeting, where the board receives detailed monthly reports on the financial situation and development of the business. Each quarterly report is analyzed by the Audit Committee and discussed with the CFO and the auditors for comprehensiveness and accuracy. The Audit Committee plays an important role in ensuring that the required control activities are in place for important areas of risk in the processes for financial reporting. The Audit Committee, management and Internal Control function regularly follow up reported shortcomings.

The Internal Control function serves as an objective support resource to the board with regard to the internal control structure, partly by investigating major areas of risk and partly by performing follow-ups and specific investigative auditing assignments 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 and external auditors, and regularly reports on its work during the year to the Audit Committee.

In 2007, one of the tasks of the Internal Control function was to perform a specific audit of a few of Investor's foreign subsidiaries. These audits focused on evaluating control activities in the processes used in monthly financial reporting, but also included analysis of the comprehensiveness and accuracy of balance sheet and income statement items. In 2007, an audit was also performed on selected parts of the Private Equity business area. As part of the process, the outcomes of audits in previous years were followed up to determine whether the relevant actions had been taken.

The head of Active Portfolio Management reports regularly to management and the Risk Control function. In view of external events in 2007, a review of Investor's Active Portfolio Management was conducted during the autumn. The review indicated that processes to ensure independent day-to-day risk measures, evaluation and follow-up of outcomes are complying with policies and process descriptions established and are supportive of operations in a satisfactory manner.



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, Husqvarna AB, KTH Holding AB, Scania AB and Telefonaktiebolaget LM Ericsson

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

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

Shares in Investor
258,047

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

Board assignments
The Association of Exchange-Listed Companies,
The Association for Generally Accepted Principles in the Securities Market, Getinge AB, Hi3G (3 Scandinavia, as of 2008), Isaberg Rapid AB, Novare Human Capital (as of 2008), The Swedish Industry and Commerce Stock Exchange Committee

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

Shares in Investor
3,000

Johan Forssell
born 1971
Core Investments
Managing Director and member of the Management Group since 2006, employed in 1995

Board assignments
SSE MBA Research Foundation

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

Shares in Investor
22,393

Henry E. Gooss
born 1941
Investor Growth Capital
Managing Director and member of the Management Group since 1998, employed in 1998

Board assignments
Goodwill Industry of Greater New York and Northern New Jersey, Mainstream Data Inc., The Swedish-American Chamber of Commerce, Inc. and William T. Grant Foundation

Education
M.B.A. in Investments, New York University and B.A. in Economics, Rutgers University

Shares in Investor
14,106

Petra Hedengran
born 1964
General Counsel,
Corporate Governance and Compliance
Managing Director and member of the Management Group since March 2007, employed in 2007

Board assignments
Allmänna Änke- och Pupillkassan

Education
Bachelor of Laws,
University of Stockholm

Shares in Investor
2,198

Lennart Johansson
born 1955
Operating Investments
Managing Director and member of the Management Group since 2006, employed in 2003

Board assignments
Gambro Holding,
Gambro Renal Products, IBX Group, Mölnlycke Health Care and Saab AB

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

Shares in Investor
8,280

See Note 5 for employee stock options held by Management Group members. Lars Wedenborn was a member of the Management Group until September 16, 2007.


Börje Ekholm


Henry E. Gooss


Johan Forssell


Lennart Johansson


Johan Bygge


Petra Hedengran

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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 (as of 2008), the Stockholm School of Economics, The Knut and Alice Wallenberg Foundation and The Nobel Foundation

Work experience
Chairman: W Capital Management AB and SEB
Director: Thisbe AB
President and CEO: SEB
Executive Vice President and Head of Enskilda Division, SEB
Adviser 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[1)]
Independent in relation to the company and its management
Dependent in relation to the company's major shareholders

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

Shares in Investor
335,924

Anders Scharp
born 1934
Vice Chairman since 2005
Director since 1988

Other board assignments
Chairman: Alecta's National Board, AB Ph. Nederman & Co and AB SKF
Member: The Royal Swedish Academy of Engineering Sciences (IVA)

Work experience
President, CEO and Chairman: AB Electrolux
Chairman: Saab AB, Atlas Copco AB, The Swedish Employers' Confederation, Scania AB, Incentive AB and Saab-Scania AB
Director: The Federation of Swedish Industries and The Association of Swedish Engineering Industries

Education
M.Sc. in Engineering, Royal Institute of Technology, Stockholm

Independent/Dependent[1)]
Dependent in relation to the company and its management
Independent in relation to the company's major shareholders

Committees
Member: Renumeration Committee

Shares in Investor
75,000

Sune Carlsson
born 1941
Director since 2002

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

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[1)]
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
20,000

Börje Ekholm
born 1963
Director since 2006
See also information on page 49

Independent/Dependent[1)]
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: HKKK Holding and SanomaWSOY

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[1)]
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
1,350

Håkan Mogren
born 1944
Director since 1990

Other board assignments
Non-Executive Deputy Chairman: AstraZeneca PLC
Director: Groupe Danone and The Marianne and Marcus Wallenberg Foundation
Member: The Royal Swedish Academy of Engineering Sciences (IVA)

Work experience
Chairman: Affibody AB, The Swedish-American Foundation, Reckitt Benckiser plc and The Sweden-Japan Foundation
Director: Norsk Hydro ASA and Rémy Cointreau SA
President and CEO: Astra AB and AB Marabou

Education
D.Sc. in Applied Biochemistry, Royal Institute of Technology, Stockholm

Independent/Dependent[1)]
Dependent in relation to the company and its management
Independent in relation to the company's major shareholders

Committees
Member: Audit Committee

Shares in Investor
4,958

1) Independent/Dependent in accordance with the Swedish Code of Corporate Governance.


Jacob Wallenberg


O. Griffith Sexton


Sune Carlsson


Håkan Mogren


Grace Reksten Skaugen

Grace Reksten Skaugen
born 1953
Director since 2006

Other board assignments
Chairman: Entra Eiendom AS and Ferd Holding AS
Director: Atlas Copco AB and StatoilHydro ASA

Work experience
Consultant: Argentum Fond-investeringar AS
Director: Corporate Finance Enskilda Securities, Oslo
Special 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[1)]
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
700

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[1)]
Independent in relation to the company and its management
Independent in relation to the company's major shareholders

Committees
Member: Renumeration Committee

Shares in Investor
1,350

Lena Treschow Torell
born 1946
Director since 2007

Other board assignments
Director: Micronic Laser Systems AB, Saab AB, AB SKF, The Chalmers University of Technology Foundation and AB Ångpanneföreningen (ÅF)

Work experience
Director: Getinge AB, Imego AB, IRECO Holding AB, Gambro AB and Telefonaktiebolaget LM Ericsson
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

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

Independent/Dependent[1)]
Independent in relation to the company and its management
Independent in relation to the company's major shareholders

Shares in Investor
15,700

Peter Wallenberg Jr
born 1959
Director since 2006

Other board assignments
Chairman: Foundation Asset Management[2)], The Grand Hôtel Holdings and The Marcus and Amalia Wallenberg Memorial Fund
Vice Chairman:
The Knut and Alice Wallenberg Foundation, The Royal Swedish Automobile Club and The Stockholm Chamber of Commerce
Director: General Motors Norden AB, Scania AB, SEB Kort AB and Stockholm International Fairs

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

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

Independent/Dependent[1)]
Dependent in relation to the company and its management
Dependent in relation to the company's major shareholders

Committees
Member: Audit Committee

Shares in Investor
57,598



Honorary Chairman Peter Wallenberg
born 1926

Honorary Chairman since 1997
Chairman 1982–1997
Director 1969–1982

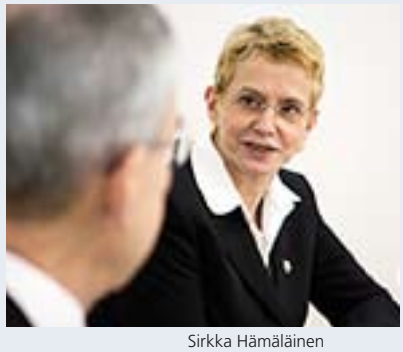
Other board assignments
Chairman: The Knut and Alice Wallenberg Foundation
Honorary Chairman: Atlas Copco AB

Education
Bachelor of Laws, University of Stockholm

1) Independent/Dependent in accordance with the Swedish Code of Corporate Governance.
2) Previously Thisbe AB.


Börje Ekholm


Anders Scharp


Sirkka Hämäläinen


Lena Treschow Torell


Peter Wallenberg Jr

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Administration Report

The Board of Directors and the President of Investor AB (publ.), 556013–8298, hereby present their annual report on the operations of the Parent Company and Group for fiscal year 2007, the company's ninety-first year of business. The following income statements, balance sheets, specifications of changes in equity, statements of cash flows, accounting principles and notes to the financial statements constitute an integral part of the annual report.

Fiscal Year 2007

OPERATIONS

Investor is the largest industrial holding company in the Nordic region. Investor's business concept is to generate attractive long-term returns by investing in companies with solid potential for value creation and by leveraging Investor's experience, knowledge and network to make them best-in-class. Operations are conducted in the business areas Core Investments (including a number of multinational corporations, such as ABB, Atlas Copco and SEB), Operating Investments (including companies such as Gambro Holding, Mölnlycke Health Care and 3 Scandinavia), Private Equity Investments (with operations in the United States, Northern Europe and Asia) and Financial Investments.

Investor is listed on the OMX Nordic Exchange in Stockholm, where the company's class A and class B shares are traded.

GROUP

The Group's performance is best reflected by Investor's net asset value (market value of total assets less net debt) – corresponding to shareholders' equity – and the way it develops. On December 31, 2007, Investor's net asset value amounted to SEK 155,204 m. (159,320). During 2007, the net asset value changed by SEK –4,116 m. (25,375). The change consisted mainly of the net result for the year, totaling SEK –367m. (28,486), and the dividend to shareholders amounting to SEK –3,449 m. (–2,685).

Consolidated operating income was SEK 273 m. (28,966). The net result before tax was SEK –211 m. (28,815). The change from last year was mainly due to a decline in the value of the Core Investments, amounting to SEK –7,537 m. (27,260), which was countered by value appreciation in Private Equity Investments totaling SEK 5,907 m. (583). The difference between net income for the year, SEK –367 m. (28,486), and the change in net asset value, SEK –4,116 m. (25,375), consisted of dividends paid, SEK –3,449 m. (–2,685), and other changes in the Group's shareholders' equity totaling SEK –300 m. (–426).

Investments in shares and participations, and receivables, totaled SEK 15,940 m. (13,684). Sales of shares and participations, and receivables, amounted to SEK 13,984 m. (15,361). On December 31, 2007, total assets of the Investor Group amounted to SEK 177,231 m. (180,940), of which shareholders' equity represented SEK 155,204 m. (159,320). The equity/assets ratio was 88 percent (88).

At the close of the fiscal year, the Group's short-term investments and cash and cash equivalents amounted to SEK 15,008 m. (18,653). Interest-bearing liabilities and derivatives, used to control exposure to changes in interest rates and foreign currency, totaled SEK –18,398 m. (–18,038). The change in short-term investments and cash and cash equivalents was essentially attributable to dividends paid. During 2008-2010, outstanding loans in the nominal amount of SEK 1,330 m. fall due for payment.

At year-end, consolidated net debt was SEK –3,583 m., compared to a net cash position of SEK 416 m. at the close of 2006, of which pension provisions and similar commitments accounted for SEK –192 m. (–199). At year-end, net debt represented 2 percent (0) of total assets.

PARENT COMPANY

Financial reporting in the Parent Company differs from consolidated reporting with regard to the valuation of associated companies, which represent the majority of the Core Investments. These are reported in the Parent Company at cost but at fair value in the Group.

Operating income of the Parent Company amounted to SEK 12,533 m. (15,848). A substantial portion of the income was attributable to value appreciation in assets valued at fair value, mainly ABB. Profit for the year was SEK 14,159 m. (15,215).

During the year, Parent Company investments in financial assets totaled SEK 17,780 m. (16,667), including SEK 11,230 m. (10,919) in Group companies. Sales of financial assets amounted to SEK 9,427 m. (18,050), including SEK 3,125 m. (5,634) in Group companies.

On December 31, 2007, total assets of the Parent Company amounted to SEK 139,161 m. (118,534), of which shareholders' equity represented SEK 101,544 m. (91,242). The increase in equity was attributable mainly to profit for the year, SEK 14,159 m. (15,215), less the dividend payment of SEK –3,449 m. (–2,685) to shareholders.

SEGMENTS

Core Investments

Core Investments consist of major listed companies for which Investor has a long investment horizon. On December 31, 2007, Investor's Core Investments comprised ABB, AstraZeneca, Atlas Copco, Electrolux, Ericsson, Husqvarna, OMX, Saab, Scania and SEB.

The value of Core Investments totaled SEK 127,293 m. (135,274) at year-end 2007. ABB and Scania had the biggest positive impact during 2007, with SEK 10,619 m. and SEK 4,929 m., respectively, while Ericsson and SEB negatively affected income with SEK –9,684 m. and SEK –6,636 m., respectively.

In 2007, a total of SEK 5,571 m. (3,125) was invested in shares, while share sales totaled SEK 6,015 m. (10,530). SEK 3,350 m. was invested in shares in SEB, SEK 1,733 m. in Husqvarna, SEK 254 m. in Electrolux, SEK 150 m. in Ericsson and SEK 84 m. in Atlas Copco. Sales during the year consisted of shares in Husqvarna for SEK 734 m. and in SEB for SEK 49 m. In addition, shares were sold in connection with redemption programs for SEK 3,775 m. in Atlas Copco, for SEK 770 m. in Scania and for SEK 687 m. in Electrolux.

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During the year, Investor received dividends from the Core Investments amounting to SEK 3,161 m. (2,852). The increase was mainly attributable to higher dividends from SEB, ABB and Atlas Copco.

Operating Investments

On December 31, 2007, Operating Investments consisted of Gambro Holding, Mölnlycke Health Care, 3 Scandinavia, The Grand Group, Kunskapsskolan, Novare Human Capital, EQT Partners and the other advisory companies in Private Equity Investments, and a small number of real estate holdings. Operating Investments comprises companies in which Investor has a majority or large ownership interest in the underlying investment and is therefore involved in the holdings to an even greater extent than in other business areas.

At year-end 2007, the net asset value of Operating Investments was SEK 11,806 m. (5,981), of which Mölnlycke Health Care accounted for SEK 5,729 m. (–), Gambro Holding for SEK 3,217 m. (3,476), The Grand Group for SEK 1,337 m. (1,477) m. and 3 Scandinavia for SEK 920 m. (668).

Mölnlycke Health Care

Mölnlycke Health Care was acquired during 2007 by Investor in partnership with Morgan Stanley Principal Investments. The company has two divisions: Wound Care and Surgical. The value creation plan that formed the basis of the acquisition was implemented during the year. Under the plan, the product range was simplified on an ongoing basis in order to optimize efficiency.

Mölnlycke Health Care had an effect of SEK –32 m. (–) on Investor's income in 2007.

Gambro Holding

In 2007, Gambro Holding was split into three companies: Gambro Renal Products, Gambro BCT and Gambro Healthcare. The latter company was divested in the second quarter, contributing SEK 879 m. to Operating Investments' income. In Gambro Renal Products, investments implemented to strengthen long-term profitability continued to have an adverse impact on net results, as expected. However, underlying operations are performing strongly, leveraged in part by the lifting of the import ban in the United States last August. Gambro BCT showed strong growth during the year. Despite investments in development and the launch of new products, the company's EBITDA results, adjusted for currency effects, were in line with those of the preceding year.

Gambro Holding had an effect of SEK –326 m. (–630) on Investor's income in 2007.

3 Scandinavia

During 2007, 3 Scandinavia increased its customer uptake in Sweden and Denmark by 229,000 to 900,000. Average revenue per user (ARPU) and the percentage of non-voice ARPU also continued to increase during the year.

The forecast remains that 3 Scandinavia should reach EBITDA breakeven on a monthly basis (after deduction of all customer acquisition and retention costs) during 2008.

During 2007, Investor provided SEK 1,080 m. (1,340) in financing to 3 Scandinavia. As of December 31, 2007, Investor has financed 3 in a total amount of SEK 5,051 m. (3,971). 3 Scandinavia had an impact of SEK –798 m. (–1,111) on Investor's income for the year.

The Grand Group

Strong demand, combined with the major investments made in the business over the past few years, resulted in higher profitability in 2007. For example, the hotel's new fine-dining section – "Mathias Dahlgren" – opened during the year. Grand Hôtel also entered into a franchising agreement with InterContinental. Under the agreement, Grand Hôtel will join InterContinental's global sales and reservation system.

In 2007, The Grand Group contributed SEK 46 m. (–31) to Investor's income.

Kunskapsskolan

In 2002, Investor Growth Capital invested in Kunskapsskolan, one of Sweden's leading independent school operators. Since the company is currently in a late expansion stage, the holding was transferred to Operating Investments in 2007.

Kunskapsskolan had no significant impact on income in the Operating Investments business area.

Novare Human Capital

As a result of a successful program of expansion in recent years, together with a strong market for recruitment and organization-related services, Novare Human Capital recorded its highest sales to date, SEK 49 m.

Novare contributed SEK 3 m. (2) to Investor's income for the year.

EQT Partners AB

During the first quarter, senior executives in EQT acquired 36 percent of the advisory company EQT Partners AB from Investor for EUR 31 m. After the sale, Investor owns 31 percent of the company.

Private Equity Investments

Private Equity Investments consists of the investments in growth companies within Investor Growth Capital and debt-financed buy-outs of more mature companies through investments in EQT's funds.

At year-end 2007, the total value of Investor's Private Equity Investments was SEK 17,718 m. (15,181). The increase was mainly attributable to rising values for existing holdings that exceeded net divestments.

A total of SEK 3,627 m. (4,490) was invested during 2007, while holdings were sold for a total of SEK 7,401 m. (5,630).

The average annualized return on investments during the period 1998-2007 met the targeted return requirement of 20 percent.

Investor Growth Capital

Investor Growth Capital's activities are focused primarily on expansion-stage investments in growth companies in the health-

care sector in Northern Europe and the United States and in the IT/technology sector in Northern Europe, the United States and Asia. The value of investments in Investor Growth Capital totaled SEK 7,518 m. (6,309) on December 31, 2007.

EQT

Investment activities in EQT are conducted via a number of funds operating primarily with external capital. Advisory services are provided through EQT Partners, in which Investor has a 31 percent stake. The funds are EQT I, EQT II, EQT III, EQT IV, EQT V, EQT Denmark, EQT Finland, EQT Opportunity, EQT Expansion Capital I (formerly EQT Mezzanine), EQT Expansion Capital II, EQT Asia and EQT Greater China II. The funds invest in companies operating in different industries that have major potential for profitability improvements, growth and value creation.

The market value of Investor's investments in the EQT funds totaled SEK 10,200 m. (8,872) on December 31, 2007, with outstanding commitments amounting to SEK 7,991 m. (8,749) on the same date.

Financial Investments

Financial Investments are investments in financial or non-strategic holdings and in holdings with a short ownership horizon. On December 31, 2007, these holdings consisted primarily of holdings managed via Investor's active portfolio management, shares in LogicaCMG (received as partial payment in the sale of WM-data in 2006), the investment in the RAM One hedge fund and the investment made in Aker Holding AS during the year.

The total value of Financial Investments on December 31, 2007 was SEK 2,583 m. (3,008), of which SEK 1,248 m. (1,257) was in Investor's active portfolio management and SEK 841 m. (786) in the RAM One hedge fund.

Financial Investments had an impact of SEK –173 m. (258) on Investor's income during the year. The lower result was due to a negative value trend for the holding in LogicaCMG, which declined by SEK –219 m. (–20) and offset operating income of SEK 69 m. (205) from active portfolio management.

OPERATING COSTS

Consolidated costs totaled SEK –535 m. (–521) in 2007. Of these costs, SEK –205 m. (–204) was attributable to the Private Equity Investments business area, which has a business model that involves a higher share of administrative costs than other Investor business areas.

The calculation of commitments within the framework of long-term share-based remuneration programs resulted in additional costs of SEK –17 m. (–55) in 2007. Since the programs are hedged financially, there is a corresponding positive effect of the hedging in net financial items. The purpose of the hedging is to minimize the effects of the programs on equity when the price of the Investor share increases.

PERSONNEL AND ENVIRONMENT

The number of full-time equivalent employees in Investor's wholly owned investing activities totaled 141 in 2007, compared to 140 in 2006.

During the year, a number of activities were conducted in the human resources area. One was to draw up an action plan, on the basis of an earlier survey, to enable women to pursue a career and reach a management position in the company. To further consolidate Investor's corporate culture, work continued on the company's core values during the year.

Investor's direct impact on the environment is considered to be minor, in that the company conducts office-based activities on a very limited scale in a handful of locations worldwide. Investor has an environmental policy that aims to minimize the company's environmental impact.

RISKS AND UNCERTAINTY FACTORS

The following is a brief description of the most significant risks and uncertainty factors affecting the Group and Parent Company. See Note 29 for a more detailed description of Investor's risk exposure and risk management.

Commercial risks

Commercial risks consist, for example, of a high level of exposure to a particular industry or an individual holding, changes in market conditions for finding attractive investment candidates or barriers that may arise and prevent exits from a holding at the chosen time. During 2007, the proportion of Investor's unlisted holdings rose, leading to a somewhat lower level of liquidity in the portfolio. However, the overall risk in the portfolio is limited by the fact that the portfolio consists of a number of investments in different industries and countries.

Financial risks

The main financial risks that the Investor Group is exposed to are price risks, such as risks associated with changes in the value of a financial instrument because of fluctuations in mainly share prices, exchange rates or interest rates. Most of Investor's exposure to share prices is in the Core Investments, but also in Private Equity Investments and Active Portfolio Management. The company is directly exposed to currency risks primarily in Private Equity Investments, while Core Investments and Operating Investments are indirectly exposed to currency risks. Interest rate risks are present in excess liquidity and the debt portfolio. Currency risks in the company's borrowings are hedged at the same time as interest rate risks are controlled with derivatives.

Other risks arising in financing activities are liquidity, financing and credit risks, as well as operational risks. These risks are monitored continuously by the Risk Control function.

Other risks

Other risks include the possibility of non-compliance with external regulations and legislation, contract-based undertakings and the company's internal rules. In addition, there are risks associated with IT, the handling of confidential information and the spread of rumors and speculations about the company. These risks are being managed by the Compliance function.

Uncertainty factors

Uncertainty factors that affect operations, which also make forecasts regarding the company's future development unsure, relate mainly to changes in share prices, foreign exchange rates, prices of unlisted holdings and the development of various industrial sectors.

FUTURE DEVELOPMENT

Investor's strategy for the future, in which the company will seek to grow its unlisted investments, is clearly set out.

In the future, Core Investments will continue to constitute the largest share of Investor's portfolio, and will therefore be the key value driver. Investor will continue to actively develop and exercise influence over the companies, primarily through board representation.

It is anticipated that the Operating Investments business area will grow in the future, given attractive investment opportunities, and Investor will continue to maintain a high level of involvement in the underlying operations of these holdings.

In Private Equity Investments, Investor will continue to seek out new investment opportunities and develop the companies in the portfolio managed by Investor Growth Capital. Investor will also continue to invest in EQT's funds.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

In February, Borse Dubai announced that it would complete its bid for OMX and Investor sold its OMX shares for SEK 3.4 bn.

Since the majority of Investor's holdings are listed, the downturn of the world's stock exchanges in the beginning of 2008 has had a negative impact on Investor's net asset value.

SHARES AND OWNERSHIP

Structure of share capital

On December 31, 2007, the Parent Company's share capital was represented by the following shares, each with a quota value of SEK 6.25.

Class of share	Number of shares	Number of votes	% of capital	% of votes
A 1 vote	311,690,844	311,690,844	40.6	87.2
B 1/10 vote	455,484,186	45,548,418	59.4	12.8
	767,175,030	**357,239,262**	**100.0**	**100.0**

Other share information

The largest shareholder in Investor AB is the Knut and Alice Wallenberg Foundation, with 18.6 percent of the capital and 40.0 percent of the voting rights.

A total of 1,400,000 Investor class B shares are held by the company following a buyback of shares to hedge the 2006 and 2007 long-term share-based remuneration programs. These shares represent 0.2 percent of the total number of shares outstanding and correspond to a nominal value of SEK 8.8 m. The cost of acquiring the shares was SEK 213 m.

Of the above-mentioned shares, 700,000 class B shares in Investor were repurchased in 2007. These shares represent 0.1 of the total number of shares outstanding and correspond to a nominal value of SEK 4.4 m. The cost of acquisition was SEK 124 m.

The 2007 Annual General Meeting authorized the board to buy back Investor shares, subject to the condition that the company's holding of its own shares must not exceed 1/10 of all shares outstanding in the company.

In accordance with Investor's Articles of Association, resolutions on appointment and dismissal of board members and on amendment of the Articles of Association will be submitted to voting by the Annual General Meeting.

PROPOSAL FOR LONG-TERM SHARE-BASED REMUNERATION PROGRAM

As in the previous year, the board of directors will propose a long-term share-based remuneration program for Investor's employees at the 2008 Annual General Meeting. The program will, in principle, be structured in the same way as the program for 2007 (see Note 5). The Performance-Based Share Program has been changed relative to the program approved by the Annual General Meeting in 2007, to the extent that the price at which performance shares may be acquired has been raised from SEK 10 per share to the acquisition price (the price per share being equal to 50 percent of what had been paid per participation share). Because this increases the price to be paid per performance share, the theoretical value of the opportunity to obtain a performance share will be lower than before and the number of performance shares available for acquisition will therefore increase to correspond to the value established by the 2007 program.

It is proposed that the long-term share-based remuneration program, as before, should be hedged either through repurchase of the company's shares, or through total return swaps. The board's final proposal will be announced in the Notice of the 2008 Annual General Meeting.

PROPOSED GUIDELINES FOR GUIDELINES ON REMUNERATION TO SENIOR EXECUTIVES

The board's proposed guidelines on salaries and other remuneration to the president and other members of the company's management, to apply during the period until the next Annual General Meeting, are as follows:

"Management" and "senior executives" refer to the President and the other members of the Management Group. The Management Group consists of Börje Ekholm, president, Johan Bygge, Johan Forssell, Henry E. Gooss, Petra Hedengran and Lennart Johansson.

The Board of Directors' proposal below complies in all material respects with the guidelines for remuneration previously given to the Management and is based on agreements entered into between Investor and each executive. Fees received for board work in Core Investments may be retained by the employee, but will be taken into account in the determination of the employee's total remuneration.

The preparation of decisions on remuneration will adhere to the following procedures. In so far as the president is concerned, the Remuneration Committee, after the chairman and the president have discussed the matter, will propose criteria for the variable salary and other terms of employment to be confirmed by

the board. For other executives the president will, after having discussed the matter with the relevant executive, suggest corresponding terms, to be confirmed by the Remuneration Committee and reported to the board.

Investor strives to offer competitive remuneration which will enable the company to recruit and retain executives. The total remuneration shall be based on factors such as position, performance and individual qualification.

The total remuneration for members of the company's management comprises:

- basic salary,
- variable salary,
- long-term share-based remuneration,
- pension, and
- other remuneration and non-monetary benefits.

Basic salary, variable salary and long-term share-based remuneration together comprise the employee's total salary.

Basic salary will normally be reviewed every other year and constitute the basis for calculating variable salary.

Variable salary is dependent upon the individual's capacity to meet annually set goals. The outcome of the variable salary is reviewed annually. For the management the variable salary can fluctuate pursuant to position and employment agreements and generally amounts to 40–65 percent (in exceptional cases 80 percent) of the basic salary. The total variable salary for the current Management Group can vary between SEK 0 and 12.1 m. during 2008, depending on whether the goals have been met. In accordance with the terms for 2007, the outcome should only be related to the fulfillment of the individual's goals, whereby it becomes clearer that remuneration is related to the work contributions and performance of the individual. The goals are both qualitative and quantitative and shall be based on factors which support the company's long-term strategy.

Senior executives in certain business areas may participate in profit-sharing and parallel investment programs and be entitled to variable remuneration based on the development of a certain investment or an entire business area.

It is proposed that long-term share-based remuneration should be structured fundamentally in the same way as in the 2007 program, as described on the preceding page.

As in previous years, pension benefits will consist partly of a defined benefit pension plan based on premiums on parts of salary up to 30 basic income amounts and a defined contribution plan on parts of salary above 20 basic income amounts. The ratio of pension provisions to basic salary depends on the age of the senior executive. In respect of employees working abroad, adjustments may be made in line with local pension practice. The age of retirement for the president and other senior executives shall be 60 years.

Non-monetary benefits and other remuneration shall be on market terms and shall contribute to facilitating the senior executive's discharge of his or her tasks.

The company and senior executives may mutually terminate the contract of employment at six months' notice and severance pay shall not exceed 24 months of basic salary.

The board may, if special circumstances are at hand in a certain case, decide to deviate from the guidelines.

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 of additional severance pay. The terms and conditions for other senior executives are the same as those for the president with regard to terms of notice and severance pay. Other employees in Investor have no contracted right to severance pay.

For more information on the most recently approved guidelines on remuneration to senior executives, see Note 5, Employees and payroll costs.

BOARD'S STATEMENT ON THE PROPOSED DISPOSITION OF EARNINGS

Investor's distribution policy is to declare dividends attributable to a high percentage of dividends received from the Core Investments, as well as to make a distribution from other net assets. As shown on the following page, the proposed dividend amounts to SEK 3,644 m. Dividends received from the Core Investments amounted to SEK 3,161 m. in 2007. The Group's equity attributable to the shareholders of the Parent Company was SEK 155,061 m. on December 31, 2007 and unrestricted equity in the Parent Company was SEK 82,814 m. Unrestricted equity includes SEK 31,571 m. attributable to a valuation at fair value.

With reference to the above, and to other information that has come to the knowledge of the board, it is the opinion of the board that the proposed dividend is defendable with reference to the demands that the nature, scope and risks of Investor's operations place on the size of the company's and the Group's equity, and the company's and the Group's consolidation needs, liquidity and position in general.

Proposed Disposition of Earnings

The Board of Directors and the President propose that the unappropriated earnings in Investor AB at the disposal of the Annual General Meeting:

Total available funds for distribution:	
Retained earnings	68,654,523,055
Net profit for the year	14,159,480,016
Total SEK	82,814,003,071

To be allocated as follows:	
Dividend to shareholders, SEK 4.75 per share	3,644,081,393[1)]
Funds to be carried forward	79,169,921,678
Total SEK	82,814,003,071

The consolidated accounts and annual accounts have been prepared in accordance with the international accounting standards in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards and generally accepted auditing standards in Sweden and give a true and fair view of the Group's and Parent Company's financial position and results of operations.

The Administration Report for the Group and the Parent Company gives a true and fair view of the Group's and the Parent Company's operations, position and results, and describes significant risks and uncertainty factors that the Parent Company and Group companies face.

The annual accounts and the consolidated financial statements were approved for release by the Board of Directors on February 25, 2008. The consolidated income statement and balance sheet, and the income statement and balance sheet of the Parent Company, will be presented for adoption by the Annual General Meeting on April 3, 2008.

1) Calculated on the total number of outstanding shares. No dividend is paid for the Parent Company's holding of own shares, whose exact number is determined on the record date for cash payment of the dividend. On December 31, 2007, the Parent Company's holding of own shares totaled 1,400,000.

Stockholm, February 25, 2008

Jacob Wallenberg
Chairman

Anders Scharp
Vice Chairman

Peter Wallenberg Jr
Director

Sune Carlsson
Director

Grace Reksten Skaugen
Director

O. Griffith Sexton
Director

Håkan Mogren
Director

Sirkka Hämäläinen
Director

Lena Treschow Torell
Director

Börje Ekholm
President and Chief Executive Officer

Our Audit Report was submitted on February 26, 2008

KPMG Bohlins AB

Carl Lindgren
Authorized Public Accountant

The information in this annual report is that which Investor AB (publ) is required to disclose under Sweden's Securities Market Act. The annual report was released to the media for publication at 8.30 a.m. CET on March 12, 2008.

Consolidated Income Statement

Amounts in SEK m.	Note 2	2007	2006
Investing activities			
Dividends		3,474	3,171
Changes in value	3	–1,825	28,106
Operating costs	4, 5, 6, 7	–404	–413
Net profit/loss – Investing activities		**1,245**	**30,864**
Operating investments			
Dividends, etc.		410	131[1)]
Changes in value	3	291	–
Net sales		446	699
Cost of services sold		–427	–693
Operating costs	4, 5, 6, 7	–55	–51
Share of results of associates	8	–1,544	–1,872
Net profit/loss – Operating investments		**–879**	**–1,786**
Operating costs, groupwide	4, 5, 6, 7	–76	–57
Costs of long-term share-based remuneration	5	–17	–55
Operating profit/loss		**273**	**28,966**
Profit/loss from financial items			
Financial income	9	729	1,685
Financial expenses	9	–1,213	–1,836
Net financial items		**–484**	**–151[1)]**
Profit/loss before tax		**–211**	**28,815**
Tax	10	–156	–329
Profit/loss for the year		**–367**	**28,486**
Attributable to:			
Equity holders of the Parent		–365	28,468
Minority interest		–2	18
Profit/loss for the year		**–367**	**28,486**
Basic earnings per share, SEK	11	–0.48	37.13
Diluted earnings per share, SEK	11	–0.48	37.03

1) Refers to financial income from operating investments that was previously recognized in net financial items.

Consolidated Balance Sheet

Amounts in SEK m.	Note	12/31 2007	12/31 2006
ASSETS			
Property, plant and equipment and intangible assets	12, 13, 14	2,464	2,489
Shares and participations in investing activities	15	146,354	152,219
Investments in associates in operating investments	8	5,963	3,713
Long-term receivables	16	4,823	966
Deferred tax assets	10	13	14
Total non-current assets		**159,617**	**159,401**
Tax assets		94	78
Prepaid expenses and accrued income	17	776	712
Other receivables	16	272	547
Shares and participations in active portfolio management	18	1,464	1,549
Short-term investments	19	9,998	13,045
Cash and cash equivalents	20	5,010	5,608
Total current assets		**17,614**	**21,539**
TOTAL ASSETS		**177,231**	**180,940**

Amounts in SEK m.	Note	12/31 2007	12/31 2006
EQUITY	21		
Share capital		4,795	4,795
Other contributed equity		13,533	13,533
Reserves		–112	–69
Retained earnings, including profit/loss for the year		136,845	140,908
Equity attributable to shareholders of the Parent Company		**155,061**	**159,167**
Minority interest		143	153
Total equity		**155,204**	**159,320**
LIABILITIES			
Long-term interest-bearing liabilities	22	18,837	17,633
Pensions and similar obligations	23	192	199
Provisions	24	89	129
Deferred tax liabilities	10	665	619
Total non-current liabilities		**19,783**	**18,580**
Current interest-bearing liabilities	22	271	666
Trade payables		44	224
Tax liabilities		159	222
Accrued expenses and prepaid income	25	1,298	1,265
Other liabilities	26	450	630
Provisions	24	22	33
Total current liabilities		**2,244**	**3,040**
Consolidated total liabilities		**22,027**	**21,620**
TOTAL EQUITY AND LIABILITIES		**177,231**	**180,940**

See Note 28 for the Group's assets pledged as securities and contingent liabilities.

Consolidated Statement of Changes in Equity

Amounts in SEK m.	Note 21	Equity attributable to shareholders of the Parent Company: Share capital	Other contributed equity	Reserves	Retained earnings, incl. profit/loss for the year	Total	Minority interest	Total equity
Opening balance 1/1 2007		**4,795**	**13,533**	**–69**	**140,908**	**159,167**	**153**	**159,320**
Translation reserve, change for the year				171		171	5	176
Revaluation reserve, change for the year				–3	–20	–23		–23
Hedging reserve, change for the year				–211		–211		–211
Other changes in net assets recognized directly in equity							–13	–13
Total change in net assets recognized directly in equity, excluding transactions with shareholders				**–43**	**–20**	**–63**	**–8**	**–71**
Profit/loss for the year					–365	–365	–2	–367
Total change in net assets, excluding transactions with shareholders				**–43**	**–385**	**–428**	**–10**	**–438**
Dividends					–3,449	–3,449		–3,449
Stock options exercised by employees[1]					–121	–121		–121
Equity-settled share-based payment transactions[2]					16	16		16
Repurchases of own shares					–124	–124		–124
Balance at year-end 2007		**4,795**	**13,533**	**–112**	**136,845**	**155,061**	**143**	**155,204**

Amounts in SEK m.	Note 21	Equity attributable to shareholders of the Parent Company: Share capital	Other contributed equity	Reserves	Retained earnings, incl. profit/loss for the year	Total	Minority interest	Total equity
Opening balance 1/1 2006		**4,795**	**13,533**	**200**	**115,297**	**133,825**	**120**	**133,945**
Translation reserve, change for the year				–271		–271	1	–270
Revaluation reserve, change for the year				–40	40			
Hedging reserve, change for the year				42		42		42
Other changes in net assets recognized directly in equity					–23	–23	23	
Total change in net assets recognized directly in equity, excluding transactions with shareholders				**–269**	**17**	**–252**	**24**	**–228**
Profit/loss for the year					28,468	28,468	18	28,486
Total change in net assets, excluding transactions with shareholders				**–269**	**28,485**	**28,216**	**42**	**28,258**
Dividends					–2,685	–2,685	–9	–2,694
Stock options exercised by employees[1]					–113	–113		–113
Equity-settled share-based payment transactions[2]					13	13		13
Repurchases of own shares					–89	–89		–89
Balance at year-end 2006		**4,795**	**13,533**	**–69**	**140,908**	**159,167**	**153**	**159,320**

1) The exercise of employee stock options affects equity negatively with the difference between the market value of the shares and the strike price of the options, since Investor has chosen not to issue new shares but instead repurchases shares that are subscribed for by the employees.
2) Calculated in accordance with IFRS 2 Share-based Payment.

Consolidated Statement of Cash Flows

Amounts in SEK m.	Note 20	2007	2006
Operating activities			
Core Investments			
Dividends received		3,161	2,852
Operating Investments			
Dividends received		74	129
Cash receipts		632	622
Cash payments		–544	–556
Private Equity Investments			
Dividends received		256	280
Financial Investments and operating costs			
Dividends received		62	39
Cash receipts		26,728	27,567
Cash payments		–27,349	–29,064
Cash flows from operating activities before net interest and income tax		**3,020**	**1,869**
Interest received[1)]		1,958	2,063
Interest paid[1)]		–2,323	–2,687
Income tax paid		–239	–84
Cash flows from operating activities		**2,416**	**1,161**
Investing activities			
Core Investments			
Acquisitions		–5,567	–3,125
Divestments		6,014	8,980
Operating Investments			
Acquisitions, etc.		–2,690	–4,246
Divestments		292	–
Increase in long-term receivables		–4,208	–1,340
Private Equity Investments			
Acquisitions, etc.		–4,060	–4,798
Divestments		7,401	5,630
Financial Investments			
Acquisitions, etc.		–184	–1
Divestments		366	627
Net changes, short-term investments		3,049	5,952
Acquisitions of property, plant and equipment		–47	–184
Cash flows from investing activities		**366**	**7,495**
Financing activities			
Borrowings		3,960	4,673
Repayment of borrowings		–3,769	–9,154
Repurchases of own shares		–124	–89
Dividends paid		–3,449	–2,685
Cash flows from financing activities		**–3,382**	**–7,255**
Cash flows for the year		**–600**	**1,401**
Cash and cash equivalents at beginning of the year		**5,608**	**4,220**
Exchange difference in cash		2	–13
Cash and cash equivalents at year-end		**5,010**	**5,608**

1) Gross flows from interest swap contracts are included in interest received and interest paid.

Parent Company Income Statement

Amounts in SEK m.	Note	2007	2006 (Restated)
Investing activities			
Dividends		3,193	2,852
Changes in value	3	12,775	14,994
Write-downs of associates	39	–3,013	–1,531
Operating costs	5, 6	–328	–263
Net profit/loss – Investing activities		**12,627**	**16,052**
Net sales		26	6
Operating costs	5, 6	–120	–210
Operating profit/loss		**12,533**	**15,848**
Profit/loss from financial items			
Results from participations in Group companies	34	2,114	–149[1]
Results from other receivables that are non-current assets	35	1,175	925
Interest income and similar items	36	161	237
Interest expense and similar items	37	–1,824	–1,646
Profit/loss after financial items		**14,159**	**15,215**
Tax	10	–	–
Profit/loss for the year		**14,159**	**15,215**

1) The Parent Company's participations in Group companies and equity on December 31, 2006 have been adjusted downwards by SEK 1,932 m. compared with the figure reported in the year-end financial statements for 2006. The correction was attributable to shares in a subsidiary that were stated at too high a value.

Parent Company Balance Sheet

Amounts in SEK m.	Note	12/31 2007	12/31 2006 (Restated)
ASSETS			
Non-current assets			
Intangible assets			
Capitalized expenditure for software	12	7	9
Property, plant and equipment			
Equipment	13	22	22
Financial assets			
Participations in Group companies	38	28,943	24,251[1)]
Participations in associates	39	40,585	37,666
Other long-term holdings of securities	40	49,046	41,955
Receivables from Group companies	41	18,906	13,254
Total non-current assets		**137,509**	**117,157**
Current assets			
Current receivables			
Trade receivables		2	1
Receivables from Group companies		1,601	1,132
Receivables from associates		1	1
Tax assets		19	10
Other receivables		1	201
Prepaid expenses and accrued income	17	28	32
		1,652	1,377
Cash and cash equivalents	20	0	0
Total current assets		**1,652**	**1,377**
TOTAL ASSETS		**139,161**	**118,534**

1) The Parent Company's participations in Group companies and equity on December 31, 2006 have been adjusted downwards by SEK 1,932 m. compared with the figure reported in the year-end financial statements for 2006. The correction, which also affected the Parent Company's profit/loss, was attributable to shares in a subsidiary that were stated at too high a value.

Parent Company Balance Sheet

Amounts in SEK m.	Note	12/31 2007	12/31 2006 (Restated)
EQUITY AND LIABILITIES			
Equity	21		
Restricted equity			
Share capital		4,795	4,795
Statutory reserve		13,935	13,935
		18,730	18,730
Unrestricted equity			
Hedging reserve		–179	–
Accumulated profit/loss		68,834	57,297
Profit/loss for the year		14,159	15,215[1)]
		82,814	**72,512**
Total equity		**101,544**	**91,242**
Provisions			
Provisions for pensions and similar obligations	23	160	168
Other provisions	24	109	161
Total provisions		**269**	**329**
Non-current liabilities			
Loans	22	17,454	16,641
Liabilities to Group companies		5,302	0
Total non-current liabilities		**22,756**	**16,641**
Current liabilities			
Loans	22	271	645
Trade payables		28	20
Liabilities to Group companies		13,513	8,927
Tax liabilities		2	8
Other liabilities		20	35
Accrued expenses and prepaid income	25	758	687
Total current liabilities		**14,592**	**10,322**
TOTAL EQUITY AND LIABILITIES		**139,161**	**118,534**
ASSETS PLEDGED AS SECURITIES AND CONTINGENT LIABILITIES			
Assets pledged as securities	28	277	504
Contingent liabilities	28	10,514	10,324

1) The Parent Company's participations in Group companies and equity on December 31, 2006 have been adjusted downwards by SEK 1,932 m. compared with the figure reported in the year-end financial statements for 2006. The correction was attributable to shares in a subsidiary that were stated at too high a value.

Parent Company Statement of Changes in Equity

		Restricted equity		Unrestricted equity			
Amounts in SEK m.	Note 21	Share capital	Statutory reserve	Hedging reserve	Accumulated profit/loss	Profit/loss for the year	**Total equity**
Opening balance 1/1 2007		**4,795**	**13,935**		**72,512**		**91,242**
Profit/loss for the year						14,159	14,159
Total change in net assets, excluding transactions with shareholders						**14,159**	**14,159**
Dividends					–3,449		–3,449
Stock options exercised by employees[1]					–121		–121
Hedging reserve, change for the year				–179			–179
Equity-settled share-based payment transactions[2]					16		16
Repurchases of own shares					–124		–124
Balance at year-end 2007		**4,795**	**13,935**	**–179**	**68,834**	**14,159**	**101,544**

		Restricted equity		Unrestricted equity		
Amounts in SEK m.	Note 21	Share capital	Statutory reserve	Accumulated profit/loss	Profit/loss for the year	**Total equity**
Opening balance 1/1 2006		**4,795**	**13,935**	**60,171**		**78,901**
Profit/loss for the year					15,215[3]	15,215
Total change in net assets, excluding transactions with shareholders					**15,215**	**15,215**
Dividends				–2,685		–2,685
Stock options exercised by employees[1]				–113		–113
Equity-settled share-based payment transactions[2]				13		13
Repurchases of own shares				–89		–89
Balance at year-end 2006		**4,795**	**13,935**	**57,297**	**15,215**	**91,242**

1) The exercise of employee stock options affects equity negatively with the difference between the market value of the shares and the strike price of the options, since Investor has chosen not to issue new shares but instead repurchases shares that are subscribed for by the employees.
2) Calculated in accordance with IFRS 2 Share-based Payment.
3) The Parent Company's participations in Group companies and equity on December 31, 2006 have been adjusted downwards by SEK 1,932 m. compared with the figure reported in the year-end financial statements for 2006. The correction was attributable to shares in a subsidiary that were stated at too high a value.

Parent Company Statement of Cash Flows

Amounts in SEK m.	Note 20	2007	2006
Operating activities			
Dividends received		3,193	2,852
Administrative costs		–605	–587
Cash flows from operating activities before net interest and income taxes		**2,588**	**2,265**
Interest received[1)]		551	966
Interest paid[1)]		–1,246	–1,497
Income taxes paid		–8	–7
Cash flows from operating activities		**1,885**	**1,727**
Investing activities			
Share portfolio			
Acquisitions		–6,546	–5,723
Divestments		6,303	12,726
Other items			
Dividends from subsidiaries		200	–
Capital contributions to subsidiaries		–2,578	–6,246
Acquisitions of items of property, plant and equipment/intangible assets		–7	–3
Cash flows from investing activities		**–2,628**	**754**
Financing activities			
Borrowings		3,700	4,673
Repayment of borrowings		–3,769	–9,154
Change, inter-company transactions		4,385	4,774
Repurchases of own shares		–124	–89
Dividends paid		–3,449	–2,685
Cash flows from financing activities		**743**	**–2,481**
Cash flows for the year		**0**	**0**
Cash and cash equivalents at beginning of the year		**0**	**0**
Cash and cash equivalents at year-end		**0**	**0**

1) Gross flows from interest swap contracts are included in interest received and interest paid.

Notes to the Financial Statements

All amounts in SEK millions unless specified otherwise

NOTE 1 ACCOUNTING POLICIES

ACCOUNTING AND MEASUREMENT PRINCIPLES

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and interpretations from the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union. In addition, the Swedish Financial Accounting Standards Council's recommendation concerning supplementary accounting policies for groups, RR 30:06 "Supplementary Accounting Regulations for Groups", has been applied.

The Parent Company applies the same accounting principles as the Group, except where noted below in the section "Accounting Policies of the Parent Company." Any differences between the accounting policies of the Parent Company and those of the Group are caused by limitations to the application of IFRS in the Parent Company because of the Swedish Annual Accounts Act and the Swedish law on safeguarding pension commitments ("Tryggandelagen"), and to some extent for tax reasons.

Basis of preparation of the financial statements for the Parent Company and the Group

The Parent Company's functional currency is the Swedish krona, which also is the reporting currency for the Parent Company and for the Group. The financial statements are therefore prepared in Swedish kronor. All amounts, unless otherwise stated, are rounded to the nearest million.

Non-current assets and non-current liabilities consist basically of amounts that are expected to be recovered or settled after more than 12 months from the balance sheet date. Current assets and current liabilities consist mainly of amounts that are expected to be recovered or settled within 12 months from the balance sheet date.

In order to prepare the financial reports in accordance with IFRS, management must make estimates and assumptions that affect the accounting principles and the amounts recognized for assets, liabilities, revenues and expenses. The actual outcome may differ from these estimates and assumptions.

The estimates and assumptions are reviewed regularly. Changes in estimates are reported in the period the change is made, if the change has only affected this period, or in the period the change is made and in future periods if the change affects both the current period and future periods.

Estimates made by management when applying IFRS which have a significant effect on the financial statements, and estimates that can result in significant adjustments of the financial statements in the following year, are disclosed in "Note 32 Key estimates and assumptions".

The accounting policies of the Group, specified below, have been consistently applied to all periods presented in the consolidated financial statements, unless otherwise noted below. The accounting policies of the Group have been consistently applied to reporting and consolidation of subsidiaries and associates.

The accounting policies of the Parent Company, specified below, have been consistently applied to all periods presented in the financial statements of the Parent Company. Certain comparative figures have been reclassified to be in agreement with the presentation of the current year's financial statements. In cases when reclassification refers to significant amounts, special information is provided.

Changes in accounting policies

New accounting policies in 2007

As of 2007, Investor is applying "IFRS 7 Financial Instruments: Disclosures" and the related changes in "IAS 1 Presentation of Financial Statements". The new regulations require additional disclosures about the significance of financial instruments for the company's financial position and performance, as well as qualitative and quantitative disclosures about the nature and extent of risks arising from financial instruments. The new regulations also require additional disclosures about the Group's financial objectives and capital management. The standard does not require any change in accounting policy, only changes in the disclosure requirements for financial instruments.

In addition to the adoption of IFRS 7, the following new accounting policies have been introduced in 2007:

- "IFRIC 9 Reassessment of Embedded Derivatives", which requires that an entity must reassess whether an embedded derivative has to be separated from the host contract only if there is a change in terms of the contract. IFRIC 9 has had no effect on Investor's accounting records.
- "IFRIC 10 Interim Financial Reporting and Impairment". The rules of IFRIC 10 prohibit an entity from reversing an impairment loss recognized in a previous interim period in respect of goodwill and an investment in either an equity instrument or a financial asset carried at cost. IFRIC 10 has had no effect on Investor's accounting records.

New IFRS regulations and interpretations to be applied in 2008 or later

The following new standards, amendments to standards and interpretations, which may become relevant for Investor, have not been applied when preparing the financial statements:

- Amendments to "IAS 1 Presentation of Financial Statements: A Revised Presentation", in which the presentation of the financial statements are changed in some respects and new non-mandatory changes are proposed to the titles of financial statements. The revised standard will not affect how reported amounts are determined. The revised IAS 1 standard will be applied as of January 1, 2009.
- Amendments to "IFRS 2 Share-based Payment: Vesting Conditions and Cancellations", which clarifies the definition of vesting conditions and that all other features of a share-based payment are non-vesting conditions. The revised standard also clarifies the accounting treatment of vesting conditions. The amendments will be applied as of January 1, 2009.
- Revised "IFRS 3 Business Combinations" and revised "IAS 27 Consolidated and Separate Financial Statements" which allow changes to consolidated reporting and the reporting of business combinations. The revised standards will be applied to acquisitions after January 1, 2010.
- "IFRS 8 Operating Segments", which defines an operating segment and the information that an entity is required to report about operating segments in financial reports. The standard will be applied as of January 1, 2009.
- Amendments to "IAS 23 Borrowing Costs", to be applied as of January 1, 2009, which requires capitalization of borrowing costs that are directly attributable to the acquisition, construction or production of assets that take considerable time to prepare for their intended use or sale.
- "IFRIC 11 IFRS 2 Group and Treasury Share Transactions" is being applied as of March 1, 2007. This interpretation clarifies the way a share-based payment transaction is to be classified in entities that receive services from employees.
- "IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", is being applied as of January 1, 2008. This interpretation provides guidance on how a pension asset or liability may be affected by a statutory or contractual minimum funding requirement.

SEGMENT REPORTING

A segment is a distinguishable component of the Group that is either engaged in providing certain products or services (business segment) or that is engaged in providing products or services within a particular economic environment (geographical segment), and that is subject to risks and returns that are different from those of other segments. Segment information is reported in accordance with IAS 14 for the Group only. The business areas Core Investments, Operating Investments, Private Equity Investments and Financial Investments constitute the primary format for reporting the Group's operations by segment. Since the internal reporting structure is based on a corresponding format, the business areas are the most appropriate primary reporting format to use.

No segment reporting is presented based on geographic areas because none could be identified that correspond to the definition "a distinguishable component of an entity that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments." Since the geographic risks for holdings depend on the markets in which they operate, the geographic operating areas of each holding could constitute a meaningful format for segment reporting based on geographic areas if it had been possible to obtain this information. The information is difficult to obtain because Investor has a large number of holdings and is usually a minority owner.

Other possible formats for segment reporting based on geographic areas, such as the registered headquarters of the holdings, or alternatively, the Investor office from which the holdings are administered, are judged to be of very limited value, since the operations of these units are dependent on developments in other geographic areas. Geographic areas are not used for internal reporting purposes either.

NOTE 1 cont'd Accounting policies

CONSOLIDATION PRINCIPLES

Subsidiaries

Subsidiaries are entities that are controlled by Investor AB. Control is the power to, directly or indirectly, govern the financial and operating policies of an entity so as to obtain economic benefits from its activities. When assessing whether an enterprise controls another enterprise, the existence and effect of potential voting rights currently exercisable or convertible is considered.

Subsidiaries are reported in accordance with the purchase method. Under the method an acquisition is treated as a transaction in which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The consolidated cost is determined by an analysis at the time of the business combination. In the analysis, the cost of the participations or operations is determined, as well as the fair value of the identifiable assets and the assumed liabilities and contingent liabilities on the transaction date. The cost of the shares in the subsidiary and the operations, respectively, consists of the fair values on the transfer date for assets, liabilities incurred or assumed, and equity instruments issued and used as consideration for the net assets acquired and the transaction cost directly attributable to the acquisition. In a business combination where cost exceeds the net carrying amount of acquired assets and assumed liabilities and contingent liabilities, the difference is recognized as goodwill in the balance sheet. When the difference is negative, it is recognized directly in the income statement.

The financial statements of subsidiaries are consolidated from the date of the acquisition until the date when control ceases.

Associates

Associates are companies in which Investor has significant influence. Investor's main rule is that investments in associates are recognized as financial instruments at fair value in accordance with IAS 39 and IAS 28, Item 1.

Associates within Operating Investments are reported using the equity method because these companies are being integrated to a greater extent with the Group's operating activities, compared with other venture capital investments.

Operating Investments

Associates in which Investor has a large ownership stake in the underlying investment, and is involved in the operations more than in other business areas, are reported as Operating Investments. From the date significant influence is gained, interests in associates are recognized using the equity method in the consolidated financial statements.

When applying the equity method, the carrying amount of shares in associates in the consolidated financial statements corresponds to the Group's share of equity in the associates, consolidated goodwill, and any residual value of consolidated surplus values and values less than the carrying amount.

In the consolidated income statement, the Group's share of associates' net results after tax and minority, adjusted for any depreciation, impairment losses or reversed acquired surplus values and values less than carrying amount, is recognized as "Share of results of associates." Dividends received from an associate reduce the carrying amount of the investment. On acquisition of the investment, any difference between the cost of the holding and the investor's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is accounted for in accordance with "IFRS 3 Business Combinations".

When the Group's share of reported losses in the associate exceeds the carrying amount of the participations in the Group, the value of the participations is reduced to zero. Losses are also settled against long-term financial dealings with no security whose substance is part of the investor's net investment in the associate. Continuing losses are not recognized, unless the Group has guaranteed to cover losses incurred in the associate. The equity method is applied until the date when the Group's significant influence ceases.

Shares and participations in investing activities

The Investor Group is mainly involved in venture capital operations. According to IAS 28, Item 1, Shares and Participations, including those where Investor has significant influence, are recognized at fair value through profit or loss, according to IAS 39.

Transactions that are eliminated in consolidation

Intra-group receivables and payables, revenue and expenses, and unrealized gains or unrealized losses arising in intra-group transactions, are fully eliminated in the preparation of the consolidated financial statements.

Unrealized gains arising from transactions with associates that are consolidated using the equity method are eliminated to the extent that corresponds to the Group's interest in the company. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no indication of impairment loss.

FOREIGN CURRENCY

Foreign currency transactions

Foreign currency transactions are translated into the functional currency at the exchange rate on the date of the exchange transaction. Functional currency is the currency of the primary economic environments in which Group companies operate. Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate on the balance sheet date. Non-monetary assets and liabilities recognized at historical cost are translated using the exchange rate on the date of the transaction. Non-monetary assets and non-monetary liabilities recognized at fair value are translated into the functional currency using the exchange rate on the date of measurement at fair value.

Exchange differences arising on translation are recognized in the income statement with the exception of certain financial instruments. See the section "Financial Instruments" below.

Financial statements of foreign operations

Assets and liabilities in foreign operations, including goodwill and other consolidated surplus values and values less than the carrying amount, are translated into Swedish kronor using the exchange rate on the balance sheet date. Revenues and expenses for a foreign operation are translated into Swedish kronor using an average exchange rate that approximates the exchange rates on the dates of the transactions. Foreign currency translation differences when translating foreign operations are recognized directly in equity as a translation reserve. When a foreign operation is divested, cumulative translation differences attributable to the company are realized in the consolidated income statement. Cumulative translation differences are reported as a separate capital category under equity, the translation reserve, and consist of translation differences accumulated since January 1, 2004. Cumulative translation differences prior to January 1, 2004 are allocated to other categories under equity and are not separately disclosed.

Hedges of net investments in foreign operations

Translation differences arising when translating a net investment in a foreign operation and related effects of hedges of the net investment are recognized directly in the translation reserve under equity. When a foreign operation is divested, cumulative translation differences attributable to the company are realized in the consolidated income statement less any currency hedges.

REVENUES

Revenues consist mainly of dividends. Revenues are reported in the income statement when it is probable that future economic benefits associated with the transaction will flow to the company and the amount of benefits can be measured reliably. Revenues are measured at the fair value of the consideration received or receivable.

Dividends are recognized when the right to receive payment is established.

CHANGES IN VALUE

For items that were held in the balance sheet at the beginning and at the close of the period, the change in value consists of the difference in value between these two dates. For items in the balance sheet that were realized during the period, the change in value consists of the difference between the consideration received and the value at the beginning of the period. For items in the balance sheet that were acquired during the period, the change in value consists of the difference between the value at the close of the period and the acquisition cost.

EXPENSES

Operating costs

Operating costs refer mainly to costs of administrative nature, such as payroll costs, rental charges, travel expenses and consultant costs.

NOTE 1 cont'd Accounting policies

Fees and reimbursements of costs for auditors
When evaluating if an assignment carried out by the company's auditors is to be considered as an audit engagement or other type of assignment, the company applies the definition used in the recommendation (RedR1) of FAR SRS, the institute for the accountancy profession in Sweden.

Operating lease contracts
Costs for operating lease contracts are recognized in the income statement on a straight-line basis over the lease term. Incentives received when entering an agreement are included in the total recognized cost of leasing in the income statement.

FINANCIAL INCOME AND EXPENSES
Financial income and financial expenses consist of interest income from bank deposits, receivables and interest-bearing securities, interest expenses on loans, exchange rate differences, changes in the value of financial investments and liabilities and derivatives used to finance operations.

Interest income on receivables and interest expenses on liabilities are estimated using the effective interest rate method. The effective interest rate is the rate that discounts estimated future payments or receipts through the expected life of the financial instrument or the net carrying amount of the financial asset or liability. Transaction costs, including issuing costs, are expensed immediately since the receivables or payables are measured at fair value through profit or loss, and are amortized over the term when measured at amortized cost. All borrowing costs are recognized in results using the effective interest rate method regardless of how the borrowed funds have been utilized. Costs relating to credit facilities are recognized as interest and are amortized on a straight-line basis over the term of the facilities. Net profits and net losses consist of other results from financial items and are mainly changes in the movement of derivatives, such as loans used for hedge accounting.

The change in value reported in net financial items is calculated in a corresponding manner as changes in value recognized in operations. See "Changes in value" above.

TAXES
The Group's total tax charge consists of current tax and deferred tax. Current tax is tax that must be paid or received and refers to the current year. Current tax also includes adjustments of current tax attributable to earlier periods. Deferred tax is based on the temporary differences between the tax base of an asset or liability and its carrying amount. Temporary differences are not recognized for differences arising from the initial recognition of goodwill. Furthermore, temporary differences attributable to investments in subsidiaries or associates are not recognized to the extent it is probable that such differences will not reverse within the foreseeable future. The measurement of deferred tax is based on the extent to which underlying assets and liabilities are expected to be realized or settled. Deferred tax is measured at the tax rates and with the tax regulations decided on the balance sheet date. If the calculations yield a deferred tax asset, this tax asset is recognized as an asset only if it is probable that it will be realized.

The taxes are reported in the income statement, except when the underlying transaction is charged directly to equity, whereby the associated tax effect is reported as equity.

INTANGIBLE ASSETS
Capitalized expenditure for software
Direct costs of software intended for own administrative use are recognized as an asset in the balance sheet when costs are expected to generate future economic benefits in the form of more efficient processes. Other development costs are recognized as incurred. Capitalized costs for software are depreciated using the straight line method over an estimated useful life of five years from the date they become available for use.

PROPERTY, PLANT AND EQUIPMENT
Items of property plant and equipment are recognized as assets in the balance sheet when it is probable that the future economic benefits associated with the assets will flow to the company and the cost of the assets can be measured reliably. The carrying amount for an item of property, plant and equipment is derecognized in the balance sheet when it is disposed of or sold. Gains or losses on the sale or disposal of an asset are determined as the difference between the selling price and the carrying amount of the asset less direct selling costs. Gains or losses are recognized in operating income.

Equipment
Equipment is carried at cost in the Group less accumulated depreciation and any impairment losses. Cost includes the original purchase price and directly attributable costs required to bring the asset to working condition for its intended use. Examples of such directly attributable costs are costs for delivery and handling, installation, consulting fees and legal fees.

Owner-occupied property
Owner-occupied property is recognized at fair value less accumulated depreciation and revaluation adjustments. Property is revalued with sufficient regularity to ensure that the carrying amount does not differ materially from that which is determined using fair value on the balance sheet date. The fair value of owner-occupied property is determined by valuations performed by external independent valuers.

When an asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to equity under the heading "Revaluation reserve." If the increase consists of a reversal of a previously recognized impairment loss on the same asset, the increase is recognized as a reduced cost in the income statement. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognized as an expense. If there is a balance in the revaluation reserve attributable to the asset, the decrease is recognized directly to the revaluation reserve. The difference between the depreciation based on the revalued amount, and the depreciation according to the original cost, is transferred from the revaluation reserve to retained earnings.

Accumulated depreciation is recalculated in proportion to the change in the asset's increased cost so the carrying amount of the asset, the net of the adjusted cost and adjusted depreciation after revaluation, is consistent with the revalued amount. When an asset is divested, the revaluation reserve is transferred to retained earnings, without affecting profit or loss.

Owner-occupied property for which the components have different useful lives, are treated as separate components (such as the framework, roof and basic installations) of owner-occupied property.

Subsequent expenditure relating to owner-occupied property
Subsequent expenditure is included in the cost only if it is probable that the future economic benefits associated with the asset will flow to the company and that the cost can be measured reliably. All other subsequent expenditures are recognized as an expense in the period in which it is incurred.

The assessment of whether a subsequent expenditure is included in the cost depends on whether the expenditure relates to replacements of identified components, or parts thereof, in which case the expenditure is capitalized. Even in cases where a new component has been created, the expenditure is added to the cost. Any undepreciated carrying amounts of replaced components, or parts of components, are disposed and expensed in connection with the replacement. Repairs are recognized as incurred.

Leased assets
In the consolidated financial statements, leases are classified as either financial or operating leases. The lease is a financial lease when the economic risks and rewards incident to ownership of a leased asset are essentially transferred to the lessee, otherwise the lease is classified as an operating lease. Investor's leases are exclusively operating leases, and refer mainly to office rents and office machines.

Depreciation principles
Depreciation is calculated with the straight-line method over the estimated useful life of the asset. Land is not depreciated. The Group applies depreciation based on components, in which depreciation is based on the useful life of each component. Estimated useful lives:

Buildings	
Framework	50 –100 years
Large components	5 – 25 years
Equipment and computers	3 – 10 years

The residual value and the useful life of an asset are reviewed each year.

FINANCIAL INSTRUMENTS
Financial instruments recognized in the balance sheet on the assets side include shares and participations in investing activities, loans and trade receivables, short-term investments, cash and cash equivalents, and derivatives. On the liabilities side, financial instruments include loans, shares on loan, trade payables and derivatives.

NOTE 1 cont'd Accounting policies

Recognition and derecognition in the balance sheet

A financial asset or financial liability is recognized in the balance sheet when the company becomes party to the instrument's contractual terms. Trade receivables are recognized in the balance sheet when an invoice is sent. A liability is recognized when the counterparty has performed and there is a contractual obligation to pay, even if an invoice has not yet been received. Trade payables are recognized when an invoice is received.

A financial asset is derecognized in the balance sheet when the rights in the agreement have been realized, become due or when the company loses control over them. This applies also for part of a financial asset. A financial liability is derecognized in the balance sheet when the obligations in the contract are fulfilled or extinguished in some other way. This applies also for part of a financial liability.

A financial asset and a financial liability are offset and recognized as a net amount in the balance sheet only if there is a legal right to offset the amount and there is an intention to settle the items in a net amount or to realize the asset and settle the liability at the same time. Acquisitions and divestments of financial assets are recognized on the transaction date, which is the date when the company commits to acquire or divest the asset.

Classification and measurement

Financial assets that are non-derivatives are initially measured at cost corresponding to the instrument's fair value, including transaction costs. This principle applies to all financial instruments except those belonging to the financial asset category recognized at fair value through profit or loss, which are recognized at fair value excluding transaction costs.

A financial instrument is classified on initial recognition depending on the purpose for which it was acquired. The classification determines how the financial instrument is measured after initial recognition, as described below.

Derivative instruments are initially recognized at fair value, in which transaction costs are charged to profit/loss for the period. After initial recognition, the derivative instrument is recognized as described below. If the derivative instrument is used for hedge accounting and is effective, changes in the value of the derivative instrument are recognized in the same line in the income statement as the hedged item. The ineffective portion is recognized in the same way as the changes in the value of derivatives not used for hedge accounting. If hedge accounting is not applied when using interest rate swaps, the coupon rate is recognized as interest and other changes in the value of interest rate swaps are recognized as net gains/net losses.

Cash and cash equivalents consist of cash and demand deposits in banks and similar institutions, and short-term investments with a maturity of three months or less from the acquisition date, which are subject to an insignificant risk of changes in value.

Financial assets at fair value through profit or loss

This category consists of two subcategories: financial assets that are initially classified in this category (fair value option) and financial assets held for trading. Financial assets in this category are recognized continuously at fair value through profit or loss.

Financial assets recognized with fair value option

Cash and cash equivalents, short-term investments and shares and participations in investing activities have been classified in this category.

In this category, Investor has chosen, on initial recognition, to designate financial assets that are managed and measured on the basis of fair values, in accordance with the risk management and investment strategy of management. In accordance with IAS 28, Item 1, participations in associates over which Investor has significant influence (except investments of this type in Operating Investments) are recognized at fair value through profit and loss.

Financial assets held for trading

Shares and participations in active portfolio management are recognized as financial assets held for trading as well as derivatives with a positive fair value, with the exception of derivatives identified as effective hedging instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are recognized at amortized cost, which is determined on the basis of the effective interest rate on the acquisition date. Trade receivables are recognized at the expected received amount, less bad debts, which have been separately reviewed. Trade receivables have a short expected term and are therefore measured at the nominal amount without a discount.

Available-for-sale financial assets

The available-for-sale financial assets category includes financial assets that are not designated in any of the other categories, or financial assets that the company has initially chosen to designate in this category. Holdings of participations not recognized as subsidiaries, associates or with the fair value option are recognized in this category. Assets in this category are recognized continuously at fair value and changes in value are charged against equity, except those that are impaired (see the section on impairment below). When an asset is sold, the accumulated profit/loss, previously recognized in equity, is recognized in the income statement.

Financial liabilities at fair value through profit or loss

This category includes financial liabilities held for trading. For Investor, this includes shares on loan in the Active Portfolio Management unit and derivatives with a negative fair value, with the exception of derivatives that are identified and effective hedge instruments. When shares on loan are sold, an amount is entered as a liability corresponding to the fair value of the shares. Financial liabilities in this category are recognized continuously at fair value with changes in value recognized in the income statement.

Other financial liabilities

This category includes loans and other financial liabilities, such as trade payables. Loans are recognized at amortized cost, except when they are used for fair value hedging (see "Hedging of the Group's interest rate exposure - fair value hedges" below). Amortized cost is calculated based on the effective interest determined when the loan was obtained. This means that surplus values and values less than the carrying amount, as well as direct issuing costs, are amortized over the life of the liability. Trade payables have a short expected term and are recognized at the nominal amount on an undiscounted basis.

Financial guarantees

The Group has financial guarantee contracts in which the Group has a commitment to reimburse the holder of a debt instrument for loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified contract terms. Financial guarantee contracts are initially recognized at fair value less the fair value of contracted guarantee fees. However, if the difference is positive, an asset is not taken up in the balance sheet. Financial guarantee contracts are then recognized continuously at the higher amount of the best estimate of the present value of anticipated net fees to settle the guarantee commitment, after deduction for the present value of future guarantee fees, and the original amount booked as a liability after deduction for cumulative amortization applying the straight-line method over the contracted guaranteed period. In cases when payment on market terms is contracted for the guarantee commitment, it is initially recognized neither as an asset or liability and revenue from the guarantee contracts is recognized on a straight-line basis over the guarantee period.

Derivatives and hedge accounting

Derivatives, such as forwards, options and swaps, are used to offset risks for exchange rate changes and share price changes, and for exposure to interest rate risks. Derivatives are initially measured at fair value through profit or loss, in which transaction costs are charged to profit/loss for the period. After initial recognition, the derivative instrument is recognized at fair value and changes in the value are recognized as described below. Changes in the value of derivative instruments are recognized in the income statement as income or expense in operating profit or in net financial items based on the purpose of the derivatives and whether the use is related to an operating item or a financial item.

In hedge accounting, changes in the value of hedging instruments are recognized in the income statement at the same time as changes in the value of the hedged items. To qualify for hedge accounting under IAS 39, a derivative must be clearly correlated to the hedged item. Furthermore, the hedge must be effective, formal documentation must be prepared and it must be possible to measure the effectiveness. Hedging results are reported in the income statement on the same date as gains or losses on the hedged items.

If the criteria for hedge accounting are no longer met, the derivatives are recognized at fair value through profit or loss according to the principle above.

Receivables and liabilities in foreign currency

Forward exchange contracts or currency swaps are used to hedge receivables and liabilities against foreign exchange rate risks. Hedge accounting is not used to protect against foreign exchange risk since an economic hedge is

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NOTE 1 cont'd **Accounting policies**

reflected in the financial statements with the underlying receivable or liability and hedge instrument being recognized at the exchange rate on the balance sheet date and changes in exchange rates being recognized in the income statement.

Economic hedging of long-term share-based remuneration
Share swaps and share options are used to protect cash flows, earnings and equity from the effects of long-term share-based remuneration when the price of the Investor share rises. These derivatives do not qualify for hedge accounting and are therefore recognized at fair value through profit or loss.

Hedging the Group's interest rate exposure – cash flow hedges
Investor uses interest rate swaps to control the uncertainty of future interest flows for loans caused by fluctuations in interest rates. In the balance sheet, interest rate swaps are valued at fair value. In the income statement, the coupon is recognized on an ongoing basis as interest income or income expense and other changes in the value of the interest rate swap are recognized directly to the hedging reserve under equity as long as the criteria for hedge accounting and effectiveness are met. The ineffective component of the hedge is reported in the same way as changes in the value of derivatives not used for hedge accounting. The hedging reserve is dissolved through the result when the hedged item affects the result.

Hedging the Group's interest rate exposure – fair value hedges
Investor uses interest rate swaps to hedge the risk of changes in the fair value of its own borrowings with fixed interest rates. The interest rate swaps are recognized at fair value in the balance sheet and the hedged item is recalculated at the fair value of the hedged risk (the risk-free interest rate). Changes in the fair value for the derivative and hedged item are recognized in the income statement.

The interest rate coupon is recognized on an ongoing basis as interest income or interest expense.

IMPAIRMENT

The carrying amounts of the Group's assets are reviewed on each balance sheet date for an indication of impairment. IAS 36 is applied to review any impairment needs for assets other than financial assets, which are reviewed in accordance with IAS 39, and taxes that are reviewed in acccordance with IAS 12.

Impairment testing of property, plant and equipment and intangible assets, and participations in subsidiaries and associates

If there is an indication of impairment, the recoverable amount of that asset is estimated in accordance with IAS 36. An impairment loss is recognized if the carrying amount of an asset exceeds the recoverable amount. An impairment loss is recognized in the income statement. The recoverable amount is the highest of the fair value less costs to sell and value in use. When determining the value in use, future cash flows are discounted using a discount rate that takes into account the risk-free interest rate and risk associated with the specific asset.

Impairment testing of financial assets

On each reporting date, the company evaluates if there is objective evidence that a financial asset or group of assets is in need of impairment. Objective evidence consists partly of observable circumstances that have occurred and which negatively affect the possibility to recover the acquisition value, and partly of the duration or extent to which the fair value of an investment has declined for an investment in a financial investment classified as an available-for-sale financial asset.

The recoverable amount of assets in the category "Loans and receivables", which are recognized at amortized cost, is determined as the present value of future cash flows discounted at the effective rate at initial recognition of the asset. Assets with short maturities are not discounted. An impairment loss is recognized in the income statement.

Since the majority of the Group's assets belong to the category "Financial assets at fair value through profit or loss", negative changes in value affect the income statement on an ongoing basis.

Reversal of impairment losses

An impairment loss is reversed only if there is no longer an indication of impairment and the assumption used as the basis for calculating the recoverable value has changed. An impairment loss is only reversed to the extent that it does not increase the carrying amount of an asset above the carrying amount that would have been determined for the asset had no impairment loss been recognized, taking into account the depreciation of the asset.

Impairment of loans and receivables recognized at amortized cost are reversed if a later increase in the recoverable amount can be objectively attributed to an event that occurred after impairment.

REPURCHASES OF OWN SHARES

Repurchases of own shares are recognized as an item deductible from equity. Cash proceeds from the sale of such equity instruments are recognized as an increase in equity. Any transaction costs are recognized directly under equity.

DIVIDENDS

Dividends are recognized as debt after the Annual General Meeting has approved the dividend for the year.

EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit/loss for the year attributable to shareholders of the Parent Company and on the weighted average number of shares outstanding during the year. When calculating diluted earnings per share, the average number of shares is adjusted to take into account the effects of dilutive potential ordinary shares originating during the reported periods from stock option and share programs issued to employees. Dilution occurs when the strike price is less than the share price and the dilution effect becomes proportional as the difference between the strike price and share price increases. It also occurs when performance requirements are not met on the reporting date. The strike price is adjusted by making an addition for the value of future services connected to equity-settled employee stock options and share programs recognized as share-based payment under IFRS 2.

EMPLOYEE BENEFITS

Post-employment benefits

The Group has both defined benefit pension plans and defined contribution pension plans. All pension plans in foreign subsidiaries are defined contribution plans. For employees in Sweden, the majority of the pension plans are defined benefit plans that are secured with the insurance company SPP Livsförsäkring. In addition, there are a small number of unfunded defined benefit pension obligations for former employees.

Defined contribution plans
Defined contribution plans are classified as plans under which the company's obligations are limited to paying fixed contributions. In such cases, the size of the employee's pension depends on the contributions that the company makes to the plan or to an insurance company and the return that the capital contributions generate. Consequently, the employee carries the actuarial risk (that benefits will be lower than expected) and the investment risk (that the invested assets will be insufficient for providing the expected benefits). The company's obligations to pay contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss when due as employees provide services to the company during a period.

Defined benefit plans
In defined benefit pension plans, payments are made to employees and former employees based on their salary at the time of retirement and the number of years of service. The Group carries the risk for making the payments. The Group's net obligation under defined benefit plans is measured separately for each plan by an estimation of future benefits earned by the employees both in current and prior periods. This benefit is discounted to a present value. The discount rate is the rate at the balance sheet date on government bonds with a life corresponding to the pension obligations of the Group. The measurement is made by a qualified actuary using the projected unit credit method. Actuarial gains and actuarial losses are recognized in the income statement as incurred.

When the benefits of a plan are improved, the portion of the increased benefits relating to past service is recognized as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are fully vested, the expense is recognized immediately in profit or loss.

When there is a difference between how the pension costs are determined for a legal entity and the Group, a provision or receivable for a special employer's contribution is recognized, based on this difference. The present value of the provision or receivable is not determined.

NOTE 1 cont'd Accounting policies

Plans comprising several employers
In cases when there is a defined benefit plan comprising several employers, such as SPP Livförsäkring AB, and there is not sufficient information available to enable the reporting of the plan as a defined benefit plan, the plan is recognized as a defined contribution plan.

Termination benefits
A cost for termination benefits is recognized only if the company is demonstrably committed, without realistic possibility of withdrawal, by a formal plan to terminate an employee's employment before the normal date. When benefits are offered to encourage voluntary departure from the company, a cost is recognized if it is probable that the offer will be accepted and the number of employees accepting the offer can be reliably estimated.

Short-term benefits
Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A provision is made for the anticipated cost of bonus payments when the Group has a current obligation to make such payments as a consequence of services received from employees and the obligation can be estimated reliably.

Share-based payment transactions
During the past few years Investor AB has implemented stock option and share programs for employees (see also "Note 5 Employees and payroll costs"). These programs enable employees to acquire or receive shares in the company. The fair value of the granted options and shares is recognized as a personnel cost with a corresponding increase in equity. The fair value is determined on the grant date and is allocated over the vesting period. The fair value of the granted options is determined in accordance with the Black & Scholes valuation model, taking into consideration the terms and conditions on the grant date. The recognized cost corresponds to the fair value of the estimated number of options and shares that are expected to vest. This cost is adjusted in subsequent periods to reflect the actual number of vested options and shares. However, no adjustment is made when options expire because the share price does not reach the level needed for the options to vest.

Social security contributions related to share-based payments to employees for services rendered are recognized as expenses allocated to the periods in which the employees render the services. The provision for social security contributions is based on the fair value of the options and shares at the reporting date. The fair value is determined according to the same measurement model that was used on the grant date. For employee stock option programs introduced before November 7, 2002, the requirements for recognition and measurement in IFRS 2 have not been applied in accordance with the transition rules in IFRS 2.

PROVISIONS
A provision is reported in the balance sheet when there is a legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be needed to settle the obligation and when a reliable estimate of the amount can be made.

A restructuring provision is recognized when the group has a detailed, formal plan for the restructuring, and the restructuring plan has commenced or has been publicly announced. No provision is made for future operating losses.

CONTINGENT LIABILITIES
A contingent liability is recognized when there is a possible obligation relating to past events and whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company; or when there is an obligation which is not recognized as a liability or a provision as it is not probable that an outflow of resources will be required to settle the obligation.

ACCOUNTING POLICIES OF THE PARENT COMPANY
Unless otherwise noted, the Parent Company applies the same accounting policies as the Group.

Compliance with issued standards and laws
The Parent Company has prepared its annual financial statements in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Standards Council, recommendation RR 32:06 Accounting for Legal Entities. RR 32:06 states that the parent company, in the annual financial statements of the legal entity, shall apply all IFRS stadards and statements adopted by the European Union, to the extent this is practicable within the framework of the Swedish Annual Accounts Act and taking into account the relation between accounting and taxation. The recommendation specifies the exceptions from IFRS.

Changes in accounting policies
The Parent Company is applying the same accounting policies as in 2006. As of 2006, the Parent Company has reported financial assets and liabilities at fair value, with the exception of instruments which may not be recognized at fair value according to Section 14b of the Swedish Annual Accounts Act. The transitional effect was recognized as an adjustment to the opening balance of retained earnings in 2005. These items were previously measured in accordance with the lowest value principle or at cost. As a result of the change, other long-term holdings of securities are measured at fair value through profit or loss and the hedged portion of hedged loans is measured at fair value at the same time as the hedging instruments are also measured at fair value.

Differences between the accounting policies of the Group and Parent Company
Associates and subsidiaries
Investments in associates and subsidiaries are recognized in the Parent Company under the cost method. On each balance sheet date, the carrying amounts are reviewed for objective proof of impairment. Distributions received are recognized only if they relate to profits arising after the date of acquisition. Distributions in excess of such profits are considered a recovery of investment and reduce the cost of the investment.

Group contributions and shareholders' contributions
In accordance with a statement from the Swedish Financial Accounting Standards Council, shareholders' contributions are recognized directly in equity by the receiver and are capitalized in shares and participations by the giver, to the extent that no impairment loss is required. Since the Parent Company is taxed in accordance with the regulations for investment companies, it cannot receive or make group contributions.

Financial income and expenses
In the Parent Company, net financial items include dividends from subsidiaries.

Financial guarantee contracts
The Parent Company's financial guarantee contracts consist primarily of guarantees on behalf of subsidiaries or associates. A financial guarantee contract is a contract in which the company has a commitment to reimburse the holder of a debt instrument for loss it incurs because a specified debtor fails to make payment when due in accordance with the contract terms. The Parent Company applies RR 32.06, Item 72, to account for financial guarantee contacts, which involves a relief, compared with the rules in IAS 39 for financial guarantee contracts issued on behalf of subsidiaries and associates. The Parent Company recognizes financial guarantee contracts as a provision in the balance sheet when the company has a commitment for which payment is most likely required to settle the commitment.

Taxes
The Parent Company is taxed in accordance with the regulations for investment companies in Sweden. Capital gains on shares are not taxable and corresponding capital losses are non-deductible. The company instead declares a standard income of 1.5 percent on the market value of listed shares carrying voting rights of less than 10 percent at the beginning of the year, or in excess of 10 percent but which were held for less than 12 months at the beginning of the year.

Dividends received and interest income are taxable, while administrative costs and interest expenses are deductible, as well as dividends paid. As a consequence of these tax regulations, the Parent Company normally does not pay income tax. For the same reason, the Parent Company does not report deferred tax attributable to temporary differences.

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NOTE 2 Segment reporting

Group
Performance by business area 2007

	Core Investments	Operating Investments	Private Equity Investments	Financial Investments	Investor groupwide	Total
Net sales		446				446
Dividends, etc.	3,161	410[1)]	251	62		3,884
Changes in value	–7,537	291	5,907	–195[2)]		–1,534
Cost of services sold		–427				–427
Operating costs	–159	–55	–205	–40	–76	–535
Costs of long-term share-based remuneration					–17	–17
Share of results of associates		–1,544				–1,544
Operating profit/loss	**–4,535**	**–879**	**5,953**	**–173**	**–93**	**273**
Net financial items					–484	–484
Tax					–156	–156
Profit/loss for the year	**–4,535**	**–879**	**5,953**	**–173**	**–733**	**–367**
Other (currency, etc.)		76[3)]			–376[4)]	–300
Dividends paid					–3,449	–3,449
Effect on net asset value	**–4,535**	**–803**	**5,953**	**–173**	**–4,558**	**–4,116**
Net asset value by business area 12/31 2007						
Carrying amount	127,293	11,806	17,718	2,583		159,400
Other assets[5)]					1,897	1,897
Other liabilities[5)]					–2,510	–2,510
Net cash[6)]					–3,583	–3,583
Total net asset value	**127,293**	**11,806**	**17,718**	**2,583**	**–4,196**	**155,204**
Investments in property, plant and equipment	5	41	1			47
Depreciation	–6	–83	–9			–98
Cash flow for the year	3,608	–6,444	3,597	291	–1,652	–600

Group
Performance by business area 2006

	Core Investments	Operating Investments	Private Equity Investments	Financial Investments	Investor groupwide	Total
Net sales		699				699
Dividends, etc.	2,852	131[1)]	285	34		3,302
Changes in value	27,260		583	263[2)]		28,106
Cost of services sold		–693				–693
Operating costs	–170	–51	–204	–39	–57	–521
Costs of long-term share-based remuneration					–55	–55
Share of results of associates		–1,872				–1,872
Operating profit/loss	**29,942**	**–1,786**	**664**	**258**	**–112**	**28,966**
Net financial items					–151	–151
Tax					–329	–329
Profit/loss for the year	**29,942**	**–1,786**	**664**	**258**	**–592**	**28,486**
Other (currency, etc.)		–193[3)]			–233[4)]	–426
Dividends paid					–2,685	–2,685
Effect on net asset value	**29,942**	**–1,979**	**664**	**258**	**–3,510**	**25,375**
Net asset value by business area 12/31 2006						
Carrying amount	135,274	5,981	15,181	3,008		159,444
Other assets[5)]					1,370	1,370
Other liabilities[5)]					–1,910	–1,910
Net cash[6)]					416	416
Total net asset value	**135,274**	**5,981**	**15,181**	**3,008**	**–124**	**159,320**
Investments in property, plant and equipment	9	171	4			184
Depreciation	–6	–103	–7			–116
Cash flow for the year	8,707	–6,105	1,420	–496	–2 125	1,401

1) Refers to financial income from Operating Investments which was previously reported in net financial items.
2) Changes in value include sales proceeds from active portfolio management amounting to SEK 27,380 m. (28,158).
3) Refers to the translation reserve and hedging reserve attributable to associated companies.
4) The amount includes the effects of long-term share-based remuneration, repurchases of own shares and changes in the hedging and translation reserves.
5) Other assets and liabilities refer to current assets/liabilities, deferred taxes and provisions.
6) Net debt/cash refers to short-term investments, cash and cash equivalents, interest-bearing liabilities with related derivatives, and pensions.

NOTE 3 Changes in value within investing activities

2007	Core Investments	Operating Investments	Private Equity Investments	Financial Investments[1]	Total
Group					
Changes in value of holdings in the closing balance	–12,642	–	3,367	–230	–9,505
Changes in value of assets divested during the year	5,105[2]	291	2,540	35	7,971
Total	**–7,537**	**291**	**5,907**	**–195**	**–1,534**
Of which changes in value caused by exchange rate changes	–	–	–122	–42	–164
Of which changes in value determined with valuation techniques	–	–	1,382	–27	1,355
2006					
Group					
Changes in value of holdings in the closing balance	25,100	–	962	122	26,184
Changes in value of assets divested during the year	2,160	–	–379	141	1,922
Total	**27,260**	**–**	**583**	**263**	**28,106**
Of which changes in value caused by exchange rate changes	–	–	–858	–19	–877
Of which changes in value determined with valuation techniques	–	–	–428	108	–320

2007	Core Investments	Operating Investments	Private Equity Investments	Financial Investments	Total
Parent Company					
Changes in value of holdings in the closing balance	7,804	–	117	–188	7,733
Changes in value of assets divested during the year	5,105[2]	–	0	–63	5,042
Total	**12,909**	**–**	**117**	**–251**	**12,775**
Of which changes in value caused by exchange rate changes	–	–	–6	–32	–38
Of which changes in value determined with valuation techniques	–	–	–	–	–
2006					
Parent Company					
Changes in value of holdings in the closing balance	6,753	–	1	–28	6,726
Changes in value of assets divested during the year	7,070	–	1,191	7	8,268
Total	**13,823**	**–**	**1,192**	**–21**	**14,994**
Of which changes in value caused by exchange rate changes	–	–	–15	–22	–37
Of which changes in value determined with valuation techniques	–	–	1,192	–	1,192

1) Including active portfolio management.
Changes in the value of holdings remaining in the balance at the end of the year SEK –49 m. (40).
Changes in the value of assets divested during the year SEK 87 m. (131).
2) Divestments include share redemption programs.

NOTE 4 Operating costs

	2007	2006
Group		
Investing activities		
Payroll costs	253	260
Depreciation	11	10
Other operating expenses	140	143
	404	**413**
Operating investments		
Payroll costs	21	16
Depreciation	0	0
Other operating expenses	34	35
	55	**51**
Groupwide		
Payroll costs	38	30
Depreciation	4	4
Other operating expenses	34	23
	76	**57**
Total	**535**	**521**

NOTE 5 Employees and payroll costs

Investor's operations are divided into wholly owned investing activities and other activities. The wholly owned investing activities comprise the activities of the Parent Company, the Active Portfolio Management unit and Investor Growth Capital. The payroll costs shown below for these units are included in "Operating costs" in the income statement. Other activities comprise the operations of The Grand Group and, for 2006, also the advisory companies for EQT's funds. The costs shown for these activities are included in "Cost of services sold".

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NOTE 5 cont'd Employees and payroll costs

Average number of employees

	2007		2006	
	Total	of whom women	Total	of whom women
Wholly owned investing activities				
Parent Company, Sweden	93	52	91	50
Wholly owned subsidiaries				
Sweden	15	3	16	3
United States	20	6	18	6
United Kingdom	1	1	2	1
Hong Kong	6	2	7	1
Netherlands	6	3	6	3
Total, wholly owned investing activities	**141**	**67**	**140**	**64**
Other activities				
The Grand Group	334	164	262	132
Other subsidiaries	–	–	98	36
Total, other activities	**334**	**164**	**360**	**168**
Total	**475**	**231**	**500**	**232**

Gender distribution in boards and senior management
At year-end 2007, the board of the Parent Company consisted of 30 percent women (20) and 70 percent men (80). The Management Group of the Parent Company consisted of 17 percent women (0) and 83 percent men (100). The gender distribution in the boards of Investor's wholly owned investing activities consisted of 17 percent women (15) and 83 percent men (85). The gender distribution in the boards of the other activities of the Investor Group consisted of 25 percent women (22) and 75 percent men (78).

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

	2007							2006						
	Basic salary	Variable salary	Long-term share-based remuneration	Pension costs	Costs for employee benefits	Social security contributions[1]	Total	Basic salary	Variable salary	Long-term share-based remuneration	Pension costs	Costs for employee benefits	Social security contributions[1]	Total
Wholly owned investing activities														
Parent Company	83	24	19	45	11	35	217	84	21	18	33	11	73	240
Wholly owned subsidiaries in investing activities	57	30	–	9	0	9	105	66	28	–	8	0	11	113
Total, wholly owned investing activities	**140**	**54**	**19**	**54**	**11**	**44**	**322**	**150**	**49**	**18**	**41**	**11**	**84**	**353**
Other activities														
The Grand Group	91	3	–	4	2	34	134	77	2	–	2	2	26	109
Other subsidiaries	–	–	–	–	–	–	–	144	6	–	12	10	21	193
Total, other activities	**91**	**3**	**–**	**4**	**2**	**34**	**134**	**221**	**8**	**–**	**14**	**12**	**47**	**302**
Total	**231**	**57**	**19**	**58**	**13**	**78**	**456**	**371**	**57**	**18**	**55**	**23**	**131**	**655**

1) Of which SEK –2 m. (37) refers to social security contributions for long-term share-based remuneration. The cost of long-term share-based remuneration, including social security contributions, amounts to SEK 17 m. (55), as reported in the consolidated income statement.

NOTE 5 cont'd Employees and payroll costs

Expensed wages and salaries distributed by country and between senior executives and other employees

	2007				2006			
	Senior executives	*Of which variable salary*	Other employees	Total	Senior executives	*Of which, variable salary*	Other employees	Total
Wholly owned investing activities								
Parent Company	36	*8*	71	107	41	*13*	64	105
Wholly owned subsidiaries								
Sweden	7	*4*	14	21	7	*3*	17	24
United States	6	*2*	37	43	7	*3*	39	46
United Kingdom	0	*0*	2	2	1	*0*	3	4
Hong Kong	5	*2*	12	17	5	*2*	12	17
Netherlands	2	*1*	2	4	2	*0*	1	3
Total, wholly owned investing activities	**56**	***17***	**138**	**194**	**63**	***21***	**136**	**199**
Other activities								
The Grand Group	3	*0*	91	94	3	*0*	78	81
Other subsidiaries	–	–	–	–	29	*6*	133	162
Total, other activities	**3**	***0***	**91**	**94**	**32**	***6***	**211**	**243**
Total	**59**	***17***	**229**	**288**	**95**	***27***	**347**	**442**

Absenteeism due to illness
Absenteeism due to illness in the Parent Company (as a percentage of work time) was 3.37 percent in 2007 (4.65), of which women 3.48 percent (4.84) and men 3.22 percent men (4.40); 38.52 percent (60.99) 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 0.85 percent (0.82), 4.70 percent (5.40) for age 30–49 and 1.34 percent (4.38) for employees over 50 years of age.

Salary and other remuneration
The following text and tables describe Investor's remuneration policy and remuneration for senior executives in the company. Senior executives are defined as "top management" and "other senior executives".

"Top management" is defined as:
- the Chairman of the Board,
- board members not employed by the company who receive special remuneration in addition to the fee received for board duties, and
- the Chief Executive Officer and President.

"Other senior executives" refers to:
- Lars Wedenborn until September 16, 2007, Johan Forssell, Henry E. Gooss, Lennart Johansson, Petra Hedengran as of March 1, 2007 and Johan Bygge as of September 1, 2007.

These persons, together with the President, comprise Investor's Management Group.

Investor's Remuneration Committee is appointed each year by the board. The committee's main purpose is "to enable an independent and thorough review of all aspects of Investor's total remuneration program and to make decisions about executive remuneration in the company."

For decision-making, the Remuneration Committee continuously receives information and views from the President, the CFO and head of Human Resources, among others. The committee also obtains views, reports and information for decision-making from external advisers. Internal and external information used for decision-making purposes helps ensure that Investor's remuneration program is in line with market conditions and competitive. Read more about the work of the Remuneration Committee in Investor's Corporate Governance report.

Remuneration policy
In order to achieve long-term competitive returns for shareholders, Investor strives to offer its staff remuneration in line with market conditions that makes it possible to attract senior executives and other employees and retain them in the company.

Investor conducts investing activities in markets in Asia, Northern Europe and the United States. Investor therefore competes for staff with mainly private equity firms, investment banks, hedge funds and consulting companies, which all have different remuneration structures and levels.

Benchmarking studies of relevant industries and markets are carried out yearly in order to determine what constitutes remuneration in line with market conditions and to evaluate current remuneration levels. The studies are taken into account when determining Investor's remuneration policy and, consequently, when determining total remuneration for senior executives and other employees.

When determining salaries, Investor takes into account the employee's total remuneration, which consists of the following components: basic salary, variable salary, long-term share-based remuneration, pension and other benefits. With this combination of remuneration components, the company has appropriate instruments to influence and evaluate the performance of employees during the year and to establish a common interest between the company and its owners to drive the business towards generating attractive long-term returns.

The principles for total remuneration for Investor's employees are:
- that employees in Investor's different operations shall receive total remuneration that is competitive and in line with market conditions;
- that the allocation between basic salary, variable salary and long-term variable remuneration is to be in proportion to the employee's position and to what is customary on the market for such positions;
- that remuneration shall be based on factors such as position, performance and individual qualification;
- that remuneration shall establish a common interest between shareholders and employees through connection to the company's long-term development;
- that remuneration shall attract the top competence necessary to develop the business, in accordance with Investor's strategy, to be "best-in-class";
- that the remuneration shall not discriminate on the basis of, gender, ethnic background, national origin, age, disability, or any other protected status-irrelevant circumstance; and
- that remuneration shall encourage each individual employee to establish a significant ownership of Investor shares in relation to the employee's financial conditions.

Investor strives to establish a model where the possible variable salary and long-term variable remuneration constitutes a considerable part of the calculated total remuneration in order to reward good performance and achieved objectives. As the long-term share-based portion of remuneration is affected by the long-term development of the company's share price, the relevant employees are expected to act in harmony with the interests of long-term shareholders. As the remuneration is variable, the company's costs will also be correspondingly variable, meaning that less good performance, which will result in lower remuneration, will also result in lower costs for the company. The alternative to variable salary and long-term variable remuneration would be to only offer basic salary, but in such case the positive effects and incentives which Investor's model strives to establish would not be achieved.

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NOTE 5 cont'd Employees and payroll costs

In addition to remuneration from Investor, the President and members of the Management Group receive board fees from the Core Investments in which they are board members. This is taken into consideration when determining each individual's total remuneration.

Basic salary
Basic salary is reviewed annually for all Investor employees, with the exception of Management Group members, whose basic salary is reviewed every other year. Any adjustment to an employee's basic salary is usually effective from January 1.

The annual review of basic salary takes into account the employee's performance, any changes to his or her areas of responsibility, the company's development and salary trends in the market. In cases when the person's areas of responsibilities change considerably during the year, basic salary can be reviewed on those occasions. Basic salary constitutes the basis for calculating variable salary.

Variable salary
The majority of Investor's employees have variable salary. Variable salary for 2007 is based on annually set goals whose outcome is reviewed annually. The variable portion of salary in 2007 differs between business areas and amounts to a maximum of 40 percent of basic salary for the President. For other employees variable salary ranges between 0 and 80 percent of their basic salary, although for a very limited number of key personnel, the variable portion of salary can be a maximum of 100 percent of their basic salary. In cases when the President decides that a person in the company has made an exceptional contribution during the year, he can award an additional variable salary. However, this additional variable salary has to be specifically approved by Investor's Remuneration Committee. When an additional variable salary is awarded, the variable portion of salary can, in individual cases, exceed 100 percent of basic salary.

Established goals must be reached in order to receive variable salary, which clearly links annual variable salary to an individual's work efforts and performance. Goals are both quantitative and qualitative and based on factors that are in agreement with Investor's long-term strategy. Goals are reviewed at the end of the year. The focus of the goals for the President each year is set in a dialog between him and the Chairman. The specific goals for the President are proposed by the Remuneration Committee and are later approved by the board. Goals for other employees are established by each employee's manager.

Long-term share-based remuneration
For long-term variable remuneration programs, it has been the board's ambition to create a structure that commits the employees and is based on the long-term development of Investor, in which one part of remuneration to employees is related to the long-term performance of Investor and the Investor share and the employee is exposed to share price increases and decreases.

In 1999, Investor introduced the principle that part of an employee's remuneration is to be connected to the company's long-term share price development. The principle has encompassed all employees since 2000. From 1999 to 2005, this has been carried out mainly in the form of employee stock option programs[1].

A combined employee stock option and restricted stock program was introduced for senior executives for 2004 and 2005.

In 2006, a Stock Matching Plan was introduced for all Investor employees, as well as a performance-based share program for top management. "Top management" is defined as the President, other members of the Management Group and about 15 other senior executives in the company ("Senior Management"). The 2007 program corresponds in all material respects to the program for 2006.

For all programs introduced as of 2004, the board's decision has been conditional on the Annual General Meeting approving the scope and basic principles for each program. The programs are described below.

2006–2007
The programs consist of the following two components:

1) Stock Matching Plan in which all employees may participate.
In the Stock Matching Plan, an employee could acquire shares in Investor at the market price during a two-week period, determined by the board, after the release of Investor's first quarterly report in 2007 and 2006, respectively (the "Measurement Period"). After a three-year vesting period, two options (Matching Options) will be granted for each Investor share acquired by the employee, as well as a right to acquire one Investor share (Matching Share) for SEK 10. The Matching Share may be acquired during a four-year period after the vesting period[2]. Each Matching Option entitles the holder to purchase one Investor share, during the corresponding period, at a strike price corresponding to 120 percent of the average volume-weighted price paid for Investor shares during the Measurement Period.

The President, the other executives and approximately 15 other senior employees within Investor ("Senior Management") are obligated to invest at least 5 percent of their basic salary in Investor shares according to the Stock Matching Plan. Other employees are not obligated to invest but have a right to invest to such an extent that the value of the allotted Matching Options and Matching Shares amounts to maximum 10 or 15 percent of basic salary. Senior Management has the right to invest to such an extent that the value of the allotted Matching Options and Matching Shares amounts to maximum between 10 and 20 percent of their respective basic salary.

In order to participate fully in the Stock Matching Plan, the President has to invest approximately 21 percent of basic salary in Investor shares. If the President, through the investment mentioned above, participates fully in the Stock Matching Plan, the theoretical value of the right to receive a Matching Share and two Matching Options per acquired share under the Stock Matching Plan is 20 percent of the basic salary.

2) Performance-Based Share Program, in which Senior Management participates in addition to the Stock Matching Plan
Under this program, Senior Management, after a three-year vesting period, has the right during four years to acquire additional Investor shares ("Performance Shares") for SEK 10 per share. This is conditional upon whether certain financial goals relating to the development of Investor's net asset value (NAV) and the total return on the Investor shares (TSR) are met during the vesting period.

Two-thirds of the turnout is dependent on the development of Investor's

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

2) For as long as he is employed, the President has a longer lockup period following the vesting period for both Matching Shares and Performance Shares. This means that he can be prevented from utilizing the opportunity to acquire shares before the end of the four-year period. However, in such cases, the period during which he can acquire the shares is extended.

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

	2007			2006		
Instrument	Matching Share	Matching Option	Performance Share	Matching Share	Matching Option	Performance Share
Averaged volume-weighted price paid for Investor B-shares	176.74	176.74	176.74	129.93	129.93	129.93
Strike price	10.00	212.00	10.00	10.00	155.90	10.00
Assumed volatility[1]	20%	20%	20%	20%	20%	20%
Assumed average term	5 years	5 years	5 years	5 years	5 years	5 years
Assumed percentage of dividend [2]	0%	3%	0%	0%	3%	0%
Risk-free interest	3.82%	3.82%	3.82%	3.08%	3.08%	3.08%

1) The assumed volatility was based on future forecasts based on the historical volatility of Investor B-shares, in which the term of the instrument is an influencing factor. The historical volatility has been in the interval of 15 to 30 percent.
2) The dividend for Matching Shares and Performance Shares is compensated for by increasing the number of shares.

NOTE 5 cont'd Employees and payroll costs

Summary of terms for the 2006–2007 long-term share-based remuneration programs

Matching Shares 2006–2007

Year issued	Holder[1]	Number of Matching Shares granted	Number at the beginning of the year	Adjustment for dividend	Matching Shares forfeited in 2007	Number of Matching Shares on December 31, 2007	Percentage of total outstanding shares	Number of vested Matching Shares	Theoretical value[2]	Fair value[3]	Strike price	Maturity date	Vesting period (years)
2006	MG	31,038	31,038	901	–	31,939	0.00%	–	109.19	121.34	10.00	12–12–31	3
2006	OSE	11,593	11,593	319	1,724	10,188	0.00%	–	109.19	121.34	10.00	12–12–31	3
2006	OE	52,866	52,866	1,432	6,183	48,115	0.01%	–	109.19	121.34	10.00	12–12–31	3
2007	MG	23,845[4]	–	–	–	23,845	0.00%	–	150.91	168.48	10.00	13–12–31	3
2007	OSE	9,354	–	–	772	8,582	0.00%	–	150.91	168.48	10.00	13–12–31	3
2007	OE	36,995	–	–	2,191	34,804	0.01%	–	150.91	168.48	10.00	13–12–31	3
		165,691	**95,497**	**2,652**	**10,870**	**157,473**	**0.02%**	**–**					

1) MG = Management Group, OSE = Other senior executives, OE = Other employees.
2) The value of Matching Shares on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model.
3) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values.
See above for specification of the basis of calculation.
4) Of which 8,652 were granted to the President.

Matching Options 2006–2007

Year issued	Holder[1]	Number of Matching Options granted	Number at the beginning of the year	Number of Matching Options forfeited in 2007	Number of Matching Options on December 31, 2007	Percentage of total outstanding shares	Number of vested Matching Options	Theoretical value[2]	Fair value[3]	Strike price	Maturity date	Vesting period (years)
2006	MG	62,076	62,076	–	62,076	0.01%	–	15.62	12.47	155.90	12–12–31	3
2006	OSE	23,186	23,186	3,386	19,800	0.00%	–	15.62	12.47	155.90	12–12–31	3
2006	OE	105,732	105,732	12,216	93,516	0.01%	–	15.62	12.47	155.90	12–12–31	3
2007	MG	47,690[4]	–	–	47,690	0.01%	–	22.80	18.84	212.00	13–12–31	3
2007	OSE	18,708	–	1,544	17,164	0.00%	–	22.80	18.84	212.00	13–12–31	3
2007	OE	73,990	–	4,381	69,609	0.01%	–	22.80	18.84	212.00	13–12–31	3
		331,382	**190,994**	**21,527**	**309,855**	**0.04%**	**–**					

1) MG = Management Group, OSE = Other senior executives, OE = Other employees.
2) The value of Matching Options on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model.
3) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values.
See above for specification of the basis of calculation.
4) Of which 17,304 were granted to the President.

Performance Shares 2006–2007

Year issued	Component and holder[1]	Maximum number of Performance Shares granted	Number at the beginning of the year	Adjustment for dividend	Performance Shares forfeited in 2007	Number of Performance Shares on December 31, 2007	Percentage of total outstanding shares	Number of vested Performance Shares	Theoretical value[2]	Fair value[3]	Strike price	Maturity date	Vesting period (years)
2006	NAV MG	88,192	88,192	2,582	–	90,774	0.01%	–	52.74	121.34	10.00	12–12–31	3
2006	NAV OSE	35,580	35,580	986	5,339	31,227	0.00%	–	52.74	121.34	10.00	12–12–31	3
2006	TSR MG	45,194	45,194	1,290	–	46,484	0.01%	–	51.59	57.03	10.00	12–12–31	3
2006	TSR OSE	18,232	18,232	493	2,669	16,056	0.00%	–	51.59	57.03	10.00	12–12–31	3
2007	NAV MG	63,396[4]	–	–	–	63,396	0.01%	–	79.83	168.48	10.00	13–12–31	3
2007	NAV OSE	26,934	–	–	2,288	24,646	0.00%	–	79.83	168.48	10.00	13–12–31	3
2007	TSR MG	34,424	–	–	–	34,424	0.01%	–	73.68	82.55	10.00	13–12–31	3
2007	TSR OSE	14,626	–	–	1,144	13,482	0.00%	–	73.68	82.55	10.00	13–12–31	3
		326,578	**187,198**	**5,351**	**11,440**	**320,489**	**0.04%**	**–**					

1) MG = Management Group, OSE = Other senior executives.
2) The value of Performance Shares on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model.
3) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values.
See above for specification of the basis of calculation.
4) Of which 38,404 were granted to the President.

The difference between the theoretical value and fair value is mainly due to the fact that the anticipated personnel turnover is taken into consideration when determining the theoretical value. When estimating the fair value in accordance with IFRS 2, personnel turnover is not taken into account; instead the anticipated number of vested shares or options is adjusted. According to the definition in IFRS 2 Share-based Payment, the NAV component is a so-called "non-market condition". The difference between the fair value (IFRS 2) and theoretical value of shares granted on the basis of the NAV component is because the theoretical value takes into consideration the probability of full allocation in the valuation. When estimating in accordance with IFRS 2, the corresponding probability is taken into account by adjusting the anticipated number of vested shares.

net asset value. Investor's average yearly development of the net asset value, including dividends, must exceed the interest on 10-year government bonds by more than 8 percentage points to give Senior Management the right to acquire the highest amount of Performance Shares, which is dependent on the development of the net asset value. There will be no allotment of Performance Shares related to the development of the net asset value if the development of the net asset value does not exceed the 10-year interest on government bonds by at least 2 percentage points. If the development is between the 10-year interest on government bonds plus 2 percentage points and the 10-year interest on government bonds plus 8 percentage points, a proportional (linear) allotment will occur. The development of the net asset value during the three-year vesting period is measured as the average during three quarters in the beginning of the period, compared with the average during three quarters at the end of the period.

NOTE 5 cont'd Employees and payroll costs

One-third of the turnout is dependent upon the total return on the Investor share. Investor's annual running total return, including reinvested dividends, must exceed the development of the share index called SIXRX Total Return by more than 4 percentage points to give Senior Management the right to acquire the highest amount of Performance Shares, which are dependent on the total return. There will be no allotment of Performance Shares related to the total return if the total return does not develop at least in parity with the SIXRX Total Return index. If the total return is between the SIXRX Total Return and SIXRX Total Return plus 4 percentage points, a proportional (linear) allotment will occur. The total return will be measured quarterly on a running 12-month basis over a three-year period. The outcome is estimated as the average during the three years based on the 12 measurement points.

To obtain a total maximum outcome for the Performance Shares, it is required that Investor exceeds the upper limit for both the development of net asset value as well as the total relative return.

The final number of Performance Shares obtained is dependent on the outcome of the performance requirements, but could not, at allotment in 2007, exceed the preset highest number (limit).

When designing the programs with Matching Shares, Matching Options and Performance Shares issued in 2006-2007, it was taken into consideration that employees are taking an investment risk through the requirement that they must own the Investor shares during the vesting period.

Employee stock option programs 2000-2005

In employee stock option programs, Investor issues call options giving the option holder the right to purchase an equivalent number of shares at a predetermined price. The term of the programs is seven years and the vesting period is linked to three years of consecutive employment. The employee stock options were granted free of charge but were part of the total remuneration package for employees. In general, the options can only vest and be exercised during the time the holder is employed with the company and a short period after employment ends, with the exception of former employees who have a board assignment from Investor. The principle is that the total number of options granted shall be in proportion 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 approved the issue of employee stock options from 2000 to 2005.

The number of outstanding employee stock options for the 2000-2005 programs totals 2,914,108, corresponding to 0.38 percent of the number of outstanding shares in Investor, which totaled 767,175,030 on December 31, 2007. The value of the issued employee stock options was estimated in accordance with the Black & Scholes valuation model. The value of an option was calculated on an assumed volatility of 20–30 percent. The assumed volatility was based on future forecasts and the historical volatility of Investor B-shares. The options have a term of seven years that has been adjusted for assumptions about premature exercises. In the valuation, special limitations to the exercise rights related to the fulfillment of goals, which have been established for some stock option programs, have not been taken into account.

Options issued for 2000-2005 covered all personnel and replaced an earlier bonus program that was linked to the performance of Investor shares in relation to the OMX Index. The total number of employee stock options for allocation was determined on the basis of the current payroll of the company. For senior executives, a number of options were granted whose calculated theoretical value corresponds to 10–70 percent of basic salary. The strike price for employee stock options in the 2000-2004 programs was set at 110 percent of the share price on the day after Investor's year-end report was released. The strike price for employee options in the 2005 program was set at 110 percent of the average volume-weighted price paid for the Investor B share during the period April 12 to April 18, 2005.

In 2004, the board of directors decided to launch a combined employee stock option and restricted stock program for senior executives, starting that year. The program consists of about 60 percent shares and about 40 percent options. The board's decision was based on information prepared by the Remuneration Committee. Implementation of the program was subject to the approval of the Annual General Meeting.

The allocation of employee stock options and shares constitutes part of the agreed remuneration framework for senior executives. The value of the granted options and restricted stock corresponds to 10–60 percent of a senior executive's basic salary. The stock option component of the program is designed in the same way, and with the same terms, as the program for other employees. For the shares to vest, a senior executive must be continuously employed 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, except former employees who may still have a board assignment from Investor.

As opposed to previous years, the final number of granted employee stock options was determined for 2005 after year-end, and depended on each employee's fulfillment of goals, using the same criteria as described in "Variable salary" above.

Accounting effects of employee stock option and share programs

Costs reported for the year for employee stock option and share programs amounted to SEK 17 m. (55). The amount includes costs estimated according to the principles in IFRS 2 for equity-settled programs and costs for social security contributions for the programs. Costs for social security contributions are calculated and allocated in accordance with a statement from the Swedish Financial Reporting Board (UFR 7).

The value of Performance Shares granted in accordance with the 2006 and 2007 Stock Matching Plan is based on a fair value calculated with the Black & Scholes valuation model. For Performance Shares linked to

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

Year issued	Holders[1]	Number of granted shares	Number at beginning of year	Value on grant date	Fair value[2]	Number of shares forefeited in 2007	Number of shares on December 31, 2007	Percentage of total outstanding shares	Number of vested shares	Maturity date	Vesting period (years)
2004	MG	74,000	67,800	77.00[3]	77.00	–	67,800	0.01%	22,600	09–01–20	5[4]
2005	MG	58,331	53,385	97.04[5]	97.04	–	53,385	0.01%	–	10–01–21	5[4]
Total	**132,331**		**121,185**			**–**	**121,185**	**0.02%**	**22,600**		

1) MG = Management Group.
2) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values.
3) Closing price for the Investor share the day after Investor's year-end report was released.
4) One-third of the number of granted shares are not considered vested until three years after the grant date, after which one-third vests during each of the two subsequent years. Shares granted on the grant date carry the right to receive and have access to the vested shares not until five years after they granted.
5) Average volume-weighted price paid for the Investor B share on the Stockholm Stock Exchange during the period April 12 to April 18, 2005.

NOTE 5 cont'd Employees and payroll costs

Summary of terms for long-term employee stock option programs 2000–2005

Year issued	Holder[1]	Number of options granted	Number of options exercised at the beginning of the year	Number of options forfeited at the beginning of the year	Number of options at the beginning of the year	Options exercised during 2007	Weighted average share price on exercise date	Options forfeited during 2007	Number of options on December 31, 2007	Percentage of total outstanding shares	Number of vested, not exercised options on December 31, 2007	Theoretical value[2]	Fair value[3]	Strike price	Maturity date	Vesting period (years)
2000	MG	405,529	252,805	44,410	108,314	108,314	173.57	–	–	0.00%	–	38.73	–	136.40	07–02–11	3[4]
2000	OE	380,400	144,043	199,300	37,057	37,057	171.18	–	–	0.00%	–	38.73	–	136.40	07–02–11	3[4]
2001	MG	609,900	48,700	98,300	462,900	190,700	174.93	–	272,200	0.04%	272,200	31.83	–	153.00	08–02–11	3[4]
2001	OE	566,200	22,500	266,000	277,700	152,000	171.05	3,900	121,800	0.01%	121,800	31.83	–	153.00	08–02–11	3[4]
2002	MG	389,000	33,200	–	355,800	206,100	177.32	–	149,700	0.02%	149,700	18.08	–	121.55	09–02–11	3[4]
2002	OE	795,750	240,733	192,517	362,500	177,400	171.92	–	185,100	0.02%	185,100	18.08	–	121.55	09–02–11	3[4]
2003	MG	1,081,000	350,000	–	731,000	335,000	157.01	–	396,000	0.05%	396,000	8.21	7.00	52.50	10–02–11	3[4]
2003	OE	2,606,436	1,227,027	803,771	575,638	229,579	171.54	–	346,059	0.05%	346,059	8.21	7.00	52.50	10–02–11	3[4]
2004	MG	221,900	24,366	6,200	191,334	–	–	–	191,334	0.02%	191,334	15.80	13.74	84.70	11–01–20	3[4]
2004	OE	1,079,649	297,820	118,342	663,487	207,919	171.64	5,834	449,734	0.06%	449,734	15.80	13.74	84.70	11–01–20	3[4]
2005	MG	164,565	4,750	9,500	150,315	–	–	4,318	145,997	0.02%	100,208	19.00	15.20	106.70	12–01–20	3[4]
2005	OE	1,008,469	93,735	102,300	812,434	123,172	170.88	33,078	656,184	0.09%	395,020	19.00	15.20	106.70	12–01–20	3[4]
Total		**9,308,798**	**2,739,679**	**1,840,640**	**4,728,479**	**1,767,241**		**47,130**	**2,914,108**	**0.38%**	**2,607,155**					

1) MG = Management Group, OE = Other Employees
2) The value of options on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model. The volatility parameter has been adjusted to take into account the special limitations to disposal rights that are valid for long-term employee stock option programs.
3) The fair value of options on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values.
4) One-third of the number of issued options is considered to be vested during each of the three years immediately following the years the options were granted. Thus, of the options granted in 2005, one-third can be exercised after January 21, 2006. If employment ends, options that have already vested must be exercised within three months from the date employment was terminated. As of the 2002 option program, the exercise period has been extended 12 months if a holder has been employed more than four years.

requirements for a certain development of the net asset value, the same fair value as that for Matching Shares is used for accounting and distribution in accordance with IFRS 2. The probability that the goal for developing the net asset value will be fulfilled has been taken into consideration when calculating the cost in accordance with IFRS 2 by adjusting the anticipated number of vested shares. For performance shares depending on the total return of Investor shares, the probability that the goal will be fulfilled has been taken into consideration in the calculation of fair value, which is made on the grant date and provides the basis for accounting and distribution in accordance with IFRS 2.

When options are exercised, equity is negatively affected by the difference between the market value of the shares and the strike price of the options. This is because Investor, instead of issuing new shares, has chosen instead to repurchase shares that are subscribed for by the employees. The effect on equity for the year, as a result of exercise transactions, amounted to SEK –121 m. (–113). 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 long-term share-based remuneration programs issued to the Group's employees in the Parent Company. In 2007, the costs for long-term share-based remuneration programs for employees in the Parent Company amounted to SEK 16 m. (45), including social security contributions.

Hedge contracts for long-term share-based remuneration programs
Investor's policy is to implement measures to minimize the effects of an increase in Investor's share price. For programs up to and including 2005, Investor has used share swaps and share options as hedging instruments that are recognized at fair value according to the rules for derivatives (IAS 39) because such swaps and share options do not qualify for hedge accounting. With the hedging solution, long-term employee stock option and share programs do not affect the actual number of outstanding shares in Investor; instead, there is a theoretical dilution effect because of the programs. The number of hedged options depends on the total number of outstanding options and the probability that these options will be exercised. At year-end 2007, the weighted average price in outstanding hedging contracts was SEK 128.18 (130.72). During 2007, the hedging contracts had a negative effect on net financial items amounting to SEK 94 m. (–194), which consisted mostly of unrealized changes in value (see also "Note 1 Accounting policies"). For programs implemented as of 2006, Investor has been repurchasing its own shares to guarantee delivery.

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 1,377,000) and the option to choose BTP's alternative special defined contribution pension plan for managers with an annual salary above 10 basic amounts.
- A defined contribution pension plan based on special pension regulations ("Särskilt Pensionsreglemente") on parts of salary above 20 basic amounts. The amount of the pension provision depends on age and is currently 25 percent until the age of 40; 30 percent between 41 and 50 years; and 35 percent over 51. Only basic salary is used to establish the annual pension premium. Each person who will receive a pension decides on a suitable type together with his or her employer, based on current pension practice. The retirement age is 60 years for the President and other senior executives.

Henry E. Gooss, who is employed by Investor's subsidiary in the United States, 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 option to choose BTP's alternative special defined contribution pension plan on parts of salary between 7.5 and 30 basic amounts.

Other remuneration and benefits
Profit-sharing program for active portfolio management
For Investor's active portfolio management there is a profit-sharing program in which employees receive variable salary corresponding to 20 percent of the unit's profit, after deduction for financial and administrative expenses.

The program is conditional upon positive profit growth over a two-year period, during which any losses are taken into account in the following financial year. The calculation of the result – the platform for the profit sharing – is based on the fair value of the security holdings.

NOTE 5 cont'd Employees and payroll costs

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 10 m. (57), and SEK 3 m. (19) in social security contributions, were expensed during the year in addition to what is reported in the table on page 76. The expensed amount for the profit-sharing programs in 2006 and 2007, a total of SEK 67 m., shall be put in relation to the profit-sharing-based trading result totaling SEK 328 m. for these two fiscal years. Since profit sharing is a direct function of value generation, costs are included under the heading "Changes in value" in the income statement.

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 Investments. 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 remuneration for the employee.

Other benefits
In operations in Sweden, Investor offers employees a number of non-monetary benefits, including corporate medical service, medical insurance, subsidized lunches, employee fitness programs and the possibility to rent vacation homes. Employees with small children have the possibility to have home help in the form of cleaning and babysitting services.

Amounts of remuneration paid to the board, top management and other senior executives
The persons who are members of "Top management" are defined in this note on page 77. For Investor, the term "Other senior executives" refers to Management Group members, excluding the President. At year-end 2007, the Management Group comprised five men and one woman. The amounts in the table are calculated according to the accruals concept, in which the terms basic salary and variable salary refer to expensed amounts, including any changes to the reserve for variable salary, vacation pay provisions, etc. Variable salary refers to the decided variable salary for the current financial year, unless specified otherwise.

Total remuneration for 2007 (SEK 000s)	Basic salary	Variable salary for the year	Theoretical value of granted long-term share-based remuneration[1]	Total salary	Pension costs excluding payroll tax[2]	Other remuneration and benefits	Board fee[3]	Total remuneration
Top management								
Jacob Wallenberg							2,188	**2,188**
Börje Ekholm	8,260[4]	2,781	4,500	**15,541**	2,565	636		**18,742**
Other board members								
Sune Carlsson							687	**687**
Sirkka Hämäläinen							625	**625**
Håkan Mogren							625	**625**
Grace Reksten Skaugen							563	**563**
Anders Scharp						1	563	**564**
O. Griffith Sexton							563	**563**
Lena Treschow Torell							500	**500**
Peter Wallenberg Jr							625	**625**
Former board members and presidents								
Björn Svedberg[5]						746		**746**
Peter Wallenberg					15,037			**15,037**
Others					3,263	1,575		**4,838**
Other senior executives								
Management Group, excluding the President[6]	16,331	7,763	7,242	**31,336**	4,217	487		**36,040**
	24,591	**10,544**	**11,742**	**46,877**	**25,082**	**3,445**	**6,939**	**82,343**

1) The theoretical value of granted options has been calculated in accordance with the Black & Scholes valuation model. For 2007, the theoretical value of Matching Options has been calculated at SEK 22.80 per option on the grant date. The theoretical value of Matching Shares has been calculated at SEK 150.91 per share and for Performance Shares SEK 79.83 (NAV) and SEK 73.68 (TSR) per share. The presented total theoretical value of granted long-term share-based remuneration has been reduced by SEK 24.02 per Matching Share to take into account the investment risk taken by an employee.
2) Outstanding pension commitments for Peter Wallenberg decreased with pensions paid during the year and were adjusted for valuation in accordance with IFRS principles. Pension commitments amounted to SEK 120,592,000 at year-end. Outstanding pension commitments for former board members and presidents total SEK 39,520,000. There are no outstanding pension commitments for top management members and other senior executives.
3) In accordance with the decision made by the Annual General Meeting, total board fees were allocated as follows: SEK 1,875,000 to the chairman, SEK 500,000 to each board member not employed by the company, and a total of SEK 1,063,000 as remuneration for work on the committees of the board. See the Corporate Governance Report for more information about related remuneration for work on the committees of the board.
4) The amount includes a basic salary of SEK 7,500,000 and a change of SEK 760,000 in the reserve for vacation pay provisions.
5) "Other remuneration and benefits" refers to remuneration paid for special assignments for Investor concerning Hi3G.
6) Henry E. Gooss, Johan Forsell, Lennart Johansson, Lars Wedenborn until September 16, 2007, Petra Hedengran as of March 1, 2007 and Johan Bygge as of September 1, 2007.

As a result of realized gains in parallel investment programs (carried interest plans, see also "Note 30 Related party disclosures"), other senior executives in the Private Equity Investments business area have received SEK 11,999,000 (13,588,000).

NOTE 5 cont'd Employees and payroll costs

Total remuneration for 2006 (SEK 000s)	Basic salary	Variable salary for the year[1]	Theoretical value of granted long-term share-based remuneration[2]	Total salary	Pension costs excluding payroll tax[3]	Other remuneration and benefits	Board fee[4]	Total remuneration
Top management								
Jacob Wallenberg							2,125	**2,125**
Börje Ekholm	6,763	2,533	3,300	**12,596**	2,055	438		**15,089**
Other board members								
Sune Carlsson							687	**687**
Sirkka Hämäläinen							563	**563**
Håkan Mogren							625	**625**
Grace Reksten Skaugen							563	**563**
Anders Scharp						0	563	**563**
O. Griffith Sexton							563	**563**
Peter Wallenberg Jr							625	**625**
Former board members and presidents								
Björn Svedberg[5]						720	625	**1,345**
Peter Wallenberg					14,820			**14,820**
Others					3,485	1,241		**4,726**
Other senior executives								
Management Group, excluding the President[6]	17,682	11,661	7,478	**36,821**	4,623	591		**42,035**
	24,445	**14,194**	**10,778**	**49,417**	**24,983**	**2,990**	**6,939**	**84,329**

1) In the financial statements for a fiscal year, a provision is made for variable salary for the current 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.
2) The theoretical value of granted options has been calculated in accordance with the Black & Scholes valuation model. For 2006, the theoretical value of Matching Options has been calculated at SEK 15.62 per option on the grant date. The theoretical value of Matching Shares has been calculated at SEK 109.19 per share and for Performance Shares SEK 52.74 (NAV) and SEK 51.59 (TSR) per share. The presented total theoretical value of granted long-term share-based remuneration has been reduced by SEK 18.95 per Matching Share to take into account the investment risk taken by an employee.
3) Outstanding pension commitments for Peter Wallenberg decreased with pensions paid during the year and were adjusted for valuation in accordance with IFRS principles. Pension commitments amounted to SEK 133,313,000 at year-end. Outstanding pension commitments for former board members and presidents total SEK 35,009,000. There are no outstanding pension commitments for top management members and other senior executives.
4) In accordance with the decision made by the Annual General Meeting, total board fees were allocated as follows: SEK 1,875,000 to the chairman, SEK 500,000 to each board member not employed by the company, and a total of SEK 1,063,000 as remuneration for work on the committees of the board. See the Corporate Governance Report for more information about related remuneration for work on the committees of the board.
5) "Other remuneration and benefits" refers to special assignments for Investor concerning Hi3G.
6) Adine Grate Axén until September 30, 2006, Henry E. Gooss, Johan Forssell, Lennart Johansson and Lars Wedenborn.

NOTE 6 Fees and expenses for auditors

	2007	2006
Group		
Auditing assignments		
KPMG	6	9
Ernst & Young	0	0
Other assignments		
KPMG	1	1
Ernst & Young	0	0
Total	**7**	**10**
Parent Company		
Auditing assignments		
KPMG	3	6
Ernst & Young	0	0
Total	**3**	**6**

When providing information about fees and expenses for auditors, the classification of auditing assignments and other assignments has been applied in accordance with the accounting recommendation (RedR1) issued by FAR SRS, the institute for the accountancy profession in Sweden. Audit assignment is defined as the audit of the annual financial statements, the administration of the Board of Directors and the President, other tasks resting upon the auditor as well as consulting and other assistance, which have been initiated by the findings in performing the audit work or implementation of such tasks. All other work is referred to as other assignments.

NOTE 7 Operating leases

Non-cancelable lease payments amount to:

	2007	2006
Group		
Not later than one year	12	33
Later than one year and not later than five years	22	93
Later than five years	3	8
Total	**37**	**134**
Costs for the year		
Minimum lease payments	11	25
Contingent rent	1	2
Total	**12**	**27**

NOTE 8 Investments in associates in operating investments

Specification of carrying amount using the equity method

	12/31 2007	12/31 2006
Group		
At the beginning of the year	3,713	463
Acquisitions	3,661	5,313
Reclassifications	56	–
Share of results of associates[1]	–1,544	–1,872
Translation differences, etc.	77	–191
Carrying amount at year-end	**5,963**	**3,713**

Specification of investments in associates

				Investor's share of				
12/31 2007 Associate, registered office, registration number	Number of shares	Share of voting power%	Proportion of equity%	Assets[2]	Liabilities[2]	Equity[3]	Revenue[4]	Profit/loss for the year[1]
Group								
Operating Investments:								
Rotca Sweden AB, Stockholm, 556723–5949[5]	331,766,743	47	59	18,652	16,350	2,302	2,834	–332
Indap Sweden AB, Stockholm, 556678–4111[5]	490,000	49	49	19,398	16,255	3,143	6,708	–326
Hi3G Holdings AB, Stockholm, 556619–6647[5]	40,000	40	40	5,655	5,312	343	1,822	–908
Kunskapsskolan i Sverige Holding AB, Stockholm, 556691–3066[5]	12,000	30	30	138	134	4	0	0
EQT Partners AB, Stockholm, 556233–7229	1,550	31	31	57	36	21	171	19
Novare Holding AB, Stockholm, 556694–6066	200	50	50	26	16	10	27	3
Blasieholmen 54 Restaurang AB, Stockholm, 556706–6963	500	50	50	5	3	2	10	0
Total investments in associates				**43,931**	**38,106**	**5,825**	**11,572**	**–1,544**

				Investor's share of				
12/31 2006 Associate, registered office, registration number	Number of shares	Share of voting power%	Proportion of equity%	Assets[2]	Liabilities[2]	Equity[3]	Revenue[4]	Profit/loss for the year[1]
Group								
Operating Investments:								
Indap Sweden AB, Stockholm, 556678–4111[5]	490,000	49	49	22,244	18,841	3,403	3,647	–630
Hi3G Holdings AB, Stockholm, 556619–6647[5]	40,000	40	40	5,669	5,439	230	3,142	–1,242
Novare Holding AB, Stockholm, 556694–6066	200	50	50	22	17	5	20	0
Total investments in associates				**27,935**	**24,297**	**3,638**	**6,809**	**–1,872**

1) Profit/loss for the year refers to the participating interest in the company's results after tax including the equity component in the change in untaxed reserves for the year and after adjustments in accordance with Investor's accounting policies and evaluation principles.
2) Assets and liabilities refer to the ownership interest in the assets and liabilities of the company and after adjustments in accordance with Investor's accounting policies and evaluation principles.
3) Equity refers to the ownership interest in the equity of a company including the equity component in untaxed reserves and after adjustments in accordance with Investor's accounting and evaluation principles. For the year 2006, equity has been adjusted for capital contributions in December.
4) Revenue refers to the ownership interest in the company's net sales.
5) Reported with one month's delay.

NOTE 9 Net financial items

	2007	2006
Group		
Interest income		
-financial assets recognized at fair value - fair value option	561	380
-derivatives used in hedge accounting	32	275
-bank deposits	10	8
Net profit (change in value)		
-financial assets recognized at fair value - fair value option	1	15
-financial assets/liabilities held for trading	–	424[1]
-derivatives used in hedge accounting	119	–
-financial liabilities valued at amortized cost, including those accounted for as hedges	–	555
-exchange rate changes	6	28
Total financial income	**729**	**1,685**
Interest expense		
-financial assets/liabilities held for trading	–67	–183
-financial liabilities valued at amortized cost	–911	–856
-other	–11	–11
Net loss (change in value)		
-financial assets/liabilities held for trading	–3[1]	–
-derivatives used in hedge accounting	–	–777
-financial assets valued at amortized cost, including those accounted for as hedges	–203	–
-from sale of subsidiaries	–1	–7
Other financial items	–17	–2
Total financial expense	**–1,213**	**–1,836**
Net financial items	**–484**	**–151**
Of which financial assets and liabilities not measured at fair value through profit or loss:		
Interest income	10	8
Interest expense	–922	–867
Exchange rate results	–158	1,490

Derivatives included in cash flow hedges are not recognized in the income statement and have affected equity by SEK –200 m. (6).

Net financial items in 2007 were affected by gains/losses on hedged loans totaling SEK –110 m. and the associated hedged instruments by SEK 119 m.

1) Of which change in the value of employee stock option hedges SEK –94 m. (194).

NOTE 10 Taxes

Tax for the year

	2007	2006
Group		
Current tax expense	–159	–239
Deferred tax expense relating to changes in temporary differences	3	–90
Total	**–156**	**–329**

Parent Company
The Parent Company reported no tax expenses for 2007 and 2006.

Information about the connection between tax expense for the period and reported income before tax:

	2007	2006
Group		
Reported loss/profit before taxes	–211	28,815
Tax according to applicable tax rate, 28%	59	–8,068
Effect of other tax rates for foreign subsidiaries	1,148	647
Tax from previous years	–3	–2
Tax effect of non-taxable income and status as an industrial holding company[1]	–1,214	7,348
Tax effect of non-deductible expenses	–77	–34
CFC taxation	–69	–220
Use of previously uncapitalized tax losses	–	0
Reported tax expense	**–156**	**–329**

1) For tax purposes, industrial holding companies may deduct the dividend approved at the subsequent Annual General Meeting. Capital gains are not taxable while capital losses are not deductible. Industrial holding companies are taxed on a standardized basis.

Deferred taxes

Deferred taxes consist of the following assets and liabilities:

	12/31 2007	12/31 2006
Group		
Deferred tax assets		
Provisions	–	0
Accrued expenses	4	5
Financial assets	2	2
Property, plant and equipment	–	1
Other	7	6
Total deferred tax assets	**13**	**14**
Provisions for deferred tax liabilities		
Property, plant and equipment	305	280
Tax allocation reserves	360	339
Other	0	–
Total deferred tax liabilities	**665**	**619**
Net receivable/liability	–652	–605

Unreported deferred tax assets
Taxes relating to deductible, temporary differences for which deferred tax assets have not been reported in the income statement and balance sheet amounted to SEK 100 m. on December 31, 2007 (94). The amount refers to premiums paid for pension solutions for future pension payments.

Change in deferred taxes in temporary differences and unused tax losses

12/31 2007	Amount at the beginning of the year	Recognized in the income statement	Recognized in equity	Amount at year-end
Group				
Provisions	0	0	–	–
Accrued expenses	5	–1	–	4
Financial assets	2	0	–	2
Property, plant and equipment	–279	24	–50	–305
Tax allocation reserves	–339	–21	–	–360
Other	6	1	–	7
Total	**–605**	**3**	**–50**	**–652**

According to Investor's assessment, the disclosure requirements in IAS 1.52 regarding maturity dates do not apply to deferred tax assets/deferred tax liabilities, since it is usually uncertain when a deferred tax results in a payment. These are considered as non-current assets and liabilities.

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NOTE 11 Earnings per share

Basic earnings per share
The calculation of earnings per share for 2007 was based on profit/loss for the year attributable to the holders of ordinary shares in the Parent Company amounting to SEK –365 m. (28,468), and on a weighted average number of outstanding shares amounting to 765,982,153 during 2007 (766,755,030).

	2007	2006
Group		
Loss/profit for the year attributable to the holders of ordinary shares in the Parent Company	–365	28 468
Weighted average number of ordinary shares outstanding during the year, millions	766.0	766.8
Basic earnings per share	**–0.48**	**37.13**

Change in the number of outstanding shares, before dilution, millions	2007	2006
Total number of outstanding shares at beginning of the year	766.5	767.2
Repurchases of own shares during the year	–0.7	–0.7
Total number of outstanding shares at year-end	**765.8**	**766.5**

Diluted earnings per share
The calculation of diluted earnings per share for 2007 was based on profit/loss for the year attributable to the holders of ordinary shares in the Parent Company amounting to SEK –365 m. (28,468) and on a weighted average number of shares amounting to 767,844,115 during 2007 (768,769,504).

	2007	2006
Group		
Loss/profit for the year attributable to the holders of ordinary shares in the Parent Company	–365	28 468
Loss/profit for the year attributable to the holders of ordinary shares in the Parent Company, diluted	–365	28 468
Weighted average number of outstanding ordinary shares, millions	766.0	766.8
Effect of issued:		
employee stock option programs, millions	–	1.9
share programs, millions	–	0.1
stock matching plans, millions	–	0.0
Number of shares used for the calculation of diluted earnings per share, millions	766.0	768.8
Diluted earnings per share	**–0.48**	**37.03**

Instruments that are potentially dilutive in the future and changes after the balance sheet date
Investor has outstanding Matching Options whose strike price exceeded the average share price for ordinary shares in 2007 (SEK 166.82 per share). These potential ordinary shares are considered non-dilutive, when the result is a net profit, and have therefore not been included in the calculation of diluted earnings per share. If the average share price exceeds the strike price in the future, these options will be dilutive. Performance Shares will only be dilutive if the performance terms and conditions are met on the balance sheet date. When the calculation of earnings per share is based on a net loss, which was the case in 2007, all potential ordinary shares that can be dilutive are excluded from the calculation since the loss per share in this case will be lower before, than after, dilution. There have been no changes in the number of outstanding shares after the balance sheet date.

NOTE 12 Intangible assets

	12/31 2007	12/31 2006
Group/Parent Company		
Accumulated cost		
Opening balance	9	4
New purchases	4	5
Reclassifications	–5	–
	8	**9**
Accumulated depreciation		
Opening balance	–	–
Depreciation for the year	–1	–
	–1	**–**
Carrying amount at year-end	**7**	**9**

Intangible assets refer to capitalized expenditures for software.

NOTE 13 Equipment

	12/31 2007	12/31 2006
Group		
Accumulated costs		
Opening balance	804	616
New purchases	61	188
Sales and disposals	–3	–21
Reclassifications	–48	26
Exchange rate differences	–1	–5
	813	**804**
Accumulated depreciation		
Opening balance	–350	–320
Sales and disposals	2	9
Reclassifications	20	4
Depreciation for the year	–49	–46
Exchange rate differences	1	3
	–376	**–350**
Accumulated impairment losses		
Opening balance	–1	–1
Depreciation for the year	1	–
	0	**–1**
Carrying amount at year-end	**437**	**453**

The year's depreciation amounts to SEK –49 m. (–46) and is reported in the income statement under the headings "Operating costs" SEK –14 m. (–14) and "Cost of services sold" SEK –35 m. (–32).

	12/31 2007	12/31 2006
Parent Company		
Accumulated costs		
Opening balance	49	41
New purchases	4	10
Sales and disposals	–1	–2
	52	**49**
Accumulated depreciation		
Opening balance	–27	–22
Sales and disposals	1	1
Depreciation for the year	–4	–6
	–30	**–27**
Carrying amount at year-end	**22**	**22**

The year's depreciation according to plan amounts to SEK –4 m. (–6) and is reported in the income statement under the heading "Operating costs".

NOTE 14 Owner-occupied property

The Group applies the revaluation model for the Group's owner-occupied property. The value of owner-occupied property is periodically measured in external valuations and the majority of the Group's owner-occupied property was reviewed in an external valuation in 2007. Fair values have been determined based on current market prices for comparable property and by using a return model based on a calculation of the present value of future cash flows.

	12/31 2007	12/31 2006
Group		
Revalued cost		
Opening balance	2,320	2,341
Acquisitions	–	1
Reclassifications	16	–22
Effect of revaluations on revaluation reserve	9	–
	2,345	**2,320**

NOTE 14 cont'd Owner-occupied property

	12/31 2007	12/31 2006
Accumulated depreciation		
Opening balance	–293	–223
Depreciation for the year	–48	–70
Reclassifications	–1	–
Effect of revaluations on revaluation reserve	17	–
	–325	**–293**
Carrying amount at year-end	**2,020**	**2,027**

Tax values	12/31 2007	12/31 2006
Group		
Tax value, buildings	407	367
Tax value, land	488	764

NOTE 15 Shares and participations in investing activities

Group

12/31 2007	Core Investments	Operating Investments	Private Equity Investments	Financial Investments	Total
Listed holdings	127,293	–	1,969	403	129,665
Unlisted holdings measured at fair value	–	7	15,749	933	16,689
Total	**127,293**	**7**	**17,718**	**1,336**	**146,354**

12/31 2006	Core Investments	Operating Investments	Private Equity Investments	Financial Investments	Total
Listed holdings	135,274	–	1,361	941	137,576
Unlisted holdings measured at fair value	–	13	13,820	810	14,643
Total	**135,274**	**13**	**15,181**	**1,751**	**152,219**

12/31 2007	Core Investments	Operating Investments	Private Equity Investments	Financial Investments	Total
Opening balance	135,274	13	15,181	1,751	152,219
Acquisitions	5,571	–	3,627	129	9,327
Divestments	–6,015	–6	–7,401	–312	–13,734
Exchange rate differences	–	–	31	–36	–5
Revaluations	–7,537	–	6,280	–196	–1,453
Carrying amount at year-end	**127,293**	**7**	**17,718**	**1,336**	**146,354**

12/31 2006	Core Investments	Operating Investments	Private Equity Investments	Financial Investments	Total
Opening balance	115,419	15	15,478	736	131,648
Acquisitions	3,125	–	4,490	1,550	9,165
Divestments	–10,530	–2	–5,630	–627	–16,789
Exchange rate differences	–	–	–18	–	–18
Revaluations	27,260	–	861	92	28,213
Carrying amount at year-end	**135,274**	**13**	**15,181**	**1,751**	**152,219**

In addition to the above holdings of securities, there are commitments for follow-on investments amounting to SEK 8,681 m. (9,058).
The tables above include interests in associates recognized at fair value in accordance with IAS 39.

NOTE 16 Long-term receivables and other receivables

	12/31 2007	12/31 2006
Group		
Non-current receivables that are non-current assets		
Receivables from associates	4,016	437
Derivatives	806	528
Other	1	1
Total	**4,823**	**966**
Other receivables that are current assets		
Receivables from associates	1	1
Derivatives	6	13
Trade receivables	32	208
Incoming payments	115	196
Other	118	129
Total	**272**	**547**

NOTE 17 Prepaid expenses and accrued income

	12/31 2007	12/31 2006
Group		
Interest	750	675
Other financial receivables	0	4
Other	26	33
Total	**776**	**712**
Parent Company		
Interest	15	20
Other	13	12
Total	**28**	**32**

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NOTE 18 Shares and participations in active portfolio management

	12/31 2007	12/31 2006
Group		
Shares	1,465	1,531
Options	6	9
Forward contracts	–7	9
Total	**1,464**	**1,549**

NOTE 19 Short-term investments

Excess liquidity is to be invested for maximum return within the framework of given limits for foreign exchange, interest rate, credit and liquidity risks (see "Note 29 Risk exposure and risk management").

Group				Total	
12/31 2007	3–6 mos.	7–9 mos.	10–12 mos.	Carrying amount	Nominal value
Interest-bearing securities	8,464	1,534	0	9,998	10,074
Total	**8,464**	**1,534**	**0**	**9,998**	**10,074**

				Total	
12/31 2006	3–6 mos.	7–9 mos.	10–12 mos.	Carrying amount	Nominal value
Interest-bearing securities	10,671	2,074	300	13,045	13,125
Total	**10,671**	**2,074**	**300**	**13,045**	**13,125**

NOTE 20 Cash flow statement

Cash and cash equivalents

	12/31 2007	12/31 2006
Group		
Cash and cash equivalents include:		
Short-term investments equivalent to cash	4,797	5,353
Cash on hand and balances with banks	213	255
Total	**5,010**	**5,608**

Short-term investments with a maturity of three months or less from the date of acquisition have been classified as cash and cash equivalents on the basis that:
- there is an insignificant risk of changes in value
- they are readily convertible to cash

The Parent Company does not report cash and cash equivalents since liquidity needs are covered by funds in the joint bank account for the Group. These funds are reported as balances with the Group's internal bank, AB Investor Group Finance.

NOTE 21 Equity

Specification of reserves in equity

	12/31 2007	12/31 2006
Group		
Translation reserve		
Opening balance	–655	–384
Translation differences for the year, subsidiaries	83	–43
Change for the year, associates	88	–228
	–484	**–655**
Revaluation reserve		
Opening balance	550	590
Revaluation of non-current assets for the year	–5	–55
Tax relating to revaluations for the year	2	15
	547	**550**
Hedging reserve		
Opening balance	36	–6
Cash flow hedges:		
Items recognized in equity	–200	6
Change for the year, associates	–11	36
	–175	**36**
Total reserves		
Opening balance	–69	200
Change in reserves for the year:		
Translation reserve	171	–271
Revaluation reserve	–3	–40
Hedging reserve	–211	42
Carrying amount at year-end	**–112**	**–69**

Share capital
Share capital in the Parent Company.

Other contributed equity
Refers to equity contributed by shareholders. It also includes premiums paid in connection with new stock issues.

Reserves:

Translation reserve
The translation reserve includes all foreign exchange differences arising on the translation of financial statements from international operations reported in a currency different from the reporting currency of the Group.

Revaluation reserve
The revaluation reserve includes changes in value relating to owner-occupied property.

Hedging reserve
The hedging reserve includes the effective component of the accumulated net change of fair value of an instrument used for a cash flow hedge, relating to hedge transactions not yet incurred.

Retained earnings, including profit/loss for the year
Retained earnings, including profit/loss for the year, consist of accumulated profits in the Parent Company and its subsidiaries and associates. Previous provisions to the statutory reserve, less transferred share premium reserves, are included in this item under equity.

Minority interest
Minority interest includes the portion of equity not owned by the Parent Company.

Repurchased shares
Repurchased shares include the cost of acquiring own shares held by the Parent Company. On December 31, 2007, the Group held 1,400,000 of its own shares (700,000).

NOTE 21 cont'd Equity

Repurchased shares included in retained earnings under equity, including profit/loss for the year:

	Number of shares		Amounts affecting equity, SEK m.	
	2007	2006	2007	2006
Opening balance, repurchased own shares	700,000	–	–89	–
Purchases for the year	700,000	700,000	–124	–89
Balance at year-end, repurchased own shares	**1,400,000**	**700,000**	**–213**	**–89**

Dividend

Investor AB's distribution policy is to declare dividends attributable to a high percentage of dividends received from Core Investments, as well as to make a distribution from other net assets corresponding to a yield in line with the equity market. Investor AB's goal is also to generate a steadily rising annual dividend.

After the balance sheet date, the Board of Directors proposed a dividend for 2007 amounting to SEK 3,644 m. (SEK 4.75 per share). The dividend for 2006 amounted to SEK 3,449 m. (SEK 4.50 per share).

The dividend is subject to the approval of the Annual General Meeting on April 3, 2008.

Capital management

In order to be able to act upon business opportunities at any point in time, it is central for Investor to maintain financial flexibility. The ceiling for Investor's leverage (net debt as a percentage of total assets) has been set at a maximum of 25 percent, which may only be exceeded on a short-term basis.

The Group's return objective is to exceed the risk-free interest rate plus a risk premium. The return objective for the Core Investments business area is currently 8–10 percent and more than 15 percent for the Operating Investments business area. The return objective for Private Equity Investments is an average annualized return (IRR) of 20 percent or more on realized investments, before administrative expenses, over the course of a business cycle. Capital is defined as total recognized equity.

Capital	2007	2006
Equity attributable to shareholders of the Parent Company	155,061	159,167
Attributable to minority interest	143	153
Total	**155,204**	**159,320**

Neither the Parent Company nor any subsidiary is subject to external capital demands.

Parent Company

Restricted equity

Restricted equity may not be reduced through profit distribution.

Statutory reserve

The purpose of the statutory reserve has been to save part of net profits that are not utilized to cover losses brought forward.

Unrestricted equity

Hedging reserve

Investor applies the regulations of the Swedish Annual Accounts Act concerning the valuation of financial instruments at fair value in accordance with Chapter 4, Section 14a–e. The change in value is recognized directly in the hedging reserve when the applied principle for hedge accounting allows part or all of the change in value to be recognized in equity.

Retained earnings

These consist of the preceding year's unrestricted equity after any dividend payment. Retained earnings, together with net income for the year, comprise the total unrestricted equity in the company – the funds available for the dividend to shareholders.

Distribution of share capital

The Parent Company's share capital on December 31, 2007 consisted of the following number of shares with a quota value of SEK 6.25 per share:

			Proportion, % of:	
Share class	Number of shares	Number of votes	Capital	Votes
A 1 vote	311,690,844	311,690,844	40.6	87.2
B 1/10 vote	455,484,186	45,548,418	59.4	12.8
Total	**767,175,030**	**357,239,262**	**100.0**	**100.0**

The number of shares outstanding in the company was unchanged on December 31, 2007, compared to the previous year.

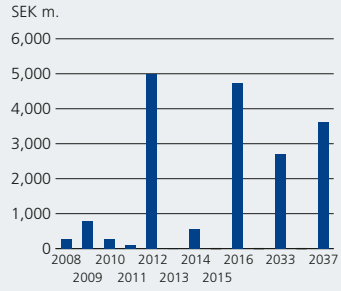
NOTE 22 Interest-bearing liabilities

Investor's loan financing is primarily through short-term and long-term loan programs in the Swedish and European capital markets. Investor has a European Medium Term Note Program (EMTN), which is an uncommitted loan program intended for long-term financing. The program is for EUR 5 bn. For short-term financing Investor has an uncommitted Swedish and an uncommitted European Commercial Paper program (CP/ECP) for SEK 10 bn. and USD 1.5 bn., respectively. Investor also has a committed syndicated bank loan facility of SEK 10 bn. until October 2012, which can be used for financing and as a liquidity reserve. This facility was unutilized at year-end. In contrast to an uncommitted credit facility, a committed loan program is a formalized commitment from the credit grantor. There are no financial covenants to any of Investor AB's loan contracts, meaning that Investor does not have to meet special requirements with regard to key financial ratios for the loans it has obtained.

Derivative instruments (currency/interest swap contracts) are used to control exposure against fluctuating exchange rates and interest rates. See "Note 29 Risk exposure and risk management" for more information about currency and interest rate risk management in the debt portfolio.

At year-end, the average maturity of the debt portfolio was 13.4 years (8.7). The following chart shows the maturity profile of the loans (nominal value).

Maturity profile



	12/31 2007	12/31 2006
Group		
Long-term interest-bearing liabilities		
Bond loans with hedged portion valued at fair value	14,675	13,949
Related interest rate derivative with negative value	1,834	1,639
Bond loans valued at amortized cost	2,328	2,045
	18,837	**17,633**
Short-term interest-bearing liabilities		
Bond loans with hedged portion valued at fair value	271	646
Related interest rate derivative with negative value	0	0
Bond loans valued at amortized cost	–	20
	271	**666**
Total	**19,108**	**18,299**

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NOTE 22 cont'd Interest-bearing liabilities

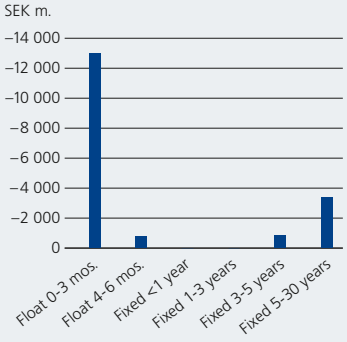
	12/31 2007	12/31 2006
Parent Company		
Long-term interest-bearing liabilities		
Bond loans with hedged portion valued at fair value	1,431	1,181
Related interest rate derivative with negative value	891	961
Bond loans valued at amortized cost	15,132	14,499
	17,454	**16,641**
Short-term interest-bearing liabilities		
Bond loans with hedged portion valued at fair value	271	645
	271	**645**
Total	**17,725**	**17,286**

	12/31 2007	12/31 2006
Group, carrying amounts		
Maturity, less than 1 year from balance sheet date	271	666
Maturity, 1–5 years from balance sheet date	7,036	4,789
Maturity, more than 5 years from balance sheet date	9,967	11,205
Total	**17,274**	**16,660**

	12/31 2007	12/31 2006
Parent Company, carrying amounts		
Maturity, less than 1 year from balance sheet date	271	645
Maturity, 1–5 years from balance sheet date	6,366	4,512
Maturity, more than 5 years from balance sheet date	10,197	11,168
Total	**16,834**	**16,325**

Taking into account existing interest swaps, the average effective interest rate on loans was 5.61 percent (4.67). The average fixed interest term was 2.4 years at year-end (2.5). The following diagram shows the distribution of the fixed interest term.

Interest rate duration



NOTE 23 Pensions and similar obligations

Provisions for defined benefit plans

Investor offers its employees pension benefits under various plans. The greater part of pension benefits are in the form of defined benefit plans secured with the insurance company SPP Livförsäkring. There are also defined contribution plans, in which the company makes either cash payments to retirement benefit plans or obtains pension insurance policies. In addition, there are a small number of defined benefit pension obligations for former employees that are unfunded and reported as a liability in the balance sheet.

Defined benefit plans secured with the insurance company SPP Livförsäkring AB are shown in the table for defined contribution plans (see "Note 1 Accounting policies").

Provisions for pensions and similar obligations

	12/31 2007	12/31 2006
Group		
Present value of unfunded obligations	192	199
Obligations for employee benefits	**192**	**199**

Obligations for 2005 and 2004 amounted to SEK 221 m. and SEK 226 m, respectively.

Changes in the net obligations for defined benefit plans recognized in the balance sheet

Group		
Obligations for defined benefit plans on January 1[1)]	199	221
Benefits paid[1)]	–22	–23
Expense recognized in the income statement	17	6
Exchange rate differences	–2	–5
Obligations for defined benefit plans on December 31[2)]	**192**	**199**

1) The amount includes payroll tax.
2) Of which insured through FPG/PRI SEK 30 m. (29).

Expense recognized in the income statement

Group		
Expense for service within previous periods	–1	–
Expense for service within current period	1	1
Interest expense on obligations	6	10
Actuarial gains (–) and losses (+)[1)]	11	–5
Total net expense for defined benefit plans in the income statement	**17**	**6**

1) Actuarial gains and losses include no experience-based adjustments.

The expense is recognized in the following lines in the income statement:

Group		
Operating costs	11	–4
Financial expenses	6	10
Total	**17**	**6**

Provisions for pensions and similar obligations

	12/31 2007	12/31 2006
Parent Company		
Present value of unfunded obligations	160	168
Obligations for employee benefits	**160**	**168**

Changes in obligations recognized in the balance sheet for defined benefit plans

Parent Company		
Obligations for defined benefit plans on January 1[1)]	168	190
Benefits paid[1)]	–22	–22
Expense recognized in the income statement	16	5
Exchange rate differences	–2	–5
Obligations for defined benefit plans on December 31[2)]	**160**	**168**

1) The amount includes payroll tax.
2) Of which insured through FPG/PRI SEK 0 m. (0).

NOTE 23 cont'd Pensions and similar obligations

Expense recognized in the income statement

Parent Company		
Interest expense on obligations	6	10
Total net expense for defined benefit plans in the income statement	**6**	**10**

The expense is recognized under the following headings in the income statement

Parent Company		
Financial expenses	6	10
Total	**6**	**10**

Assumptions for defined benefit obligations

The most significant actuarial assumptions on the balance sheet date (expressed as weighted averages):

	12/31 2007	12/31 2006
Group and Parent Company		
Discount rate on December 31	4.50%	3.90%
Future increase in pensions in Sweden	2.40%	2.00%
Future increase in pensions the United States	2.40%	3.30%

Defined contribution plans

	Group		Parent Company	
	2007	2006	2007	2006
Expenses for defined contribution plans [1)]	44	50	33	28

1) Includes SEK 11 m. (16) for the BTP plan financed through SPP Livförsäkring AB, of which the Parent Company SEK 9 m. (7).

Payments to retirement benefit plans in 2008 are expected to be of the same size as in 2007.

NOTE 24 Provisions

	12/31 2007	12/31 2006
Group		
Provision for social security contributions for long-term share-based remuneration	47	81
Other	64	81
Total	**111**	**162**
Of which provisions expected to be paid within 12 months		
Other	22	33
Total	**22**	**33**
Of which provisions expected to be paid after more than 12 months		
Provision for social security contributions for long-term share-based remuneration	47	81
Other	42	48
Total	**89**	**129**
Provision for social security contributions for long-term share-based remuneration		
Opening balance	81	78
Reclassification	–	–3
Provisions for the year	–	6
Reversals for the year	–34	–
Carrying amount at year-end	**47**	**81**
Other		
Opening balance	81	107
Provisions for the year	39	20
Reversals for the year	–56	–46
Carrying amount at year-end	**64**	**81**

	12/31 2007	12/31 2006
Parent Company		
Provision for social security contributions for long-term share-based remuneration	47	81
Other	62	80
Total	**109**	**161**
Of which provisions expected to be paid within 12 months		
Other	21	32
Total	**21**	**32**
Of which provisions expected to be paid after more than 12 months		
Provision for social security contributions for long-term share-based remuneration	47	81
Other	41	48
Total	**88**	**129**
Provision for social security contributions for long-term share-based remuneration		
Opening balance	81	78
Reclassification	–	–3
Provisions for the year	–	6
Reversals for the year	–34	–
Carrying amount at year-end	**47**	**81**
Other		
Opening balance	80	99
Provisions for the year	37	20
Reversals for the year	–55	–39
Carrying amount at year-end	**62**	**80**

Provision for social security contributions for long-term share-based remuneration

The provision is reported in accordance with UFR 7 (see "Note 1, Accounting policies").

NOTE 25 Accrued expenses and deferred income

	12/31 2007	12/31 2006
Group		
Interest	1,023	915
Personnel-related expenses	182	267
Other	93	83
Total	**1,298**	**1,265**
Parent Company		
Interest	654	573
Personnel-related expenses	54	75
Other	50	39
Total	**758**	**687**

NOTE 26 Other liabilities

	12/31 2007	12/31 2006
Group		
Shares on loan	213	286
Forward contracts	3	6
Incoming payments	149	195
Other	85	143
Total	**450**	**630**

NOTE 27 Financial assets and liabilities

Financial assets and liabilities by valuation category

Group 2007

	Financial assets valued at fair value through profit or loss					Financial liabilities valued at fair value through profit or loss			
	Fair value option	Held for trading	Derivatives used in hedge accounting	Loans and receivables	Available-for-sale financial assets	Held for trading	Other liabilities	Total carrying amount	Fair value
Financial assets									
Shares and participations in investing activities	146,347				7			146,354	146,354
Long-term receivables		273	533	4,017				4,823	4,823
Accrued interest income				750				750	750
Other receivables		4	2	266				272	272
Shares and participations in active portfolio management		1,464						1,464	1,464
Short-term investments	9,998							9,998	9,998
Cash and cash equivalents	5,010							5,010	5,010
Total	**161,355**	**1,741**	**535**	**5,033**	**7**			**168,671**	**168,671**
Financial liabilities									
Long-term interest-bearing liabilities			1,758			76	17,003	18,837	18,748
Current interest-bearing liabilities			0				271	271	271
Accrued interest expenses							1,023	1,023	1,023
Trade payables							44	44	44
Other liabilities						365	85	450	450
Total			**1,758**			**441**	**18,426**	**20,625**	**20,536**

Group 2006

	Financial assets valued at fair value through profit or loss					Financial liabilities valued at fair value through profit or loss			
	Fair value option	Held for trading	Derivatives used in hedge accounting	Loans and receivables	Available-for-sale financial assets	Held for trading	Other liabilities	Total carrying amount	Fair value
Financial assets									
Shares and participations in investing activities	152,206				13			152,219	152,219
Long-term receivables		354	174	438				966	966
Accrued interest income				675				675	675
Other receivables		12	1	534				547	547
Shares and participations in active portfolio management		1,549						1,549	1,549
Short-term investments	13,045							13,045	13,045
Cash and cash equivalents	5,608							5,608	5,608
Total	**170,859**	**1,915**	**175**	**1,647**	**13**			**174,609**	**174,609**
Financial liabilities									
Long-term interest-bearing liabilities			1,498			141	15,994	17,633	18,917
Current interest-bearing liabilities							666	666	667
Accrued interest expenses							915	915	915
Trade payables							224	224	224
Other liabilities						487	143	630	630
Total			**1,498**			**628**	**17,942**	**20,068**	**21,353**

NOTE 27 cont'd Financial assets and liabilities

Financial assets and liabilities by valuation category

Parent Company 2007

	Financial assets valued at fair value through profit or loss					
	Fair value option	Derivatives used in hedge accounting	Loans and receivables	Other liabilities	Total carrying amount	Fair value
Financial assets						
Other long-term holdings of securities	49,046				49,046	49,046
Receivables from Group companies (non-current)			18,906		18,906	18,525
Accrued interest income			15		15	15
Trade receivables			2		2	2
Receivables from Group companies (current)			1,601		1,601	1,601
Receivables from associates			1		1	1
Other receivables			1		1	1
Total	**49,046**		**20,526**		**69,572**	**69,191**
Financial liabilities						
Long-term interest-bearing liabilities		891		16,563	17,454	17,320
Liabilities to Group companies (non-current))				5,302	5,302	5,302
Current interest-bearing liabilities				271	271	271
Accrued interest expenses				654	654	654
Trade payables				28	28	28
Liabilities to Group companies				13,513	13,513	13,513
Total		**891**		**36,331**	**37,222**	**37,088**

Parent Company 2006

	Financial assets valued at fair value through profit or loss					
	Fair value option	Derivatives used in hedge accounting	Loans and receivables	Other liabilities	Total carrying amount	Fair value
Financial assets						
Other long-term holdings of securities	41,955				41,955	41,955
Receivables from Group companies (non-current))			13,254		13,254	13,280
Accrued interest expenses			20		20	20
Trade receivables			1		1	1
Receivables from Group companies (current)			1,132		1,132	1,132
Receivables from associates			1		1	1
Other receivables			201		201	201
Total	**41,955**		**14,609**		**56,564**	**56,590**
Financial liabilities						
Long-term interest-bearing liabilities		961		15,680	16,641	18,239
Liabilities to Group companies (non-current))				0	0	0
Current interest-bearing liabilities				645	645	645
Accrued interest expenses				573	573	573
Trade payables				20	20	20
Liabilities to Group companies				8,927	8,927	8,927
Total		**961**		**25,845**	**26,806**	**28,404**

NOTE 27 cont'd Financial assets and liabilities

Result from financial assets and liabilities by valuation category

Group 2007

	Financial assets valued at fair value through profit or loss					
	Fair value option	Held for trading	Derivatives used in hedge accounting	Loans and receivables	Other liabilities	Total
Operating profit/loss						
Dividends, etc.	3,443	31		337		3,811
Changes in value, including currency net gains/net losses	–1,863	38				–1,825
Net financial items						
Interest income/expenses	571	–67	32		–911	–375
Changes in value net gains/losses	1	–3	119		–203	–86
Exchange rate changes net gains/losses	152	16	150		–312	6
Total	**2,304**	**15**	**301**	**337**	**–1,426**	**1,531**

Group 2006

	Financial assets valued at fair value through profit and loss					
	Fair value option	Held for trading	Derivatives used in hedge accounting	Loans and receivables	Other liabilities	Total
Operating profit/loss						
Dividends, etc.	3,137	34		21		3,192
Changes in value, including currency net gains/losses	27,935	171				28,106
Net financial items						
Interest income/expenses	388	–183	275		–856	–376
Changes in value net gains/losses	15	424	–777		555	217
Exchange rate changes net gains/losses	–170	204	–1,487		1,481	28
Total	**31,305**	**650**	**–1,989**	**21**	**1,180**	**31,167**

NOTE 27 cont'd Financial assets and liabilities

Result from financial assets and liabilities by valuation category

Parent Company 2007

	Financial assets valued at fair value through profit and loss				
	Fair value option	Derivatives used in hedge accounting	Loans and receivables	Other liabilities	Total
Operating profit/loss					
Dividends	963				963
Changes in value, including currency net gains/losses	7,380				7,380
Net financial items					
Interest income/expenses		244	855	–1,517	–418
Changes in value net gains/losses		–35	96	73	134
Exchange rate changes net gains/losses		–22		–49	–71
Total	**8,343**	**187**	**951**	**–1,493**	**7,988**

Parent Company 2006

	Financial assets valued at fair value through profit and loss				
	Fair value option	Derivatives used in hedge accounting	Loans and receivables	Other liabilities	Total
Operating profit/loss					
Dividends	791				791
Changes in value, including currency net gains/losses	8,720				8,720
Net financial items					
Interest income/expenses		–2	756	–1,147	–393
Changes in value net gains/losses			237	59	296
Exchange rate changes net gains/losses		–299		280	–19
Total	**9,511**	**–301**	**993**	**–808**	**9,395**

The following is a description of the methods and assumptions used to determine the fair value of financial assets and liabilities shown in the above tables.

SHARES AND PARTICIPATIONS IN INVESTING ACTIVITIES

Listed holdings

Listed holdings are valued on the basis of their share price (bid price, if there is one quoted) on the balance sheet date.

Unlisted holdings and fund holdings

Unlisted holdings are measured on the basis of the "International Private Equity and Venture Capital Valuation Guidelines" prepared and published jointly by the venture capital organizations EVCA, BVCA and AFIC.

For directly owned holdings (i.e. those owned directly by a company in the Investor Group), an overall evaluation is made to determine the measurement method that is appropriate for each specific holding. It is first taken into account whether a recent financing round or "arms length transaction" has been made, after which a valuation is made by applying relevant multiples to the holding's key ratios (for example, EBITDA), derived from a relevant sample of comparable companies, with deduction for individually determined adjustments as a consequence of, for example, the size difference between the company being valued and the sample of comparable companies. In those cases when other measurement methods better reflect the fair value of a holding, this value is used, which means that certain holdings are measured with methods other than the ones described above.

Unlisted holdings in funds are measured at Investor's share of the value that the fund manager reports for all unlisted holdings in the fund and is normally updated when a new valuation is received. If Investor's assessment is that the fund manager's valuation does not sufficiently take into account factors that affect the value of the underlying holdings, or if the valuation is considered to deviate considerably from IFRS principles, the value is adjusted. Listed holdings in funds are measured in the same way as listed holdings, as described above.

SHARES AND PARTICIPATIONS IN ACTIVE PORTFOLIO MANAGEMENT

All holdings are listed and are valued on the basis of their share price (bid price, if there is one quoted) on the balance sheet date.

Short-term investments

The fair value of short-term investments is determined on the basis of their quoted bid price on the balance sheet date. The fair value of other short-term investments is determined by discounting the estimated future cash flows in accordance with the terms and expiration date of the contract, based on the market interest rates for similar instruments on the balance sheet date.

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NOTE 27 cont'd Financial assets and liabilities

Derivative instruments
The fair value of foreign exchange contracts is determined on the basis of quoted rates, if such rates are available. If the rates are not available, the fair value is determined by discounting the difference between the contracted forward rate and the forward rate that can be contracted on the balance sheet date for the remaining contract period. The discount is made at a risk-free interest rate based on the rate for government bonds.

The fair value of interest rate swaps is based on a discount of the estimated future cash flows in accordance with the terms and expiration date of the contract, based on the market interest rates for similar instruments on the balance sheet date.

Options
The fair value of options is determined on the basis of quoted rates, if such rates are available. The value of unlisted options is estimated as the difference between the established market value of the underlying instrument and the strike price of the option.

Loans
The fair value is based on market prices and generally accepted methods, in which future cash flows have been discounted at the current interest rate.

Interest-bearing liabilities
The fair value is based on market prices and generally accepted methods, in which future cash flows have been discounted at the current interest rate, including Investor's current credit rating, for the remaining life.

Trade receivables and trade payables
The carrying amounts of trade receivables and trade payables with a remaining life of less than six months are considered to reflect their fair value. Trade receivables and trade payables with a life longer than six months are discounted when the fair value is determined.

Interest rates used to determine fair value
When discounting financial instruments on December 31, 2007, Investor used the market rate and relevant interest rate spread for each instrument.

NOTE 28 Pledged assets and contingent liabilities

	12/31 2007	12/31 2006
Group		
Assets pledged as securities		
In the form of pledged securities for the Group's liabilities and provisions		
Real estate mortgages	560	–
Bank deposits, bonds and other securities	808	549
Total	**1,368**	**549**
Contingent liabilities		
Guarantee commitments to FPG/PRI	1	1
Guarantees on behalf of associates	4,326	4,324
Guarantees on behalf of others	188	–
Other contingent liabilities	54	1
Total	**4,569**	**4,326**

	12/31 2007	12/31 2006
Parent Company		
Assets pledged as securities		
In the form of pledged securities for the Parent Company's liabilities and provisions		
Bonds and other securities	277	504
Total	**277**	**504**
Contingent liabilities		
Guarantees on behalf of subsidiaries	6,000	6,000
Guarantees on behalf of associates	4,326	4,324
Guarantees on behalf of others	188	–
Total	**10,514**	**10,324**

NOTE 29 Risk exposure and risk management

COMMERCIAL RISKS
Investor's business activities expose the company to various types of risk. Maintaining long-term ownership in core investments and a flow of investments and divestments in the Private Equity Investments business area involves commercial risks. These risks include having a high exposure to a certain industry or an individual holding, changed market conditions for finding attractive investment candidates, or barriers that arise and prevent exits from a holding at the chosen time. The main factors that help limit risks in Investor's business activities are described below:

- Investor has a diversified portfolio with a good balance between different industries and between companies in various development stages. Core Investments have international operations and are therefore exposed, only to a limited extent, to economic developments in a single country.
- Active board work provides good insight into the performance of companies and thereby the possibility to identify risks and find specific opportunities for value creation.
- Core Investments and some of the companies in the Private Equity Investments business are listed and have high liquidity. This means that more than 80 percent of the value of holdings is listed. They could therefore be sold if needed, providing high financial flexibility for Investor.

FINANCIAL RISKS
The main financial risks that the Investor Group is exposed to are price risks, primarily risks associated with fluctuations in share prices, but also interest rate risks and foreign exchange rate risks. Other risks that arise in the company's financial activities include liquidity risks, financing risks, credit risks and operational risks. Activities to manage and monitor risks in the business are carried out through the Finance and Risk Committee, which is an adjunct committee to Investor AB's board (the committee is described in detail in the Corporate Governance Report on page 41). Among other tasks, the Finance and Risk Committee's function is to recommend policies and limits for approval by the Board of Directors.

Investor's risk policy is a framework for determining measurement methods and mandates for price risks in active portfolio management activities, cash management and financing activities. The policy also outlines principles for foreign exchange risk management in connection with investments and cash flows in foreign currency, measurements and limits for credit risks and principles to minimize operational risks in the business.

The Risk Control function is responsible for identifying and managing risks in financial activities, monitoring the compliance of policies and instructions, continuously developing and improving risk measurement methodology and ensuring accurate risk reporting. There have been no significant changes in the measurement and follow-up of risks compared with the preceding year.

The Treasury function manages interest rate risks, exchange rate risks and liquidity and financing risks associated with the administration of the liquidity portfolio and financing activities.

Price risks
Price risks refer to the risk that the value of a financial instrument might change because of changes in share prices, exchange rates or interest rates.

Share price risk
Core Investments
Most of Investor's share price risk exposure is found in the Core Investments. These are analyzed and continuously monitored by Investor's analysts. Through committed ownership, which is exercised through board representation and other ways, Investor influences a company's strategy and decisions. Thus, a large portion of share price exposure in a Core Investment does not necessarily lead to any action. It is the long-term commitment that lays the groundwork for Investor's strategic measures. If the value of shares of listed holdings in all business areas should generally decline at the same time by 1 percentage point, this would reduce the value of Investor's portfolio by approximately SEK 1 bn.

Operating Investments
Operating Investments are wholly owned or partly owned companies that are consolidated as subsidiaries or associates. Their profit/loss and changes in equity have an impact on Investor's net asset value. The results of the companies therefore have a direct effect on Investor's assets, without any actual share price risks arising.

NOTE 29 cont'd Risk exposure and risk management

Private Equity Investments
The Private Equity Investments business area is also exposed to share price risks. Compared with Core Investments, there is a higher risk exposure in this business area. Investor Growth Capital is exposed to smaller companies, new technologies and markets, although there is also a higher potential return on these investments. Investor also takes an active role in these companies through board work.

Active Portfolio Management
Investor's active portfolio management business conducts short-term equity trading and deals in equity derivatives. The price risk in this activity is measured and monitored in terms of Value-at-Risk (VaR), a standard method for measuring and controlling price risks. VaR is a tool for measuring how a portfolio of financial assets can risk losing value over a given period of time. Investor's VaR model is based on a one-year rolling daily record of prices (not weighted), a five-day time horizon and a 99-percent confidence interval. A 99-percent confidence interval theoretically indicates that the actual daily result shall be higher than the estimated daily VaR measurement two to three days per year. During 2007, the actual daily outcome has been higher than the estimated daily VaR measurement on three occasions. This lies within a reasonable interval, indicating that Investor's VaR model correctly assesses the price risk in the portfolio.

Exchange rate risk
Currency exposure in investments
Since the Core Investments are listed in Swedish kronor, there is no direct exchange rate risk that affects Investor's balance sheet, although Investor can be indirectly exposed to exchange rate risks in holdings which are listed on foreign stock exchanges or have foreign currency as their pricing currency. In addition, there are indirect exchange rate risks since the majority of the companies in the Core Investments business area are active in several markets. These risks have a direct impact on the company's balance sheet and income statement, which indirectly affects the valuation of the shares.

Some holdings in the Operating Investments business area are exposed to exchange rate risks which are hedged by Investor.

The Private Equity Investments business area is exposed to exchange rate risks in investments made in foreign companies. There is no regular hedging of foreign currency in the Private Equity Investments business area since the investment horizon is long-term and currency fluctuations are expected to equal out over time. This hedging policy is subject to continuous evaluation and deviations from the policy may be allowed if it is judged to be beneficial in a market-economic perspective. At year-end 2007, there were no hedge contracts in foreign currency for the Private Equity Investments business area.

Exchange rate risks for investments in the active portfolio management business are minimized through currency swap contracts on portfolio level.

The following table shows the total currency exposure for the Investor Group for investments in foreign currency on December 31, 2007. A one-percent weakening of the Swedish krona against both USD and EUR would reduce the value of the portfolio by approximately SEK 119 m.

Total investments in foreign currency, SEK m.:

	12/31 2007	12/31 2006
USD	5,386	4,938
EUR	6,465	4,654
Other European currencies (CHF, DKK, GBP, NOK)	3,959	3,520
Asia (HKD, JPY)	426	276
Total	**16,236**	**13,388**

Currency exposure in excess liquidity and the debt portfolio
Any exchange rate risk in excess liquidity resulting from investments in foreign currency is managed through currency swap contracts. Exchange rate risk arising in connection with loans in foreign currency is managed by exchanging the loans to SEK through currency swap contracts. The objective is to minimize the exchange rate risk in excess liquidity and the debt portfolio. At year-end 2007, gross exposure to foreign currency risk in the loan portfolio was SEK 10,083 m. for EUR, SEK 3,584 m. for GBP and SEK 1,431 m. for JPY.

Currency exposure in transactions
Investor's guideline is that future known cash flows in foreign currency that exceed the equivalent of SEK 50 m. are to be hedged 100 percent through forward exchange contracts or currency options. This is valid for forecast or contracted flows for Core Investments, Private Equity Investments or Operating Investments. This type of cash flow hedging is done to a limited extent on a few occasions per year in connection with divestments and investments, or when there are dividends in foreign currency.

The operating costs of the company are exposed to a certain extent to exchange rate risks through costs generated in operations in the United States and Asia. There is no regular currency hedging of these transactions since they are smaller in scope.

Currency exposure due to net investments in foreign operations
Currency exposure in investments made in independent foreign entities is considered as a translation risk and not an economic risk. The exposure arises when the foreign net investment is recalculated in SEK on the balance sheet date in the Group and is recognized in the translation reserve under equity.

The currency exposure arising because of net investments in foreign entities is shown in the following table (expressed in the investment currency).

	12/31 2007	12/31 2006
USD m.	10	9
EUR m.	448	95
HKD m.	15	13
GBP m.	1	1

Interest rate risk
Excess liquidity and debt portfolio
For excess liquidity exposed to interest rate risks, the goal is to maximize return within the established guidelines of the risk policy while limiting interest rate risks. High financial flexibility is also strived for in order to satisfy future liquidity needs. Investments are therefore made in interest-bearing securities of short duration that are not longer than one year, which means that the interest rate fixing period is less than 12 months. See "Note 19 Short-term investments" for further information.

On the liability side, Investor strives to manage interest rate risks by having an interest rate fixing period that provides the flexibility to change the loan portfolio in step with investment activities and minimize loan costs and volatility in the cash flow over time. See also the diagram with interest rate fixing periods in "Note 22 Interest-bearing liabilities." A one-percent upward movement of the interest rate curve for the entire portfolio would reduce its value by approximately SEK 1 bn.

Investor uses derivatives to hedge against interest rate risks in the debt portfolio. Some derivatives do not qualify for hedge accounting but are still grouped together with loans since the intention of the derivative is to achieve the desired fixed interest term for each loan. The distribution between hedged and non-hedged loans is shown in the table below.

	12/31 2007	12/31 2006
Outstanding amount divided into hedged loans and non-hedged loans – SEK m.	Carrying amount	Carrying amount
Hedged loans	14,946	14,595
– related foreign exchange/interest rate derivatives with positive value	–534	–175
– related foreign exchange/interest rate derivatives with negative value	1,758	1,498
Non-hedged loans	2,328	2,065
– related foreign exchange/interest rate derivatives with positive value	–176	–86
– related foreign exchange/interest rate derivatives with negative value	76	141
Total short-term/long-term loans	**17,274**	**16,660**
Total foreign exchange/interest rate derivatives	**1,124**	**1,378**

Investor reports a small number of cash flow hedges. Hedging instruments are valued on each balance sheet date and the change in value is recognized in equity. In connection with quarterly reporting of the underlying interest rate flows in the income statement, the corresponding portion of the cash flow hedge is transferred from equity to the income statement. The remaining maturities of cash flow hedges are 25 years and 29 years, respectively. During the year, cash flows had an impact of SEK –200 m. (6).

NOTE 29 cont'd Risk exposure and risk management

LIQUIDITY AND FINANCING RISK
Liquidity risk refers to the risk that a financial instrument cannot be divested without considerable extra costs, and to the risk that liquidity will not be available to meet payment commitments.

Liquidity risks are minimized in Treasury operations by keeping the maturity of short-term cash investments for less than one year, and by keeping the ratio between cash and credit commitments/current liabilities always higher than 1:1. Liquid funds are invested in the short-term deposits market and in short-term interest-bearing securities with low risk and high liquidity, which is with a well-functioning second-hand market, allowing the conversion of cash when needed.

Financing risks are defined as the risk that financing cannot be obtained, or can only be obtained at increased costs as a result of changed conditions in the capital market. In order to minimize financing risks, the Treasury function works actively to ensure financial preparedness by establishing loan and credit facilities for long-term and short-term borrowing. Financing risks are further reduced by allocating loan maturities evenly over time (see chart with information on maturity profile in "Note 22 Interest-bearing liabilities") and by diversifying sources of capital.

Investor's liquidity and financing risks are considered to be low. With an equity/assets ratio of 88 percent at year-end, Investor has considerable financial flexibility since leverage is very low and most assets are very liquid.

CREDIT RISK
Credit risk is the risk of a counterparty or issuer being unable to repay a liability to Investor.

Investor is exposed to credit risks primarily through investments of excess liquidity in interest-bearing securities. Credit risks also arise as a result of positive market values in derivative instruments, mainly interest rate and currency swaps, but also a small portion of OTC derivatives.

In order to limit credit risks, there are existing limits for exposure to counterparties. According to Investor's credit risk policy, Investor may only be exposed to credit risks towards counterparties with high creditworthiness, based on Standard & Poor's and Moody's ratings, for a limited amount and for a limited duration. With a view to further limiting credit risks in interest rate and currency swaps, and other derivative transactions, agreements are required in accordance with the International Swaps and Derivatives Association, Inc. (ISDA), as well as netting agreements.

The following table shows the credit risk exposure in interest-bearing securities divided by rating category, on December 31, 2007:

Rating S&P's/Moody's	Interest-bearing securities and deposits, SEK m.	Average remaining term, mos.
AAA/Aaa	7,429	1.9
AA/Aa2	6,460	1.4
A/A2	1,060	1.5
Total	**14,949**	**1.7**

Credit risks arising as a consequence of positive market values for derivatives amounted to SEK 365 m. on December 31, 2007. All counterparties in these transactions have a rating corresponding to A/A2 or higher.

Concentrations of credit risks
Concentrations of risk are defined as individual positions or areas accounting for a significant portion of the total exposure to each risk area.

Regarding credit risk, there are established frameworks for exposure to individual counterparties, with the exception of exposure to government-guaranteed debt instruments in the Western World (with a rating of AAA/Aaa).

Rating	Number of issuers	Percentage of total liquidity portfolio
Government debt	1	44
Other AAA	3	6
AA/Aa2	13	43
A/A2	6	7
Total	23	100

OPERATIONAL RISKS
Operational risks are defined as the risk of loss due to inadequacies in the internal control process or system, or the risk of loss caused by external events.

The operational risk policy establishes principles to ensure correct handling of the financial transaction flow. This risk management process covers system and personnel-related issues, administrative processes, information security and legal matters. The process is followed up on an ongoing basis to determine and strengthen appropriate control measures.

OTHER RISKS
The Compliance function monitors commitments that must comply with external regulations and laws, contract-related commitments and internal company rules. Work is actively carried out in the security area to protect Investor against internal and external threats. Investor's Security Committee evaluates security risks that can have short-term or long-term implications for Investor and also takes necessary measures to minimize their negative effects. For example, the Security Committee establishes effective procedures for IT and information security to prevent unauthorized access to Investor's information sources. The committee is also responsible for disaster and continuity planning.

NOTE 30 Related party disclosures

The following additional information about related parties is being provided in addition to what has been reported in other sections of the Annual Report.

Subsidiaries
The Parent Company has related-party transactions with its subsidiaries. Parent Company sales to Group companies amounted to SEK 0 m. (2) in 2007. Parent Company purchases from Group companies totaled SEK 24 m. (44) during the same period. Transactions with Group companies are priced according to market terms.

Relations with related parties with significant influence
The Wallenberg foundations have significant influence over Investor (in accordance with the definition in "IAS 24 Related Party Disclosures"). The largest of these foundations are the Knut and Alice Wallenberg Foundation, the Marianne and Marcus Wallenberg Foundation and the Marcus and Amalia Wallenberg Memorial Fund.

Companies with common board members
In addition to the above-noted relations with related parties, there are a number of companies in which Investor and the company have common board members. Information has not been provided in this note because these situations are either not considered to involve influence of the type described in IAS 24, or the transactions refer to intangible amounts.

Related party transactions

With the Wallenberg foundations
Investor's support functions provide a limited scope of services for Foundation Asset Management Sweden AB and Foundation Administration Management Sweden AB, which are owned by the Wallenberg foundations. Transactions with these companies are priced according to market terms. Parent Company sales to these companies amounted to SEK 1 m. (1) in 2007. Purchases from the same companies totaled SEK 0 m. (0).

With the internal bank
The subsidiary AB Investor Group Finance has agreements with most Group companies, including the Parent Company, in which the subsidiary functions as an internal bank for the Group. This includes, among other activities, acting as a counterparty when loans are obtained and managing the Group's cash pool. The financial net result of these activities is later settled in the Group by having the companies cover, or alternatively retain, their share of the result in accordance with the agreements (see "Note 37 Interest expenses and similar items").

NOTE 30 cont'd Related party disclosures

With associates
Normal business transactions are carried out on a continuous basis with Hi3G, SEB, Novare and EQT Partners AB. Transactions with associated companies are priced according to market terms.

During the year, telephony services were purchased from Hi3G for SEK 2 m. (2), of which SEK 2 m. (2) pertained to the Parent Company. At year-end, the Group's assets with SEB had a market value of SEK 3,941 m. (1,442), of which SEK 0 m. (0) for the Parent Company, and liabilities SEK –4 m. (–4), of which for the Parent Company SEK 0 m. (0). During 2007, costs for SEB's banking services totaled SEK 4 m. (3), of which SEK 0 m. (1) pertained to the Parent Company. Business services were purchased from Novare during the year for SEK 12 m. (15), of which SEK 12 m. (15) was attributable to the Parent Company. In addition, administrative services were sold to Novare for SEK 1 m. (1), of which SEK 1 m. (1) was attributable to the Parent Company. Parent Company sales of administrative services to EQT Partners AB totaled SEK 3 m. during the year (2).

Guarantees on behalf of associated companies refer to Hi3G Access AB and its subsidiary Hi3G Denmark ApS. Investor AB has guaranteed to the lender that it will fulfill the debt commitments of the beneficiaries for financing the acquisition of licenses for third-generation mobile networks. Investor estimates that its total capital contribution to Hi3G will amount to approximately SEK 10 bn. The intention is to finance Hi3G over time with equity and external loan financing on an approximately 50–50 basis. In 2007, Investor provided SEK 1,080 m. in financing to Hi3G (1,340).

"Note 16 Long-term receivables and other receivables" shows receivables from associates.

Dividends and financial income from associates totaled SEK 2,640 m. (2,192).

With key persons
See "Note 5 Employees and payroll costs" for information about salaries and other compensation, costs and commitments regarding pensions and similar benefits, and severance payment agreements for the board, President and other senior executives.

In the first quarter, senior executives in EQT acquired 36 percent of the advisory company EQT Partners AB from Investor for SEK 292 m. (EUR 31.2 m.). After the transaction, Investor owns 31 percent of the company.

Investment programs

Carried interest plans
In the Private Equity Investments business area, selected senior staff and other senior executives have had the opportunity for a number of years to make parallel investments to some extent with Investor. The plans are designed in accordance with market practice in the venture capital market and are evaluated periodically against similar programs in Europe, the United States and Asia. Carried interest plans provide an economic incentive for managers and encourage personal commitment to analysis and investment work since the result is directly connected to the financial performance of the business.

Carried interest plans are linked to realized growth in the value of holdings, after deduction for costs, seen as a portfolio. This means that when an investment is realized with a profit, each parallel investor receives his or her share of the profit, after provisions for any unrealized declines in value or write-downs of other investments.

The plans allow a maximum share of 15 percent that can be given to parallel investors, which is in line with practice in the venture capital market.

Co-investment plans
Key persons, including board members, senior executives and certain selected employees, are offered the opportunity to invest in, or make parallel investments with, the funds that EQT establishes. These investments are made in accordance with the same terms and conditions as for other investors.

NOTE 31 Events after the balance sheet date

In February, Borse Dubai announced that the bid for OMX would be completed. Investor sold its shares in OMX for SEK 3.4 bn.

Since the majority of Investor's assets are listed, the downturn on the world's stock exchanges in the beginning of 2008 had a negative impact on Investor's net asset value.

NOTE 32 Key estimates and assumptions

Investor's financial reports are prepared in accordance with IFRS. Applied valuation principles are described in Note 27. The choice of valuation principle requires, in certain cases, that management evaluates and selects the principle giving the truest and fairest view. Developments within the accounting field, and the choice of principles, are discussed with the company's Audit Committee.

The following are the most important areas where key estimates have been used when applying the valuation principles of the Group, together with other key sources of uncertainties in estimates, and the sections where they are described.

Unlisted holdings and fund holdings
The valuation principles in Note 27 describe how unlisted holdings and fund holdings are valued.

Associates
In accordance with IAS 28, Item 1, investments in associates in Core Investments are recognized at fair value. As a result, associates are not consolidated in accordance with the equity method and the values of associates are instead accounted for in a way that is more true and fair for an investment company. However, Investor will continue to apply the equity method to associates in the Operating Investments business area since Investor normally has a large ownership stake and significant influence in the companies and is involved in the underlying business activities to a larger extent than in holdings in other business areas.

Important sources of uncertainty in estimates
When applying the valuation principles, assumptions and estimates are made of factors that are uncertain at the time the estimates are made. Changes to assumptions may have a significant effect on financial reports during the periods when the assumptions are changed. The following is a description of the valuation principles that require assumptions and estimates.

Unlisted holdings and fund holdings are recognized at fair value according to the methods described in Note 27. Market information is used to the greatest extent possible. When this information is not transparent in the market, changes to assumptions may affect the reported fair value of financial instruments. The Group applies its models in a consistent manner between periods, although estimates of fair value always require a significant degree of assumption. Based on the controls and security procedures that are applied, Investor considers the fair value recognized in the balance sheet, and the changes in fair value recognized in the income statement, to be cautious and weighted and reflecting the underlying economic values.

Note 29 provides a detailed analysis of how interest-bearing liabilities and related derivatives are managed and valued. Note 15 shows the value of unlisted holdings and participations measured at fair value.

NOTE 33 Information about the Parent Company

Investor AB is a corporation registered in Sweden and has its registered office in Stockholm. The shares in the Parent Company are listed on the OMX Nordic Exchange in Stockholm. The address of the company's headquarters is Arsenalsgatan 8C, SE-103 32, Stockholm, Sweden.

The consolidated financial statements for 2007 consist of both the Parent Company and its subsidiaries, together designated the Group.

NOTE 34 Results from participations in Group companies

	2007	2006
Parent Company		
Dividends from Group companies	–	200
Impairment losses, participations in Group companies	–11	–349[1)]
Reversal of impairment losses, participations in Group companies	2,125	0[1)]
Total	**2,114**	**–149**

The reversal of previous impairment losses in participations in Group companies was due to the fact that the value of shares and participations held by these companies developed positively during the year. The recoverable amount has been determined at the net realizable value, which is based on adjusted equity plus any surplus value.

1) The correction to the impairment loss in 2006 was attributable to shares in a subsidiary that were stated at too high a value. The consolidated balance sheet, consolidated income statement and net asset value were not affected by this.

NOTE 35 Results from other receivables that are non-current assets

	2007	2006
Parent Company		
Interest income from Group companies	1,079	674
Change in value	96	251
Total	**1,175**	**925**

NOTE 36 Interest income and similar items

	2007	2006
Parent Company		
Interest income from Group companies	15	82
Change in value	1	–15
Change in value, hedges of long-term share-based remuneration	72	60
Other interest income	73	110
Total	**161**	**237**

NOTE 37 Interest expenses and similar items

	2007	2006
Parent Company		
Interest expenses to Group companies	–592	–243
Change in value	–35	0
Net financial items, internal bank[1)]	–95	–350
Interest expenses, other borrowings	–993	–1,016
Exchange rate differences	–71	–19
Other	–38	–18
Total	**–1,824**	**–1,646**

1) Settlement of net financial items between the Parent Company and the internal bank company, AB Investor Group Finance.

NOTE 38 Shares and participations in Group companies

	12/31 2007	12/31 2006
Parent Company		
Accumulated costs		
Opening balance	26,376	20,130
Acquisitions and capital contributions	2,578	6,246
Divestments, combinations and repaid capital contributions	–	0
	28,954	**26,376**
Accumulated impairment losses		
Opening balance	–2,125	–1,776
Impairment losses	–11	–349
Reversed impairment losses for the year	2,125	0
	–11	**–2,125**
Carrying amount at year-end	**28,943**	**24,251**

NOTE 38 cont'd Shares and participations in Group companies

Specification of the Parent Company's direct holdings of shares and participations in Group companies

		Ownership interest in %[1]		Carrying amount	
Subsidiary/ Registered office/Registration number	Number of participations	12/31 2007	12/31 2006	12/31 2007	12/31 2006
Investor Growth Capital AG, Switzerland	119,991	100.0	100.0	12,462	10,347
Expibel Holding AB, Stockholm, 556548–6684	1,000	100.0	100.0	8,650	8,650
Indap Invest AB, Stockholm, 556690–7084	100,000	100.0	100.0	4,246	4,235
Rotca AB, Stockholm, 556693–6661	1,000	100.0	100.0	2,522	–
The Grand Group AB, Stockholm, 556302–9650	10,000	100.0	100.0	577	577
AB Vectura, Stockholm, 556012–1575	50,000	100.0	100.0	389	389
AB Investor Group Finance, Stockholm, 556371–9987[2]	100,000	100.0	100.0	52	52
Investor Investment Holding AB, Stockholm, 556598–2815	1,000	100.0	100.0	44	0
Investor Holding AB, Stockholm, 556554–1538	1,000	100.0	100.0	0	0
Duba AB, Stockholm, 556593–5508	1,000	100.0	100.0	0	0
Cator AB, Stockholm, 556619–6811	1,000	100.0	100.0	0	0
Dormant companies				1	1
Carrying amount in the Parent Company				**28,943**	**24,251**

1) Ownership share of capital pertains to equity, which also corresponds to the share of voting power for the total number of shares.
2) The Group's internal bank.

Other material holdings in subsidiaries

	Ownership interest in %	
Subsidiary/Registered office	12/31 2007	12/31 2006
Investor Growth Capital Ltd, Guernsey[1]	100.0	100.0
Investor Investment Northern Europe Ltd, Guernsey[1]	100.0	100.0
Investors Trading AB, Stockholm[2]	100.0	100.0

1) The business of the companies is share portfolio management.
2) The company's main business is active portfolio management.

NOTE 39 Investments in associates

Specification of carrying amount

	12/31 2007	12/31 2006
Parent Company		
Accumulated costs		
Opening balance	41,320	40,592
Acquisitions	6,551	4,188
Divestments	–619	–3,460
	47,252	**41,320**
Accumulated impairment losses		
Opening balance	–3,654	–2,123
Impairment losses for the year	–3,013	–1,531
	–6,667	**–3,654**
Carrying amount at year-end	**40,585**	**37,666**

The impairment loss refers to the holding in Hi3G Holdings AB, based on the holding's value recognized in the Group, and to the holding in Ericsson at fair value.

NOTE 39 cont'd Investments in associates

Specification of investments in associates

12/31 2007 Company/Registered office/Registration number	Number of shares	Share of voting power %	Proportion of equity %	Equity[1]	Investor's share of Profit/loss for the year[2]	Carrying amount	Fair Value
Parent Company							
Core Investments:							
Atlas Copco, Stockholm, 556014–2720	189,680,826	21	15	2,255	1,150	2,506	18,227
Electrolux, Stockholm, 556009–4178	36,665,071	28	12	1,909	348	2,915	3,969
Ericsson, Stockholm, 556016–0680	820,393,516	20	5	6,888	1,129	12,417	12,417
Husqvarna, Jönköping, 556000–5331	54,151,558	28	14	1,027	276	3,598	4,134
Saab, Linköping, 556036–0793	21,611,925	38	20	2,002	185	1,155	2,799
Scania, Södertälje, 556184–8564	88,027,028	20	11	2,729	941	3,907	14,612
SEB, Stockholm, 552032–9081	137,527,895	20	20	15,344	2,724	13,744	22,662
Total Core Investments						**40,242**	**78,820**
Operating Investments							
Hi3G Holdings AB, Stockholm, 556619–6647 [3]	40,000	40	40	343	–908	343	343
Total Operating Investments						**343**	**343**
Total investments in associates						**40,585**	**79,163**

12/31 2006 Company/Registered office/Registration number	Number of shares	Share of voting power %	Proportion of equity %	Equity[1]	Investor's share of Profit/loss for the year[2]	Carrying amount	Fair Value
Parent Company							
Core Investments:							
Atlas Copco, Stockholm, 556014–2720	94,364,913	21	15	4,909	2,307	2,423	21,691
Electrolux, Stockholm, 556009–4178	34,365,071	28	11	1,465	427	2,661	4,699
Ericsson, Stockholm, 556016–0680	810,393,516	19	5	6,045	1,322	14,413	22,356
Husqvarna, Jönköping, 556000–5331	32,827,071	29	11	670	203	2,466	3,512
Saab, Linköping, 556036–0793	21,611,925	38	20	1,985	267	1,155	4,539
Scania, Södertälje, 556184–8564	22,006,757	20	11	2,822	641	3,907	10,783
SEB, Stockholm, 552032–9081	123,027,895	18	18	12,041	2,256	10,411	26,735
Total Core Investments						**37,436**	**94,315**
Operating Investments:							
Hi3G Holdings AB, Stockholm, 556619–6647 [3]	40,000	40	40	230	–1,242	230	230
Total Operating Investments						**230**	**230**
Total investments in associates						**37,666**	**94,545**

1) Equity refers to the ownership interest in the equity of a company including the equity component in untaxed reserves and after adjustments to Investor's accounting and evaluation principles. For the year 2006, equity in Hi3G Holdings AB has been adjusted for capital contributions in December.
2) Profit/loss for the year refers to the share of the company's results after tax including the equity component in the change for the year in untaxed reserves after adjustments to Investor's accounting and evaluation principles.
3) Reporting from Hi3G Holdings AB is received with one month's delay.

NOTE 40 Other long-term holdings of securities

	12/31 2007	12/31 2006
Parent Company		
Accumulated costs		
Opening balance	41,955	34,357
Acquisitions	–	1,560
Divestments	–288	–1,886
Revaluations	7,379	7,924
Carrying amount at year-end	**49,046**	**41,955**

NOTE 41 Receivables from Group companies

	12/31 2007	12/31 2006
Parent Company		
Accumulated costs		
Opening balance	13,254	15,108
New lending	8,651	4,673
Divestments/due/redeemed	–3,124	–5,634
Reclassifications	–269	–633
Unrealized change in value	394	–260
Carrying amount at year-end	**18,906**	**13,254**

Audit report

To the Annual Meeting of the Shareholders of Investor AB

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 2007. The company's annual accounts are included in the printed version of this document on pages 53 to 102. 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 Companies 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, February 26, 2008

KPMG Bohlins AB



Carl Lindgren
Authorized Public Accountant

Ten-Year Summary

Investor Group[1]

SEK m.	1998	1999	2000[2]	2001	2002	2003	2004	2005	2006	2007	
Total assets	109,468	172,172	154,561	129,366	79,227	103,656	108,168	134,403	158,904	158,787	
Net cash/Net debt	–15,966	–18,913	–10,128	–11,082	–16,358	–20,593	–16,082	–223	416	–3,583	
Net asset value	93,502	153,259	144,433	118,284	62,869	83,063	92,086	133,945	159,320	155,204	
Leverage, %	15	11	7	9	21	20	15	0	0	2	
Equity/assets ratio, %	84	87	87	85	72	71	73	83	88	88	
Condensed balance sheet											
Cash and short-term investments	138	1,020	5,723	3,371	5,361	9,803	12,128	23,111	18,653	15,008	
Other assets included in net debt	–	–	–	–	–	–	837	1,440	261	710	
Other assets[3]	111,250	174,856	159,412	135,095	82,475	107,589	112,409	137,582	162,026	161,513	
Shareholders' equity[3]	92,113	151,912	144,303	118,284	62,869	83,063	92,086	133,945	159,320	155,204	
Convertible debenture loans	1,389	1,347	130	–	–	–	–	–	–	–	
Interest-bearing liabilities	16,104	19,933	15,851	14,453	21,719	30,396	29,047	24,774	18,498	19,301	
Other liabilities[3]	1,782	2,684	4,851	5,729	3,248	3,933	4,241	3,414	3,122	2,726	
Balance sheet total[3]	111,388	175,876	165,135	138,466	87,836	117,392	125,374	162,133	180,940	177,231	
Dividend paid to Parent Company shareholders	2,100	2,596[4]	4,218[4]	4,219[4]	2,608[4]	1,726	1,726	2,685	3,449	3,644[5]	
Profit/loss for the year attributable to Parent Company shareholders	5,005	9,226	14,812	2,935	–1,379	–169	8,736	43,842	28,468	–365	
Market value, Core Investments	88,923	150,060[6]	130,844	110,518	63,304	85,841	87,408	115,419	135,274	127,293	
Dividends received, Core Investments	1,841	2,184	2,090	2,351	1,741	1,665	1,574	2,163	2,852	3,161	
Change in value, Core Investments	21[7]	62,928[7]	–8,638	–18,751	–44,120	24,052	8,007	37,424	27,260	–7,537	
Growth in value, Core Investments, %	1[8]	60[6] [8]	–5	–17	–44	35	10	45	23	–6	
Total return, Core Investments, %	7[8]	62[6] [8]	–3	–15	–42	38	12	48	26	–3	
Divestments, Core Investments	4,070[7]	11,292[7]	13,838	13,556	2,995	1,891	7,733	10,570	7,765	6,015	Annual average growth 5/10 years
Investments, Core Investments	6,209[9]	10,251[6]	1,304	15,095	4,749	1,962	1,509	1,157	2,013	5,571	
Number of shares, millions[10] [11]	800.8	800.8	767.2	767.2	767.2	767.2	767.2	767.2	767.2	767.2	
Holding of own shares, millions	–	–	–	–	–	–	–	–	0.7	1.4	
Basic earnings per share, SEK[10]	6.55	12.08	19.38	3.83	–1.80	–0.22	11.39	57.15	37.13	–0.48	
Diluted earnings per share, SEK[10] [11]	6.35	11.62	18.59	3.83	–	–	11.37	57.02	37.03	–0.48	
Administrative expense as a % of net asset value	0.9	0.5	0.5	0.6	0.7	0.7	0.5	0.4	0.4	0.4	
Cash flow per share, SEK[10]	–6.34	1.16	6.15	–3.09	2.65	5.84	–0.52	–0.28	1.83	–0.78	
Equity per share, SEK[10] [11]	49	61	79	80	69	64	120	175	208	203	
Return on equity,%	13	22	27	5	–2	0	10	39	19	0	
Basic net asset value per share, SEK[10]	122	201	189	154	82	108	120	175	208	203	
Diluted net asset value per share, SEK[10] [11]	117	191	188	154	82	108	120	175	207	202	20%/6%
Change in net asset value, %	6	64	–3	–18	–47	32	11	45	19	–3	
Share price on December 31, SEK[10] [12]	91.50	120.00	141.00	114.50	52.00	69.50	84.50	139.00	168.00	147.00	23%/4%
Market capitalization on December 31	69,162	91,828	107,822	87,686	39,893	53,007	64,826	106,326	127,950	111,244	
Discount to net asset value, %	22	37	25	26	37	36	30	21	20	28	
Dividend per share, SEK[10]	2.75	3.40[4]	5.50[4]	5.50[4]	3.40[4]	2.25	2.25	3.50	4.50	4.75[5]	7%/7%
Yield, %	3.0	2.8	3.9	4.8	6.5	3.2	2.7	2.5	2.7	3.2	
Total return, Investor shares, %	–1	35	20	–15	–52	43	25	68	24	–10	27%/8%
Total annual turnover rate, Investor shares, %[12]	67	79	81	69	101	168	121	130	146	165	
SIXRX (return index), %	13	70	–11	–15	–36	34	21	36	28	–3	
OMXS30 index, %[13]	17	71	–12	–20	–42	29	17	29	20	–6	

See rear foldout for definitions.

1) 1998-2002: Equity and net income per year have been calculated in accordance with the equity method.
2004-2007: As of 2005, International Financial Reporting Standards (IFRS) are being applied. Comparative figures for 2004 have been recalculated in accordance with the new principles. Detailed information about the effects of applying IFRS is available in the 2005 Annual Report. Figures from earlier years have not been recalculated.
2) Investor's own holding of convertible debenture loans was retired in 2001. Comparative figures for 2000 have been adjusted to take this into account.
3) Periods up to and including 2003 (before the transition to accounting in accordance with IFRS) include surplus value items.
4) 1999: A definitive dividend of SEK 3.40/share, of which SEK 0.40 was an extra dividend.
2000: A definitive dividend of SEK 5.50/share, of which SEK 2.50 was an extra dividend.
2001: A definitive dividend of SEK 5.50/share, of which SEK 2.50 was an extra dividend.
2002: A definitive dividend of SEK 3.40/share, of which SEK 1.15 was an extra dividend.
5) Proposed dividend of SEK 4.75/share.
6) In accordance with a decision in 2000, the holding in Volvo for 1999 was reclassified as "Other Holdings".
7) 1998: Including sale of 35.1 percent of Saab AB.
1999: Including sale of Scania shares through the exercise of issued warrants.
8) 1998: Excluding Saab AB.
1999: Excluding Scania shares covered by warrants.
9) 1998: Of which SEK 627 m. pertains to 21.6 million Saab shares added to the Core Holdings (Core Investments today).
10) 1998 adjusted for issues and splits.
11) 1998–1999 after full conversion.
12) Pertains to unrestricted class B shares.
13) Previously designated the OMX index.

A history of building companies successfully

Investor has had the same business philosophy ever since the company was founded in 1916 – to invest in companies and actively contribute to their success. Over the years, we have steadily evolved in step with boom times, depressions and recessions, with globalization trends and with constantly changing capital markets, all to capture new opportunities and create value. We have invested in new, exciting companies and industries, but have also divested holdings along the way. This is a tradition that we honor. Over the years, we have built up a unique international network and a strong brand that is our competitive edge as we enter the future.

"To move from the old, to what is about to come,
is the only tradition worth keeping." – Marcus Wallenberg, 1946

1916 Investor is established when new legislation makes it considerably more difficult for Swedish banks to own stocks in industrial companies on a long-term basis. The shareholdings of Stockholms Enskilda Bank are then transferred to the industrial holding company Investor. Several of Investor's Core Investments have been in the portfolio in some form since the start, such as Atlas Copco and Scania.

1917 Investor is listed on the Stockholm Stock Exchange.

1946 Stockholms Enskilda Bank forms the investment company Providentia. Jacob Wallenberg (1892–1980) is elected Chairman of Investor.

1971–72 Stockholms Enskilda Bank and Skandinaviska Banken merge. The investment company Export-Invest is established in connection with the merger, and Investor gains a more independent role, separate from the bank.

1978 Marcus Wallenberg (1899–1982) is elected Chairman of Investor. Claes Dahlbäck is appointed President and CEO.

1982 Peter Wallenberg is elected Chairman of Investor.

1984–91 Major structural deals among the Core Holdings (Core Investments today), including the sale of Kema Nobel and the following mergers: STORA/Billerud, STORA/Papyrus, STORA/ Swedish Match, ASEA/Brown Boveri, STORA/Feldmühle Nobel and Tetra Pak/Alfa Laval. Saab-Scania and GM form the jointly owned company Saab Automobile, and OM Gruppen is formed.

1991 Investor and Providentia make an offer for the outstanding shares in Saab-Scania. Through the acquisition of Saab-Scania, Investor becomes a diversified industrial holding company. The industrial conglomerate Incentive is listed on the Stockholm Stock Exchange following its demerger from ASEA/ABB.

1992 Investor and Providentia merge.

1994 Investor acquires Export-Invest. EQT is formed together with SEB and AEA.

1995 Saab-Scania is divided into two independent companies, Scania AB and Saab AB. The intention is to broaden ownership in the two companies when the time is right. Novare Kapital is formed (Investor Growth Capital today).

1996 Investor sells 55 percent of its holding in Scania and the company is listed on the Stockholm and New York stock exchanges. In connection with a refinancing of Saab Automobile, an option agreement is reached between Investor and GM to regulate long-term ownership in the company.

1997 Investor's holding in TV4 is sold to the Finnish newspaper group Aamulehti. Investor participates in the merger between OM Gruppen and the Stockholm Stock Exchange and in the formation of the new SEB group through the merger between S-E-Banken and Trygg-Hansa. Percy Barnevik is elected Investor's Chairman.

1998 British Aerospace becomes part-owner of Saab AB, which is then listed, and Stora Enso is formed through a merger between STORA and Enso. A merger is proposed between Astra and Zeneca.

1999 Investor reaches an agreement with Volvo to sell its entire holding in Scania, but the EU's competition authority does not approve the deal. The merger between Astra and Zeneca is completed and Saab AB makes a bid for Celsius. Marcus Wallenberg is appointed President and CEO of Investor.

2000 Investor sells shares in Scania to Volkswagen AG. Investor's new investments include b-business partners and imGO. 3 Scandinavia, co-owned with Hutchison Whampoa, is another new major initiative. The company is granted one of four UMTS licenses in Sweden.

2001 Investor increases its ownership in Ericsson and SEB and sells its holdings in Stora Enso, SKF and SAS. GM purchases Investor's outstanding convertible debenture loan to Saab Automobile.

2002 Investor increases its ownership in ABB, Electrolux, Ericsson, SEB and WM-data and sells its entire holding in Syngenta. Investor participates in Ericsson's new rights issue. Claes Dahlbäck becomes new Chairman of Investor AB.

2003 Investor subscribes for its pro-rata share of ABB's new rights issue and sells its entire holding in Volvo. Tessera is listed on the Nasdaq exchange.

2004 Investor sells part of its holding in AstraZeneca and strengthens its position in Scania. 3 Scandinavia establishes itself as the leading 3G operator in the region.

2005 The net asset value develops strongly and the total return on Investor shares is 68 percent. Shares are sold in ABB, AstraZeneca, Scania and SEB to restore strong financial flexibility. The Private Equity business area finalizes a number of successful transactions, such as the divestment of Bredbandsbolaget and Tessera. Jacob Wallenberg becomes Investor's new Chairman and Börje Ekholm is appointed President and CEO.

2006 Stock exchange trends continue upwards for the fourth consecutive year. Investor and EQT buy out Gambro from the stock exchange. Husqvarna is spun out of Electrolux and becomes a new Core Investment. WM-data is sold to LogicaCMG (U.K.). MAN (Germany) makes a hostile bid for Scania that Investor, and later Volkswagen, reject because the offer does not reflect the value and potential of the company. 3 Scandinavia grows its subscriber base by 46 percent during the year.

2007 After a strong first six months, the second part of the year is characterized by turbulent financial markets precipitated by concerns about the credit crisis. MAN's hostile bid for Scania is withdrawn and an agreement is signed to sell OMX to Borse Dubai. Mölnlycke Health Care is acquired in partnership with Morgan Stanley Principal Investments. Gambro is divided into three independent entities, after which Gambro Healthcare is sold. Positions are increased in a number of Core Investments towards the end of the year. Private Equity Investments performs strongly.

Definitions

Administrative expenses
General expenses for running investment operations.

Basic earnings per share
Profit/loss for the year attributable to the Parent Company's shareholders in relation to the weighted average number of shares.

Basic net asset value per share
Net asset value per share in relation to the total number of shares on the balance sheet date.

Cash flow per share
Cash flow for the year in relation to the weighted average number of shares.

Change in net asset value
Net asset value per share at year-end as a percentage of net asset value at the beginning of the year.

Change in value, Core Investments
Change in market value (adjusted for net changes) as a percentage of opening market value (adjusted for net changes).

Core capital ratio
Core capital as a percentage of the risk-weighted assets. Core capital consists of shareholders' equity, adjusted according to the capital adequacy rules.

Diluted earnings per share
Profit/loss for the year attributable to the Parent Company's shareholders, plus interest expenses after tax related to convertible debenture loans, in relation to the weighted average number of shares after full conversion and adjusted for the effect of share-based payments.

Diluted net asset value per share
Net asset value per share in relation to the total number of shares on the balance sheet date after full conversion and adjusted for the effect of share-based payments.

Discount to net asset value
The difference between net asset value and market capitalization as a percentage of net asset value. If market capitalization is lower than net asset value, the share is traded at a discount. If market capitalization is higher, it is traded at a premium.

Dividend payout ratio
Dividends paid in relation to dividends received from the Core Investments.

EBITDA
Earnings before interest, taxes, depreciation and amortization.

Equity/assets ratio
Shareholders' equity and convertible debenture loans as a percentage of the balance sheet total.

Equity per share
Equity including convertible debenture loans in relation to the number of shares on the balance sheet date after full conversion.

Investment company
A company whose task is basically to offer shareholders the possibility to spread their risks and get attractive returns through long-term ownership of a well-distributed holdings of securities, and whose shares are owned to a large extent by a large number of natural persons.

IRR (Internal Rate of Return)
Annual average return calculated as the internal interest rate at which the present value of all cash flows for an investment is equal to zero.

Leverage
Net debt/Net cash as a percentage of total assets.

Market cost of capital
Defined as the risk-free interest rate plus the market's risk premium.

Net asset value
The market value of total assets less net debt (corresponds to equity).

Net debt/Net cash
Interest-bearing current and long-term liabilities, including pension liabilities, less cash and cash equivalents, short-term investments and interest-bearing current and long-term receivables.

Normalized EBITDA
EBITDA adjusted for extraordinary items, such as restructuring costs, certain amortization and write-down items, and specific investments.

OMX Stockholm 30, OMXS30
A share index that is calculated for the 30 most actively traded shares on the Stockholm Stock Exchange (Stockholmsbörsen).

Profit/loss for the year
Profit/loss after tax.

Return on equity
Profit/loss for the year as a percentage of average shareholders' equity.

Risk-free interest rate
The interest earned on an investment in government bonds. In calculations, Investor has used SSVX 90 days.

Risk premium
The surplus yield above the risk-free interest rate that an investor requires to compensate for the higher risk in an investment in shares.

SIX's Return Index, SIXRX
A stock index for the Stockholm Stock Exchange (Stockholmsbörsen) calculated on share price change and reinvested dividends.

Total assets
All assets and liabilities not included in net debt, which is the same as the balance sheet total less asset items included in net debt and less noninterest-bearing liabilities.

Total capital ratio
The capital of the financial group of undertakings adjusted according to the capital adequacy rules as a percentage of the risk-weighted assets.

Total return
Sum of share price changes including reinvested dividends.

Total return, Core Investments
Change in market value (adjusted for net changes) plus dividends received as a percentage of opening market value (adjusted for net changes).

Turnover rate
Number of shares traded during the year as a percentage of the total number of shares outstanding.

Value at risk (VaR)
The largest loss likely to be suffered theoretically on a position or a portfolio of positions over a holding period with a given probability (confidence level).

Volatility
A measure of the variability in an asset's return. Volatility is usually measured as a standard deviation in the return of an asset during a certain given period of time.

Shareholder information

Annual General Meeting

Investor invites shareholders to participate in the Annual General Meeting on Thursday, April 3, 2008 at 12.00 noon at the City Conference Centre, Barnhusgatan 12–14, in Stockholm. Registration for the Meeting begins at 10.30 a.m. Light refreshments will be served before the Meeting, at which time representatives from Investor will be available to answer questions.

PARTICIPATION

Shareholders who would like to attend the Annual General Meeting must be recorded in the register of shareholders maintained by VPC AB on Friday, March 28, 2008, and must notify the Company of their intention to attend the Meeting no later than Friday, March 28, 2008.

NOTICE OF PARTICIPATION IN THE ANNUAL GENERAL MEETING

Shareholders can give their notice of participation by:

- registering on Investor AB's website, www.investorab.com,
- phoning +46 8 611 2910, weekdays, between 9.00 a.m. and 5.00 p.m. CET or
- completing and mailing the invitation. To obtain an invitation, phone +46 8 611 2910.

NOMINEE-REGISTERED SHARES

In order to be entitled to participate in the Meeting, shareholders whose shares are registered in the name of a nominee through the trust department of a bank or similar institution must request that their shares are temporarily re-registered in their own names in the register of shareholders maintained by VPC AB. Such registration must be completed no later than Friday, March 28, 2008. Shareholders are requested to inform their nominees in good time prior to this date.

PROXIES, ETC.

Shareholders who are represented by a proxy must authorize the proxy by issuing a power of attorney. If such power of attorney is issued by a legal entity, an attested copy of the certificate of registration must be attached. The power of attorney and certificate of registration may not be issued earlier than one year before the date of the Meeting. The power of attorney in the original and the certificate of registration, where applicable, should be sent to Investor AB, Annual General Meeting, SE-103 32 Stockholm, Sweden, in good time prior to the Meeting.

The power of attorney form is available on Investor's website: www.investorab.com.

REPRESENTATIVES

Shareholders or proxies for shareholders at the Annual General Meeting may take a maximum of two representatives with them to the Meeting. Representatives may be brought to the Meeting only if the shareholder of Investor AB gives notice of their attendance as described above for notification of participation of shareholders. If you have any questions about the Annual General Meeting, phone +46 8 611 2910, weekdays, between 9.00 a.m. and 5.00 p.m. CET.

Dividend

The Board of Directors and President propose a dividend to the shareholders of SEK 4.75 per share for fiscal 2007. Tuesday, April 8, 2008 has been proposed as the record date. If the proposal is approved by the Annual General Meeting, the dividend is expected to be distributed by VPC AB on Friday, April 11, 2008.

Calendar of events in 2008

- Annual General Meeting: April 3
- Interim Report, January-March: April 10
- Interim Report, January-June: July 10
- Interim Report, January-September: October 14

Information channels

Financial information about Investor can be accessed and ordered on Investor's corporate website: www.investorab.com.

Printed information materials

Printed annual reports, interim reports and invitations to the Annual General Meeting are distributed to shareholders in Sweden. All new shareholders in Sweden, when they receive their first financial report, are asked if they would like to receive a printed copy of future interim reports, annual reports and AGM invitations. All shareholders outside Sweden receive copies of all financial reports published by Investor AB.

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Corporate website

www.investorab.com

Analyses of Investor

Firms publishing analyses of Investor include:

- ABG Sundal Collier
- Alfred Berg ABN Amro
- Carnegie
- Cheuvreux Nordic
- SEB Enskilda
- Evli Bank
- HQ Bank
- Handelsbanken
- Kaupthing Bank
- Penser Fondkommission
- S&P (Nordea)
- Swedbank Markets
- UBS
- Öhman Equities

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