

Investor annual report 1999

INVESTOR AB

contents

Highlights 1999	2
History	4
Shareholder Service	6
Chairman's Letter	10
President's Comments	11
Group Overview	13
Business Operations	18
Risks and Risk Management	21
Investor Shares	24
Ten-Year Summary	30
Value-Creating Active Ownership	32
New Investments	36
Core Holdings	46
Other Holdings	51
Administration Report	52
Group	57
Parent Company	61
Accounting Principles	64
Notes to the Financial Statements	67
Audit Report	81
Board of Directors	82
Executive Management and Auditors	84
Definitions	86



highlights 1999

- Investor's net asset value on December 31, 1999, was SEK 153,259 m. (compared with SEK 93,502 m. in the previous year). This corresponds to SEK 191 (117) per share. During the year, the net asset value increased by SEK 59,757 m. (5,093) or 64 percent (6).
- On December 31, 1999, the market value of Investor's core holdings was SEK 154,874 m. (88,923). The value of Investor's core holdings rose by 59 percent (1) during the year.
- Investor's total return in 1999 amounted to 35 percent (–1). The return for the new investments business was more than 50 percent (30) in 1999.
- The Group's net income for 1999 amounted to SEK 10,820 m. (3,465).
- During the year, Investor concluded an agreement with AB Volvo on the sale of the entire holding in Scania. At the same time, Volvo made a public offering to all other shareholders in the company to purchase the other shares in Scania.
- During the year, Investor acquired shares in Volvo and increased its holdings in Ericsson, SEB, OM Gruppen and WM-data. Investor also participated in new issues in Atlas Copco and SEB. Activity in the new investments business remained high during the year and a number of new investments and sales were carried out.
- The proposed ordinary dividend to shareholders is SEK 3.00 (2.75) per share.

KEY FIGURES*

SEK m.	12/31 1996	12/31 1997	12/31 1998	12/31 1999
Net asset value				
Total	78,880	88,409	93,502	153,259
Per share after full conversion, SEK	99	111	117	191
Growth in net asset value (%)	54	12	6	64
Earnings				
Income after net financial items	9,598	–942	3,711	11,075
Net income	9,479	206	3,465	10,820
Liquidity, equity/assets ratio and net debt				
Cash and short-term investments	15,017	10,991	138	1,020
Net cash/Net debt	9,949	3,910	–15,966	–18,913
Equity/assets ratio (%)	73	68	84	87
Dividend				
Per share, SEK	2.50	2.50 ¹⁾	2.75	3.00 ²⁾
Yield (%)	3.3	2.6	3.0	2.5
Dividend payout ratio (%)	106	113	114	105 ²⁾

* In accordance with the former accounting principle, the purchase method. 1996 and 1997 including Saab AB. 1998 excluding Saab AB.

1) Actual dividend paid excluding one purchase right for shares in Saab AB valued at SEK 2.50 per share.

2) Proposed dividend.

An eventful century

Investor was formed in 1916. During the period 1916–1972, Investor was part of a group of financial and holding companies associated with Stockholms Enskilda Bank.

This group of companies formed the link between the bank and a number of major industrial companies. This gave the bank an influence over these companies, their financing, liquidity management and other financial decisions.

From having been closely tied to the bank, Investor developed into a company with independent operations. This became particularly clear following the merger between Stockholms Enskilda Bank and Skandinaviska Banken at the beginning of the 1970s. At owner level, Investor became the center of a well-developed network of people and companies for value-creating communication and exchange of ideas and experiences, both nationally and internationally.

In the 1980s, Investor was distinguished to a great extent by its involvement in a number of major structural transactions. At the same time, Investor's strategic portfolio of shareholdings was concentrated to a limited number of companies.

Structural deals continued to increase in number and scope among Investor's core holdings throughout the 1990s. At the same time, Investor broadened the scope of its operations through a renewed focus on the supply of venture capital and development of young companies. This takes place in accordance with one of Investor's key principles, to continuously change and renew its operations in order to take advantage of future opportunities.

1856

Stockholms Enskilda Banken is founded by André Oscar Wallenberg (1816–1886). The bank plays a part in the growth of industrialism in Sweden by providing capital to entrepreneurs and innovative companies – often at its own risk.

1856–1916

Through investments and as collateral for its loans, the bank takes over parts of companies and thus becomes a major shareholder in a number of industrial companies.

1916

Investor is formed when new legislation makes it far more difficult for banks to own stocks in industrial companies on a long-term basis. The bank's shareholdings are then transferred to the investment company Investor. Several of Investor's core holdings have been there in some form since the start including Stora Enso, Atlas Copco, SKF and Scania.

1946

The investment company Providentia is formed by Stockholms Enskilda Bank. Jacob Wallenberg (1892–1980) is elected chairman of Investor.

1971–1972

Stockholms Enskilda Bank and Skandinaviska Banken merge. In connection with this, the investment company Export-Invest is established and Investor acquires a more independent role, separate from the bank.

1978

Marcus Wallenberg (1899–1982) is elected chairman of Investor. Claes Dahlbäck is appointed president.

1982

Peter Wallenberg is elected chairman of Investor.

1984–1991

Major structural deals among the core holdings, 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. In addition, Incentive is demerged from ASEA/ABB, Saab-Scania and GM form the jointly owned Saab Automobile, and OM Gruppen is formed.

1991

Investor and Providentia make an offer for the outstanding shares in Saab-Scania. As a result of the acquisition of Saab-Scania, Investor becomes a mixed investment company. The industrial conglomerate Incentive is listed on the Stockholm Stock Exchange following the 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.

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 concluded between Investor and GM to regulate long-term ownership in the company.

1997

The 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 as 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

Volvo acquires Investor's shares in Scania and makes a bid for the remaining shares in the company. Investor goes in as one of the main owners of the newly formed company. The merger between Astra and Zeneca is completed in record time and Saab AB makes a bid for Celsius. Several of the core holdings are characterized by ongoing renewal work with a greater element of service and services. Marcus Wallenberg succeeds Claes Dahlbäck as Investor's CEO.

2000

At the beginning of the new century, Investor sells its holding in Saab Automobile to GM in accordance with the agreement from 1996. The focus on new investments is expanded with a substantially increased investment mandate.



Focus on electronic media

The number of Investor shareholders has increased substantially in recent years and now totals approximately 135,000. The majority are small shareholders, with more than 60 percent owning less than 400 shares.

The overall aim, as expressed in Investor's mission statement, is to create good growth in value for the shareholders. Furthermore, ownership should be made as easy and attractive as possible. Another objective is to maintain a good dialog with shareholders where great emphasis is placed on the open provision of information.

INCREASED FOCUS ON ELECTRONIC MEDIA

Several years ago, Investor introduced an interactive service for shareholder information called the Investor Dialogue. This consists of the website and previously included a CD-ROM with video presentations of Investor's core holdings and extensive background information.

Developments now mean that electronic communication and therefore Investor's website have gained in importance. In the future this will be the main channel for communication with shareholders. The website provides access to daily news and listings from Investor, the core holdings, and the financial markets.

Investor's website is currently under further development and a new version will be launched. The site will soon contain an extended volume of financial information, mainly about Investor but also relating to the core holdings. This will include the possibility to view Investor's share price performance over the last 20 years in the form of both graphs and tables. Much of this information will be produced in close cooperation with SIX AB, which is a leading supplier of financial information.

In order to make the production and distribution of financial information faster and more efficient, Investor now plans to use the website to a greater extent than previously. The interim reports and year-end reports are already available there as soon as they are published. Shareholders can also decide on the amount and type of financial information they require by creating a personal information profile.

Investor's website www.investor.se

SHARE SAVINGS PROGRAM*

Investor's share savings program, which was developed together with Aktieinvest (which is owned by the Swedish Shareholders Association), provides an extended service to existing and potential shareholders.

A favorable structure of charges allows small and medium-sized shareholders to make long-term savings and to trade in Investor shares in a cost-effective manner.

Dividends can be reinvested in new Investor shares automatically and free of charge and regular savings or single payments can be made in small or large amounts.

Under this program there are no custody or management fees and the charge when buying or selling Investor shares is low.

Fee structure

- custody or management fees: SEK 0
- charge for reinvestment: SEK 0
- minimum savings amount: SEK 100
- charge for buying and selling: SEK 25 + 0.2 percent

The Share Savings Program can be accessed via Investor's website.

* Open to shareholders who are permanent residents in Sweden.

CONVERTIBLE DEBENTURE LOANS

Investor issued a convertible debenture loan in conjunction with the acquisition of Saab-Scania in 1991. This was then increased in connection with the acquisition of Förvaltnings AB Providentia in 1992. The loans carry annual interest of 8 percent and conversion to class B shares in Investor may take place through May 2001 at a conversion price of SEK 35.5. The loans fall due for repayment on June 21, 2001.

4:1 SPLIT

At the annual general meeting held in April 1999 it was decided to carry out a split whereby each class A and class B share was divided up into four shares of the same class as the existing share.

The first trading day with Investor's shares at the new par value of SEK 6.25 was May 7, 1999.

WARRANTS IN SCANIA AB

In connection with the Scania IPO in 1996, Investor's shareholders received one three-year covered warrant, for shares in Scania, for each Investor share held. The warrants expired on June 4, 1999.

The taxable value of each warrant amounted to SEK 8.10. This value is significant for calculation of:

- capital gain/capital loss resulting from sale
- acquisition value of shares in Scania AB

PURCHASE RIGHTS IN SAAB AB

In 1998, Investor's shareholders received one purchase right for shares in Saab AB for each Investor share held.

The taxable value of each purchase right amounted to SEK 10.00. This value is significant for calculation of:

- taxable value of dividend
- acquisition value of shares in Saab AB

Additional information regarding tax aspects of the warrants and purchase rights is provided on Investor's website.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 3 p.m. on Tuesday, March 28, 2000, at Stockholmsmässan (Stockholm International Fairs), Mässvägen 1, Älvsjö.

PARTICIPATION

To be entitled to participate in the business of the Meeting, shareholders must

be recorded in the register of shareholders maintained by VPC AB (the Swedish Securities Register Center) on Friday, March 17, 2000.

notify the Company of their intention to attend by writing to Investor AB, SE-103 32 Stockholm, or calling +46 8 611 29 10, or via Investor AB's website www.investor.se no later than 1 p.m. on Wednesday, March 22, 2000.

NOMINEE-REGISTERED SHARES

Shareholders whose shares are registered in the name of a nominee through the trust department of a bank or similar institution must, in order to be entitled to participate in the Meeting, request that their shares be temporarily re-registered in their own names in the register of shareholders maintained by VPC AB. Such registration must be effected on Friday, March 17, 2000. Shareholders are requested to inform their nominees in good time prior to this date.

DIVIDEND

The Board of Directors and the President propose that a dividend be paid to shareholders of SEK 3.00 per share. March 31, 2000, 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 Wednesday, April 5, 2000.

REPORTING DATES

Annual General Meeting	March 28, 2000
3-month interim report	April 12, 2000
6-month interim report	July 12, 2000
9-month interim report	October 12, 2000

INFORMATION CHANNELS

Financial information about Investor and Investor's holdings can be accessed and ordered on Investor's website www.investor.se

Financial information can also be ordered from Investor AB, SE-103 32 Stockholm, by calling +46 8 449 88 29, faxing +46 8 449 88 10 or by e-mail to info@investor.se

Investor Relations: Per Spångberg: +46 8 614 20 00

Internet website: www.investor.se

ANALYSES OF INVESTOR

Firms that published analyses of Investor in 1999 include Alfred Berg, Bear Stearns, Carnegie, Cheuvreux Nordic, Dresdner Kleinwort Benson, Deutsche Securities, Enskilda Securities, Handelsbanken Markets, MeritaNordbanken, Morgan Stanley, Swedbank Markets and Öhman.

To the shareholders



Percy Barnevik

Under Investor's new management, investments accelerated in potentially fast-growing, listed and unlisted small companies in the IT and health care sectors as well as in the venture capital and private equity sectors. Investor has sometimes been criticized because these new investments have not shown faster growth. But even if the reported absolute investment amounts are modest so far, it has been important that these ventures have been preceded by extensive assessments

to ensure that we get a high success hit ratio with these companies, which are often difficult to value. The foundation for good growth in value has now been laid with a large number of investments in this sector. The rate of investment will increase in the future from a position of enhanced expertise.

Investor's holdings in the IT and telecom sector were favored by a strong development headed by Ericsson, the cyclical stocks generally showed good growth, while overall development was weak for the pharmaceutical industry.

The important thing, however, was that the majority of our core holdings, as a result of internal change, developed well compared with their competitors in their respective sectors and that they laid the foundation for future growth in value. The two merged companies, Stora Enso and AstraZeneca, have developed well thus far and a number of core holdings managed to boost their value through a changed product focus and rationalization. The stock portfolio was also changed as a result of divestments and acquisitions of companies related to the old Saab-Scania Group.

Work on internal cost reductions and efficiency improvements at Investor has continued according to plan. Relative administrative expenses are now below 0.4 percent of net asset value.

The policy of active ownership, including an improvement in the working methods and composition of the boards, is continuing. Experiences from principles for board work presented previously and from increased international representation on the boards are good, and the same applies to cooperation with other major owners over nominations. Pressure from owners, through the respective boards, for ambitious goals and implementation of subsequent action programs is considerable.

The discount to net asset value remains high. I am convinced, however, that a sustained focus on growth in net asset value, both in the core holdings and new investments, openness to changes in the composition of the portfolio, and increased expertise in the area of new investments, will provide good growth in value for Investor's shareholders over time.

On behalf of the board and our shareholders, I would like to thank the management and all employees at Investor for their hard and devoted work over the past year. This thank-you is also extended to all employees in our portfolio companies which have asserted themselves well in their industries and provided growth in net asset value.



Percy Barnevik
Chairman

The value of Investor's assets grew by 64 percent in 1999



Marcus Wallenberg

Nineteen-ninety nine was a good year for Investor. The net value of our assets rose by 64 percent to SEK 153 billion. We created value for our shareholders, grew the value of our holdings, and added new companies to our portfolio. During the year, we invested more than SEK 15 billion in our core holdings and approximately SEK 3 billion in our venture capital business. Overall, we increased the number of companies in Investor's portfolio to more than 100.

We will continue to make new investments and have now raised our commitment for these to SEK 25 billion (USD 3 billion).

Increasing globalization together with technological and productivity development is continuing to have positive effects on the world economy. Several analysts believe they can detect simultaneous growth throughout the global economy, something that has not occurred for a long time. Inflation forecasts remain low and this has so far had a positive impact on prices. A continued rise in key interest rates and the possibility of increased oil prices are, however, uncertain factors when making assessments about the future.

Continued economic growth is predicted in the U.S. This has led, among other things, to an increase in the trade deficit, which is approaching 4 percent of GNP. Unemployment is at its lowest for nearly 30 years. The Federal Reserve has acted to curb possible inflationary pressure and correct other imbalances. A continued gradual rise in the key lending rate can therefore be expected.

European growth was something of a disappointment in 1999, largely due to the failure of Germany and Italy to meet expectations. The growth rate now appears to have increased and these two countries are expected to make a more favorable contribution to Europe's economic development in 2000. A German tax reform should also have a positive impact on growth.

Traditional leading indicators for the Japanese economy have improved but questions concerning the credit system and deflationary pressure are troubling. A natural recovery or demands for fiscal action are topical issues in Japan.

The majority of Asian economies developed favorably due to falling exchange rates and balance of payments improvements. Competitiveness in the region is improving steadily and industrial production is showing positive trends. Domestic consumption has also started to recover in several countries.

The economic situation in Latin America and Eastern Europe, however, is lagging behind. Higher raw material prices and increased economic growth in the rest of the world should have a positive impact on these regions as well.

For Investor and for the companies in which we exercise ownership, 1999 was a highly eventful year. Ericsson showed its strength as a leading international telecommunications company. ABB limited its involvement in heavy engineering and grew as a knowledge-based company. SKF, with a new management, was able to reverse a negative trend and double its market capitalization. Atlas Copco increased its focus on the service sector following new acquisitions. SEB developed more towards asset management and banking services on the Internet.

The past year saw completion of the merger between Stora and Enso as well as the merger between Astra and Zeneca. We reached agreement with Volvo on the takeover of Investor's shares in Scania. At the beginning of the current year, General Motors decided to exercise the call option signed in 1996 for the takeover of Investor's 50-percent stake in Saab Automobile. Saab AB acquired Celsius in order to strengthen its position in specific defense segments.

A number of changes were also implemented within Investor's own organization. Investor International, with offices in New York, Silicon Valley and Amsterdam, was able to increase its efforts to find growth companies within IT and health care. These units within Investor, together with our office in Hong Kong, Novare Kapital and EQT, have now invested in some 100 companies.

Another way to describe Investor's operations is to group our investments by sector. If we take the IT/telecom sector, we can see how Investor's holding grew from SEK 16.6 billion at the end of 1998 to SEK 45.4 billion one year later. This represents a growth in value of SEK 25.3 billion and new investments of SEK 3.5 billion.

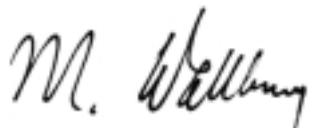
So what exactly is a new investment? I would say that a new investment is every investment, or re-investment, that we make in a company or industry which we believe has growth potential. Making new investments in an existing holding which is undergoing change must be a key part of our investment activities.

As I have said on previous occasions, one matter which must be reviewed is Investor's relative target of annual growth of three percentage points above the total return index of the OM Stockholm Exchange. I see three reasons for change. First, Investor is not an index fund. Second, the Stockholm index does not reflect the composition of Investor's portfolio which also contains unlisted and international holdings. Third, absolute return requirements are set internally by Investor for our various investment approaches.

When it comes to the question of a possible share buy-back program, Investor's Board has decided to ask the Annual General Meeting for the authority to have the option to carry out such a program, which may be exercised if proposed Swedish legislation comes into force. Any possible repurchase must always be compared with other investment options.

At Investor we will use our knowledge, our experience, and our capital to create value for our shareholders. We believe in active ownership and therefore wish to participate in the work of the boards of the companies in which we invest. We want to be able to offer the management of these companies advice and support within key areas for decision.

We evaluate our investments continuously and we are always prepared to adjust our ownership. Investor's role has been to provide long-term venture capital and to support entrepreneurial spirit. This has been a recipe for success and 1999 represented another step in this direction. Investor will continue to grow with world-class companies that lead their industries in Sweden and around the globe.



Marcus Wallenberg
President and Chief Executive Officer

Strong growth in Investor's net asset value

On December 31, 1999, Investor's net asset value amounted to SEK 153,259 m. (93,502). This corresponds to SEK 191 (117) per share after full conversion. The increase in net asset value during the year was 64 percent (6) or SEK 59,757 m. (5,093). Most of this increase, SEK 55,174 m.¹⁾, was attributable to growth in the value of Investor's core holdings. In absolute numbers, the largest contribution to growth in value came from Ericsson with SEK 23,274 m. In addition, SEK 8,281 m. came from Scania, SEK 7,163 m. from ABB and SEK 6,028 m. from Stora Enso. In terms of share price performance, Ericsson also provided the highest appreciation with 183 percent. This was followed by SKF with 119 percent, Stora Enso with 106 percent and Scania with 104 percent.

1) This amount comprises realized gains and changes in surplus values taking purchases and sales proceeds into account.

NET ASSET VALUE

	12/31 1999		12/31 1998	
	SEK/share	SEK m.	SEK/share	SEK m.
Core holdings	193	154,874	111	88,923
New investments	10	7,618	7	5,509
Other holdings	13	10,179	12	9,836
Other assets and debts	-1	-499		-184
Total investments	215	172,172	130	104,084
Net debt	-24	-18,913	-20	-15,966
Shares in Scania corresponding to issued warrants			7	5,384
Total net asset value	191	153,259	117	93,502

MAJOR CAPITAL GAINS

Investor's income before tax, excluding unrealized increases in value, amounted to SEK 11,075 m. (3,711). Net income amounted to SEK 10,820 m. (3,465). The change in earnings compared with the previous year was mainly attributable to capital gains from the sale of shares, of which sales of shares in Scania through exercise of warrants provided a capital gain of SEK 4,618 m. The agreed transaction regarding the sale of remaining shares in Scania to Volvo is not included in the result for the period.

CONSOLIDATED RESULTS

	Core holdings	New investments	Other holdings	Investor group-wide	1999	1998
Dividends received	2,007	415	176	177 ²⁾	2,775	1,945
Realized profit/loss	2,914	2,142	150	4,409 ²⁾	9,615	3,995
Write-downs		14		70	84	-404
Administrative expenses				-593	-593	-787
Other revenues and expenses ¹⁾		-146	79	37	-30	-99
Net financial income/expenses			55	-831	-776	-939
Tax and minority				-255	-255	-246
Income for the period	4,921	2,425	460	3,014	10,820	3,465
Change in surplus value	52,260	847	1,285	-3,357 ²⁾	51,035	3,535
Dividends paid				-2,098	-2,098	-1,907
Contribution to NAV growth	57,181	3,272	1,745	-2,441	59,757	5,093

ASSETS PER SEGMENT

					12/31 1999	12/31 1998
Book value	46,920	4,831	7,688	-1,311	58,128	46,624
Accumulated surplus value	107,954	2,787	2,491	812	114,044	62,844
Market value	154,874	7,618	10,179	-499	172,172	109,468

1) Pertains to earnings from Grand Hôtel Holdings, hedging and other operations.

2) Includes shares restricted by distributed covered warrants.

LONG-TERM COMPANY DEVELOPMENT

Investor's mission is to create shareholder value through long-term, active ownership and active investment operations.

By providing venture capital and ownership expertise, Investor contributes to the creation and development of companies and supports entrepreneurship in Sweden and internationally. An extensive global, industrial and financial network allows Investor to adopt a different investment approach. The holdings range from small, start-up companies in the IT and health care sectors to global corporations such as Ericsson and AstraZeneca. Investments are made within the framework of Investor's core holdings as well as the wholly or partly owned operations Novare Kapital, Investor International, EQT and Investor Capital Partners. A guiding principle for Investor has always been its ability and willingness to change. Investor will continue to change in order to participate actively in the development of the companies of today and tomorrow.

At the end of 1999 the company had approximately 175 employees.

Over the past 20 years, Investor's total annual return – the sum of reinvested dividends and share price appreciation – has exceeded the total return for the OM Stockholm Exchange. The most important objective for all Investor employees is to meet shareholder demands for capital return.

TOTAL RETURN*

	OM Stockholm Exchange	Investor
5 years	33.4%	27.4%
10 years	18.5%	15.7%
15 years	22.1%	22.6%
20 years	25.1%	26.8%

* Total return refers to the sum of reinvested dividends and share price appreciation. Findata's Total Return Index (FDAX) has been used as the benchmark.

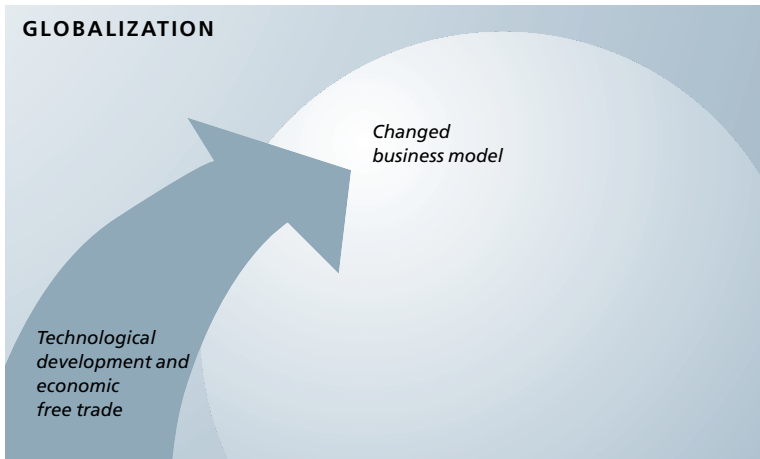
STRATEGY FOR CHANGE

Investor's strategy recognizes that the growing pace of development and changes in the business environment are placing increased demands on companies to adapt. The ability to meet this development in the right way is pivotal for future success, both for Investor's core holdings and for newly started companies. This also applies to Investor itself.

There are certain trends that may grow in importance in the future. The first is technological development combined with increasingly free world trade, which will lead to globalization and changes in production, distribution and consumption of goods and services. The second is new demands within health care and pharmaceuticals as well as in the service sector which will result from the current demographic trend. This will also lead to greater interest in savings and asset management. The third is the growing knowledge content in the new economy and jobs that is raising requirements for education.

Taken overall, this trend will lead to a number of interesting opportunities for both Investor and the core holdings. As far as Investor is concerned this will mainly be a considerable flow of new investment opportunities in health care and pharmaceuticals, in new IT applications, and in education.

Investor will therefore continue with a strategy along two parallel tracks – active ownership and participation in the renewal of the core holdings, and a focus on new investments. Raising the proportion of



new investments as a share of assets has high priority.

Change always involves both opportunities and risks. Historically, Investor's success has been based on the company's ability to take advantage of new opportunities while keeping risk at a reasonable level. This approach will continue to characterize Investor's strategy and operations in the future.

NETWORK PLATFORM FOR INVESTOR'S DIFFERENT INVESTMENT APPROACHES

The common and uniting factor for the different parts of Investor's investment organization is the extensive network around the company that provides both breadth and depth in terms of experience, information and business flow. A combination of financial and industrial expertise and analytical skills in an international perspective gives Investor a unique opportunity to be involved in the development of small and large companies for the future.

INVESTOR'S INVESTMENT APPROACHES

		GROWTH CAPITAL		PRIVATE EQUITY	
	Core holdings	Novare Capital	Investor International	EQT	Investor Capital Partners
Value, December 31, 1999, SEK bn	154.9		5.3		2.3
Invested capital 1999, SEK bn	15.2			3.0	
Number of investments	15		70		30

The organization has been developed throughout the 1990s and is represented today through subsidiaries and offices in Stockholm, Hong Kong, London, New York, Silicon Valley and Amsterdam.

FUTURE – A COMPANY IN CHANGE

Investor is undergoing change so that the company can fulfil its mission and achieve its long-term vision. The fundamental principle of creating shareholder value through active ownership and active investment operations will remain unchanged, but it may be realized in different ways in the future.

The initiatives taken by Investor in recent years within new areas are based on being an active broker of venture capital that participates in the buildup and development of individual companies. This has been carried out through a number of specialized organizational units such as Novare



Kapital and EQT. The major question for Investor in the future is at what pace and to what extent the company's focus and main emphasis will be moved from the present core holdings to existing and future new ventures.

A look back at the last ten years provides a pointer to the spectrum of possibilities, with everything from the debt-financed acquisition of Saab-Scania and the subsequent division and reshaping of the company, to involvement with Swedish and international venture capital in growth companies.

BORROWING

Investor's loan financing is effected through credit facilities and debt issuance in the bank lending market, and short-term and long-term programs in the capital market.

In the bank lending market, Investor has a syndicated bank loan facility of USD 1,000 m. which matures in July 2003. This facility was undrawn in December 1999.

In recent years, Investor has increased its borrowing in the Swedish and European capital market by issuing its own commercial papers and bonds.

In the past year, Investor was active on the Eurobond market through two public issues and four private placements within its Euro Medium Term Note program (EMTN). In March, Investor issued EUR 400 m. with a maturity of 7 years. In May, Investor issued EUR 44.3 m. when an outstanding bond for DEM 500 m. was redenominated to euro. Following redenomination and increase, the bond amounts to EUR 300 m. and matures in June 2008. Four private placements were issued in January, June and September. They amounted to GBP 12.6 m, USD 50 m., EUR 30 m. and CHF 30 m. with maturities of 1 year and 2 years. The total issue volume under the EMTN amounted to SEK 4,958 m.

In the Swedish Medium Term Note program (MTN), Investor issued three index-linked bonds totaling SEK 290 m. which mature in December 2008. Investor was also active on the Swedish commercial paper market with the issue of Investor commercial papers for SEK 10,497 m. At year-end 1999, SEK 5,551 m. of these were outstanding.

At the beginning of December, Investor set up a Euro Commercial Paper program (ECP) with a program size of USD 1,500 m. Until the end of the year, Investor issued commercial paper for SEK 137 m.

group overview

The Group's interest-bearing liabilities at December 31, 1999, are summarized in the table below.

GROUP'S INTEREST-BEARING LIABILITIES IN SEK M., 12/31 1999

	Outstanding amount
<i>Short-term loans and facilities</i>	
Short-term bank loans	0
Swedish Commercial Paper program	5,551
Euro Commercial Paper program	137
Syndicated bank facility	0
Swedish MTN program (matures within 1 year)	1,330
Euro MTN program (matures within 1 year)	556
Total	7,574
<i>Long-term loans and facilities</i>	
Euro MTN program	9,506
Swedish MTN program	2,662
Other	3
Total	12,171
Total short- and long-term loans	19,745

The average interest for the loan portfolio was 4.6 percent at 12/31 1999.

Investor AB has short-term and long-term ratings from Standard & Poor's and Moody's. Moody's upgraded Investor's long-term rating from A₃ to A₂ in March 1999. In conjunction with the establishment of the new ECP program, Investor received a short-term rating of P-1 from Moody's.

RATING

Rating agency	Long-term rating	Short-term rating
Standard & Poor's	AA-	K-1/A-1+
Moody's	A2	P-1

High activity and increased demands for cost-effectiveness

In several of the structural changes in Swedish and international business, Investor has played an active role in the development and renewal of its holdings in order to create shareholder value. These include: the reconstruction of Saab-Scania with the sale of Saab Automobile to General Motors, the Scania IPO and subsequently the proposed merger with Volvo; the listing of Saab AB with British Aerospace as part owner and subsequently the bid for Celsius; the transformation of Incentive to Gambro; the merger between S-E-Banken and Trygg-Hansa to form SEB which acquired the German BfG Bank in 1999; the merger of OM Gruppen and the Stockholm Stock Exchange; the Stora Enso merger; the reshaping of ABB; and the formation of AstraZeneca.

Investor has also participated in the development of start-ups such as Bredbandsbolaget, Stepstone and Spray; participated in the buildup of one of the largest venture capital companies in northern Europe, through EQT which has successfully completed a number of deals; founded Novare Kapital which has invested in more than 30 early-stage growth companies. Investor also laid the foundation for international expansion through establishment in New York, which will now be complemented with an office in Silicon Valley, and the current formation of a fund for investments in Asia advised by Investor's office in Hong Kong.

Over the past year, Investor was also affected by the challenge to expand and be assertive while reducing costs and increasing efficiency. A key part of this work is to clearly define the operations within Investor's different investment approaches. At the same time, there are synergies to be gained by exchanging experiences within different investment areas and sharing efficient administrative functions.

Media and capital market debates in recent years have included a discussion about the operations and focus of an industrial holding company. Such a discussion is beneficial for every type of operation. It leads to reappraisal and innovative thinking. There is always a risk, however, that some basic issues will be missed when the discussion focuses more on some areas than others. One such issue is the similarities and dissimilarities between an industrial holding company and other business and therefore the basic premises of operations.

INDUSTRIAL HOLDING COMPANY

DIFFERENT FROM OPERATING COMPANY

Something, on the other hand, which does distinguish Investor from an operating company is the fact that Investor neither manufactures any products nor provides services in the traditional sense, which most other companies otherwise have as their main business. Investor devotes itself exclusively to investment operations. This makes shareholders and customers one and the same group for Investor, which is a difference compared with most other companies.

When a company otherwise talks about its customers, it is usually referring to the group that buys and uses the company's products or services. Satisfied owners and customers therefore go hand in hand for Investor in a very obvious way.

VALUATION

The view of an industrial holding company compared with an operating company also differs as regards valuation. An operating company is valued

in relation to the stock market's expectations as to the company's future profitability. Profitability is usually measured by the company's ability to create profit and cash flow. The share price can then be read as a multiple of one of the above measurements.

Industrial holding companies, and therefore Investor as well, are usually valued in relation to net asset value. This means that a valuation of the underlying operations is added to an estimated market value of the company's assets. Since the assets in most industrial holding companies, including Investor, mainly comprise participations in operating companies, the valuation will be a result of anticipated profitability in all the holdings. The net asset value thus constitutes an overall level for valuation of the different operating activities. This is particularly clear in cases where the industrial holding company owns listed stock.

In all operations which are valued by substance, i.e. the profitability or return potential of a number of underlying assets, there is often a discount to net asset value. This applies to a property company, a power company, an industrial holding company and other asset-rich operations. If a net asset valuation is applied directly to the various parts of an operating company, a discount usually arises there as well. This discount is yet another variable to be taken into account in the work of creating shareholder value.

INVESTOR DIFFERENT FROM A MUTUAL FUND

Sometimes Investor is also compared with a mutual fund. There are a number of differences, however, between a mutual fund and an industrial holding company:

In a listed industrial holding company people buy shares directly and become shareholders whereas people invest in a fund through a bank or other principal and become unit holders.

The purchase of shares in a listed industrial holding company entails paying normal brokerage as with other share purchases. A shareholder is then affected by the company's costs through possible changes in valuations of the company in the event of a changed cost scenario. A fund unit holder usually pays an annual management fee and a possible charge for buying and selling. This means that a shareholder in Investor has lower costs for his or her savings than most fund unit holders.

- A listed industrial holding company follows the stock exchange rules on disclosure while a fund comes under the control of the Swedish Financial Supervisory Authority as a supplier of a financial service.
- A listed industrial holding company informs the stock market about its operations while a fund markets its product in the same way as other financial services.
- An industrial holding company is a concept with two parties – the shareholders and the company's management organization. The mutual fund is in most cases a concept with three parties – the unit holders, the fund's management organization and the fund's shareholders. The third party is usually a bank or insurance company and the party that takes care of the surplus from management activities.
- An industrial holding company has greater investment freedom than most mutual funds, but because of active ownership it is not as easy to make many and fast reinvestments.
- An industrial holding company often has greater opportunities for borrowing, which provides both a higher potential return and higher risk.

Taken overall, this means that the choice of available investment opportunities is increasing to the advantage of both private shareholders and investors as well as professional investors. Investor continuously adapts and changes its organization and the direction of its business operations in order to be an attractive investment alternative.

Risk Management

The Investor Group, through its operations, is primarily exposed to market risk. The market risk mainly comprises share price risk but also includes interest rate and currency risks. Other risks that arise in the company's operations include financing risk, credit risk and operational risk. Risk limits are stipulated in Investor's risk policies which are decided by the Board of Directors.

Investor's business activities consist of work with Investor's core holdings, new investments, other holdings, and short-term trading in equities, fixed-income securities and currencies. Treasury is responsible for managing interest rate risk related to funding and financing risk.

The risk policies stipulate methods for risk measurement, risk mandates for market risk and how other risks should be minimized. There are market risk mandates for new investments, short-term equity trading and fixed-income and currency trading. The risk policies also stipulate which securities, instruments, currencies and counterparties are permitted, as well as which control routines should be followed. The Risk Management function monitors adherence to the risk policies.

MARKET RISKS

Market risk is the risk of fluctuations in share prices and exchange rates, as well as in market interest rates, having a negative impact on earnings and equity. The traditional way of measuring and limiting market risk is in terms of market exposure, i.e. the market value of investments. Investor endeavors, however, to measure and limit market risk in terms of Value at Risk (VaR). VaR estimates possible future loss based on historic market prices and based on probability theory. VaR is an international standard for risk measurement used in the banking sector and is approved by the regulatory authorities.

Investment Activities and Trading

Most of the market risk is in Investor's core holdings. Market exposure is monitored for Investor's core holdings. Equity risk for new investments and other holdings is measured and limited in terms of market exposure. When investing in foreign stocks, currency risk also arises. In 1999, Investor's board decided, with effect from July 1, 1999, to discontinue hedging of investments in foreign currency. This decision was mainly based on the fact that Investor takes a long-term view of its investment operations which means that currency hedging cannot be justified from a risk or cost perspective.

INVESTMENTS IN FOREIGN CURRENCY, SEK M.

	12/31 1999	12/31 1998
EUR	1,500	850
Rest of Europe (DKK, NOK, GBP)	220	300
Asia (HKD, KRW, PHP, THB)	680	700
USD	4,340	3,650
Total	6,740	5,500

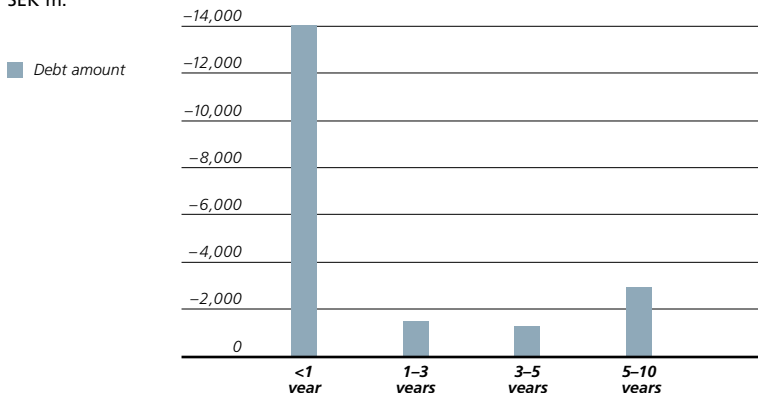
The market risk for short-term equity, fixed-income and currency trading is measured and limited in terms of VaR. Also, simulations of possible outcomes of extreme market movements are performed.

Interest rate risk

Interest rate risk arises as a result of borrowing and investment of surplus liquidity. The interest rate risk is minimized by trying to match interest rate sensitivity on the assets side of the balance sheet with that on the liabilities side. In 1999, Investor's interest rate portfolio consisted of floating and fixed rates. The average interest rate maturity was 1.8 years (2.0) at year-end.

MATURITY STRUCTURE, INTEREST RATE PORTFOLIO

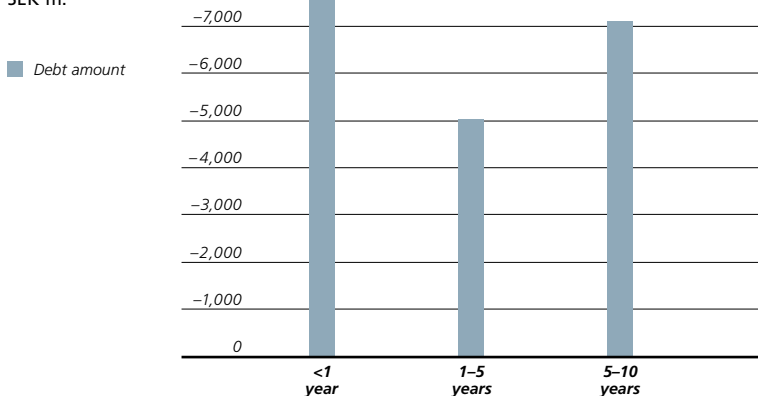
SEK m.

*Financing risk*

In order to reduce the financing risk, Treasury works actively to ensure financial preparedness by establishing loan and credit facilities for long- and short-term borrowing. The financing risk is further reduced by allocating loan maturities over time and diversifying sources of capital. At year-end, the loan portfolio had an average maturity of 3.4 years (3.0).

MATURITY STRUCTURE, DEBT PORTFOLIO

SEK m.

*Credit risk*

Credit risk is the risk of a counterparty or issuer being unable to repay a liability to Investor. Credit risk arises when depositing cash and in some types of derivative transactions.

Investor's main exposure to credit risk is through Treasury, and short-term fixed-income and currency trading. According to Investor's credit risk policy, Investor may only be exposed to credit risks towards counterparties with high creditworthiness (lowest A-/A₃ rating from Standard & Poor's and Moody's), at a limited amount and for a limited duration. Investor also endeavors to conclude ISDA agreements with major counterparties. ISDA agreements allow netting of derivatives in the event of a counterparty encountering a financial problem.

OPERATIONAL RISK

Operational risk can be defined as the risk of loss due to inadequacies in the internal control process. The operational risk policy must ensure that the company operates within corporate policies and established routines as well as ensuring that appropriate controls are carried out. Investor's operational risk policy regulates, for example, how valuations, reporting, and reconciliation shall be carried out and in which countries currency and securities investments may be made. This is followed up on a regular basis. In order to ensure independence and objectivity, Investor applies segregation of duties which means that the administrative and control functions are separated from business activities, and that the Risk Management function and the business operations, respectively, report to different people in executive management.

Development of Investor's shares in 1999

Investor's shares have been traded on the OM Stockholm Exchange since the company was founded in 1916.

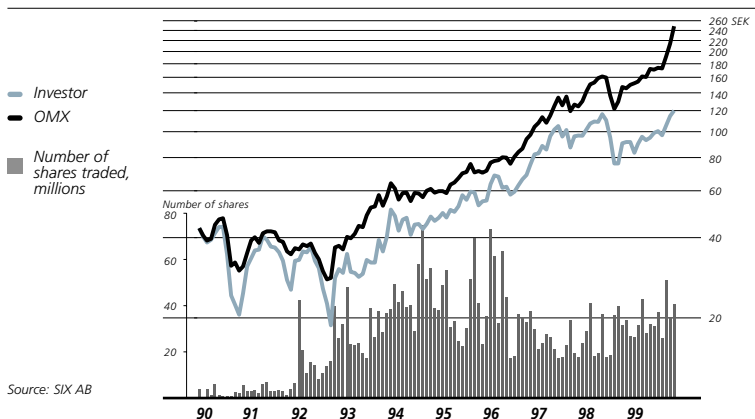
At year-end 1999, Investor's market capitalization amounted to just under SEK 92 billion. This represents an increase of just over SEK 22 billion or 32 percent during the year. At the end of the year, Investor was the eighth largest company in terms of value on the OM Stockholm Exchange after Ericsson, Hennes & Mauritz, AstraZeneca, Skandia, Nokia, ABB and Volvo. Investor's share of the Exchange's total market capitalization amounted to approximately 2.4 percent at year-end 1999.

In addition to the shares, Investor's convertible debenture loan is listed on the market. The loan was issued as partial financing in conjunction with the acquisition of Saab-Scania in 1991 and increased in connection with the bid for Förvaltnings AB Providentia in 1992. However, the dominant part of the listed loan, 91 percent, is owned by Investor.

SHARE PRICE TREND

Investor's most traded share is the class B share. The share price increased from SEK 91.50 at the beginning of the year to SEK 120.00 at year-end, a rise of 31 percent. The price of Investor's class A share rose from SEK 90.25 to SEK 121.00 in 1999. At the same time, the Affärsvärlden General Index rose by 66 percent and the OMX Index by 71 percent.

SHARE PRICE AND TURNOVER, 1990–1999



TURNOVER

Turnover in Investor's shares has increased over time, particularly trading in B shares. This has been encouraged by the fact that the class B proportion of the total number of shares outstanding has risen from 12 percent prior to the acquisition of Saab-Scania, Providentia and Export-Invest to 59 percent today.

At the same time, turnover on the OM Stockholm Exchange has increased in recent years, due among other things to a growing interest from foreign investors and more active management with a higher proportion of short-term trading by a growing number of investors.

investor shares

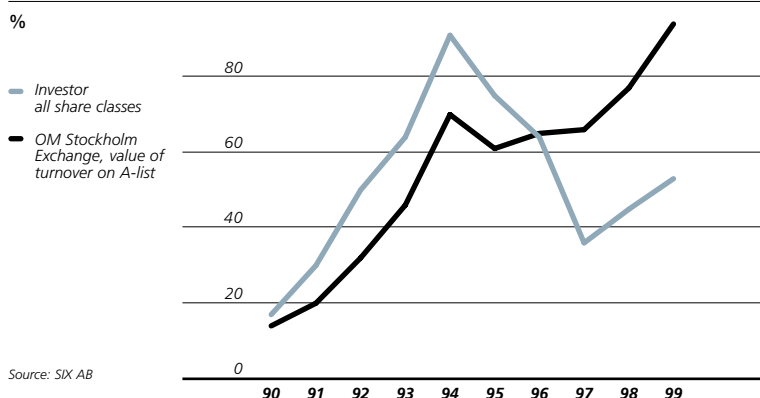
TURNOVER IN INVESTOR SHARES IN 1999

Thousands	Class A	Class B	Total
Jan-March	8,740.3	75,372.4	84,112.7
April-June	10,924.6	91,325.7	102,250.3
July-Sept	8,970.8	85,045.0	94,015.9
Oct-Dec	22,484.0	103,868.2	126,352.2
Total	51,119.7	355,611.3	406,731.1

The turnover rate on the OM Stockholm Exchange continued to increase in 1999 and reached 94 percent.

Seen over time, turnover in Investor's shares decreased during the period 1994 to 1997. The turnover rate has now risen again. For the full-year 1999 the total turnover rate was 53 percent and 79 percent for B shares.

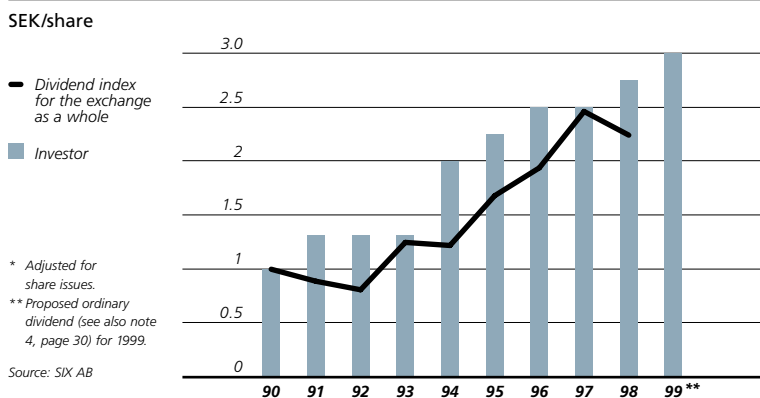
TURNOVER RATE OVER A 10-YEAR PERIOD



DIVIDEND

Investor's dividend policy is to distribute a large portion of the dividends it receives. Furthermore, the dividend should develop steadily over time. In 1999, a dividend of SEK 11.00 per Investor share was paid for the 1998 fiscal year (SEK 2.75 adjusted for the share split). The proposed dividend for the 1999 fiscal year is SEK 3.00.

ORDINARY DIVIDEND PAID PER SHARE*



REPURCHASE OF OWN SHARES

The Board has decided that the Annual General Meeting to be held in March 2000 should authorize the Board to decide on repurchase of the company's shares. Under such mandate, the Board will be given the opportunity until the next Annual General Meeting, provided they deem

this appropriate, to decide on a repurchase of the company's shares. One prerequisite for this is that proposed legislation on repurchase of own shares comes into force as announced. A potential repurchase of the company's shares may be effected on the stock market and through offerings to shareholders. The Board's mandate is also proposed to include the possibility to transfer shares that have been repurchased within the limits permitted by the new legislation.

SHARE AND CONVERTIBLE DEBENTURE STRUCTURE

At year-end 1999, Investor's share capital amounted to SEK 4,775 m., represented by 764 million shares each with a par value of SEK 6.25 following the split carried out in May 1999 and which meant that each existing class A and B share was divided into four shares of the same class as the existing share.

The nominal amount of Investor's convertible debenture loans totaled SEK 1,307 m. At year-end 1999, the nominal amount of Investor's own holding amounted to SEK 899 m. of the loan denominated in Swedish kronor and SEK 293 m. of the loan denominated in ECU. In total, this corresponds to 91 percent of the volume of the convertible loan outstanding. In the event of conversion, the number of shares would increase to just over 800 million and the proportion of B shares would increase to 61 percent of the share capital.

The number of Investor shareholders has risen substantially in recent

STRUCTURE OF SHARE CAPITAL AND CONVERTIBLES

	Class of share	Number of shares	Number of voting rights	Percentage of capital	Percentage of voting rights
Before conversion	A 1 vote	311,690,844	311,690,844	40.8	87.3
	B 1/10 vote	452,242,024	45,224,202	59.2	12.7
Total		763,932,868	356,915,046	100.0	100.0
Convertible debenture loans¹⁾					
	B 1/10 vote	36,824,020	3,682,402		
After conversion	A 1 vote	311,690,844	311,690,844	38.9	86.4
	B 1/10 vote	489,066,044	48,906,604	61.1	13.6
Total		800,756,888	360,597,448	100.0	100.0

1) The nominal value of the loans is SEK 1,307 m. and they carry 8.00% interest until June 21, 2001. The conversion price is SEK 35.50. Of the convertible debenture loans corresponding to 36,824,020 shares, Investor's own holding corresponds to 33,578,895 shares.

years. In 1992, the number of shareholders totaled just over 30,000. By 1997, this number had risen to over 138,000. The number of shareholders more than doubled in 1997, largely because many Stadshypotek shareholders decided to invest their proceeds from Svenska Handelsbanken's purchase of Stadshypotek in Investor shares. Subsequently, the number of shareholders has decreased slightly and amounted to 134,240 at year-end 1999.

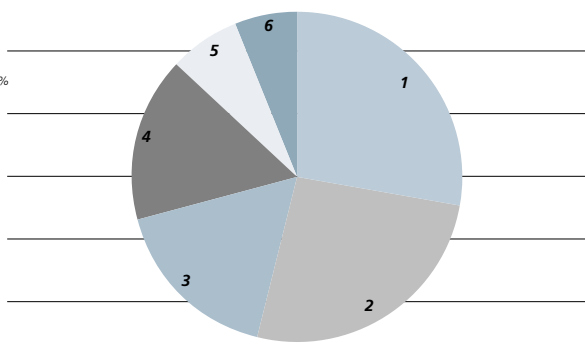
Generally and historically, the ownership structure has been relatively concentrated. The 15 largest shareholders account for 49 percent of the share capital and 72 percent of the voting rights. The largest category of shareholder in terms of number is private investors, a total of 125,000 which corresponds to 94 percent of the number of owners. At the same time, they own 16 percent of the share capital. The big increase in the number of shareholders in 1997 also led to a structure where many owners own small blocks of shares. For example, of the total number of share-

investor shares

DISTRIBUTION OF INVESTOR'S SHAREHOLDERS

% of capital

- 1 Trusts and foundations, 28%
- 2 Foreign shareholders, 26%
- 3 Insurance companies, 17%
- 4 Private investors, 16%
- 5 Mutual and stock funds, 7%
- 6 Others, 6%



holders in the company, 22 percent own 1–19 shares, 38 percent less than 100 shares and 62 percent less than 400 shares. The most usual holding is 400 shares. This can be compared, for example, with the number of funds, banks and insurance companies which together total 126 and own 26 percent of the share capital.

The largest single shareholder category is foundations. The three largest Wallenberg foundations jointly own 19 percent of the share capital and 41 percent of the voting rights. The largest single shareholder is the Knut and Alice Wallenberg Foundation with 35.8 percent of the voting rights and 16.7 percent of the share capital.

The general trend with a high proportion of institutional investors, defined as all holdings not registered in the name of an individual, is also reflected at Investor. 84 percent of the shares are owned by a total of 8,662 institutional investors. Many of these institutions, however, indirectly represent individuals who invest in shares through mutual funds.

At the same time, most shareholders are private investors in the 50–59 age group. The majority of shareholders in the private investor category live in the county of Stockholm (28 percent) and their holdings represent 45 percent of the total holdings owned by private investors.

Although foreign net purchases of Swedish shares have decreased in recent years (a net flow-back in 1997–98) foreign ownership on the stock exchange has risen steadily. At the beginning of 1999 foreign ownership totaled 35 percent and this proportion increased during the year.

SHAREHOLDER STATISTICS ACCORDING TO VPC, DECEMBER 31, 1999*

Size of holding		Number of shareholders	Total number of shares as % of share capital
1–	2,000	119,346	6
2,001–	20,000	13,482	10
20,001–	40,000	616	2
40,001–	80,000	343	3
80,001–	200,000	227	4
200,001–	400,000	71	3
400,001–	2,000,000	113	13
2,000,001–	4,000,000	19	7
4,000,001–	8,000,000	7	5
8,000,001–		16	49
		134,240	100

* Directly registered or registered in the name of nominees.

Since 1992, foreign ownership in Investor has risen from 6 to 23 percent at year-end 1998. In 1999, foreign ownership rose further by 3 percentage points to 26 percent of the share capital. Investor's shares, in common with the OM Stockholm Exchange, showed a net import figure of SEK 1.7 billion in 1998. In 1999, Investor shares were net exported while Volvo and Scania were net imported.

The largest foreign shareholder is Franklin Mutual Advisers which is also the second largest shareholder in the company.

Investor's foreign shareholders mainly own B shares, corresponding to 37 percent of the total number of shares before conversion. Ownership is spread between different countries. The largest number of foreign shareholders are in the U.S., the U.K., Denmark and France. In terms of capital, the U.S. is the largest group with 13.4 percent, followed by the U.K. with 3.5 percent, Luxembourg with 1.7 percent and Switzerland with 1.4 percent.

**INVESTOR'S FIFTEEN LARGEST SHAREHOLDERS
LISTED BY VOTING RIGHTS ON DECEMBER 31, 1999***

	% of voting rights	% of share capital
Knut and Alice Wallenberg Foundation	35.8	16.7
Franklin Mutual Advisers	6.3	7.6
Nordbanken's mutual funds	4.8	2.3
Skandia	4.5	4.9
SPP	3.6	5.0
Marianne and Marcus Wallenberg Foundation	3.0	1.4
Fifth AP Fund	3.0	1.4
Marcus and Amalia Wallenberg Foundation	2.6	1.2
EB Foundation	2.6	1.2
AMF-p	1.6	4.5
SEB/Trygg-Hansa	1.6	0.9
AMF-s ¹⁾	0.8	1.0
Handelsbanken's mutual funds	0.7	0.4
Peter Wallenberg	0.3	0.3
Legal, Financial and Administrative Service Agency	0.3	0.3
Total	71.5	49.1

* Directly registered or registered in the name of nominees.

1) Including TFA.

investor shares

CHANGES IN STRUCTURE OF SHARE CAPITAL 1975–1999

Year	Share capital, SEK m.	Convertible debenture, loans, SEK m.	No. of shares		No. of shares after full conversion	Par value, SEK	Issue terms
1975	180		R	2,880,006			
			U	719,994			50 N 1:4 à 50 SEK
			Total	3,600,000			B 1:4
1979	270		R	4,320,009			
			U	1,079,991			B 1:2
			Total	5,400,000			
1982	405		R	12,960,026		25	
			U	3,239,974			B 1:2+2:1 split
			Total	16,200,000			
1984	810		A R	23,004,001			B 1:1
			A U	5,345,999			(3A+1B
			B U	4,050,000 ¹⁾			Unrestr.
			Total	32,400,000			on 4 old)
1990	2,025		A R	57,510,003			
			A U	13,364,997			B 3:2
			B U	10,125,000			(3A:2A, 3B:2B)
			Total	81,000,000			
1991	2,025	3,564 ²⁾	A R	59,886,758 ³⁾			
			A U	10,988,242			
			B U	10,125,000			
			Total	81,000,000			
1992	3,434 ⁴⁾	6,855 ⁵⁾	A R	59,886,758	A R	59,886,758	
			A U	10,988,242	A U	10,988,242	
			B U	66,478,396	B U	110,993,390	
			Total	137,353,396	Total	181,868,390	
1994	3,874 ⁶⁾	6,850	A	77,922,711	A	77,922,711	
			B	77,039,669	B	121,521,653	
			Total	154,962,380	Total	199,444,364	
1995	3,875	6,847	A	77,922,711	A	77,922,711	
			B	77,058,129	B	121,521,653	
			Total	154,980,840	Total	199,444,364	
1996	4,769	1,337	A	77,922,711	A	77,922,711	
			B	112,851,912 ⁷⁾	B	122,054,990	
			Total	190,774,623	Total	199,977,701	
1997	4,772	1,323	A	77,922,711	A	77,922,711	
			B	112,948,591	B	122,054,975	
			Total	190,871,302	Total	199,977,686	
1998	4,773	1,318	A	77,922,711	A	77,922,711	
			B	112,987,591	B	122,273,041	
			Total	190,910,302	Total	200,195,752	
1999	4,775	1,307	A	311,690,844	A	311,690,844	6.25 4:1 split
			B	452,242,024	B	489,066,044	
			Total	763,932,868	Total	800,756,888	

N: New issue, B: Bonus issue, R: Restricted, U: Unrestricted

1) The B share was introduced in 1984.

2) In connection with the acquisition of Saab-Scania.

3) In connection with the acquisition of Saab-Scania, 2,376,755 unrestricted A shares were converted to restricted A shares.

4) Increase in the share capital by a nominal amount of SEK 1,409 m. in connection with the acquisition of Förvaltnings AB Providentia through a directed new issue of 56,353,396 unrestricted B shares.

5) Increase in the nominal value of the convertible debenture loan by SEK 3,291 m. in connection with the acquisition of Förvaltnings AB Providentia.

6) Increase in the share capital by a nominal amount of SEK 439 m. in connection with the acquisition of Export-Invest through a directed new issue of 7,047,711 A shares and of 10,528,263 B shares and by a nominal amount of SEK 1 m. through conversion of debentures.

7) Increase of 35,793,783 B shares through conversions.

Ten-year summary*

INVESTOR GROUP

SEK m.	1990 ¹⁾	Pro forma 1991	1992	1993
Dividends received	390	666	546	390
Yield, core holdings, %	2.5	3.3	2.3	1.4
Dividends paid	348	721 ³⁾	721	721
Sales, core holdings	560	5,898	5,289	4,178
Capital gains, net, core holdings	450	2,517	2,271	1,408
Turnover, %	3	19	21	16
Purchases and new subscriptions, core holdings	3,782	808	482	246
Income after financial items	419	2,165	1,482	410
Market value, core holdings	15,900	20,411 ⁹⁾	23,238	27,964
Change in value, core holdings, %	-25	14 ⁹⁾	26 ⁹⁾	41
Findata's Total Return Index, %	-30.0	8.4	2.3	56.3
OMX Index, %	-28	11	8	53
Total return, core holdings, %	-23	6	45	43
Surplus value, core holdings	6,259	7,638	10,367	17,617
Net asset value	11,280	26,430	30,122	37,493
Equity/assets ratio, %	61	34	41	49
Condensed balance sheet, market value				
– Cash and short-term investments	2	14,205	10,410	8,292
– Other assets including surplus values	18,585	63,333	63,572	68,637
– Shareholders' equity including surplus values	11,280	20,074	23,503	30,677
– Convertible debenture loans		6,356	6,619	6,816
– Interest-bearing liabilities	391	30,784	22,391	16,450
– Other liabilities including minority interest	6,916	20,324	21,469	22,986
Total assets, market value	18,587	77,538	73,982	76,929
Number of shares, millions ^{10) 11)}	351.2	727.6	727.6	727.6
Equity per share, SEK ¹⁰⁾	10	17	18	18
Net asset value per share, SEK ¹⁰⁾	32	36 ¹¹⁾	41 ¹¹⁾	52 ¹¹⁾
Growth in net asset value, %	-40	16	14	24
Share price, December 31, SEK ^{10) 12)}	25	26	31	40
Discount to net asset value, %	23	30	26	22
Dividend per share, SEK ¹⁰⁾	1.00	1.31 ³⁾	1.31	1.31
Yield, %	4.0	5.1	4.3	3.3
Dividend payout ratio, %	89	108	132	185
Total return, Investor share, %	-42.5	6.1	24.0	37.9

* For increased comparability, results pertain to the Group structure at the time. For definitions, see page 86.

1) Listed Swedish shares, core holdings.

2) Excluding dividend received for Scania shares covered by warrants.

3) Actual dividend paid.

4) In 1995, an extra dividend of SEK 5.00/share, or a total of SEK 3,308 m., as well as one warrant for shares in Scania AB valued at SEK 2.00/share were issued in addition to the ordinary dividend. In 1997, one purchase right for shares in Saab AB was issued in addition to the ordinary dividend.

5) Proposed dividend.

6) 1996: Pertains to the sale of 55% of Scania. 1997: Additional amount of SEK 80 m. relating to sale of Scania.

1998: Including the sale of 35.1% of Saab AB.

1999: including the sale of Scania shares through exercise of issued warrants.

7) 1996: Excluding Scania. 1998: Excluding Saab AB.

1999: Excluding Scania shares covered by warrants.

8) 1996: Of which, SEK 9,342 m. pertains to the 51.9 million Scania shares added to the core holdings. 1998: Of which, SEK 627 m. pertains to the 21.6 million Saab shares added to the core holdings.

ten-year summary

1994	1995	1996	1997 ¹⁴⁾	1998 ¹⁴⁾	1999 ¹⁴⁾	Average annual growth, 5/10 years, %
427	656	1,804	1,683	1,841	2,184	
1.4	1.7	2.6 ²⁾	1.8 ²⁾	1.8 ²⁾	1.3 ²⁾	
1,240	1,713 ⁴⁾	1,908	1,909 ⁴⁾	2,100	2,292 ⁵⁾	
986	0	18,800 ⁶⁾	4,141	4,070 ⁶⁾	11,292 ⁶⁾	
608	–	12,400 ⁶⁾	3,197 ⁶⁾	2,743 ⁶⁾	7,532 ⁶⁾	
3	0	0 ⁷⁾	5	1 ⁷⁾	4 ⁷⁾	
2,223	1,429	9,739 ⁸⁾	11,593	6,209 ⁸⁾	15,228	
2,972	4,660	9,598	–942	3,711	11,075	
30,457	37,817	61,325	80,880	88,923	154,874	
4	20	38 ⁷⁾	19	1 ⁷⁾	59	
6.5	20.7	43.1	27.8	13.0	69.8	
3	19	39	28	17	71	
6	21	42 ⁷⁾	21	7 ⁷⁾	61 ⁷⁾	
18,265	24,605	44,886	53,901	55,676	107,954	
43,493	51,225 ¹³⁾	78,880	88,409	93,502	153,259	
54	55 ¹³⁾	73	68 ¹³⁾	84	87	
6,064	5,863	15,017	10,991	138	1,020	
75,110	87,263	92,710	118,117	111,250	174,856	
36,664	44,457	77,517	87,049	92,113	151,912	
6,829	6,768	1,363	1,360	1,389	1,347	
13,188	15,226	2,532	4,525	15,779	19,745	
24,493	26,675	26,315	36,174	2,107	2,872	
81,174	93,126	107,727	129,108	111,388	175,876	
797.6	797.6	800.0	800.0	800.8	800.8	
23	25	35	34	37	47	
55 ¹¹⁾	64 ¹¹⁾	99 ¹¹⁾	111 ¹¹⁾	117 ¹¹⁾	191 ¹¹⁾	29%/14%
6	18	54	12	6	64	
46	55	75	97	92	120	21%/11%
15	15	24	12	22	37	
2.00	2.25 ⁴⁾	2.50	2.50 ⁴⁾	2.75	3.00 ⁵⁾	8%/14%
4.3	4.1	3.3	2.6	3.0	2.5	
290	261	106	113	114	105	
17.8	23.0	59.8	32.1	–1.1	35.0	27%/16%

9) Excluding Skandia.

10) Adjusted for share issues and split.

11) After full conversion.

12) Pertains to unrestricted class B shares.

13) In the 1996 Annual Report, the net asset value and equity/assets ratio for 1995 were recomputed on a pro forma basis. In the 1998 Annual Report, the equity/assets ratio for 1997 was recomputed on a pro forma basis.

14) Income statement and balance sheet items reported in accordance with the purchase method.



Investor can provide more than venture capital

Corporate governance is a central part of Investor's operations designed to create value in the different holdings and consequently for Investor's shareholders. Different corporate governance models are based on the division of roles between shareholders, board and management. The model applied by Investor has its origins in the Swedish Companies Act. At the annual general meeting shareholders elect the company's board which is then tasked to appoint and where necessary dismiss the company's president. The president then has ultimate executive power in the company and is responsible for its day-to-day operation. The board must leave such matters and decisions to the president, but has a key role to play by creating the right long-term conditions for the president and other members of executive management in the company. These conditions then form the basis of management's ability to best carry out its work.

This differs from other corporate governance models. For example, the model mostly used in Anglo-Saxon countries means that the board is usually the company's ultimate executive body and the chairman of the board is therefore often the person who holds the ultimate executive power in the company. Another example is the German model with a board composed by labor market parties with as many union representatives as representatives for owners and company management. This model has led to a board construction with two different levels.

EFFECTIVE CORPORATE GOVERNANCE

There are several examples of models for corporate governance, but Investor has worked successfully for many years with the variant that stems from Swedish company legislation. This model is the foundation for Investor's active ownership. Through board representation based on Investor's ownership in the different companies, Investor influences central issues such as strategy, structure and organization. Another important aspect is to participate in changes in the companies' executive management.

Continuous work at Investor with analyses and evaluations of different companies and investment opportunities, based on both financial and industrial expertise and experience, lays the foundation for active corporate governance. The purpose of this work is proactive action for the benefit of both Investor's shareholders and the shareholders in the different companies.

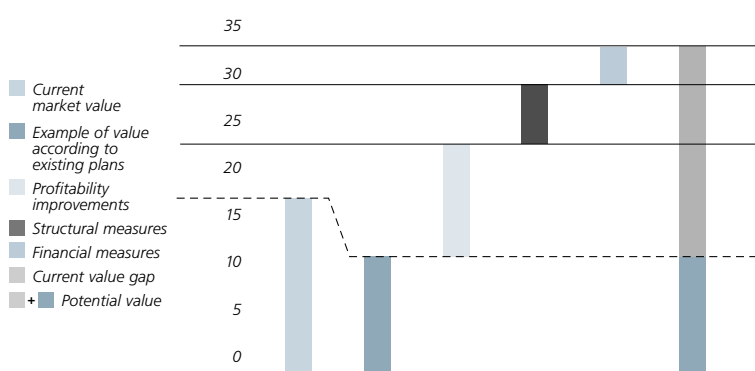
VALUE-CREATING OWNERSHIP IN PRACTICE

In concrete terms extensive work is carried out in Investor's investment organization involving analyzing and evaluating different action alternatives for the companies from a shareholder perspective. The work includes proposals for long-term profitability improvements, suggestions as to acquisitions, disposals and restructuring as well as evaluations of the companies' capital structure and financing. Each part is a key step towards the goal of creating value for Investor's shareholders. (See diagram on page 34.)

RENEWED GOALS

Alongside its new ventures, Investor must use its continued active ownership to participate in the renewal of the companies that make up the core holdings, since these will continue to have the utmost significance for the development of the company's net asset value. Today, every

GENERAL ANALYSIS OF POTENTIAL "VALUE GAP"



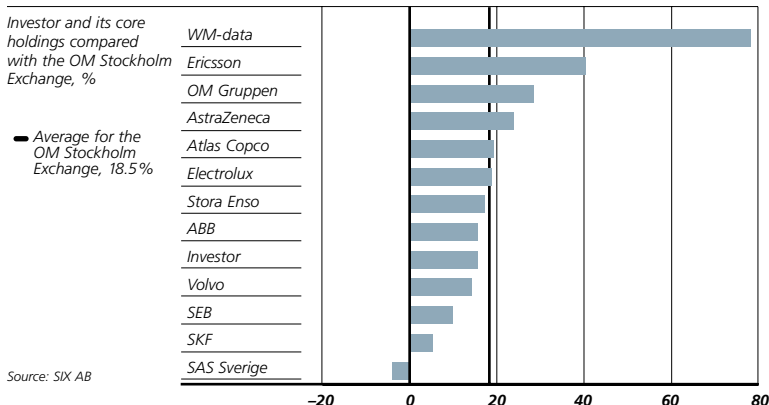
company must be prepared to question and in many cases re-examine the focus of its operations. Even so-called mature sectors are developing and renewing. The focus is moving increasingly from production and technology to customers and markets.

Investor has therefore set up four criteria to be met in the work with the core holdings.

- Return.
- Growth.
- Industry leadership.
- Active ownership.

It is not a question of immediately meeting all four criteria. It is about doing this within a reasonable time. If the assessment is that the potential is lacking, Investor must ask itself if it is the right owner for that particular operation.

AVERAGE TOTAL ANNUAL RETURN, 1990–1999



VALUE-CREATING TOOLS

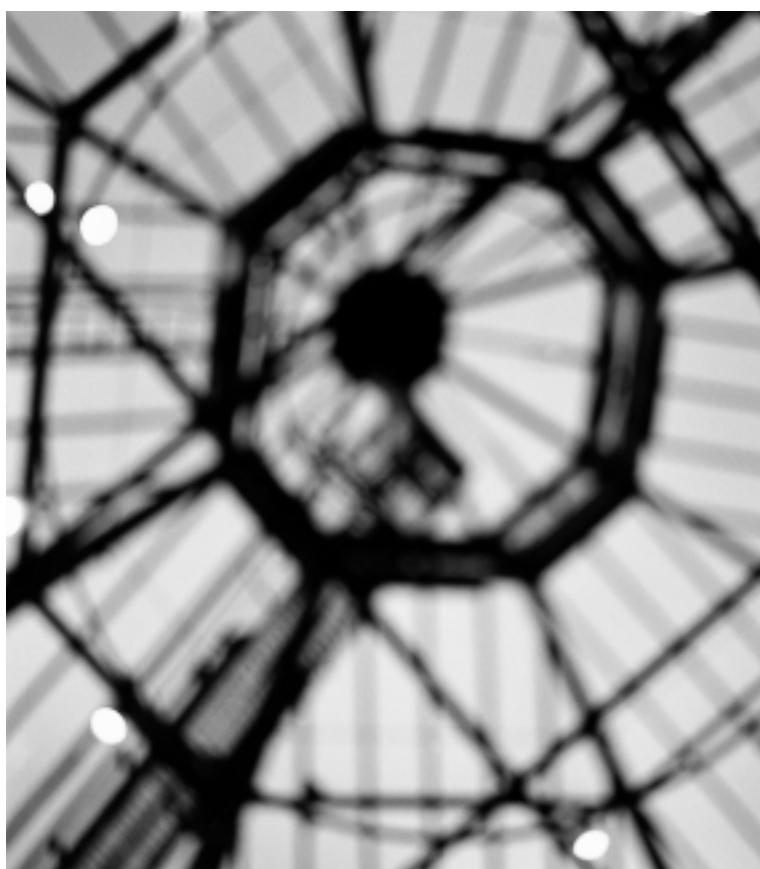
Through active ownership Investor contributes to a long-term, good growth in the value of its assets.

As a complement to this, Investor uses other tools to increase shareholder value. Debt is one such tool and Investor's goal is an average debt that is 15–20 percent of the market value of total assets. In times of low interest rates and a strong stock market, debt can exceed this, while in times of high interest rates and low share prices, it should be kept at a somewhat lower level. Such a level of debt is optimal for Investor both from a risk and tax

perspective and for the creation of a possible lever for shareholders.

Another tool, which it appears may be an option in the current year, is repurchase of the company's own shares. Investor's board intends to seek a mandate at Investor's annual general meeting for such a buy-back program. Provided legislation comes into force as planned, this places another tool at Investor's disposal for value creation.

In total these different parts mean that a number of tools and methods are available to Investor's management and board in their efforts to create shareholder value. In the long term, however, it is growth in the value of the holdings that is the most important component.



Strong deal flow and extended investment mandate

Investor actively seeks new investments in future-oriented companies that can generate a high return and thus provide shareholders with good growth in value. The new investment business is conducted as active investment operations, with a medium-term investment horizon. Investor's new investments are grouped in two main segments – growth investments, primarily in IT and health care, and investments in private equity, mainly in unlisted companies. In total, the business comprises four units for venture capital investments with a total committed capital of USD 1,700 m. at the end of the year, which corresponds to approximately SEK 14,500 m*. In January this year, Investor's board decided to increase its committed capital to new investments, bringing the total to approximately USD 3,000 m. or approximately SEK 25,000 m. This capital commitment provides a framework for the investment volume over three years.

The total value of new investments at year-end 1999 was SEK 7,618 m. compared with SEK 5,509 m. at year-end 1998. Shares were purchased for a total of SEK 2,988 m. and sold for a total of SEK 4,406 m. during the year. Sales within this business during the year generated total capital gains of SEK 2,142 m., of which approximately two-thirds were attributable to the sale of MedImmune. The return for the new investments business thus exceeded 50 percent in 1999.

To facilitate recruitment and retention of qualified employees within the new investments business, companies within the Investor Group, as is usual for this type of business, have entered into agreements on long-term co-investments and profit and loss allocation, for which the necessary provisions have been made. Actual performance cannot be determined until the end of the investment period.

* SEK/USD 8.52

NEW INVESTMENTS, DECEMBER 31, 1999

	GROWTH INVESTMENTS IN IT AND HEALTH CARE		PRIVATE EQUITY (MAINLY UNLISTED HOLDINGS)	
	Novare Kapital	Investor International	EQT	Investor Capital Partners
Number of investments ¹⁾	30	37	15	15
Value (SEK m.) ²⁾	571	4,731	1,355	963
Committed capital (SEK m.) ³⁾	852	9,798	2,130	1,704

1) Includes some short-term holdings, e.g. in Investor's operations in Asia, where a number of investments made before the change of direction will be sold.

2) Value according to BVCA/EVCA. For listed holdings, market values have been reduced by 10–20% to take the liquidity in the shares into account.

3) Capital commitments within most of Investor's new investments take the form of a board decision expressed in USD. The translation rate is SEK/USD 8.52.

Novare Kapital

The first unit for investments in growth within IT and health care is the wholly owned venture capital company Novare Kapital with a capital base in 1999 of USD 100 m. In January 2000, Investor's board decided to commit an additional USD 250 m. to Novare, corresponding to just over SEK 2,100 m.

SUMMARY

Committed capital	USD 350 m.
Industry focus	IT and health care
Geographic focus	Nordic countries
Investment size	Less than SEK 100 m.
Ownership	Less than 50 percent
Structure	Equity or equity-linked instruments
Investment stage	Early in the company's development
Listed/unlisted	Unlisted only
Investment horizon	2–7 years

The business philosophy is based on the thinking that no company is born big. In addition to a successful idea and hard working entrepreneurs, capital is also required. The provision of competence and capital at the right time often make the crucial difference between success and failure. Investments are made in the early stage of a company's life cycle, thus providing potential for a good return, but at a higher risk compared with Investor's core holdings, for example. These investments should provide a return through growth in value, not through regular dividends.

Novare plays a continuous role in the development of these companies by being an active minority owner with representation on the board. Holdings can be between 20 and 49 percent. In strategic terms new competence is provided, among other things, through Investor's global network.

For Novare, 1999 was characterized by a strong deal flow and good growth. The number of holdings was doubled during the year and amounted to 30 at year-end 1999. The corresponding figure at year-end 1998 was 16. This meant that at the end of 1999 (including decision on additional investments), prior to the Board's decision to increase its capital commitment, Novare was in principle fully invested. Novare takes a positive view of future market development. Continued good access to attractive business opportunities is expected over the next few years.

Investments added in the fourth quarter included **A+ Science Invest**, a company specialized in commercializing academic research mainly within the field of medicine in Sweden's Gothenburg region. An investment was also made in **Oculos**, a company focused on CRM (Customer Relationship Management), i.e. services and applications that help companies to streamline and strengthen their relations with customers. Another investment was in **Ponsus Pharma** in Stockholm. This company has developed a new type of ointment, Proderm, that allows quick and deep penetration of the skin. This means that the company's products can serve effectively as carriers of different drugs.

Investments reported earlier in the year included **InTenna**, a manufacturer of mobile telephone antennas, the web-based marketplace **Comfirm.com**, the dental company **Stick Tech**, and **Aerocrine**, a company that develops asthma markers. In 1999, Novare sold its stake in the IT company **Parallel Consulting Group**, which offers consulting in IT security, to Icon Medialab.

new investments

By year-end 1999, Novare had realized three of the company's investments. These sales provided a total capital gain of just over SEK 110 m.

For more information: www.investor.se and www.novare.se

HOLDINGS – NOVARE KAPITAL, DECEMBER 31, 1999

Company	Holding	Acquisition year
A+ Science Invest, Sweden	25 %	1999
Aerocrine, Sweden	18 %	1999
Alpha Helix, Sweden	22 %	1998
Autograf Cinema Systems, Sweden	26 %	1999
BeeDo, Sweden	30 %	1999
Carmel Pharma, Sweden	22 %	1997
Cavidi Tech, Sweden	44 %	1998
Celo Communications, Sweden	34 %	1999
Comfirm.com, Sweden	35 %	1999
CTS Computer & Telephony Systems, Sweden	32 %	1998
Entific Medical Systems, Sweden	25 %	1999
Excsoft, Sweden	27 %	1998
Got-A-Gene, Sweden	24 %	1999
Hybrid Holding Ltd, Finland	20 %	1999
IndHex, Sweden	47 %	1995
InTenna Technology, Sweden	29 %	1999
K-World, Sweden	20 %	1999
Lisca, Sweden	22 %	1998
Medicarb, Sweden	22 %	1996
Neos Robotics, Sweden	25 %	1996
Nordic Windpower, Sweden	32 %	1999
Nordic Sensor Technologies, Sweden	25 %	1997
Oculos, Sweden	9 %	1999
Ponsus Pharma, Sweden	15 %	1999
Popwire.com, Sweden	7 %	1999
Radians Innova, Sweden	20 %	1999
Stick Tech Ltd, Finland	20 %	1999
Ullman Human Design Group, Sweden	8 %	1999
Umetrics, Sweden	34 %	1998
Wilnor, Sweden	20 %	1999

Total book value Novare Kapital, SEK 571 m.

Investor International

The second unit for growth investments mainly in IT and health care is the investment operations conducted within the framework of Investor International with offices in New York, Silicon Valley and Amsterdam. Total committed capital for this part of the new investments business amounted to USD 1,150 m. or just below SEK 9,800 m. at year-end 1999. In January this year, Investor's board decided to increase the committed capital to USD 1,450 m. corresponding to nearly SEK 12,400 m. The focus for this part of the business is on investments in listed and unlisted companies in Europe and the U.S. In addition, limited investments are made in private equity funds with a focus on growth.

SUMMARY

Committed capital	Investor AB has committed USD 1,450 m.
Industry focus	Information technology/service and health care companies
Geographic focus	USA and Europe
Investment size	In excess of USD 10 m., preferably more than USD 20 m.
Ownership	Minority, typically greater than 10 percent
Structure	Equity or equity-linked instruments
Investment stage	Flexible, multi-stage investing, with ability to participate in multiple rounds as a company develops.
Listed/unlisted	Listed and unlisted
Investment horizon	2–5 years

Compared with Novare Kapital, investments are made at a later stage in the companies' development, in the expansion phase. The main investment criteria are a strong management with relevant experience, a well-defined business model, and sustainable growth potential. 1999 saw the buildup of this unit. The investment organization was expanded substantially and a large number of qualified employees were recruited.

Investor plays an active role in the development of these companies through its involvement as a minority owner, usually with representation on the board. Investor's commitment is focused on growth in value.

Within the framework of the international operations, a number of investments were made in the latter part of 1999. These included an investment in **IntraBiotics**. The company has its head office in Mountain View, California, and mainly focuses on development and marketing of new antibiotic substances for the treatment of infectious diseases. IntraBiotics' specialty focus is on tackling the globally growing problem of the development of resistance among bacterial strains.

Another investment was in **CarParts.com**, the leading online marketplace for automotive spare parts and accessories for both consumers and businesses. Through its website, the company offers a large range of products sourced from an extensive network of distributors and manufacturers. The company is headquartered in Santa Monica, California.

Also in the fourth quarter, an investment was made in **Kyphon**, a private orthopedic device company initially focused on orthopedic products for patients suffering from spinal osteoporosis.

Also reported earlier in the year, was an investment of up to SEK 500 m. in the Swedish unlisted Internet company **Spray**, which is on the threshold of an international expansion with the aim of becoming one of the leading Internet portals in Europe. Another investment in the Swedish

IT sector was in unlisted **B2 Bredbandsbolaget**, a company whose mission is to supply Swedish households with broadband access.

Furthermore, an investment was made in the American pharmaceutical company **Jones Pharma** which manufactures, markets and sells acquired preparations within various specialty areas of the pharmaceutical market. In addition, Investor International invested in the American education company **Apollo International**. The company is unlisted and specialized in adult education outside the U.S. using a concept that the parent company, Apollo Group, applies in the American market.

Other investments in IT and health care included the web-based recruitment company **Stepstone**, which is one of Europe's leading companies in on-line recruitment. Investment was also made in the American company **Intuitive Surgical**, which manufactures high-tech equipment for minimally invasive surgery. Finally, investments were also made in **SynaPix** and **Curl Corporation**. The first company specializes in software for special effects in advertising and films and the second in infrastructural software for the Internet.

Additionally, three investments were made in venture capital funds. Two of these involved **Thomas Weisel Partners** and **Morgan Stanley Dean Witter Partners**, which focus primarily on expansion investments and investments in companies at a later growth phase.

The holding in pharmaceutical company **MedImmune** was sold during the year. This sale provided a substantial capital gain.

For more information: www.investor.se

HOLDINGS – INVESTOR INTERNATIONAL, DECEMBER 31, 1999

Company	Value, SEK m.	Holding	Acquisition year
<i>Listed holdings – IT</i>			
Edison, USA	326	8%	1997
NTL, U.K.	874	1%	1994
Sylvan Learning Systems, USA	274	5%	1997
OTI, Israel	12	4%	1996
Total IT – listed	1,486		
<i>Listed holdings – health care</i>			
Jones Pharma, USA	669	5%	1999
Total health care – listed	669		
Total – listed	2,155		
<i>Unlisted holdings – IT</i>			
Apollo International, USA		3%	1999
Bredbandsbolaget, Sweden		17%	1999
Carparts.com, USA		3%	1999
Curl Corporation, USA		2%	1999
Stepstone, Norway		14%	1999
Spray 1), Sweden/Netherlands			1999
Synapix, USA		3%	1999
Tessera, USA		16%	1996
Total IT – unlisted	825		
<i>Unlisted holdings – health care</i>			
IntraBiotics, USA		13%	1999
Intuitive Surgical, USA		5%	1999
Kyphon, USA		15%	1999
Total health care – unlisted	375		
<i>Other – unlisted</i>	1,376		
Total – unlisted	2,576		
Total Investor International	4,731		

1) A decision has been made to invest up to SEK 500 m.

EQT

EQT, which is the first unit within private equity, was formed in 1994 by Investor, AEA Investors Inc., and SEB. Advice is provided through EQT Partners which is owned today by Investor and AEA. Investments are made sector-independently in companies with considerable potential for profitability improvements, growth and value development.

EQT COMPRISES FOUR DIFFERENT PRIVATE EQUITY FUNDS:

- EQT Scandinavia I – total committed investment capital SEK 2.9 billion.
- EQT Scandinavia II – total committed investment capital SEK 5.7 billion.
- EQT Danmark – total committed investment capital DKK 1.0 billion.
- EQT Finland total committed investment capital FIM 830 m.

EQT's funds form a qualified investment base consisting of owners, leading Scandinavian institutions and international investors such as pension funds, banks, insurance companies, companies and private individuals.

EQT Partners' operations involve continuous evaluation of a large number of potential investment candidates. Following thorough analysis of both general circumstances and company-specific aspects, EQT Partners recommends acquisitions for the different funds. Subsequently these investments are evaluated and monitored through involvement in the work of the boards and close contacts with company management. Divestment of each investment is also a key part of EQT's work where the best time and opportunity for an industrial sale or market listing is carefully evaluated. A typical investment horizon for EQT is 3 to 7 years.

The four EQT funds Scandinavia I (formerly Scandinavian Equity Partners), Scandinavia II, Danmark and Finland had a combined investment of some SEK 7 billion in a total of 19 companies at year-end 1999.

Total commitments, in terms of available investment capital, currently amount to just over SEK 11,000 m. Investor is one of the major investors in the EQT funds, with total commitments corresponding to more than SEK 2,100 m., and is also principal owner of EQT Partners which acts as investment adviser to the funds. In addition to its previous offices in Helsinki, Copenhagen and Stockholm, EQT Partners set up an office in Munich at the end of 1999. This establishment was motivated by plans to launch a Northern Europe fund with capital amounting to approximately EUR 1,500 m. or close to SEK 12,800 m. Investor may invest up to nearly half of the capital in the new fund which would represent approximately EUR 700 m., corresponding to nearly SEK 6,000 m. A decision regarding such an increase of allocated capital was made by Investor's board at the beginning of the current year.

Operations in EQT were characterized by a high level of activity during the year.

In addition to the establishment of a new fund in Finland, plans for a new fund for Northern Europe, and the setting up an additional office in Munich, a large number of deals were completed in 1999.

The recently established Finnish fund acquired 70 percent of the Finnish company **ADR-Haanpää** which is the leading transport company for liquid chemicals in the Nordic region.

In the latter half of 1999, EQT Scandinavia II completed the acquisition of the Swedish industrial company **Eldon**, the Finnish manufacturer

of battery chargers for mobile telephones, **Salcomp**, and the Swedish blood analysis company, **Hemocue**. In addition, an agreement was signed on acquisition of the **Findus** brand – except in Switzerland and Italy – as well as parts of Nestlé's frozen food operations in Europe.

In the fourth quarter, EQT Danmark completed the acquisition of **Nederman**, a company specialized in products and solutions for improving the work environment, and the acquisition of **Købmandstanden**, one of Denmark's leading credit agencies. EQT Danmark acquired the credit-rating agency **RKI Kredit Information** earlier in the year.

In July, EQT Scandinavia I sold **StjärnTV** to UPC, United Pan-Europe Communications. This deal provided EQT with a particularly good return, largely due to the investment and development programs carried out in StjärnTV under EQT's ownership. **Sabroe Refrigeration** and most of the holding in **Perlos** were sold by EQT Scandinavia I earlier in the year with a very good return.

Finally, the acquisition of the packaging company **Stenqvist** through EQT Scandinavia I and the acquisition of the heating and sanitation wholesaler **Dahl** through EQT Scandinavia II in cooperation with the investment company Ratos were also carried out at the beginning of 1999.

For more information: www.investor.se and www.eqt.se

HOLDINGS – EQT, DECEMBER 31, 1999

Company	Value, SEK m.	Holding	Acquisition year
EQT Scandinavia I			
Ballingslöv, Sweden		100 %	1998
DUNI, Sweden		50 %	1997
Flexlink, Sweden		90 %	1997
Perlos, Finland		11 %	1996
Stenqvist, Sweden		100 %	1999
Struers, Denmark		100 %	1998
TAC, Sweden		100 %	1998
Value – Investor's investment in fund	932		
EQT Scandinavia II			
Dahl International, Sweden		51 %	1999
Eldon, Sweden		>90 %	1999
Hemocue, Sweden		100 %	1999
Salcomp, Finland		100 %	1999
Vaasan Baking, Finland		100 %	1998
Value – Investor's investment in fund	350		
EQT Danmark			
Nederman, Sweden		100 %	1999
RKI Kredit Information/ Købmandstanden, Denmark		90 %	1999
Context, Denmark		75 %	1999
Value – Investor's investment in fund	48		
EQT Finland			
ADR-Haanpää, Finland		70 %	1999
Value – Investor's investment in fund	25		
Value – Investor's investment in EQT	1,355		

1) Each fund's share of the company.

Investor Capital Partners

Investor Capital Partners is the second private equity unit. The intention is to start a private equity fund with an external investor base.

The main investment criteria are a strong professional management with relevant experience and an alignment of interest with shareholders. Furthermore, the company must have a leading position in well-defined markets with clear, sustainable competitive advantages and be able to show a documented, high return on invested capital.

For more information: www.investor.se

SUMMARY

Committed capital	Investor will commit up to USD 200 m. of a maximum of USD 400 m.
Industry scope	<ul style="list-style-type: none"> • Manufacturing and distribution businesses targeting the outsourcing and export markets • Branded consumer products • High value-added services, such as business services, IT, health care and financial services
Geographic focus	<ul style="list-style-type: none"> • Asia in general • Priority: Korea, China, Hong Kong and Taiwan
Investment size	More than USD 10 m.
Ownership	<ul style="list-style-type: none"> • Controlling positions • Structured minority positions, typically 10 percent to 30 percent
Structure	Equity and equity-linked instruments
Investment stage	<ul style="list-style-type: none"> • Growth capital • Re-capitalizations
Listed/unlisted	Unlisted and listed companies, negotiated transactions only
Investment horizon	Typically 2–5 years

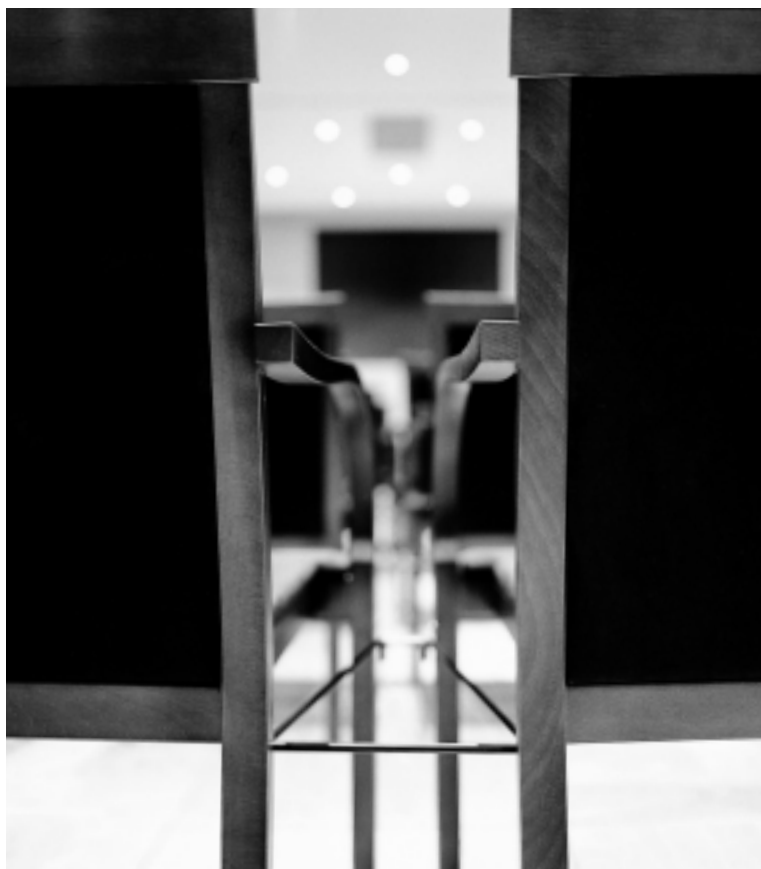
Investor's subsidiary **Investor Asia Limited** will act as adviser to Investor Capital Partners. At the same time, the company will remain responsible for the earlier investments in Asia.

new investments

HOLDINGS, ASIA, DECEMBER 31, 1999

Company	Value, SEK m.	Holding	Acquisition year
<i>Listed holdings</i>			
ASM Pacific Technology, Hong Kong	508	10 %	1995
Regent Pacific, Hong Kong	18	6 %	1998
United Pacific, Hong Kong	27	13 %	1997
Lerado, Hong Kong	128	11%	1996
Total listed 1)	681		
<i>Unlisted holdings, examples</i>			
Alibaba.com, Hong Kong		6 %	1999
Alphatec, Thailand		17%	1999
Total unlisted	282		
Total Asia	963		

1) Each value is stated with a 10% liquidity discount in accordance with BVCA/EVCA principles.



Restructuring and renewal

Investor continuously evaluates and analyses the companies that make up its core holdings and then adjusts ownership in accordance with its appraisal of the company concerned. New investments in existing core holdings are made against the background of a belief in the growth potential of a specific company and therefore the likelihood of a good future return. During 1999, shares were purchased for a total of SEK 15,228 m. while shares were sold for a total of SEK 11,292 m. in the core holdings, of which SEK 6,809 m. was attributable to the shares in Scania that were sold through exercise of warrants distributed earlier. The shares in Scania that Investor agreed to sell to Volvo are not included.

In the first half of the year, 8,577,180 Scania A were purchased for SEK 2,174 m. and 6,207,180 Scania B were sold for a total of SEK 1,486 m. 37,825,472 Scania B shares were also sold through exercise of the warrants issued in 1996, which provided a total of SEK 6,809 m.

IMPORTANT AGREEMENT WITH VOLVO

In August, an agreement was concluded with AB Volvo regarding the sale of Investor's remaining holding in **Scania** amounting to 54,061,380 A shares and 1,508,693 B shares. Under the agreement terms, Investor receives a cash payment of SEK 315 per share for 60 percent of these shares. For the remaining 40 percent, Investor can choose to receive either SEK 315 per share or newly issued shares in Volvo in the proportion six shares in Volvo for every five shares in Scania. In the cash alternative, the agreement assigns a value to Investor's holding in Scania corresponding to SEK 17,505 m.

At the same time, Volvo made a public offering to all the other Scania

INVESTOR'S CORE HOLDINGS – OWNERSHIP AND VALUE

Company	Number of shares ¹⁾	Market value SEK m. 12/31 1999	Share price performance ²⁾ 1999 (%)	Share of portfolio (%)	Share of capital ³⁾ (%)	Share of voting rights ³⁾ (%)	Market value SEK m. 12/31 1998
Engineering				34			
Scania	55,570,073	16,905	+104	11	28	49	7,904
ABB	14,437,720	14,972	+92	10	5	5	7,809
Atlas Copco	31,454,971	7,911	+47	5	15	21	4,899
Volvo	21,910,800	4,814	+18	3	5	2	–
SKF	14,955,052	2,931	+119	2	13	27	1,376
Electrolux	13,347,390	2,810	+53	2	4	21	1,912
Saab AB	21,611,925	1,772	–4	1	20	36	1,837
IT/Telecoms				29			
Ericsson	68,376,700	37,992	+183	25	3	22	12,964
WM-data	11,060,500	5,818	+52	4	14	6	3,481
Pharmaceuticals/Health care				25			
AstraZeneca	91,545,310	32,956	+10 ⁴⁾	21	5	5	29,168
Gambro	68,638,225	5,251	–13	3	20	26	6,040
Forest products				7			
Stora Enso	77,892,748	11,558	+106	7	10	24	5,503
Financial services				6			
SEB	67,548,680	5,809	+13	4	10	10	4,146
OM Gruppen	12,840,507	2,375	+81	2	15	15	904
Service				1			
SAS Sverige	13,155,980	1,000	+2	1	19	19	980
Total		154,874		100			88,923

1) Holding, adjusted where applicable, for shares on loan.

2) Most heavily traded class of share.

3) After full dilution.

4) Share price performance pertains to Astra until April and AstraZeneca thereafter.

shareholders who can also choose between a similar cash or share alternative. The entire deal and the purchase of Investor's shares in Scania are subject to necessary approval being obtained from the EU competition authority. Pending the requisite official decisions, Volvo announced an extension of the application period for this deal until March 29, 2000.

Furthermore, in the period August to December 1999, a total of 1,283,600 A shares and a total of 20,627,200 B shares in **Volvo** were acquired for a total of SEK 4,977 m. At the end of 1999, Investor subsequently owned just below 5.0 percent of the share capital and 2.0 percent of the voting rights in Volvo. At the beginning of the current year, Investor then increased its stake in Volvo to 5.4 percent of the capital and 2.1 percent of the voting rights in the company. This is in line with Investor's declaration of intent made in conjunction with the agreement to sell shares in Scania. This means that, if Investor chooses a cash payment as remuneration for the shares in Scania, Investor intends to acquire shares in Volvo for an amount corresponding to 40 percent of the payment received.

The motive for the deals in Scania, which formed the background to Volvo's bid, was to acquire maximum freedom of action given the situation surrounding the company. The new Volvo/Scania will have a very strong global position in the heavy vehicle market which indicates good future growth potential. The decision to use up to 40 percent of the proceeds from Volvo's bid to invest in the new company, should be seen against the background of this assessment

GREATER INFLUENCE IN STORA ENSO

At the beginning of 1999, an exchange of shares was carried out in **Stora Enso** through the purchase of 34,583,640 Stora Enso A for a total of SEK 3,024 m. and the sale of 34,583,640 Stora Enso R for a total of SEK 2,997 m. After these transactions, and voluntary conversion of A shares to R shares by other shareholders, Investor's holding at the end of 1999 amounted to 10.2 percent of the share capital and 24.0 percent of the voting rights in the company. Investor's holding at year-end 1998 amounted to 10.3 percent of the capital and 11.0 percent of the voting rights.

These transactions provide an opportunity to strengthen Investor's influence in the company at no real cost.

GOOD OPPORTUNITIES FOR OM GRUPPEN

In the second half of the year, 3,973,200 shares in **OM Gruppen** were purchased for SEK 364 m., bringing Investor's holding in the company up to 15.1 percent of share capital and voting rights. The corresponding figure at year-end 1998 was 10.5 percent.

The basic view of OM is that the company has excellent potential for future growth, on both the securities trading and systems side. Investor has therefore increased its holding in recent years after, as part of the agreement surrounding the merger with the Stockholm Stock Exchange, having sold shares in the company.

WM-DATA FOCUSES ON FULL SERVICE

Investor also acquired 1,000,000 shares in **WM-data** for SEK 316 m. in the second half of 1999, whereupon Investor's holding in WM-data amounted to 14.4 percent of the share capital and 6.0 percent of the voting rights, after full dilution. The corresponding figures at year-end 1998 were 13.2

percent of the share capital and 5.5 percent of the voting rights.

WM-data has a leading position in the Nordic IT market with a breadth and strength that few other companies can match. Competence ranges from traditional information technology to advanced Internet solutions with a full-service approach to customer requirements. This holding was therefore increased in 1999.

STRONGER ERICSSON

In the fourth quarter of 1999, 4,357,700 B shares in **Ericsson** were purchased for SEK 1,754 m., after which Investor's holding in the company amounted to 3.4 percent of the share capital and 22.2 percent of the voting rights. Corresponding figures at the end of the previous year were 3.2 percent of the capital and 22.2 percent of the voting rights.

Ericsson showed strength and stability during the year and provided several proofs of the company's future potential. Investor has had a positive view of Ericsson for many years and has increased its stake over time whenever possible, which also happened in 1999.

EXPANSION IN ATLAS COPCO AND SEB

Investor also subscribed through a new issue to 3,931,871 A shares in **Atlas Copco** for SEK 629 m. in the second half of 1999. Investor's stake in Atlas Copco was not affected by the new issue. Also through a new issue, Investor subscribed for 11,639,380 A shares in **SEB** for SEK 472 m. as well as acquir-

INVESTOR'S CORE HOLDINGS – KEY FIGURES, 1999

Company	Revenue, SEK m.	Income after financial items, SEK m.	Earnings per share, SEK (%)	Total return during the year (%)	Total return* during 10 years (%)
Engineering					
Scania	47,110	4,500	15.75	110	
ABB ¹⁾	24,681	2,308	5.38	96	16
Atlas Copco	36,234	3,412	11.50	50	19
Volvo ²⁾	125,019	34,596	73.00	22	14
SKF	36,693	1,769	9.76	122	5
Electrolux	119,550	6,463	11.40	56	19
Saab AB	9,053	1,104	8.82	-1	
IT/Telecoms					
Ericsson	215,403	16,386	6.17	187	40
WM-data	12,270	1,377	9.03	53	78
Pharmaceuticals/Health care					
AstraZeneca ¹⁾	17,791	3,825	1.51	12	24
Gambro	19,743	1,893	4.66	-12	
Forest products					
Stora Enso ³⁾	10,636	1,151	0.99	121	17
Financial services					
SEB		5,065 ⁴⁾	7.77	16	10
OM Gruppen	1,954	603	5.23	88	28
Service					
SAS Sverige	41,508 ⁵⁾	1,846 ⁵⁾	8.41	8	-4

* Gambro, Scania and Saab are not included because the measurement period is not suitable. Pertains to STORA until December 1998 and Stora Enso thereafter, and Astra until April 1999 and AstraZeneca thereafter.

1) Figures in USD m. and USD. AstraZeneca's result refers to Continuing Operations (excluding Specialties).

2) Adjusted for sale of Volvo Car Corporation and items affecting comparability, the figures are SEK 114,854 m., SEK 7,901 m. and SEK 12.40.

3) Figures in EUR m. and EUR.

4) Operating income.

5) Pertains to the Group.

ing a total of 7,423,000 A shares in the company for SEK 647 m. Following these transactions, Investor's holding in SEB amounted to 9.5 percent of the share capital and 9.9 percent of the voting rights at year-end 1999. Corresponding figures at the end of the previous year were 8.2 percent of the capital and 8.6 percent of the votes. At the beginning of the current year, Investor subsequently raised its holding in SEB to 9.6 percent of the share capital and 10.0 percent of the voting rights in the company.

Both Atlas Copco and SEB are excellent examples of companies that have found ways to renew their strategy and business model. It is therefore natural for Investor to be involved in decisions and to support this development with fresh capital. In the case of SEB the opportunity to increase Investor's ownership was also evident, which appeared attractive in view of the acquisition of the German BfG Bank and SEB's strong position in asset management and financial services over the Internet.

ASTRAZENECA – RECORD-FAST MERGER

The merger between Astra and Zeneca was also completed during the year. At the end of 1999, Investor owned 5.2 percent of the voting rights and share capital in **AstraZeneca**. Immediately after the merger was announced at the end of 1998, Investor increased its stake in the company by purchasing shares in the then Astra. The company fits in well with the expectations Investor has on future growth and return.

Divestments and restructuring

SAAB AUTOMOBILE TO BE SOLD

Saab Automobile AB, which was owned to 50 percent by Investor and 50 percent by General Motors in 1999, reported a sales increase of 5 percent for the year. Invoicing for the full year 1999 amounted to SEK 29,758 m. (28,418). Volume increased by 11 percent during the year to 131,240 (118,581) cars.

After the end of the year, General Motors called for acquisition of Investor's stake in Saab Automobile in accordance with the option agreement signed in 1996. A final agreement was signed in January 2000.

A YEAR OF RESTRUCTURING

1999 was the year when in organizational terms Grand Hôtel Holdings laid the foundation for its future focus based on the guidelines drawn up in 1998. In June, the sale was announced of Grand Hôtel Saltsjöbaden, whose product is mainly aimed at customer groups other than those targeted by Grand Hôtel Stockholm and Berns. The China Theater property was sold in September, but a tenancy agreement was retained for the theater and conference premises, since conferences are a key part of Berns' product. Finally, the renovation of the Berns restaurant was completed in partnership with the British architect Sir Terence Conran.

The Group's net revenue fell by 11 percent during the year to SEK 351 m. (394). The sale of Grand Hôtel Saltsjöbaden led to a decrease of SEK 39 m. and the renovation of Berns to a further decrease of SEK 22 m. compared with 1998. Grand Hôtel Stockholm had yet another record year. Sales rose by 7 percent to SEK 270 m. Consolidated income after financial items decreased by SEK 41 m. to SEK 19 m., as a result of the divestments and projects mentioned above, and by SEK 35 m. in book losses pertaining to the two divestitures.

LAND AND REAL ESTATE HOLDINGS

Investor's land and real estate holdings in the companies Näckström and Stockholm-Saltsjön had a total book value of SEK 268 m. at year-end 1999 and, through external appraisals, an estimated market value of SEK 350 m. Näckström owns two office buildings in central Stockholm, including Arsenalsgatan 8, where Investor has its head office.



Administration Report

The Board of Directors and the President hereby present their report on the operations of Investor AB (publ), 556013-8298, in 1999, the Company's eighty-third year of business. The following income statements, balance sheets, statements of cash flows, accounting principles and notes to the financial statements constitute an integral part of the Annual Report.

CONSOLIDATED INCOME

In the formal consolidated financial statements, Investor reports shareholdings in associated companies according to the equity method. To facilitate comparisons with the interim reports for 1999, Investor has also prepared a consolidated income statement according to the purchase method.

Consolidated operating income amounted to SEK 11,629 m. (8,237) and SEK 11,851 m. (4,650) according to the purchase method of accounting. Income after financial items amounted to SEK 10,853 m. (7,298) and SEK 11,075 m. (3,711) according to the purchase method. Net income for the year was SEK 9,226 m. (5,005) and SEK 10,820 m. (3,465) if the purchase method is applied.

GROUP LIQUIDITY, EQUITY/ASSETS RATIO AND NET DEBT

The Group's cash and short-term investments amounted to SEK 1,020 m. (138). Short- and long-term loan liabilities amounted to SEK 19,745 m. (15,779). The equity/assets ratio amounted to 87 (84) percent.

The Group's net debt amounted to SEK 18,913 m. (15,966) at December 31, 1999.

During the year, Investor was active on the Eurobond market through two public issues and four private placements within its Euro Medium Term Note program (EMTN). In March, Investor issued EUR 400 m. with a maturity of seven years and, in May, Investor issued EUR 44.3 m. when an outstanding bond for DEM 500 m. was redenominated to euro. Four private placements were issued in January, June and September. The total issue volume under the EMTN amounted to SEK 4,958 m.

In the Swedish Medium Term Note program (MTN), Investor issued three index-linked bonds for a total of SEK 290 m. which mature in December 2008. Investor was also active on the Swedish commercial paper market with the issue of Investor commercial papers for SEK 10,497 m. during the year. SEK 5,551 m. of these was outstanding at year-end 1999.

At the beginning of December, Investor established a Euro Commercial Paper program (ECP) with a program size of USD 1,500 m. Until the end of the year, Investor issued commercial paper for SEK 137 m.

INVESTMENT OPERATIONS

Core holdings

In August, an agreement was concluded with AB Volvo regarding the sale of Investor's remaining holding in Scania amounting to 54,061,380 A shares and 1,508,693 B shares. Under the agreement terms, Investor receives a cash payment of SEK 315 per share for 60 percent of these shares. For the remaining 40 percent, Investor can choose to receive either newly issued shares in Volvo or a cash payment of SEK 315 per share. Investor has expressed its intention, if the cash alternative is chosen, to acquire Volvo shares. In the cash alternative, the agreement assigns a value to Investor's holding in Scania corresponding to SEK 17,505 m. At the same time, Volvo made a public offering to the other Scania shareholders who can also choose be-

tween a similar cash or share alternative. The entire deal and the purchase of Investor's shares in Scania are subject to necessary approval being obtained from the EU competition authority. Pending the requisite official decisions, Volvo announced an extension of the application period for this deal until March 29, 2000.

During the year, Investor's dividends received from the core holdings increased and amounted to SEK 2,184 m. (1,841).

In total, shares were purchased for a net amount of SEK 3,936 m. in 1999. The largest purchases are broken down as follows: SEK 1,754 m. in Ericsson; SEK 364 m. in OM Gruppen; SEK 1,119 m. in SEB, of which SEK 472 m. pertained to a new issue; SEK 2,174 m. in Scania B shares; SEK 4,977 m. in Volvo; SEK 316 m. in WM-data; and SEK 629 m. in Atlas Copco attributable to a new issue.

Divestitures included Scania B shares for SEK 1,486 m. and Scania B covered by issued warrants for SEK 6,809 m. After adjustment for accounting according to the equity method, the total capital gains amounted to SEK 4,671 m.

At the beginning of 1999, an exchange of shares was carried out in Stora Enso through the purchase of 34,583,640 Stora Enso A for a total of SEK 3,024 m. and the sale of 34,583,640 Stora Enso R for a total of SEK 2,997 m. After these transactions, and voluntary conversion of A shares to R shares by other shareholders, Investor's holding at the end of 1999 amounted to 10.2 percent of share capital and 24.0 percent of voting rights in the company. Investor's holding at year-end 1998 amounted to 10.3 percent of the capital and 11.0 percent of the voting rights.

At December 31, 1999, the market value of the core holdings amounted to SEK 154,874 m. compared with SEK 88,923 m. at December 31, 1998. After adjustment for net changes, the value of the portfolio rose by 59 percent during the year. The OMX index rose by 71 percent.

New investments

The buildup of the new investments business continued during the year. Investor actively seeks new investments in future-oriented companies that can provide shareholders with good growth in value. Investor's new investments are grouped in two main segments – growth investments primarily in IT and health care, and investments in private equity, mainly in unlisted companies. In total, the new investments business comprises four units for venture capital investments. For growth investments these are Novare Kapital and Investor International and for private equity Investor Capital Partners (Asia) and EQT. These had a total committed capital of USD 1,700 m. at year-end 1999, which corresponds to approximately SEK 14,500 m. In January this year, Investor's board decided to increase this committed capital, bringing the total to approximately USD 3,000 m. or around SEK 25,000 m. This committed capital provides a framework for investment volume over three years.

The total value of new investments at the end of 1999 was SEK 7,618 m. compared with SEK 5,509 m. at year-end 1998. Shares were purchased for a total of SEK 2,988 m. and sold for a total of SEK 4,406 m. during the year. Sales within this business during the year generated total capital gains of SEK 2,142 m., of which approximately two-thirds were attributable to the sale of MedImmune. The return for the new investments business thus amounted to more than 50 percent in 1999.

Other holdings

Other holdings consist of holdings acquired by Investor as a result of dividends or acquisitions. These holdings also include Investor's securities trading, Investor's holding of own convertibles and the holdings in Grand Hôtel Holdings and Saab Automobile.

The total value of other holdings amounted to SEK 10,179 m. at the end of the year compared with SEK 9,836 m. at year-end 1998.

1999 was the year when Grand Hôtel Holdings laid the foundation for its future focus based on the guidelines drawn up in 1998. In line with this, Grand Hôtel Saltsjöbaden and the China Theater property were sold. In addition, the renovation of the Berns restaurant was completed in partnership with Sir Terence Conran. As a consequence of the restructuring of operations, profitability in 1999 was below the 1998 level.

Saab Automobile AB, which was owned to 50 percent by Investor and 50 percent by General Motors in 1999, reported a sales increase of 5 percent for the year. Invoicing for the full year 1999 amounted to SEK 29,758 m. (28,418). Volume increased by 11 percent during the year to 131,240 (118,581) cars.

After the end of the year, General Motors called for acquisition of Investor's stake in Saab Automobile in accordance with the option agreement signed in 1996.

Saab Automobile is treated as a core holding in Investor's accounts and reported as an associated company but is written-down in its entirety.

THE WORK OF THE BOARD OF INVESTOR AB

In 1999, Investor's board had five regular and two extraordinary meetings. Between meetings of the Board there were several contacts between the company, its chairman and other board members. Board members were also continuously provided with written information regarding the company's operations, economic and financial position and other information of significance for the company. The following issues are included on the agenda at every regular meeting of the Board:

- the economic and financial position of the company
- the company's strategic investments (core holdings)
- investment operations within different parts of the company, and
- the international and domestic economic situation.

The procedural plan adopted for the Board includes the following:

- the Board shall meet at least five times per year and in the event of urgent matters a board meeting may take the form of a telephone or video conference;
- the President is empowered to sign the company's interim reports;
- the members of the Board shall receive documentation regarding matters to be dealt with at board meetings in good time prior to the meeting, and be provided with a monthly report of the company's operations; and
- the auditors shall be invited to report on their audit work at a board meeting.

The procedural plan also includes a description of matters to be dealt with at each board meeting and the specific decisions that shall be made at the statutory meeting, for example election of chairman and vice chairman, appointment of persons to sign on behalf of the company, apportionment

of directors' fees and appointment of a Compensation Committee. The procedural plan also specifies which matters must always be submitted to the Board for decision. In 1999, in addition to regular issues, the Board considered the following matters:

- Agreement with AB Volvo regarding the sale of the entire holding in Scania AB and acquisition of shares in AB Volvo for a total of SEK 4,977 m.
- Acquisition of shares in Ericsson, SEB, OM Gruppen and WM-data.
- Participation in new issues in Atlas Copco and SEB.
- New investments through Investor International, Novare Kapital and EQT.
- Work on the restructuring and cost-saving program launched in April.

PROPOSED DISPOSITION OF EARNINGS

Unrestricted equity in the Group amounted to SEK 19,159 m. at December 31, 1999. No provisions to restricted reserves were required.

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

Retained earnings from 1998	19,457,278,192
Net income for the year	7,303,427,426
Total, SEK	26,760,705,618


Be allocated as follows:

Dividend to shareholders, SEK 3.00 per share, a total of	2,292,056,142
Funds to be carried forward	24,468,649,476
Total, SEK	26,760,705,618

Stockholm, January 26, 2000


Percy Barnevik
Chairman

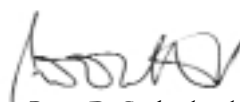

Claes Dahlbäck

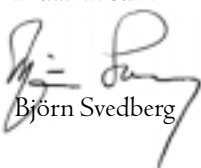

Jacob Wallenberg



Håkan Mogren

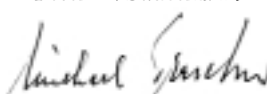

Mauritz Sahlin


Anders Scharp


Peter D. Sutherland

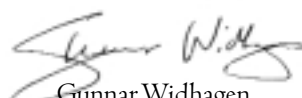

Björn Svedberg


Marcus Wallenberg
President and Chief Executive Officer


Michael Treschow

Our Auditors' Report was submitted on February 25, 2000


Caj Nackstad
Authorized Public Accountant


Gunnar Widhagen
Authorized Public Accountant

Consolidated Income Statement

		Associated companies according to equity method		Associated companies according to purchase method	
SEK m.	Note	1999	1998	1999	1998
Net revenue					
Dividends received, core holdings		933	341	2,184 ¹⁾	1,841
Sale of other securities, etc.	1	35,303	20,396	35,303	20,396
Cost of sold other securities, etc.		-32,510	-19,478	-32,510	-19,478
Share in income of associated companies					
		3,890	5,125		
Gross income		7,616	6,384	4,977	2,759
Sales costs					
		-27	-38	-27	-38
Administrative expenses ²⁾					
		-631	-814	-631	-814
Other operating revenues					
Capital gains, associated companies/core holdings ³⁾		4,671	2,705	7,532 ⁴⁾	2,743
Operating income	1,2,3,4,5	11,629	8,237	11,851	4,650
Result from financial items					
Interest income	6	203	111	203	111
Interest expenses and similar income statement items	7	-979	-1,050	-979	-1,050
		-776	-939	-776	-939
Income after financial items		10,853	7,298	11,075	3,711
Tax	8	-1,625	-2,293	-253	-246
Minority interest		-2	-	-2	-
Income for the year		9,226	5,005	10,820	3,465

1) Of which SEK 177 m. pertains to dividends on shares corresponding to issued warrants.

2) Relates to all companies in the Group, of which investment operations SEK -593 m. (-787).

3) Of which associated companies SEK 4,671 m. (13) according to the equity method and SEK 7,532 m. (51) according to the purchase method, respectively.

4) Of which SEK 4,618 m. pertains to the sale of Scania shares through warrants exercised.

Consolidated Balance Sheet

SEK m.	Note	12/31 1999	12/31 1998
ASSETS			
Fixed assets			
<i>Tangible fixed assets</i>			
Buildings and land	4	1,243	1,429
Equipment and computers	5	238	255
		1,481	1,684
<i>Financial fixed assets</i>			
Core holdings reported as associated companies	10	28,556	29,051
Other core holdings	10	27,672	15,213
Other securities held as fixed assets	11	5,988	5,231
Other long-term receivables	12	3,304	3,299
Deferred tax receivables	13	93	175
		65,613	52,969
Total fixed assets		67,094	54,653
Current assets			
<i>Inventories of shares and participations</i>			
		2,217	2,226
<i>Current receivables</i>			
Other receivables		456	146
Prepaid expenses and accrued income		353	201
		809	347
<i>Short-term investments</i>			
		905	35
<i>Cash and bank balances</i>			
		115	103
Total current assets		4,046	2,711
TOTAL ASSETS		71,140	57,364

Consolidated Balance Sheet

SEK m.	Note	12/31 1999	12/31 1998
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	14		
<i>Restricted equity</i>			
Share capital		4,775	4,773
Restricted reserves		23,242	22,972
		28,017	27,745
<i>Unrestricted equity</i>			
Unrestricted reserves		9,933	5,332
Net income for the year		9,226	5,005
Total shareholders' equity		19,159	10,337
Minority interests in subsidiaries		7	5
Convertible debenture loans	15	1,347	1,389
Provisions			
Provisions for pensions and similar commitments	16	188	325
Total provisions		188	325
Long-term liabilities			
Loans	17	12,171	8,551
Total long-term liabilities		12,171	8,551
Current liabilities			
Loans		7,574	7,228
Accounts payable, trade		41	36
Tax liabilities		195	121
Other liabilities	18	1,466	959
Accrued expenses and prepaid income	19	975	668
Total current liabilities		10,251	9,012
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		71,140	57,364
Pledged assets			
For own liabilities and provisions:			
Bank deposits, bonds and other securities		650	156
Total pledged assets		650	156
Contingent liabilities			
Sureties on behalf of associated companies		535	535
Other sureties and guarantees		15	11
Total contingent liabilities		550	546

Consolidated Statement of Cash Flows

SEK m.	Note 20	1999	1998
CASH FLOW FROM OPERATING ACTIVITIES			
Core holdings			
Dividends received		2,184 ¹⁾	1,841
New investments and other holdings ²⁾			
Dividends received		553	239
Securities trading, other operations, and administrative expenses			
Payments received		28,180	17,467
Payments made		-29,068	-19,426
Cash flow from operating activities before interest expenses and income taxes		1,849	121
Interest received/paid		-681	-596
Income tax paid		-99	-25
Cash flow from operating activities		1,069	-500
CASH FLOW FROM INVESTING ACTIVITIES			
Core holdings			
Purchases		-15,228	-5,582
Payment ABB shares ³⁾		-	-6,368
Sales		11,292 ³⁾	570
Broadening of ownership in Saab AB			5,637
New investments and other holdings ²⁾			
Purchases, etc.		-4,385	-3,688
Sales		6,077	4,009
Investments in tangible fixed assets		-104	-370
Sold tangible fixed assets		295	257
Cash flow from investing activities		-2,053	-5,535
CASH FLOW FROM FINANCING ACTIVITIES			
Long-term loans raised		3,620	6,932
Increase/decrease in short-term financial liabilities		346	-3,834
Dividends paid to shareholders		-2,098	-1,907
Cash flow from financing activities		1,868	1,191
Cash flow for the year		884	-4,844
Liquid assets, opening balance		138	4,983
Translation difference in liquid assets		-2	-1
Liquid assets, closing balance		1,020	138

1) Of which SEK 177 m. pertains to dividends on shares corresponding to issued warrants.

2) Excluding securities trading.

3) Debt according to agreement with Incentive (since July 1, 1998, Gambro), repaid in January 1998.

4) Of which SEK 6,809 m. pertains to the sale of Scania shares through warrants exercised.

Parent Company Income Statement

SEK m.	Note	1999	1998
Net revenue			
Dividends received		2,189	1,795
Gross income		2,189	1,795
Administrative expenses		–706	–453
Other operating revenues			
Capital gains, etc.		7,132	884
Operating income		8,615	2,226
Result from financial items			
Interest income	6	67	–
Interest expenses and similar income statement items	7	–1,290	–989
		–1,223	–989
Income after financial items		7,392	1,237
Result from mergers		–	2,235
Income before tax		7,392	3,472
Tax	8	–89	–80
Income for the year		7,303	3,392

Parent Company Balance Sheet

SEK m.	Note	12/31 1999	12/31 1998
ASSETS			
Fixed assets			
<i>Financial fixed assets</i>			
Shares and participations in			
Group companies	9	11,937	7,937
Receivables from Group companies		10,188	4,846
Core holdings	10	56,368	46,503
Other securities held as fixed assets	11	855	1,513
Capital discount	15	6	11
Total fixed assets		79,354	60,810
Current assets			
<i>Current receivables</i>			
Other receivables		2	32
Prepaid expenses and accrued income		38	–
Total current assets		40	32
TOTAL ASSETS		79,394	60,842
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	14		
<i>Restricted equity</i>			
Share capital		4,775	4,773
Restricted reserves		13,839	13,831
		18,614	18,604
<i>Unrestricted equity</i>			
Earnings brought forward		19,458	18,164
Net income for the year		7,303	3,392
		26,761	21,556
Total shareholders' equity		45,375	40,160
Convertible debenture loans	15	1,353	1,400
Provisions			
Provisions for pensions and similar commitments	16	5	–
Total provisions		5	–
Long-term liabilities			
Loans	17	12,171	8,550
Liabilities to Group companies		4,003	3
Total long-term liabilities		16,174	8,553
Current liabilities			
Loans		7,574	2,546
Liabilities to Group companies		8,174	7,573
Tax liabilities		83	79
Other liabilities	18	124	178
Accrued expenses and prepaid income	19	532	353
Total current liabilities		16,487	10,729
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		79,394	60,842
Pledged assets		–	29
Contingent liabilities			
Pension commitments in excess of those booked under liabilities or provisions		–	6
Sureties for the benefit of Group companies		80	5,734
Sureties for the benefit of associated companies		535	535
Other guarantee commitments		40	46
Total contingent liabilities		655	6,321

Parent Company Statement of Cash Flows

SEK m.	Note 20	1999	1998
CASH FLOW FROM OPERATING ACTIVITIES			
Dividends received		2,189	1,762
Administrative expenses		–699	–390
Cash flow from operating activities before interest expenses and income taxes		1,490	1,372
Interest received/paid		–1,121	–907
Income tax paid		–85	–1
Cash flow from operating activities		284	464
CASH FLOW FROM INVESTING ACTIVITIES			
Stock portfolio			
Purchases, etc.		–15,576	–6,217
Sales		13,482 ¹⁾	1,536
Payment purchase rights Saab AB			2,137
Other items			
Sales of shares in subsidiaries within the Group			550
Capital contribution to subsidiaries		–4,000	–4,691
Merger effect, etc.			702
Cash flow from investing activities		–6,094	–5,983
CASH FLOW FROM FINANCING ACTIVITIES			
Long-term loans raised		3,621	6,932
Increase/decrease in short-term financial liabilities		5,028	2,546
Change in intra-Group transactions		–741	–2,052
Dividends paid to shareholders		–2,098	–1,907
Cash flow from financing activities		5,810	5,519
Cash flow for the year		–	–
Liquid assets, opening balance		–	–
Liquid assets, closing balance		–	–

1) Of which SEK 6,809 m. pertains to the sale of Scania shares through warrants exercised.

Accounting Principles

ACCOUNTING AND VALUATION PRINCIPLES

The Annual Report is prepared in accordance with the Swedish Annual Accounts Act. The company complies with the recommendations and statements of the Swedish Financial Accounting Standards Council and the Swedish Accounting Standards Board.

CHANGED ACCOUNTING PRINCIPLES

In 1999, Investor's Board made a decision to cease hedging investments in foreign currency, as has been done previously. The accumulated effect of currency hedging carried out has thereby been charged to equity. The effect of this is reported as a change in accounting principles according to the Swedish Financial Accounting Standards Council's Recommendation no. 5.

CONSOLIDATED ACCOUNTS

The consolidated accounts include the Parent Company and all subsidiaries and associated companies in and outside Sweden. Subsidiaries are companies in which the Parent Company directly or indirectly owns more than 50 percent of the voting rights for the shares, companies in which the Parent Company owns participations and has the right to appoint or dismiss more than half of the members of their board, or in which the Parent Company otherwise exercises a decisive influence and controls a substantial part of the earnings from their operations.

The consolidated accounts are prepared in accordance with the purchase method. This means that assets and liabilities in acquired subsidiaries are booked at market value based on an analysis conducted at the time of acquisition. If the acquisition value of shares in a subsidiary exceeds the estimated market value of the company's net assets, according to the acquisition analysis, the difference is regarded as consolidated goodwill and amortized over the estimated useful life of the assets. Accordingly, only income arising after the acquisition date is included in consolidated shareholders' equity.

Companies acquired during the year are included in consolidated income for the period following their acquisition. The income of subsidiaries sold during the year is not included in consolidated income.

Minority interest refers to the minority share in net income and equity. Intra-Group profits and transactions are eliminated.

ASSOCIATED COMPANIES

Associated companies are companies in which the Parent Company has a direct or indirect long-term ownership and exercises significant influence.

Associated companies are accounted for according to the equity method. This means that the book value of shares and participations in associated companies is reported in the consolidated balance sheet as the Group's share of the associated company's equity, plus any residual surplus or deficit value. In the consolidated income statement, Investor's share in the income of associated companies after financial income and expenses is reported as "Share in income of associated companies," adjusted for depreciation or reversal of acquired surplus or deficit values. Investor's share of tax expenses reported by associated companies is included among tax expenses in the consolidated income statement. Share in income accrued after acquisition of associated companies, but not yet received through

dividends, is allocated to the equity reserve, which is part of consolidated restricted equity. As a result, consolidated income includes the Group's share in the income of associated companies, provided it does not result in a negative value for Group equity. Capital gains/losses from sales of participations in associated companies are reported separately in the consolidated income statement. Effects on Group equity from changes in the shareholders' equity of associated companies caused by currency translation differences, etc., are charged directly against Group equity as "Effect of equity accounting."

The investment operations' core holdings which are not associated companies are reported according to the purchase accounting method.

FOREIGN SUBSIDIARIES

The financial statements of foreign subsidiaries are translated into Swedish kronor in accordance with the Swedish Financial Accounting Standards Council's recommendation no. 8. All subsidiaries have been classified as independent units whereby the income statements and balance sheets of these companies are translated into Swedish kronor in accordance with the current rate method.

Using the current rate method means that assets and liabilities are translated at year-end exchange rates, while income and expenses are translated at average exchange rates for the year. The translation difference that arises when translating the net assets of foreign companies at a different rate at year-end than at the beginning of the year, and the difference between net income for the year calculated at the year-end exchange rate and the average exchange rate for the year respectively, is reported directly in shareholders' equity in the balance sheet.

Accumulated translation differences are reported in equity with effect from 1999 (in accordance with the transitional rule in the Swedish Financial Accounting Standards Council's Recommendation 5).

GENERAL VALUATION PRINCIPLES

Assets, provisions and liabilities are valued at acquisition values, unless stated otherwise.

BUILDINGS, EQUIPMENT AND COMPUTERS

Buildings, equipment and computers are reported at acquisition values with a deduction for depreciation and with the exception of any revaluations which under special circumstances are permitted according to Swedish accounting principles.

DEPRECIATION PRINCIPLES FOR FIXED ASSETS

Depreciation according to plan is based on booked acquisition values and estimated economic life. Write-downs are undertaken in the event of permanent declines in value.

The following depreciation periods are used:

Buildings	25 years
Equipment and computers	3–10 years
Goodwill	10–20 years

SHARES HELD AS FIXED ASSETS

Holdings of shares and participations classified as fixed assets are reported at acquisition value, with the exception of revaluations. Write-downs are made to the extent permanent declines in value are estimated to have occurred.

SHARES HELD AS CURRENT ASSETS

Holdings of shares, participations and other securities classified as current assets are reported as inventories. The assets are valued according to the portfolio method and reported at the lower of acquisition value and listed value or estimated market value in the case of unlisted securities.

RECEIVABLES

Based on individual valuations, receivables are booked at anticipated payment amounts.

RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCY

Receivables and liabilities in foreign currency are translated at year-end exchange rates. Translation differences on current receivables and liabilities are included in operating income, while differences arising in financial receivables and liabilities are booked among financial items.

Receivables and liabilities hedged by futures contracts are valued at agreed forward rates.

TAXES

The Group's total tax charge consists of paid tax and deferred tax. Deferred tax is based on the difference between the taxable and accounting value of assets and liabilities.

If the calculations yield a deferred tax receivable, the receivable is booked as an asset only to the extent to which it is expected to be realized.

Deferred tax is estimated in accordance with current tax rates.

For tax purposes, Investor AB is regarded as an industrial holding company. Most importantly in this respect, gains from sales of shares are tax exempt. However, as so-called standard income, the Company must declare as taxable income 2 percent of the market value of shares held on January 1 of each year. Dividends received are taxable, while dividends paid are deductible. Interest income is taxable, while management costs and interest expenses are deductible.

Notes to the Financial Statements

SEK m.

NOTE 1

Net revenue and operating income by area of operation

	1999	1998
Net revenue by area of operation		
New investments	4,821	1,997
Other holdings, securities trading and other operations	30,482	18,399
Total	35,303	20,396

	1999	Equity method 1998	1999	Purchase method 1998
Operating income by area of operation				
<i>Core holdings</i>				
Dividends	933	341	2,007 ¹⁾	1,841
Capital gains	1,023	2,705	2,914 ²⁾	2,743
Share in income of associated companies	3,890	5,125	–	–
	5,846	8,171	4,921	4,584
 New investments	 2,425	 214	 2,425	 214
 Other holdings, securities trading and other operations	 3,951	 639	 5,098	 639
 Administrative expenses in investment operations	 –593	 –787	 –593	 –787
Total	11,629	8,237	11,851	4,650

1) Excluding SEK 177 m. that pertains to dividends on shares corresponding to issued warrants.

2) Excluding SEK 4,618 m. that pertains to the sale of Scania shares through warrants exercised.

NOTE 2

Employees and payroll costs

Average number of employees in the Group

	1999	of whom men	1998	of whom men
Sweden	526 ¹⁾	44%	563	46%
USA	14	57%	9	56%
United Kingdom	6	45%	9	44%
Hong Kong	14	50%	13	62%
Netherlands	4	50%	2	50%
Denmark	6	83%	–	–
Other	3	67%	–	–
Total number of employees	573	46%	596	47%

1) Of which Grand Hôtel Holdings 369 (437).

The only employee of the Parent Company is the President.

Expensed wages, salaries, board of directors fees and other remuneration, as well as social security costs

	1999		1998	
	Wages and salaries	Social security costs	Wages and salaries	Social security costs
Parent Company	10	7	48	28
(of which, bonus)	(2)		(17)	
(of which, pension costs)		(4)		(12)
Adjustment in Parent Company	–21 ¹⁾	–6 ¹⁾	–7	–2
Subsidiaries	259	212	286	167
(of which, pension costs)		(143)		(87)
Total	248	213	327	193
(of which, pension costs)		(147)		(99)

The President accounts for the entire amount, SEK 4 m. (12) of the Parent Company's pension costs. The Parent Company's outstanding pension commitments to the Board and President amount to SEK 6 m. (6), of which SEK 6 m. (6) relates to former board members and presidents.

Continued

Note 2, continued

The category board and presidents accounts for SEK 59 m. (37) of the Group's pension costs. The Group's outstanding pension commitments to this category amount to SEK 170 m. (212), of which SEK 138 m. (158) is attributable to former board members and presidents.

1) The cost provision made in 1998 in the Parent Company for the employee stock option program in connection with the changeover to a defined-contribution pension plan has been reversed since the actual cost was considerably lower.

Wages, salaries and other remuneration distributed by country and between boards of directors, management and other employees

	1999		1998	
	Boards and presidents	Other employees	Boards and presidents	Other employees
Sweden	15	161	68	193
(of which, bonus)	(9)		(16)	
USA	6	17	12	23
(of which, bonus)	(0)		(7)	
United Kingdom	4	13	4	15
(of which, bonus)	(0)		(3)	
Netherlands	1	2	0	0
(of which, bonus)	(0)		–	
Hong Kong	3	11	2	10
(of which, bonus)	(1)		(1)	
Denmark	3	8	–	–
(of which, bonus)	(1)		–	–
Other	1	3	–	–
(of which, bonus)	(0)		–	–
Total	33	215	86	241
(of which, bonus)	(10)		(27)	

In 1999, the members of the Board of Directors, who are not employed in the Group, received a total of SEK 3,150,000 (6,208,332), included benefits as specified below. The Chairman, Percy Barnevik, received a fee of SEK 1,500,000 (2,000,000)¹⁾. Directors Håkan Mogren, Mauritz Sahlin, Peter D. Sutherland, Björn Svedberg, Anders Scharp and Michael Treschow each received a fee of SEK 275,000 (with the exception of Björn Svedberg 275,000 and Anders Scharp 1,166,666, directors received 358,333 each in 1998).

The two vice chairmen, Claes Dahlbäck and Jacob Wallenberg, are employed in the Group and therefore received salaries.

Marcus Wallenberg, who transferred from being executive vice president to become president in conjunction with the Annual General Meeting held on April 14, 1999, has the following remuneration package as president:

- Basic annual salary of SEK 4,500,000.
- Qualitative bonus which is paid as a certain portion of the basic salary based on specific, strict qualitative measurements.
- Allocation of employee stock options. 154,284 employee stock options were allocated in 1999.

The President, including the period as executive vice president, received a salary of SEK 4,201,285 (3,384,375) and other remuneration of SEK 392,829 (148,977) for the full year 1999. The bonus for the 1998 fiscal year, which was set and paid in 1999, amounted to SEK 1,583,863 (3,330,675). The setting and payment of bonuses are effected after the end of the fiscal year to which they pertain. A provision is made in the financial statements.

The former president, Claes Dahlbäck, for the period he was employed as president, received salary and other remuneration of SEK 1,743,966 (salary for the corresponding period in the previous year amounted to SEK 1,741,899). The bonus for the 1998 fiscal year, which was set and paid in 1999, amounted to SEK 7,081,210 (13,751,500).

The President has a defined-contribution pension plan consisting of pension premiums amounting to 30 percent of basic salary on salary in excess of 20 price base amounts, i.e. over SEK 732,000. In addition, there is some cost for pension premiums according to the BTP Plan (banking sector pension plan) on the part of salary below 20 price base amounts.

Retirement age for the President is 60.

For the President a mutual six-month term of notice applies.

If employment is terminated by the company, the President shall receive severance pay corresponding to one year's 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.

Terms and conditions for other members of Executive Management do not exceed the terms for the President as regards pension, terms of notice and severance pay.

As stated in the 1998 annual report, Investor's management has transferred to a defined-contribution pension plan. In conjunction with this, senior executives received a one-time distribution in 1999 totaling 2,197,948 employee stock options (of which the President received 458,936) as compensation for the change resulting from the new pension plan. The exercise price for these employee stock options, which cannot be exercised until 2002, is SEK 103.

In 1999, the company introduced a yearly employee stock option program for some 15 senior executives under which the executives will be allocated an amount corresponding to 10–60 percent of basic salary in the form of employee stock options. These stock options have a term of seven years, of which the first three years are a lock-in period, i.e. if the employee leaves the company during this period the employee stock options will be of no value.

The company allocated a total of 651,680 employee stock options (of which the President received 154,284) where the exercise price is SEK 93 which was 10 percent more than the market price on February 12, 1999 (the day after publication of Investor's year-end report). In 1999, the employee stock options were secured financially in the market so that Investor's costs for this program are known. Employee stock options carry entitlement to acquire existing class B shares and thus will not lead to dilution for Investor's shareholders.

In 2000, some 15 senior executives will receive employee stock options according to the principles described above. The only change in the program in 2000 is that the three-year lock-in period will be changed to a successively increasing right over a three-year period to utilize allocated employee stock options, i.e. one year after allocation, an employee can utilize one-third of the employee stock options. This change has been made to adapt to market practice for employee stock option programs.

The company has also started work on development of a new, long-term bonus program for other employees within the company. This work is expected to be completed in spring 2000. The present program is based on the total return on Investor's shares in relation to Findata's Total Return Index for the OM Stockholm Exchange.

- 1) In April 1999, the Annual General Meeting decided on total fees to board members of SEK 3,150,000 (4,625,000) for the period until the next Annual General Meeting. Within the Board it was decided that the Chairman should receive SEK 1,500,000 and that each other board member should receive SEK 275,000. In the 1998 calendar year the Chairman's fee was also SEK 1,500,000 but the payment for 1998 also included accruals for 1997.

NOTE 3

Fees and expenses to auditors

	Group 1999	Parent Company 1999
<i>KPMG</i>		
Audit assignment	4	1
Other assignments	4	–
<i>Ernst & Young</i>		
Audit assignment	–	–
Other assignments	6	–
Total	14	1

An audit assignment refers to performing an audit of the annual accounts and the accounting records as well as of the administration of the Board of Directors and the President, other tasks that it is incumbent on the company's auditors to perform, as well as advice or other assistance as a result of observations made when carrying out the audit or implementation of such other tasks. Everything else comes under the category Other assignments.

NOTE 4 Buildings and land

	12/31 1999
<i>Accumulated acquisition values</i>	
Opening balance	1,512
New purchases	44
Divestments and disposals	-225
	1,331
<i>Accumulated depreciation according to plan</i>	
Opening balance	-83
Divestments and disposals	10
Depreciation according to plan of acquisition values	-15
	-88
<i>Accumulated revaluations</i>	
Opening balance	56
	56
<i>Accumulated write-downs</i>	
Opening balance	-56
	-56
Planned residual value at year-end	1,243
Tax assessment values, buildings	377
Tax assessment values, land	152

NOTE 5 Equipment and computers

	12/31 1999
<i>Accumulated acquisition values</i>	
Opening balance	509
New purchases	119
Divestments and disposals	-134
	494
<i>Accumulated depreciation according to plan</i>	
Opening balance	-221
Divestments and disposals	10
Depreciation according to plan of acquisition values	-45
	-256
<i>Accumulated write-downs</i>	
Opening balance	-33
Divestments	33
	-
Planned residual value at year-end	238

NOTE 6 Interest income

	1999	1998
<i>Group</i>		
Interest income	203	111
Total	203	111
<i>Parent Company</i>		
Interest income from Group companies	67	-
Total	67	-

NOTE 7 Interest expenses and similar income statement items

	1999	1998
<i>Group</i>		
Convertible debenture loans		
Interest expense	-107	-111
Depreciation of capital discount	-4	-4
Foreign exchange reserve	36	-30
Interest expenses, borrowing	-809	-871
Write-down of holding of Investor convertibles to nominal value	-79	-
Exchange rate differences	-10	-
Other	-6	-34
Total	-979	-1,050
<i>Parent Company</i>		
Convertible debenture loans		
Interest expense	-107	-111
Depreciation of capital discount	-4	-4
Foreign exchange reserve	36	-30
Interest expenses, Group companies	-	-229
Interest expenses, other borrowing	-755	-375
Exchange rate differences	-285	-166
Other	-175	-74
Total	-1,290	-989

NOTE 8 Taxes

	1999	1998
<i>Group</i>		
Tax on income for the year		
Paid	-170	-114
Deferred	-83	-132
	-253	-246
Share in tax charges of associated companies		-2,047
Total		-2,293
<i>Parent Company</i>		
Tax paid on income for the year	-89	-80
Total	-89	-80

NOTE 9 Shares and participations in Group companies

	12/31 1999
<i>Accumulated acquisition values</i>	
Opening balance	7,978
Purchases and capital contributions	4,000
	11,978
<i>Accumulated write-downs</i>	
Opening balance	-41
	-41
Book value at year-end	11,937

A specification of shares and participations in Group companies is presented on page 80.

NOTE 10 Core holdings

	Group 12/31 1999	Parent Company 12/31 1999
<i>Accumulated acquisition values</i>		
Opening balance	35,886	42,652
Acquisitions	15,228	15,351
Divestments	-3,759	-5,486
	47,355	52,517
<i>Accumulated revaluations</i>		
Opening balance	-	4,000
	-	4,000
<i>Accumulated write-downs</i>		
Opening balance	-435	-149
	-435	-149
Booked acquisition value	46,920	56,368
Effect of equity accounting	9,308	-
Closing book value	56,228 ¹⁾	56,368
Market value	154,874	154,874
1) Of which core holdings reported as associated companies and as other core holdings	28,556 27,672	

	No. of shares	Share of equity, % ¹⁾	Adjusted equity ¹⁾
Core holdings reported as associated companies			
Atlas Copco	31,454,971 ²⁾	15	3,134
Electrolux	13,347,390 ³⁾	4	940
Ericsson	68,376,700 ⁴⁾	3	2,417
Gambro	68,638,225 ⁵⁾	20	3,914
Saab	21,611,925 ⁶⁾	20	956
SAS Sverige	13,155,980 ⁷⁾	19	1,242
Scania	55,570,073	28	3,764
SKF	14,955,052	13	1,493
Stora Enso	77,892,748 ⁸⁾	10	5,227
Saab Automobile	5,000,000	50	(-175)
Total core holdings reported as associated companies			23,087
Others			
ABB	14,437,720 ⁹⁾		
AstraZeneca	91,545,310		
OM Gruppen	12,840,507		
SEB	67,548,680 ¹⁰⁾		
Volvo	21,910,800		
WM-data	11,060,500 ¹¹⁾		
Total other core holdings			

Total core holdings, December 31, 1999

- 1) The percentage of voting rights is presented in the table on page 47. Adjusted equity is defined as the share of the company's shareholders' equity, including share of equity in untaxed reserves. Net income for the year is defined as the ownership share in the company's income after tax, including share of equity in changes in untaxed reserves during the year.

notes to the financial statements

	Group		Parent Company
Net income for the year ¹⁾	Book value	Market capitalization	Book value
337	3,297	7,911	2,214
152	1,584	2,810	1,500
424	5,446	37,992	5,337
320	4,033	5,251	2,011
191	956	1,772	1,155
111	923	1,000	557
874	5,528	16,905	7,440
146	1,537	2,931	1,420
680	5,252	11,558	4,605
(-234)	0	–	
3,235	28,556	88,130	26,239
	8,803	14,972	9,064
	8,245	32,956	10,386
	578	2,375	606
	4,298	5,809	4,325
	4,977	4,814	4,977
	771	5,818	771
	27,672	66,744	30,129
	56,228	154,874	56,368

During the year, Investor engaged in limited stock lending activity in order to increase liquidity in the core holdings. The policy is to lend a maximum of 5 percent of voting rights in any individual stock. The shares on loan can be recalled at Investor's request. Stock lending is only conducted with major players with strong financial positions.

Of which, number of shares on loan:

2) 32,500	7) 2,893
3) 111,105	8) 452,118
4) 6,900	9) 1,786
5) 2,800	10) 222,300
6) 5,775	11) 73,719

NOTE 11 Other securities held as fixed assets

	Group 12/31 1999	Parent Company 12/31 1999
<i>Accumulated acquisition values</i>		
Opening balance	6,441	1,696
Reclassification	-632	-
Acquisitions	3,413	65
Divestments	-2,126	-367
Translation differences	49	-
	7,145	1,394
<i>Accumulated write-downs</i>		
Opening balance	-1,210	-183
Divestments	423	-
Write-downs during the year ¹⁾	-370	-356
	-1,157	-539
Book value at year-end ²⁾	5,988	855

1) A write-down to market value was effected at December 31, 1999.

2) In addition to the securities above, commitments for additional investments amount to SEK 2,220 m. (1,444).

Holdings are divided as follows:

Listed securities	780	44
Unlisted securities	5,208	811
	5,988	855
Market value amounts to:		
Listed securities	1,555	92
Others	10,045	1,760
	11,600	1,852

A specification of holdings is available from Investor's office in Stockholm.

NOTE 12 Other long-term receivables

	12/31 1999
<i>Accumulated acquisition values</i>	
Opening balance	4,649
New receivables, net	5
	4,654
<i>Accumulated write-downs</i>	
Opening balance	-1,350
	-1,350
Book value at year-end	3,304

(Of which, receivables from associated companies 2,890)

In June 1996, Investor and GM/Opel reached an agreement on a series of measures to secure expansion plans for half-owned Saab Automobile. Saab Automobile was provided with a total of SEK 3,480 m. in new capital, of which Investor contributed SEK 1,740 m. SEK 1,050 m. was paid in 1996 and the remaining SEK 690 m. was paid in 1997. Investor previously granted a subordinated loan to Saab Automobile. Investor's total subordinated loans amount to SEK 4,240 m.. The subordinated loans were written down by SEK 1,350 m. in 1996, corresponding to that portion of the receivable which, under certain circumstances, may be converted to shareholders' equity. In 1998, SEK 287 m. was converted to a conditional shareholders' contribution.

The receivable from Saab Automobile carries 8% interest, which will be capitalized and reserved until Saab Automobile's performance in relation to the conditions stipulated in the syndicated credit facility of USD 1,000 m. that Saab Automobile received in 1996 permits payment of interest and enables amortization to commence, although no earlier than January 1, 1999.

Under the terms of the agreement, GM/Opel also had an option to acquire all or parts of Investor's holding in Saab Automobile during the period July 1999 through January 2000. In January 2000, GM/Opel acquired Investor's entire shareholding. Due to the earnings trend in Saab Automobile, an additional part of this receivable may be converted to a conditional shareholders' contribution which will be covered by write-downs effected earlier.

NOTE 13 **Deferred tax receivable/liability**

The deferred tax entry relates to the following assets and liabilities.

	1999	1998
<i>Deferred tax receivables</i>		
Other provisions	91	102
Accrued expenses	8	47
Other	27	51
Total deferred tax receivables	126	200
<i>Deferred tax liabilities</i>		
Tangible fixed assets	–8	–9
Untaxed reserves	–25	–16
Total deferred tax liabilities	–33	–25
Receivable/liability, net	93	175

NOTE 14 Shareholders' equity

Distribution of share capital

The Parent Company's share capital at December 31, 1999, consisted of the following number of shares with a par value of SEK 6.25 per share.

Share class	No. of shares	No. of votes	% of share capital	% of voting rights
Before conversion				
A 1 vote	311,690,844	311,690,844	40.8	87.3
B 1/10 vote	452,242,024	45,224,202	59.2	12.7
Total	763,932,868	356,915,046	100.0	100.0
After conversion				
A 1 vote	311,690,844	311,690,844	38.9	86.4
B 1/10 vote	489,066,044	48,906,604	61.1	13.6
Total	800,756,888	360,597,448	100.0	100.0

The Group's shareholders' equity changed as follows during the year:

	Share capital	Restricted reserves	Unrestricted equity	Total
Opening balance	4,773	22,972	10,337	38,082
Conversion debenture loan	2	8		10
Disposition of funds according to Annual General Meeting decision				
Dividend, ordinary			-2,099	-2,099
Effect of change of accounting principle			-167	-167
Effect of Stora Enso being reported again as an associated company		2,388		2,388
Transfer unrestricted/restricted		-1,833	1,833	
Translation differences, etc.		-293	29	-264
Net income for the year			9,226	9,226
Shareholders' equity, closing balance	4,775	23,242	19,159	47,176

Effect on shareholders' equity of accounting based on the equity method (equity method reserve):

	12/31 1999
Opening balance	8,813
Effect of Stora Enso being reported again as an associated company	2,388
Translation differences, etc.	-299
Share in income of associated companies during the year	
According to income statement	
Share in income of associated companies	4,599
Amortization of goodwill	-709
	3,890
Share in taxes of associated companies	-1,372
	2,518
Less dividends received	-1,251
Adjustment of capital gains	-2,861
Adjustment due to equity method	-1,594
	9,308

The Parent Company's equity changed as follows during the year:

	Share capital	Restricted reserves	Unrestricted equity	Total
Opening balance	4,773	13,831	21,556	40,160
Conversion debenture loan	2	8		10
Disposition of funds according to Annual General Meeting decision				
Dividend, ordinary			-2,098	-2,098
Net income for the year			7,303	7,303
Closing balance	4,775	13,839	26,761	45,375

NOTE 15 Convertible debenture loans

	12/31 1999	12/31 1998
<i>Group/Parent Company</i>		
1991 loan, 7.933 % interest, nom.	293	293
1992 loan, 8 % interest, nom.	1,014	1,025
	1,307	1,318
Foreign exchange reserve	46	82
	1,353	1,400
Capital discount	-6	-11
Total	1,347	1,389

1991 loan, 7.933 % interest:

The loan, which has a nominal value of ECU 40 m., was issued in June 1991 to finance part of the acquisition of Saab-Scania, at an issue rate corresponding to approximately 85%. The difference between the nominal value of the loan and the proceeds of the issue is reported as a capital discount after depreciation divided over the maturity of the loan. The loan may be converted into 8,258,739 class B shares through May 2001. The conversion price is SEK 35.50.

1992 loan, 8 % interest:

The loan was issued in February 1992 at an issue rate corresponding to 100 % in connection with the acquisition of Providentia to replace the convertible debenture loan issued by Providentia in 1991. The loan is listed on the OM Stockholm Exchange and may be converted into 28,565,281 class B shares through May 2001. The conversion price is SEK 35.50.

NOTE 16 Provision for pensions and similar commitments

Provisions for pensions according to the balance sheet correspond to the actuarial value of existing pension commitments.

	12/31 1999	12/31 1998
<i>Group</i>		
Provision for pensions		
FPG/PRI pensions	23	23
Other pensions	165	302
Total	188	325

The Pension Registration Institute (PRI) is a public organization that administers employee pensions.

	12/31 1999	12/31 1998
<i>Parent Company</i>		
Other pensions	5	–
Total	5	–

Other pension provisions pertain to conditional obligations not included under the terms of the Pension Security Act. In addition to reported pension provisions, pension commitments amounting to SEK 221 m. are covered by funds in pension foundations and by endowment insurance.

NOTE 17 Long-term loans

	12/31 1999	12/31 1998
<i>Group</i>		
Maturity, 1–5 years from balance sheet date	5,045	5,788
Maturity, more than 5 years from balance sheet date	7,126	2,763
Total	12,171	8,551
<i>Parent Company</i>		
Maturity, 1–5 years from balance sheet date	5,045	5,787
Maturity, more than 5 years from balance sheet date	7,126	2,763
Total	12,171	8,550

NOTE 18 Other liabilities

	12/31 1999	12/31 1998
<i>Group</i>		
Issued index options ¹⁾	85	4
Loan secured by stocks, etc.	778	430
Revaluation of currency futures	–	165
Pending settlements	492	39
Other	111	321
Total	1,466	959
<i>Parent Company</i>		
Issued index options ¹⁾	85	89
Other	39	89
Total	124	178

1) In 1992, Investor issued index options to certain members of executive management. The price was SEK 20 per option. The exercise price is SEK 155.84. After the 1999 split, each option corresponds to four underlying shares. The options reach maturity on March 26, 2000. In the Parent Company, a cost of SEK –43 m. (4) is booked for the options while the Group shows a cost of SEK –111 m. (–1).

NOTE 19 **Accrued expenses and prepaid income**

	12/31 1999	12/31 1998
<i>Group</i>		
Interest	426	391
Other financial expenses	109	–
Other	440	277
Total	975	668
<i>Parent Company</i>		
Interest	401	275
Other financial expenses	13	78
Other	118	–
Total	532	353

NOTE 20 **Supplementary disclosures to the Statement of Cash Flows**

	1999	1998
Conversion of debenture loans to shareholders' equity		
Group/Parent Company	10	5
Liquid assets		
<i>Group</i>		
Liquid assets include:		
Short-term investments	905	35
Cash and bank balances	115	103
	1,020	138

Short-term investments consist of treasury bills and bonds with maturities of a maximum of three months.

notes to the financial statements

SPECIFICATION OF HOLDINGS OF SHARES AND PARTICIPATIONS IN GROUP COMPANIES

Subsidiary/Reg. No./Registered office	No. of shares	Holding, % ¹⁾	Book value
Expibel Holding AB, 556548-6684, Stockholm	1,000	100.0	6,651
Expibel B.V., Netherlands	753	100.0	
Investor Asia Ltd, Hong Kong	1,000	100.0	
Investor (Guernsey) Ltd, Guernsey	255,002	100.0	
Investor (Guernsey) II, Guernsey	118,300	100.0	
Investor Holding AB, 556554-1538, Stockholm	1,000	100.0	500
Novare Kapital AB, 556407-3384, Stockholm	225,000	100.0	
Investor London Ltd, United Kingdom	100	100.0	
Investor UK Ltd, United Kingdom	20,000,000	100.0	
Investor International (U.S.) Inc, USA	100	100.0	
EQT Partners AB, 556233-7229, Stockholm	3,334	66.7	
EQT Partners A/S, Copenhagen			
EQT Partners OY, Helsinki			
EQT Partners Gmbh, Munich			
Expibel Investments AG, Switzerland	20,250	100.0	
Investors Trading Co S.A., Bermuda	100	100.0	
Investor Investments HFCP Ltd, Guernsey	2	100.0	
Investor Investments TWCP Ltd, Guernsey	2	100.0	
Investor Investments NCP Ltd, Guernsey	1	100.0	
Investor Investment Oxford Ltd, Guernsey	1	100.0	
Investor Investment Polaris Ltd, Guernsey	1	100.0	
Investor Investment MSDW Ltd, Guernsey	1	100.0	
Investor Investments AB, 556548-6692, Stockholm	1,000	100.0	1,500
Investor Asia Holding Private Ltd, Singapore	2	100.0	
PGI Sweden AB, 556445-3370, Stockholm	1,000	100.0	
Extoria Trade AB, 556025-3188, Stockholm	150,000	100.0	
Investors Trading AB, 556032-5945, Stockholm	1,500	100.0	
Investor International AB, 556233-9282, Stockholm	500,000	100.0	
AB Cator, 556043-8490, Stockholm	100,000	100.0	
AB Investor Group Finance, 556371-9987, Stockholm	100,000	100.0	12
Patricia Trading AB, 556003-6575, Stockholm	100,000	100.0	120
GHH Grand Hôtel Holdings AB,			
556302-9650, Stockholm	10,000	100.0	877
AB Nya Grand Hôtel, 556028-5941, Stockholm	25,000	100.0	
Berns Salonger & Co Svenska AB,			
556125-9929, Stockholm	4,800	100.0	
AB Vectura, 556012-1575, Stockholm	50,000	100.0	2,274
Patricia AB, 556556-5255, Stockholm	1,000	100.0	
AB Näckström, 556007-7009, Stockholm	50,000	100.0	
Stockholm-Saltsjön AB, 556001-7369, Stockholm	30,000	100.0	
Residuum AB, 556104-4529, Stockholm	1,000	100.0	
AB Navigare, 556054-9486, Stockholm	80,000	100.0	
Sickla Udde Development AB,			
556188-1086, Stockholm	500,000	100.0	
Sickla Udde AB, 556336-9726, Stockholm	5,000	100.0	
Saab Automobile AB (50%)			
Dormant companies			3
Book value in Parent Company			11,937

1) Ownership share pertains to equity which also corresponds to share of voting rights for total number of shares.

To the Annual General Meeting 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 1999. These accounts and the administration of the company are the responsibility of the Board of Directors and the President. 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 reasonable 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, 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.

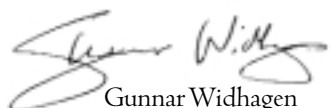
The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and, thereby, give a true and fair view of the company's and the Group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden.

We recommend to the Annual General Meeting that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit for 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 25, 2000



Caj Nackstad
Authorized Public Accountant



Gunnar Widhagen
Authorized Public Accountant

board of directors



Percy Barnevik

Chairman since 1997.

Elected 1986, born 1941.

Chairman of ABB Ltd., AstraZeneca PLC and Sandvik.

Director of General Motors, (USA).

Shares in Investor: 1,024,684



Claes Dahlbäck

Executive Vice Chairman since 1999.

Elected 1983, born 1947.

President and CEO of Investor 1978–1999.

Chairman of Stora Enso, Gambro, EQT and Vin & Sprit.

Vice Chairman of SEB.

Shares in Investor: 293,600

*Employee stock options **



Jacob Wallenberg

Executive Vice Chairman since 1999.

Elected 1998, born 1956.

Chairman of SEB.

Vice Chairman of the Knut and Alice Wallenberg Foundation, Atlas Copco and Electrolux.

Director of ABB Ltd., WM-data, the Swedish

Federation of Industries, the Nobel Foundation,

Novare Kapital and EQT Scandinavia B.V.

Shares in Investor: 382,324

*Employee stock options **



Marcus Wallenberg

President and Chief Executive Officer since 1999.

Elected 1990, born 1956.

Vice Chairman of Telefonaktiebolaget LM Ericsson and Saab AB.

*Director of AstraZeneca PLC, AstraZeneca AB, Scania, the Knut and Alice Wallenberg Foundation, SEB, Stora Enso Oyj, SAS Assembly of Representatives and Volvo**.*

Shares in Investor: 1,087,612.

*Employee stock options **

See also page 85.



Håkan Mogren

Elected 1990, born 1944.

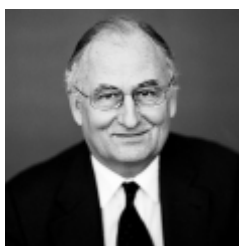
Deputy Chairman of AstraZeneca PLC.

Chairman of the Industrial Institute for Industrial and Social Research (IUI).

Vice Chairman of the Social and Economic Council.

Director of AstraZeneca PLC, Gambro, the Federation of Swedish Industries and the Carl Trygger Foundation, among others.

Shares in Investor: 2,346



Mauritz Sahlén

Elected 1990, born 1935.

Chairman of Air Liquide, CHAMPS, FlexLink, Imego, IRO, Novare Kapital and Western Sweden Chamber of Commerce.

Director of Sandvik, the Federation of Swedish Industries, Chalmers and Billes Tryckeri.

Shares in Investor: 16,410

board of directors



Anders Scharp

Elected 1988, born 1934.

Chairman of Atlas Copco, Scania, Saab AB, SKF and the Swedish Employers' Confederation.

Director of the Federation of Swedish Industries.

Shares in Investor: 65,584



Peter D. Sutherland

Elected 1995, born 1946.

Chairman and Managing Director of Goldman Sachs International.

Co-Chairman of BP Amoco p.l.c.

Director of ABB Ltd., Telefonaktiebolaget LM Ericsson, LM Ericsson Holdings Ltd. and LM Ericsson Ltd.

Shares in Investor: 2,462



Björn Svedberg

Elected 1998, born 1937.

Chairman of Chalmers University of Technology,

President of the Royal Academy of Engineering Sciences (IVA) and member of the Morgan Stanley International Advisory Board.

Director of Gambro, Saab AB and Scania.

Shares in Investor: 20,070



Michael Treschow

Elected 1997, born 1943.

President of Electrolux.

Chairman of the Swedish Trade Council.

Vice Chairman of Saab Automobile.

Director of Electrolux and Atlas Copco, among others.

Shares in Investor: 15,210



Peter Wallenberg

Honorary Chairman

Elected 1969, born 1926.

Chairman of the Knut and Alice Wallenberg Foundation.

Honorary Chairman of Atlas Copco and Stora Enso.

Shares in Investor: 2,177,272

* Employee stock options, see note 1 page 85.

** Membership of the Volvo board is subject to completion of Volvo's acquisition of Investor's shares in Scania.

executive management and auditors



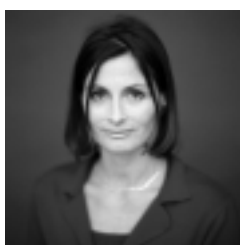
Marcus Wallenberg



Börje Ekholm



Henry E. Gooss



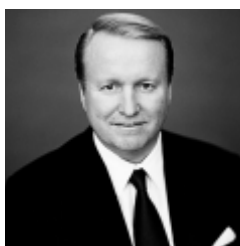
Adine Grate Axén



Ulla Litzén



Nils Ingvar Lundin



Sven Nyman



Pia Rudengren



Lars Wedenborn

Marcus Wallenberg

President and Chief Executive Officer since 1999, born 1956.
Shares in Investor: 1,087,612
Stock options in Investor: 37,444
Employee stock options ¹⁾

Börje Ekholm

New Investments, New York
Managing Director since 1997, born 1963.
Shares in Investor: 20,296
Index linked stock options in Investor: 1,000
Employee stock options ¹⁾

Henry E. Gooss

New Investments, New York
Managing Director since 1998, born 1941.
Shares in Investor: 5,000
Stock options in Investor: 0

Adine Grate Axén

Corporate Finance
Managing Director, born 1961
Shares in Investor: 3,840
Stock options in Investor: 13,416
Employee stock options ¹⁾

Ulla Litzén

Core Holdings
Managing Director since 1995, born 1956.
Shares in Investor: 35,400
Index linked stock options in Investor: 2,000
Employee stock options ¹⁾

Nils Ingvar Lundin

Corporate Communications
Managing Director since 1996, born 1945.
Shares in Investor: 20,000
Stock options in Investor: 0
Employee stock options ¹⁾

Sven Nyman

Core Holdings
Managing Director since 1995, born 1959.
Shares in Investor: 60,000
Stock options in Investor: 52,340
Employee stock options ¹⁾

Pia Rudengren

(On maternity leave)
Managing Director since 1998, born 1965.
Shares in Investor: 1,300
Stock options in Investor: 0
Employee stock options ¹⁾

Lars Wedenborn

Finance
Managing Director,* born 1958.
Shares in Investor: 8,000
Stock options in Investor: 0
Employee stock options ¹⁾

AUDITORS

Caj Nackstad

Auditor since 1985, born 1945.
Authorized Public Accountant, KPMG.

Gunnar Widhagen

Auditor since 1993, born 1938.
Authorized Public Accountant, Ernst & Young.

DEPUTIES

Thomas Thiel

Auditor since 1993, born 1947.
Authorized Public Accountant, KPMG.

Björn Fernström

Auditor since 1993, born 1950.
Authorized Public Accountant, Ernst & Young.

¹⁾ The total holding of employee stock options for those persons on the Board and Executive Management where a reference to employee stock options is made above is 3,605,376. Of these, 2,981,948 employee stock options were received through one-time distributions made at the changeover to a defined-contribution pension plan. These employee stock options may be used for acquisition of shares in 2002 at the earliest and the exercise price is SEK 103. The remaining 623,428 employee stock options were received as part of a remuneration package for 1999. These too, may not be exercised until 2002 and the exercise price is SEK 93. An allocation of employee stock options will be made in a similar manner for 2000.

* Assumed the position of Chief Financial Officer on February 1, 2000.

Cash and short-term investments

Assets in the form of cash and bank balances as well as short-term investments.

Change in value, core holdings

Increase in market value adjusted for net changes as a percentage of opening market value adjusted for net changes.

Convertible debenture loan

Debenture stock with attached options that give the holder the right, during a specified period, to exchange the debentures for shares, at a pre-determined price.

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 holdings.

Equity/assets ratio

Shareholders' equity according to the purchase method, including surplus values and convertible debenture loans, as a percentage of total assets including surplus values.

Findata's Total Return Index (FDAX)

A stock index for the OM Stockholm Exchange calculated on share price growth and reinvested dividends.

Growth 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.

Net asset value

Shareholders' equity, convertible debenture loans and surplus values.

Net asset value per share after full conversion

Net asset value per share calculated on the total number of outstanding shares in the event of full utilization of Investor's convertible debenture loans.

Net debt

Interest-bearing current and long-term liabilities, plus pensions, minus cash and short-term investments and interest-bearing current and long-term receivables.

Net income

Income after tax.

Netting

Agreement under which liabilities owed to a counterparty which has been declared bankrupt are set off against receivables owed by the counterparty.

Private placement

Unlisted offer made directly to a selected group of investors.

Surplus value, core holdings

Difference between the market and book values of the core holdings.

Total return

Sum of dividends received and reinvested during the year and share price appreciation.

Total return, core holdings

Increase in market value adjusted for net changes, plus dividend income as a percentage of opening market value adjusted for net changes.

Turnover, core holdings

Percentage of shares at the beginning of year that did not remain at year-end, calculated at market value at the beginning of the year.

Turnover rate

Number of shares traded during the year as a percentage of the total number of shares outstanding.

Venture capital

General term for early-phase risk capital.

Yield

Dividend paid as a percentage of the share price at year-end.

Yield, core holdings

Dividend income as a percentage of market value, core holdings, at year-end.

Production: Investor AB and Intellecta.
Photography : Mats Lundqvist.
Printer: A.T.T. Grafiska, Stockholm 2000.
Printed on Stora Enso.



INVESTOR AB (publ)

SE-103 32 Stockholm, Sweden
Visiting address: Arsenalsgatan 8c
Telephone: +46-(0)8-614 20 00
Fax: +46-(0)8-614 21 50

INVESTOR ASIA LIMITED

1808 Two Exchange Square, Central Hong Kong
Telephone: +852-2801 6823
Fax: +852-2810 4909

**INVESTOR
LONDON LIMITED**

10, Hill Street, London W1X 7FU
Telephone: +44-(0)20-7514 5000
Fax: +44-(0)20-7514 5029

INVESTOR GROWTH CAPITAL, INC.

12, East 49th Street, 27th floor, New York, N.Y. 10017-1028
Telephone: +1-(1)212-515 9000
Fax: +1-(1)212-515 9009

EXPIBEL B.V.

Strawinskylaan 507, 1077 XX Amsterdam
Telephone: +31-(0)20-577 66 00
Fax: +31-(0)20-577 66 09

Investor AB is the largest Swedish industrial holding company. It generates value for the shareholders through long-term active ownership and active investment operations. Over the past 20 years the average total annual return to the shareholders has exceeded 20 percent.

Investor is a lead shareholder in a number of Sweden's largest, most internationally active companies. These include Ericsson, AstraZeneca, Scania, ABB, Stora Enso, Atlas Copco, WM-data, SEB, Gambro, Volvo, SKF, Electrolux, OM Gruppen, Saab AB and SAS. Investor's largest shareholders are the Wallenberg family foundations, and a number of mutual and pension funds.

Investor AB is based in Stockholm, with offices in Hong Kong, London, New York and Amsterdam.

www.investor.se