

OVERVIEW

| | 30 June 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|--|-----------------|-------|-------|-------|-------|-------|
| Fund capital, flows, and net profit/loss, SEK bn | | | | | | |
| Fund capital | 189.8 | 207.3 | 200.5 | 180.1 | 151.4 | 135.5 |
| Net flows from the pension system and special asset management funds | 0.7 | 2.0 | 1.7 | 2.9 | 1.7 | 2.6 |
| Net profit/loss for the period | -18.2 | 4.8 | 18.8 | 25.8 | 14.3 | 19.3 |
| Return, % | | | | | | |
| Return on total portfolio excluding expenses | -8.7 | 2.5 | 10.5 | 16.9 | 10.6 | 17.0 |
| Return on total portfolio including expenses | -8.8 | 2.4 | 10.4 | 16.8 | 10.5 | 16.8 |
| Return on total portfolio versus index, excluding expenses | -0.1 | -1.0 | -0.6 | -0.1 | -0.3 | -1.0 |
| Return on listed assets versus index, excluding expenses | -0.2 | -1.2 | -0.5 | -0.1 | -0.3 | -0.4 |
| Inflation | 2.1 | 3.5 | 1.6 | 0.9 | 0.3 | 1.3 |
| Real return after expenses | -10.9 | -1.0 | 8.8 | 15.9 | 10.2 | 15.5 |
| Management costs as % of assets under management | | | | | | |
| Operating expenses | 0.08 | 0.07 | 0.07 | 0.08 | 0.09 | 0.10 |
| Operating expenses and commission expenses | 0.11 | 0.10 | 0.11 | 0.13 | 0.15 | 0.16 |
| Risk in total portfolio, % | | | | | | |
| Portfolio, ex-post | 11.3 | 8.6 | 7.1 | 4.7 | 6.0 | 9.0 |
| Active risk, ex-post | 1.0 | 0.7 | 0.8 | 0.8 | 1.0 | 0.9 |
| Sharpe ratio | neg | neg | 1.0 | 3.1 | 1.4 | 1.6 |
| Foreign currency exposure, % | | | | | | |
| Share of active management excluding enhanced, %* | 62.1 | 94.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Share of external management including investments in venture capital firms, % | 41.8 | 17.8 | 17.3 | 18.8 | 20.6 | 13.2 |
| Number of employees at end of accounting period | 42 | 45 | 46 | 50 | 50 | 51 |

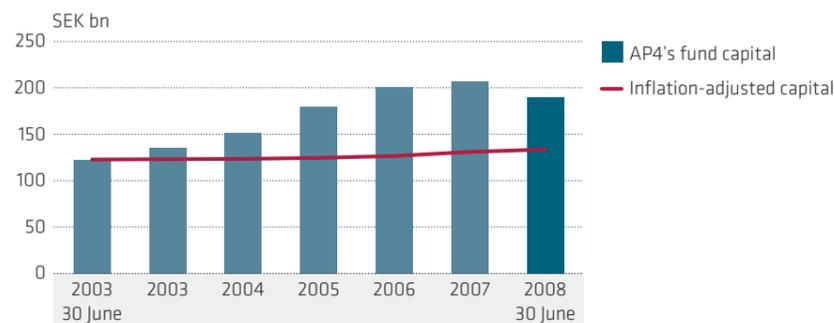
*Enhanced is considered an indexed fund from 2008.

INTERIM REPORT · 1 January – 30 June · 2008

INTERIM REPORT HIGHLIGHTS

- Fund capital totalled SEK 189.8 billion at 30 June 2008, SEK 17.5 billion less than at 31 December 2007.
- The fund's net loss was SEK -18.2 billion for the period, corresponding to a total return of -8.7% before expenses. Total return after operating expenses and commission expenses was -8.8%.
- The return on the listed equity portfolio was -9.0% before expenses, which underperformed the benchmark index. The active return was -0.2 percentage points on listed assets and -0.1 percentage points on the total portfolio.
- In the past five years, AP4 has delivered an average annual return of 11.4%, corresponding to a real annual return of 9.4%.
- Currency exposure was 13.7% at 30 June.

FUND CAPITAL AND INFLATION



The fund capital has developed well and the growth is well ahead of inflation.



Mats Andersson, CEO.

LETTER FROM THE PRESIDENT

Global financial markets underwent further drama in the first half of 2008. Energy prices also continued to skyrocket, with oil leading the way. Growing fears of a protracted recession concurrent with rising inflation made the situation even more difficult to assess. Thus, in the past year or so world equity markets have dropped considerably, and in Sweden the SIXRX index has fallen more than 30%, from its high-water market in July 2007, to mid-year 2008.

It is scarcely surprising that these difficult environmental and market factors are reflected in AP4's performance during the first six months of this year. AP4's absolute return was negative, as much as -8.7%. In this context, it is worth noting that equities make up about 60% of the portfolio.

The Fund's active return, which measures our management performance against indices, remains negative. During the first half of the year, this equalled -0.14 percentage points.

Performance for the first six months of the year may appear troubling. However, we need a more nuanced view. AP4's brief is to manage pension funds with a long-term investment horizon, so returns should be assessed for longer periods. Considering performance for the past five years, the absolute return has averaged 11.4% annually - despite the very weak results so far this year.

I remain convinced that, based on their long-term mandate, the AP Funds should maintain their large allocation in equities, although this strategy may at times result in negative returns. In its assessment, the Swedish government has also seen it as positive that the Funds retained a large proportion of equities during the preceding period of sharp declines in stock markets, during 2001-2002, which resulted in the Funds benefiting fully from the robust recovery that followed when markets rebounded.

As a rule, major investors such as the AP Funds can make only limited changes in their equity holdings in the short-term. Such actions are taken on a continual basis to improve returns. Thus, the Board's strategic decision that the Fund would be underweight in equities to a certain degree during 2008 has helped mitigate the negative results.

The extensive work for change that commenced one year ago has continued in 2008. For example, AP4's global sector manage-

ment has been closed. This is now an index portfolio. At the same time, the risks in AP4's external mandates have been reduced. This is also true of the internally managed fixed income portfolio. In addition, new heads have been appointed to the Fund's global equity management as well as the fixed income and foreign currency groups.

Both pluses and minuses lie behind the Fund's active return of -0.14 percentage points for the first half of 2008. Swedish equity portfolio management once again performed favourably. In

addition, AP4's results from currency management appear strong, and the tactical mandate reported a positive contribution. In contrast, global equities and fixed income management continued to make a negative impact on the active return, albeit to a lesser extent than during the latter half of 2007.

As I see it, the actions already implemented or being implemented are starting to bear fruit. But the Fund still has some way to go before we reach our stated goal of an annual active return of 0.40 percentage points.

During 2008, AP4 was also involved in two major corporate transactions.

AP4 was one of the investors that bid on Vin & Sprit when the Swedish government was selling this company. The group in which AP4 participated, though, was not willing to pay the price eventually required to close the deal.

After 30 June, AP Fastigheter, owned jointly by AP1, AP2, AP3, and AP4, acquired the property management company Vasakronan. Here, too, the seller was the Swedish government. This acquisition created Sweden's largest property group by far, almost doubling AP4's exposure to real estate as an asset class.

"I remain convinced that, based on their long-term mandate, the AP-funds should maintain their large allocation in equities."

Mats Andersson
CEO AP4

FUND CAPITAL

AP4 generated a return of -8.7% during the first half of 2008. The negative return reflected the slide in equity markets worldwide. AP4's Swedish equity portfolio generated a return of -16.2%, and the global equity portfolio generated -12.7%. Overall, the return on investment assets underperformed the benchmark index by 0.2 percentage points. The biggest negative contribution to the Fund's active return came from the fixed income portfolio, which underperformed its benchmark index by 0.7 percentage points, chiefly as a result of significant exposure to Swedish housing bonds. The global equity portfolio also made a negative contribution, while Swedish equity management, tactical asset allocation, and active currency management outperformed their respective benchmark indices. At 30 June 2008, fund capital¹ totalled SEK 189.8 billion. It declined SEK 17.5 billion during the first half of the year, which included the period's loss of SEK -18.2 billion and SEK +0.7 billion attributable to net payments from the pension system.²

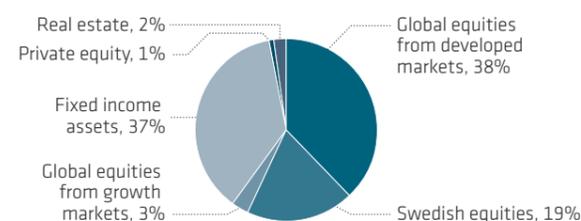
The Fund has generated a 23.7% return since its inception in 2001, an average annual return of 2.9%. Adjusted for inflation, this corresponds to an annual real return of 0.9%. The return has fallen short of the real return target of 4.5% per year adopted by the Fund in 2006, primarily as a result of weak performance during 2002 and the first half of 2008.

EXPENSES

Operating expenses excluding commission expenses were SEK 82 million, compared to SEK 70 million in the corresponding period the preceding year. The cost of redundancies represented the bulk of the increase. Commission expenses were SEK 24 million, compared to SEK 39 million in the first half of 2007. The management cost ratio was a low 0.08% (0.07) on an annualised basis, excluding commission expenses. Including commission expenses, the figure was unchanged at 0.11%.

- 1) Fund capital consists of investment assets and balance sheet items from the fund's management activities, such as trade payables, pension liabilities for AP4 employees, and the like.
- 2) Including transfers from the Liquidation Fund and Special Asset Management Fund managed by AP1 and AP4, respectively, on behalf of all the AP-funds.

STRATEGIC PORTFOLIO, 30 June 2008



A medium-term (3-5 years) perspective is applied to the Fund's strategic portfolio. As a result, additional asset classes and several markets are considered in the Fund's allocation process.

CHANGE IN FUND CAPITAL

| SEK bn | Jan-Jun 2008 | Jan-Dec 2007 |
|---|--------------|--------------|
| Fund capital, opening balance | 207.3 | 200.5 |
| Net payments from the pension system | 0.7 | 1.0 |
| Transferred from special management funds | 0.0 | 1.0 |
| Net profit/loss for the period | -18.2 | 4.8 |
| Fund capital, closing balance | 189.8 | 207.3 |

MARKET OVERVIEW

During the first half of 2008, markets continued to suffer from the financial crisis that began in the seriously sagging U.S. housing market and then spread via securitisation³ of mortgages into the banking system and to investors. At the start of 2008, benchmark interest rates (key rates) were cut drastically in the United States, and bond rates dropped. However, a sharp increase in commodity prices fanned inflation, which suddenly changed expectations of central banks' attitudes during the spring. Benchmark interest rates were raised in Europe and Sweden, and short-term bond rates

in particular rose. Spreads on high-quality debt remained wide in the first half of 2008, and U.S. as well as European mortgage rates rose relative to interest rates on government bonds of corresponding maturities.

Equity markets plunged, and the Swedish stock market underperformed global indices. The commodity and energy sectors were robust, while the financial sector and durable goods suffered ongoing very poor performance. Fluctuations in foreign currencies were relatively limited, with the exception of the U.S. dollar which continued to slide.

- 3) The stock of housing loans repackaged and sold as securities in capital markets.

INVESTMENT ASSET PERFORMANCE

ALLOCATION AND RETURNS ON INVESTMENT ASSETS

| Asset class | Return and contribution statement, January-June 2008 | | | | | Asset allocation, 30 June 2008 | | |
|---|--|------------------|-------------------------------------|--|----------------------------------|--------------------------------|--------------|------------------------|
| | Portfolio return, % | Active return, % | Contribution to portfolio return, % | Profit contribution for the period, SEK bn | Contribution to active return, % | Market value, SEK bn | Exposure*, % | Strategic portfolio, % |
| Swedish equities | -16.2 | 0.9 | -3.1 | -6.5 | 0.2 | 35.1 | 18.6 | 18.6 |
| Global equities | -12.7 | -0.3 | -5.2 | -10.8 | -0.1 | 77.7 | 41.2 | 41.0 |
| Fixed income assets | -0.2 | -0.7 | 0.0 | 0.0 | -0.2 | 69.0 | 37.0 | 36.8 |
| Currencies/Tactical asset allocation/Cash | - | 0.0 | -0.4 | -0.9 | 0.0 | 1.3 | -0.3 | 0.0 |
| Total listed assets | -9.0 | -0.2 | -8.7 | -18.2 | -0.2 | 183.2 | 96.5 | 96.4 |
| Real estate | 3.2 | 0.0 | 0.1 | 0.2 | 0.0 | 4.7 | 2.5 | 2.5 |
| Private equity | -5.4 | 5.2 | -0.1 | -0.1 | 0.1 | 2.0 | 1.1 | 1.1 |
| Total investment assets | -8.7 | -0.1 | -8.7 | -18.2 | -0.1 | 189.9 | 100.0 | 100.0 |

* Exposure includes the underlying value of derivatives for each asset class.

SWEDISH EQUITY PORTFOLIO

At 30 June, the Swedish equity portfolio represented 18.5% of Fund assets. The return for the period was -16.2%, which was 0.9 percentage points better than the benchmark index.

The Swedish equities portfolio comprises two active management mandates. One mandate targets large cap equities, which account for 86% of the Swedish equities portfolio, and one has its primary focus on small cap equities. The small cap mandate allows up to 50% to be invested in the other Nordic countries.

The portfolio focuses on companies that benefit from strong demand in investment goods, energy, and commodities, and this improved the relative return. Overweight positions in SSAB, Vostok Gas, and Vostok Nafta and underweight positions in SAS and Skanska contributed to the positive active return. Takeover bids were made for two of the stocks in the portfolio, Securitas Direct and Telelogic, which also improved the portfolio's return.

GLOBAL EQUITY PORTFOLIO

At 30 June, the global equity portfolio accounted for 40.9% of assets. The portfolio posted a return of -12.7% for the period, fully hedged, which was 0.3 percentage points worse than the benchmark. Internally and externally managed mandates underperformed their corresponding indices.

Reduction of risk in the portfolio, begun at the end of 2007, was completed during the first half of 2008. Today the entire portfolio is managed externally; 66% is managed passively, 26% semiactively, and 8% actively - the last is a reduction from 62% in September 2007.

A new head of the global equities portfolio joined the company in August 2008.

FIXED INCOME PORTFOLIO

The fixed income portfolio represented 36.4% of Fund assets at 30 June. The first-half return equalled -0.2%, 0.7 percentage points under the Fund's benchmark index. The negative results compared to the index were chiefly attributable to fixed interest management's positions in commercial bonds and an overweight position in Swedish bonds relative to U.S. bonds at the start of 2008.

CURRENCY MANAGEMENT

Through the successful management of several positions, foreign currency management contributed positively to the Fund's active return during the first half of 2008. During this period, the Fund increased its exposure to the U.S. dollar. At 30 June, the total foreign currency exposure was 13.7%, compared to 14.2% at year-end 2007.

TACTICAL ASSET ALLOCATION

Active tactical asset allocation made a positive contribution of 0.01 percentage points to total return in the first half of 2008. A short position in Asian equities relative to a long position in European and U.S. equities in early 2008 contributed positively to performance, while a short position in U.S. small cap equities relative to a long position in major U.S. blue chips had a negative impact.

REAL ESTATE

AP4's main exposure to real estate as an asset class is the 25% holding in AP Fastigheter Holding AB. The company is owned jointly with AP1, AP2 and AP3.

After many years of soaring property prices, the market

stagnated in the first half of 2008. Considering the lag between changes in market prices and their effect on asset valuations, the situation at present is more uncertain than usual.

For real estate as an asset class, AP4's return was 3.2% (13.0) in the first half of 2008. After 30 June, AP Fastigheter acquired Vasakronan, which almost doubled the company's property holdings. AP Fastigheter will change its name to Vasakronan.

PRIVATE EQUITY

Private equity accounted for 1.1% of assets at 30 June. The return for the first half of the year was -5.4%. AP4 did not make any new commitments during the first six months of 2008.

STRATEGIC POSITIONS

AP4's strategic positions have an investment horizon of three to five years and consist of the strategic portfolio's deviations from the long-term normal portfolio. During the first half of 2008, the Fund was underweight in equities and commercial bonds and overweight in government bonds. The Fund also had less foreign currency exposure in the strategic portfolio than in the normal portfolio. All of these positions contributed positively to the Fund's performance.

CORPORATE GOVERNANCE

During the first half of the year, AP4 was represented at 67 annual general meetings. AGMs for companies in which AP4 has a significant holding have top priority. Representation on nomination committees is one of the most important means of exerting shareholder influence. The Fund was a member of 15 nomination committees during the period and acted as chair in three of these. An innovation at meetings this year was that some companies introduced variable fees for board members. AP4 sees this as a positive move and has participated in preparatory discussions and voted in favour of motions put forward.

Thus far in 2008, the Fund has actively promoted the elimination of price differentials between class A and B shares in takeover bids. This issue is currently being assessed by the Swedish Industry and Commerce Stock Exchange Committee (abbreviated in Swedish to NBK), which supervises takeover rules. The Fund is represented on NBK by former deputy CEO Björn Franzon.

PERSONAL

The Fund had 42 employees at 30 June, three persons fewer than at 31 December 2007.

BOARD OF DIRECTORS

At the end of May, the Swedish Ministry of Finance announced that Monica Caneman had been appointed chairperson of AP4. She succeeds Birgit Friggebo, who has been chairperson since 2000. The Fund also got a new vice chair: Lars Frithiof succeeded Karl-Olof Hammarkvist, who has been vice chairperson since 2000. Stefan Löfven was appointed the new representative of LO, replacing Göran Johnsson who had served on the board for 15 years.

ACCOUNTING POLICIES

The interim report was prepared in accordance with the accounting and valuation policies jointly prepared by the AP-funds. These are presented on page 33 of AP4's 2007 annual report. The AP-funds have decided jointly on the following changes in policies, introduced at 1 January 2008. Fees for external management of unlisted assets, for which repayment is granted prior to profit-sharing and for which repayment is deemed probable, are reported as part of the acquisition cost of the asset. In previous years, this item was reported under "Other assets" in the balance sheet. The figures for comparison have been changed.

NEXT REPORTING DATE

The estimated publication date of the full annual report for the 2008 financial year is 17 February 2009.

INCOME STATEMENT

| SEK m | Jan-Jun 2008 | Jan-Jun 2007 | Jan-Dec 2007 |
|---|----------------|---------------|--------------|
| OPERATING INCOME | | | |
| Net interest income | 1,834 | 799 | 1,972 |
| Dividends received | 2,660 | 2,250 | 2,800 |
| Net income, listed shares and investments | -19,563 | 10,579 | -138 |
| Net income, unlisted shares and investments | -351 | 670 | 963 |
| Net income, fixed income assets | -1,313 | -1,429 | 21 |
| Net income, derivatives | -1,309 | -169 | -1,138 |
| Net income, foreign exchange changes | -36 | 168 | 519 |
| Commission expenses | -24 | -39 | -72 |
| Total operating income | -18,102 | 12,829 | 4,927 |
| OPERATING EXPENSES | | | |
| Personnel costs | -50 | -43 | -87 |
| Other administrative expenses | -32 | -27 | -52 |
| Total operating expenses | -82 | -70 | -139 |
| Net profit / loss for the period | -18,184 | 12,759 | 4,788 |

BALANCE SHEET

| SEK m | 30 June 2008 | 30 June 2007 | 31 December 2007 |
|---|----------------|----------------|------------------|
| ASSETS | | | |
| Shares and investments, listed | 107,074 | 127,930 | 116,280 |
| Shares and investments, unlisted | 4,619 | 4,766 | 4,859 |
| Bonds and other fixed income assets | 69,139 | 77,940 | 77,020 |
| Derivatives | 7,957 | 7,603 | 8,526 |
| Cash and bank balances | 1,395 | 2,674 | 1,727 |
| Other assets | 764 | 1,569 | 957 |
| Prepaid expenses and accrued income | 2,227 | 2,162 | 2,527 |
| Total assets | 193,175 | 224,644 | 211,896 |
| LIABILITIES AND FUND CAPITAL | | | |
| Liabilities | | | |
| Derivatives | 1,649 | 7,580 | 2,374 |
| Other liabilities | 959 | 1,706 | 1,119 |
| Deferred income and accrued expenses | 766 | 1,128 | 1,058 |
| Total liabilities | 3,374 | 10,414 | 4,551 |
| Fund capital | | | |
| Fund capital, opening balance | 207,345 | 200,537 | 200,537 |
| Net payments from the pension system | 628 | 826 | 991 |
| Transfers from Liquidation Fund / Special Asset Management Fund | 12 | 108 | 1,029 |
| Net profit / loss for the period | -18,184 | 12,759 | 4,788 |
| Total fund capital | 189,801 | 214,230 | 207,345 |
| TOTAL LIABILITIES AND FUND CAPITAL | 193,175 | 224,644 | 211,896 |

This interim report has not been examined by the Fund's auditors.