

## **Annual General Meeting of Saab AB**

The shareholders in Saab Aktiebolag (publ) are invited to attend the Annual General Meeting at Annexet, Stockholm Globe Arenas, Globentorget 2, Stockholm, Sweden, on Thursday, 19 April 2012, at 15.00 (CET). Admission and registration will commence at 13.30.

### **RIGHT TO PARTICIPATE AND NOTIFICATION**

Only the shareholders that are recorded in the Shareholders' Register issued by Euroclear Sweden AB on Friday, 13 April 2012, are entitled to participate in the Annual General Meeting after submitting notification to the Company.

Shareholders who have their shares registered in the name of a nominee must temporarily be recorded in the Shareholders' Register in their own names (so called registration of voting rights) to be entitled to participate in the meeting subject to notification to the Company. In order to be recorded in the Shareholders' Register on Friday, 13 April 2012, shareholders must request such registration with their bank or trustee well in advance of that date.

Shareholders wishing to attend the Annual General Meeting must notify Saab no later than Friday, 13 April 2012

- by telephone +46 13 18 20 55 (weekdays between 9 and 17),
- by post with separately sent invitation, or under address Saabs Årsstämma, Box 7839, SE-103 98 Stockholm, Sweden, or
- via the Company's website [www.saabgroup.com/arsstamma](http://www.saabgroup.com/arsstamma).

Notification to the Company must include the shareholder's name, personal identity number (if applicable), address and telephone number, and notification of the attendance of any assistants. If the shareholder is represented through a Power of Attorney, a registration certificate or other authorization document, the document should be sent to Saab AB, CEO Office, Box 12062, SE-102 22 Stockholm, Sweden, in ample time before the Annual General Meeting. A form for Power of Attorney is available on the Company's website, [www.saabgroup.com/arsstamma](http://www.saabgroup.com/arsstamma).

### **AGENDA**

1. Election of Chairman for the Meeting
2. Drawing up and approval of the voting list
3. Approval of the Agenda

4. Election of persons to verify the Minutes
5. Question as to whether the Meeting has been duly convened
6. Presentation of the Annual Report and the Auditors' report, the Consolidated Annual Report and the Consolidated Auditors' report
7. Speech by the President
8. Resolutions on:
  - a) Approval of the parent Company's Income Statement and Balance Sheet, and the Consolidated Income Statement and Balance Sheet
  - b) Allocations of profit according to the approved Balance Sheet and record date for dividend
  - c) Discharge from liability for the Board Members and the President
9. Stipulation of the number of regular Board Members and deputy Board Members
10. Stipulation of fees for the Board Members and the Auditor
11. Election of regular Board Members and deputy Board Members
12. Resolution on the Board's proposal on guidelines for remuneration and other terms of employment for senior executives
13. Resolution on the Board's proposal on long-term incentive programs
  - a) Share Matching Plan 2012
  - b) Performance Share Plan 2012
14. Resolution on the Board's proposal on acquisition and transfer of the Company's own shares in respect of
  - a) Authorization on acquisition and transfer of own shares
  - b) Transfer of own shares to employees and on stock exchange for Share Matching Plan 2012
  - c) Transfer of own shares to employees and on stock exchange for Performance Share Plan 2012
  - d) Transfer of own shares on stock exchange for Share Matching Plan 2008, 2009, 2010 and 2011, and for Performance Share Plan 2009, 2010 and 2011
  - e) Equity swap agreement with a third party
15. Closing of the Annual General Meeting

## **PROPOSED RESOLUTIONS:**

### **DIVIDEND AND RECORD DATE (item 8 b)**

The Board proposes a dividend of SEK 4,50 per share. Tuesday, 24 April 2012 is proposed as record date. Provided the Shareholder's Meeting resolves according to this proposal, payment of the dividend is expected to be made by Euroclear Sweden AB on Friday, 27 April 2012.

### **THE NOMINATION COMMITTEE'S PROPOSALS FOR CHAIRMAN OF THE ANNUAL GENERAL MEETING, BOARD OF DIRECTORS AND FEES (items 1, 9, 10, and 11)**

The Nomination Committee consists of the following members: Petra Hedengran, Chairman, Investor AB, Peter Wallenberg Jr, Knut and Alice Wallenberg's Foundation, Thomas Eriksson, Swedbank Robur Funds, Thomas Ehlin, Nordea Investment Funds, and Marcus Wallenberg, Chairman of the Board of Saab AB.

The Nomination Committee proposes the following resolutions.

- Marcus Wallenberg as Chairman of the Annual General Meeting.
- Nine Board Members and no deputy Board Members.
- An increase in Board fees as follows: SEK 1,165,000 (1,100,000) to the Chairman, and SEK 480,000 (425,000) to the Deputy Chairman and SEK 450,000 (425,000) to each of the other Board Members elected by the Shareholders' Meeting and not employed by the Company. Unchanged compensation for committee work as follows: SEK 150,000 to the Chairman of the Audit Committee, and SEK 100,000 to each of the other Audit Committee members elected by the Shareholders' Meeting, and SEK 135,000 to the Chairman of the Remuneration Committee and SEK 80,000 to each of the other Remuneration Committee members elected by the Shareholders' Meeting.
- Auditor's fees to be paid according to approved invoice.
- Re-election of all Board Members: Håkan Buskhe, Johan Forssell, Sten Jakobsson, Per-Arne Sandström, Cecilia Stegö Chilò, Åke Svensson, Lena Treschow Torell, Joakim Westh and Marcus Wallenberg. Information on the proposed Board Members is available on the Company's website.
- Re-election of Marcus Wallenberg as Chairman of the Board of Saab AB.

## **GUIDELINES FOR REMUNERATION AND OTHER TERMS OF EMPLOYMENT FOR SENIOR EXECUTIVES (item 12)**

### **Background and reasons**

The Remuneration Committee has evaluated the application of the guidelines for remuneration to senior executives of Saab that were resolved at the Annual General Meeting in 2011 and the current remuneration structures and remuneration levels in the Company. The Remuneration Committee is of the opinion that the guidelines that were resolved in 2011 achieve their purposes to facilitate the recruitment and retention of senior executives.

The Remuneration Committee has recommended the Board of Directors to propose to the Annual General Meeting to adopt principles of remuneration whose terms and conditions in essence are the same as those that were resolved at the Annual General Meeting in 2011. However, in consideration of a general review of senior executive employment agreements, certain clarifications are proposed in the guidelines pertaining to customary executive benefits and to the "Saab Plan" that regulates pension terms.

In light of the above, the Board of Directors proposes the following guidelines for remuneration and other terms of employment for senior executives.

### **Guidelines**

The senior executives comprise the President and Chief Executive Officer and other members of the Group Management. The members of this group are presented on the Company's website. In some special cases, these guidelines may also comprise Board Members of Saab AB, as described below.

Saab shall offer market terms, enabling the Company to recruit and retain senior executives. To the greatest extent possible, remuneration structures shall be characterized by predictability with respect to both the cost for the Company and the benefit for the employee. They shall be based on factors such as position, competence, experience and performance. Benchmarking shall be practiced regularly relative to comparable industries and markets.

The Board's proposal is based mainly on agreements in effect between Saab AB and individual executives. No board fees are paid to members of the Group Management for participation on the boards of the business areas or Saab subsidiaries.

The Remuneration Committee is responsible for developing and reviewing remuneration and other employment terms for the Group Management.

The Board shall be entitled to divert from the guidelines, if there are reasonable grounds to do so in an individual case.

These guidelines apply from the Annual General Meeting 2012.

### *Fixed remuneration*

Cash remuneration shall consist of fixed salary. The fixed salary shall be reviewed annually as per 1 January for all members of the Group Management. The fixed salary shall be at market terms and based on factors such as position, competence, experience and performance.

### *Variable remuneration*

It is important that senior executives have a long-term view and a long-term commitment in the Company's operations and profits. Therefore long-term incentive is especially well suited to Saab and its shareholders.

The President and CEO and senior executives are entitled to participate in the long-term incentive programs resolved by the Shareholders' Meeting.

In extraordinary cases, agreements of a one-time nature for variable cash remuneration may be made provided that such agreements are made solely on an individual base for recruitment or retention purposes, or as compensation for extraordinary efforts beyond the individual's ordinary assignment. Such remuneration shall never exceed the amount of the fixed annual salary and shall not be paid more than once a year per individual. Resolutions on such cash remuneration shall be made by the Board based on a proposal from the Remuneration Committee.

Variable cash remuneration shall not be paid in other cases.

### *Incentive programs proposed to the Annual General Meeting 2012*

The Board of Directors proposes that the Annual General Meeting resolves on the implementation of a Share Matching Plan 2012 and a Performance Share Plan 2012.

The terms and estimated costs for the Share Matching Plan 2012 and the Performance Share Plan 2012 are presented in the Board's complete proposal to the Annual General Meeting.

### *Other benefits*

All members of the Group Management may be entitled to other benefits in accordance with local practice. The benefits shall contribute to facilitating the executive's discharge of his or her duties. These benefits shall not constitute a material part of the total compensation and shall be equivalent to what is considered reasonable in relation to market practice. Other benefits may for example be a company car, travels, overnight accommodation and medical insurance.

### *Pension*

For pension agreements entered into after 1 January 2005, the pension age is 62. In addition to the ITP agreement, the pension is part of a defined premium based contribution plan where provisions are made annually. For the President and CEO, the provision is equivalent to maximum 35 per cent of the fixed salary. For other senior executives the percentage is based on a set of regulations in the so-called Saab plan. According to this plan, the percentage is dependent on the number of years remaining until the age of retirement upon joining the plan. The aggregate insurance balance should cover a targeted pension from 65 years of age of approximately 32,5 percent of salary levels between 20

and 30 basic income amounts and approximately 50 percent of segments above 30 basic income amounts.

All senior executives may also be entitled to strengthened disability pension and survivors' pension.

#### *Miscellaneous terms*

All executives in the Group Management, including the President, may terminate their employment with six months' notice. If the employment is terminated by Saab, the notice period is six months, and after the notice period, severance equal to one year's salary is paid. An additional year's salary is payable if no new employment has been obtained in the first 18 months from the time the notice of termination was served.

With respect to employment agreements made after 1 January 2005, and in cases where Saab terminates the employment, a maximum severance pay of 18 months is payable in addition to the six-month notice period. In both cases, any income from termination pay and severance pay will be deducted against income from other employment during the corresponding time.

#### *Consultant fees to Board Members*

Saab Board Members, elected by the Shareholders' Meeting, may in special cases receive a fee for services performed within their respective areas of expertise, separately from their Board duties and for a limited period time. Compensation for these services shall be paid at market terms.

#### *Information in the Annual Report note 37*

Note 37 of the Annual Report includes a description of existing remunerations for senior executives, including fixed and variable compensation, long-term incentive programs and other benefits.

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#### *Deviation from the guidelines for remuneration to senior executives resolved at the Annual General Meeting 2011*

The Board of Directors resolved to deviate from the guidelines during 2011.

The President and CEO has during 2011 received a benefit in the form of flight travels. The reason for this was that at the time of employment and for a period of time thereafter, the President and CEO had his residence in another place than the place of work. In addition, other customary benefits have been provided to members of the Group Management in order to facilitate the persons' discharge of his or her duties.

## **LONG-TERM INCENTIVE PROGRAMS (item 13)**

### **Background and reasons for the proposal**

The Board of Directors finds it essential and in all shareholders' interest that employees in the Group have a long-term interest of a good value development of the share in the Company and therefore proposes the Annual General Meeting the long-term incentive programs for employees: a) Share Matching Plan 2012 and b) Performance Share Plan 2012.

The purpose of the long-term incentive programs is to stimulate employees to continued loyalty and continued good performance. To participate in the programs the employee is required to invest his/her own money. Furthermore, It is the Board of Directors' view that the incentive programs increase the Group's attractiveness as an employer.

It is the intention of the Board of Directors to also in 2013 propose the Annual General Meeting long-term incentive programs.

### **Proposals for Long-Term Incentive Programs 2012**

The proposed long-term incentive programs are structured in accordance with the principles that were adopted at the Annual General Meeting in 2011 and consist of a Share Matching Plan and a Performance Share Plan. The programs in principal comprise the following: The Share Matching Plan covers all employees, including employees who are covered by the Performance Share Plan, and gives the employees the possibility to save up to 5 percent of the gross salary, for purchase of shares at market price. If the purchased shares are retained by the employee for three years and employment with the Saab Group continues, the employee will be granted a corresponding number of shares free of consideration. The Performance Share Plan is directed at key employees. This Plan gives the employee a certain additional number of shares free of consideration (in addition to the shares granted in the Share Matching Plan) provided that certain pre-determined performance targets are achieved. The savings amount in the Performance Share Plan is maximized to 7.5 per cent of the gross salary, whereof only an amount of maximum 5 per cent of the gross salary can be the basis for allocation of matching shares free of consideration in the Share Matching Plan.

In order to implement the Share Matching Plan 2012 and the Performance Share Plan 2012, the Board of Directors proposes that a maximum of 1,340,000 shares of series B may be transferred to employees in the Saab Group and, moreover, that a portion of the shares also may be transferred at NASDAQ OMX Stockholm in order to cover inter alia social security payments.

### **a) Share Matching Plan 2012**

The Board of Directors proposes that the Annual General Meeting resolves on a Share Matching Plan 2012, including 1,040,000 shares of series B, according to the principal guidelines below.

1. All employees within the Saab Group, including employees who are covered by Performance Share Plan 2012, with the exception of what is mentioned in item 3 below, will be offered to participate in the Share Matching Plan 2012.
2. Employees who participate in the Share Matching Plan 2012 can during a 12 month period from the implementation of the plan, save up to maximum 5 per cent of the gross salary for the purchase of shares of series B on NASDAQ OMX Stockholm. If the purchased shares are retained by the employee for three years from the date of investment and employment within the Saab Group has continued during the entire three-year period, the employee will be given by the Saab Group the corresponding number of shares of series B free of consideration.
3. Participation in the Share Matching Plan 2012 presupposes that such participation is legally possible as well as possible with reasonable administrative cost and financial efforts according to the assessment of the Company. The Board of Directors shall be entitled to implement an alternative incentive solution for employees in such countries where participation in Share Matching Plan 2012 is not advisable. Such alternative incentive solution shall, as far as practically possible, correspond to the terms for the Share Matching Plan 2012.

### **b) Performance Share Plan 2012**

The Board of Directors proposes that the Annual General Meeting resolves on a Performance Share Plan 2012 for up to 286 key employees, including 300,000 shares of series B. These individuals are covered also by Share Matching Plan 2012 for all employees. The principal guidelines of the proposal are listed below.

1. Up to 286 key employees, including the CEO, with the exception of what is mentioned in item 3 below, will be offered to participate in the Performance Share Plan 2012.
2. Employees who participate in the Performance Share Plan 2012 can during a 12 month period from the implementation of the plan, save up to maximum 7.5 per cent of the gross salary for the purchase of shares of series B on NASDAQ OMX Stockholm. If the purchased shares are retained by the employee for three years from the date of investment and



employment within the Saab Group has continued during the entire three-year period, the employee will be entitled to the following matching of shares, free of consideration:

Group 1 Up to 250 employees in Management Teams, certain specialists and Project Managers may be entitled to a performance match of up to one share for each one purchased;

Group 2 Up to 20 Heads of Business Units may be entitled to a performance match of up to two shares for each one purchased;

Group 3 Up to 15 senior executives in Group Management may be entitled to a performance match of up to three shares for each one purchased; and

Group 4 The CEO may be entitled to a performance match of up to four shares for each one purchased.

3. Participation in the Performance Share Plan 2012 presupposes that such participation is legally possible as well as possible with reasonable administrative cost and financial efforts according to the assessment of the Company. The Board of Directors shall be entitled to implement an alternative incentive solution for employees in such countries where participation in Performance Share Plan 2012 is not advisable. Such alternative incentive solution shall, as far as practically possible, correspond to the terms for the Performance Share Plan 2012.
4. The terms and conditions of performance match for key employees are based on an average annual percentage growth rate in earnings per share ("EPS") between 1 January 2013 and 31 December 2015, with EPS for the calendar year 2012 as the reference period. Matching of shares occurs between annual average EPS growth 5 and 15 per cent. No allocation of shares will occur if the annual average EPS growth is below 5 per cent. At 5 per cent annual average EPS growth an employee in groups 2 – 4 who participates in the plan will be allocated one share for each one purchased. For an employee in group 1 who participates in the plan the allocation is fully linear. For a participant who has the possibility of receiving more than one share, allocation of additional shares is linear up to 15 per cent annual average EPS growth. Maximum performance matching shares for employees in groups 1 – 4 (i.e. one share, two shares, three shares and four shares respectively) will thus be allocated if the annual average EPS growth is at or above 15 per cent. The performance target shall be adjusted at the occurrence of an event affecting the operations of the Saab Group or the number of outstanding shares of the Company or otherwise affecting the performance target and deemed relevant by the Board of Directors.

5. Before the number of performance shares to be matched is finally determined, the Board of Directors shall examine whether the performance matching is reasonable considering the Company's financial results and position, conditions on the stock market and other circumstances, and if not, as determined by the Board of Directors, reduce the number of performance shares to be matched to the lower number of shares deemed appropriate by the Board of Directors.

#### **ACQUISITION AND TRANSFER OF THE COMPANY'S OWN SHARES (item 14)**

- a) The Board proposes that the Board for the period until the next Annual General Meeting be empowered to make decisions both on the acquisition of the Company's own shares of series B on NASDAQ OMX Stockholm or through an offer to all shareholders, and, on the transfer of shares on stock exchange or in other way than on stock exchange bestowing the right to decide on deviations from the shareholders' preferential rights and that payment be possible in other than monetary form. Repurchase shall be permitted whereby the Company's own holding amounts to a maximum of one tenth of all shares in the Company.
- b) The Board also proposes transfer of the Company's own shares of series B, in the maximum number of 1,040,000, to the employees in accordance with the long-term Share Matching Plan 2012 described in item 13 a). Further the Company shall have the right to, prior to the next Annual General Meeting, on the stock exchange, transfer no more than 233,000 shares of series B, out of the holding of 1,040,000 shares of series B, in order to cover certain payments, mainly social security payments.
- c) The Board also proposes transfer of the Company's own shares of series B, in the maximum number of 300,000, to the employees in accordance with the long-term Performance Share Plan 2012 described in item 13 b). Further the Company shall have the right to, prior to the next Annual General Meeting, on stock exchange, transfer no more than 67,000 shares of series B, out of the holding of 300,000 shares of series B, in order to cover certain payments, mainly social security payments.
- d) The Board also proposes that the Company shall have the right to as a result of the Company's Share Matching Plan 2008, 2009, 2010 and 2011, and the Performance Share Plan 2009, 2010 and 2011, prior to the next Annual General Meeting, on stock exchange, transfer a maximum of 1,088,000 shares of series B, in order to cover certain payments, mainly social security payments.

- e) The Board proposes that in the event that the required majority is not reached under item 14 b) and/or 14 c) above, the financial exposure of the Share Matching Plan 2012 and the Performance Share Plan 2012 shall be hedged by the Company being able to enter into an equity swap agreement with a third party, under which the third party shall, in its own name, acquire and transfer shares in the Company to employees covered by the plans. The cost for the swap is presented in the complete proposal.

A valid resolution by the shareholders' meeting according to the proposals under this item 14 a) and d) requires that shareholders representing at least 2/3 of both the votes cast and the shares represented at the meeting vote for the proposals.

A valid resolution by the shareholders' meeting according to the proposals under this item 14 b) and c) requires that shareholders representing at least 9/10 of both the votes cast and the shares represented at the meeting vote for the proposals.

A valid resolution by the shareholders' meeting according to the proposal under item 14 e) requires that shareholders representing more than 50 per cent of the votes cast vote for the proposal or, in case of parity of votes, the Chairman of the meeting being in favour of such proposal.

The purpose of the proposed repurchase facility is to allow the Board increased scope for action in working with the Company's capital structure or the financing of the Company's acquisitions and in accordance with what is described above, to give the Company the possibility to transfer shares to the employees and secure the associated costs under the Company's long-term Share Matching Plans and Performance Share Plans.

## **SHARES AND VOTES**

As of 14 March 2012, the Company has in total 109,150,344 shares, of which 1,907,123 are shares of series A with ten votes per share and 107,243,221 are shares of series B with one vote per share, which together represent 126,314,451 votes. As of the same day, the Company holds 3,716,346 own shares of series B, corresponding to 3,716,346 votes that cannot be represented at the Annual General Meeting.

## **INFORMATION AT THE ANNUAL GENERAL MEETING**

The Board of Directors and the CEO shall, if any shareholder so requests and the Board of Directors believes that it can be done without material harm to the Company, provide information regarding circumstances that may affect the assessment of an item on the agenda, circumstances that can affect the

assessment of the Company's or its subsidiaries' financial situation and the Company's relation to other companies within the Group. Shareholders that wish to submit questions in advance may send them to Saab AB, CEO Office, Box 12062, SE-102 22 Stockholm, Sweden.

## **DOCUMENTS**

Accounting documents and the Audit Report will be available at the Company, Saab AB, CEO Office, Box 12062, SE-102 22 Stockholm, Sweden, and on the website of the Company [www.saabgroup.com/arsstamma](http://www.saabgroup.com/arsstamma) on 16 March 2012. The Auditor's opinion on the application of the remuneration guidelines together with the complete proposals under items 13 and 14 will be available at the Company and on the Company's website (as above) at the latest on 28 March 2012. The documents will be sent free of charge to shareholders who request them and state their address.

**Linköping, March 2012**

**Saab Aktiebolag (publ)  
The Board of Directors**