

Annual General Meeting of Saab AB on 17 April 2013

The Board of Directors' proposal for a resolution on long-term incentive programs 2013

Agenda Item 13

Complete proposal

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 2013 and (b) Performance Share Plan 2013.

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 2014 propose long-term incentive programs to the Annual General Meeting.

Costs

The total effect on the income statement is estimated to approximately 183 MSEK unevenly distributed over the years 2014-2017. The costs shall be compared with Saab's total remuneration costs 2012, including social security fees, amounting to 9 526 MSEK.

The calculations are based on assumptions that all available shares in the Share Matching Plan 2013 and the Performance Share Plan 2013 will be utilized.

Costs that affect the Income Statement, but will not have an effect on the Cash Flow

Compensation costs, corresponding to the value of matching shares transferred to employees, is estimated to approximately 142 MSEK. The compensation costs are distributed over the years 2014-2017.

Social security charges as a result of transfer of shares to employees on an assumed average share price at matching at SEK 137 are estimated to amount to approximately 41 MSEK. The social security costs are distributed over the years 2014-2017.

Costs that affect the Income Statement and the Cash Flow

Administration costs have been estimated at a maximum of 6 MSEK.

The cost for acquiring own shares is estimated to maximum 183 MSEK at an assumed share price of SEK 137.

Dilution and effects on key figures

The Company currently has approximately 109 million issued shares. As per 31 December 2012, the Company held 3 219 515 own shares of series B. In order to implement the Share Matching Plan 2013 and Performance Share Plan 2013 a total of 1 340 000 shares of series B are required, corresponding to approximately 1.2 per cent of the total number of issued shares. The number of shares covered by ongoing programs as per 31 December 2012, including shares that cover social security costs, amounted to approximately 1 900 000 shares corresponding to approximately 1.7 per cent of the number of issued shares.

Out of the 1 340 000 shares of series B required for the Share Matching Plan 2013 and Performance Share Plan 2013, approximately 1 040 000 shares may be transferred to employees free of consideration, which could cause a dilutive effect of approximately one per cent on earnings per share. The dilutive effect of the matching shares, approximately one per cent, is not affected by the share price at the time of matching since they are transferred free of consideration to the employee. There will, however, be no dilutive effect on earnings per share of the approximately 300 000 shares, which may be transferred at the NASDAQ OMX Stockholm in order to cover social security payments, as the shares are sold at market value.

Preparation of the matter

The Share Matching Plan 2013 and Performance Share Plan 2013 have been prepared by the Remuneration Committee and in consultation with the Board of Directors. The proposal has been adopted by the Board of Directors. The CEO has not participated in the preparation and decision of the proposal.

Outstanding share related incentive programs

The Company has ongoing incentive programs as described below.

The Share Matching Plan 2009, 2010, 2011 and 2012

Under the Share Matching Plans, employees can save up to 5 per cent of the gross salary, for purchase of shares of series B on NASDAQ OMX Stockholm. If the purchased shares are retained by the employee for three years after the investment and employment with the Saab Group continues during the entire three-year period, the employee will, by the Saab Group, be granted a corresponding number of shares free of consideration.

The table below shows the period for the employees' savings contribution and participation details.

Plan	Savings contribution period	Number of participants at launch	Take-up rate (%) of all offered employees
Share Matching Plan 2009	January 2010 – December 2010	2,589	20%
Share Matching Plan 2010	January 2011 – December 2011	2,066	17%
Share Matching Plan 2011	January 2012 –	2,394	19%

	December 2012		
Share Matching Plan 2012	January 2013 – December 2013	2,908	22%

The Performance Share Plan 2009, 2010, 2011 and 2012

Under the Performance Share Plans, up to 286 key employees, including the CEO, can save up to 7.5 per cent of the gross salary, for purchase of shares of series B on NASDAQ OMX Stockholm (purchased shares). If the purchased shares are retained by the employee for three years after the investment and employment with the Saab Group continues during the entire three-year period, the employee can, by the Saab Group, be granted shares. Under the Performance Share Plan 2009-2010 the employee can be granted up to two, three, four or five shares for each purchased share under the Plan.¹ Under the Performance Share Plan 2011 and 2012, the employee can be granted up to one, two, three or four shares for each purchased share under the Plan. Matching of shares is dependent on achievement of a performance target. The performance target is average annual growth in earnings per share between 5 and 15 per cent. The Board of Directors can reduce the number of shares to be matched if deemed appropriate by the Board considering the Company's financial results and position, conditions on the stock market and other circumstances.

The table below shows the period for the employees' savings contribution and participation details.

Plan	Savings contribution period	Number of participants at launch	Take-up rate (%) of all offered employees
Performance Share Plan 2009 ²	January 2010 – December 2010	120	55%
Performance Share Plan 2010	January 2011 – December 2011	99	39%
Performance Share Plan 2011	January 2012 – December 2012	157	55%
Performance Share Plan 2012	January 2013 – December 2013	164	57%

Proposals for Long-Term Incentive Programs 2013

The proposed long-term incentive programs are structured in accordance with the principles that were adopted at the Annual General Meeting in 2012 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

¹ The performance period in the Performance Share Plan 2009 expired in 2012 and results in maximum allocation of performance matching shares.

² Maximum allocation of performance matching shares in Performance Share Plan 2009.

the possibility to save up to 5 per cent 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 2013 and Performance Share Plan 2013, the Board of Directors proposes that a maximum of 1,340,000 shares of series B in Saab AB 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, please refer to the Board's proposed resolution on acquisition and transfer of own shares, item 14 on the agenda for the Annual General Meeting.

The Board of Directors proposes that the Annual General Meeting resolves on (a) Share Matching Plan 2013 that shall cover all employees and (b) Performance Share Plan 2013 for key employees as set out below.

(a) Share Matching Plan 2013

The Board of Directors proposes that the Annual General Meeting resolves on a Share Matching Plan 2013, including 1,040,000 shares of series B in Saab AB, according to the principal guidelines below.

- 1) All employees within the Saab Group, including employees who are covered by Performance Share Plan 2013, with the exception of what is mentioned in item 3) below, will be offered to participate in the Share Matching Plan 2013.
- 2) Employees who participate in the Share Matching Plan 2013 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 2013 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 2013 is not advisable. Such alternative incentive solution shall, as far as practically possible, correspond to the terms for the Share Matching Plan 2013.

Majority requirements

In order for the Annual General Meeting's resolution in accordance with the proposal under this item to be valid, shareholders representing more than 50 per cent of the votes cast must be in favour of such proposal or, in case of parity of votes, the Chairman of the meeting being in favour of such proposal.

(b) Performance Share Plan 2013

The Board of Directors proposes that the Annual General Meeting resolves on a Performance Share Plan 2013 for up to 286 key employees, including 300,000 shares of series B in Saab AB. These individuals are covered also by Share Matching Plan 2013 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 2013.
- 2) Employees who participate in the Performance Share Plan 2013 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 240 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 30 Senior Managers 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.
 - 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 2013 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 2013 is not advisable. Such alternative incentive solution shall, as far as practically possible, correspond to the terms for the Performance Share Plan 2013.

- 4) The terms and conditions of performance match for key employees are based on an average annual percentage growth rate in earnings per share³ ("EPS") between 1 January 2014 and 31 December 2016, with EPS for the calendar year 2013 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.
- 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.

Majority requirements

In order for the Annual General Meeting's resolution in accordance with the proposal under this item to be valid, shareholders representing more than 50 per cent of the votes cast must be in favour of such proposal or, in case of parity of votes, the Chairman of the meeting being in favour of such proposal.

Linköping in March 2013

The Board of Directors in Saab AB (publ)

³ Earnings Per Share is calculated by dividing the net income for the Saab Group by the average number of shares outstanding during the period.