



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

The shareholders in Saab Aktiebolag (reg. no 556036-0793) are invited to attend the Annual General Meeting in Saab's hangar, Åkerbogatan 10, Linköping, Sweden, on Thursday, 11 April 2019, at 16.00 (CET).

Admission and registration will commence at 14.00 (CET). An airshow with Gripen is planned to take place at 15.00 (CET).

For driving directions and information about buses, please see [www.saabgroup.com/arsstamma](http://www.saabgroup.com/arsstamma).

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

Only the shareholders that are recorded in the Shareholders' Register issued by Euroclear Sweden AB on Friday, 5 April 2019 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, 5 April 2019, shareholders must request such registration with their bank or trustee well in advance of that date. Please note that this procedure also applies to shareholders using bank custody accounts.

Shareholders wishing to attend the Annual General Meeting must notify Saab no later than Friday, 5 April 2019

- by telephone +46 13 18 20 55 (weekdays between 9 and 17 (CET)),
- by post under address Saab AB, c/o Euroclear Sweden AB, Box 191, SE-101 23 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- or corporate identification number (if applicable), address and telephone number, and notification of the number of possible assistants. If the shareholder is represented through a Power of Attorney, a registration certificate or other authorisation document, these documents should be sent to Saab AB, c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden, well in advance of the Annual General Meeting. A proxy form is available on the Company's website, [www.saabgroup.com/arsstamma](http://www.saabgroup.com/arsstamma).

The Annual General Meeting will be conducted in Swedish.

## AGENDA

1. Election of Chairman of the Meeting
2. 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 Auditor's report, the Consolidated Annual Report and the Consolidated Auditor's report as well as the Auditor's statement regarding whether the guidelines for remuneration to senior executives have been complied with
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. Resolution on amendment of the Articles of Association
10. Determination of the number of Board Members and deputy Board Members, and the number of Auditors and deputy Auditors
11. Determination of fees for the Board and the Auditor
12. Election of Board Members and deputy Board Members
  - a) New election of Johan Menckel
  - b) Re-election of Håkan Buskhe
  - c) Re-election of Sten Jakobsson
  - d) Re-election of Danica Kragic Jensfelt
  - e) Re-election of Sara Mazur
  - f) Re-election of Daniel Nodhäll
  - g) Re-election of Bert Nordberg
  - h) Re-election of Cecilia Stegö Chilò
  - i) Re-election of Erika Söderberg Johnson
  - j) Re-election of Marcus Wallenberg
  - k) Re-election of Joakim Westh

l) Re-election of Marcus Wallenberg as Chairman of the Board

13. Election of Auditors and deputy Auditors

14. Resolution on the Board's proposal on guidelines for remuneration and other terms of employment for senior executives

15. Resolution on the Board's proposal on a Long-term Incentive Program 2020 and acquisition and transfer of own shares

- a) Implementation of LTI 2020 – Share Matching Plan 2020, Performance Share Plan 2020 and Special Projects Incentive 2020
- b) Authorization for the Board of Directors to resolve on acquisitions of shares and resolution on transfers of own shares to the participants in LTI 2020
- c) Equity swap agreement with third party

16. Resolution on the Board's proposal on acquisition and transfer of own shares

- a) Authorization for the Board of Directors to resolve on acquisition of own shares
- b) Authorization for the Board of Directors to resolve on transfer of own shares in connection with acquisitions of companies
- c) Transfer of own shares to cover costs as a result of previous years' implementation of incentive programs

17. Closing of the Annual General Meeting

## **PROPOSED RESOLUTIONS:**

### **THE BOARD'S PROPOSAL FOR DIVIDEND AND RECORD DATE (item 8 b)**

The Board proposes a dividend of SEK 4.50 per share. Monday, 15 April 2019 is proposed as record date. Provided that the Shareholders' Meeting resolves according to this proposal, payment of the dividend is expected to be made from Euroclear Sweden AB on Thursday, 18 April 2019.

### **THE BOARD'S PROPOSAL ON AMENDMENT OF THE ARTICLES OF ASSOCIATION (item 9)**

The Board of Directors proposes that the Annual General Meeting resolves to amend § 9 of the Articles of Association in order to allow for increased flexibility for resolutions on the term of office in connection with the election of auditor. Further, editorial changes in § 1, § 12 second paragraph and § 14 of the Articles of Association are proposed due to certain changes to statutory law.

Please note that the proposed amendment of § 1 does not affect the English unofficial translation of the Articles of Association.

	<b>Current wording</b>	<b>Proposed amended wording</b>
§ 1	The name of the Company is SAAB AKTIEBOLAG. The Company is public (publ).	The name of the Company is SAAB AKTIEBOLAG. The Company is public (publ).
§ 9	One or two Auditors with or without Deputy Auditors shall be appointed to examine the Company's Annual Report and accounts, as well as the administration of the Company's affairs by the Board of Directors and the Managing Director (Sw. verkställande direktör). Either one or two registered accounting firms may be appointed as auditor. The appointment as Auditor shall apply until the close of the Annual General Meeting that is held during the fourth financial year after the election of the Auditor.	One or two Auditors with or without Deputy Auditors shall be appointed to examine the Company's Annual Report and accounts, as well as the administration of the Company's affairs by the Board of Directors and the Managing Director (Sw. verkställande direktör). Either one or two registered accounting firms may be appointed as auditor. The appointment as Auditor shall apply until the close of the Annual General Meeting that is held during the <i>first, second, third or</i> fourth financial year after the election of the auditor.
§ 12, second paragraph	Shareholders wishing to attend a General Meeting shall be included in a printout or other representation of the shareholders' register reflecting the conditions five business days prior to the meeting and shall notify the Company no later than 12 noon on the day specified in the notice convening the meeting, stating the number of assistants. This day may not be a Sunday, a public holiday, a Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve, and may not fall earlier than the fifth weekday before the meeting.	Shareholders wishing to attend a General Meeting shall be included in a printout or other representation of the shareholders' register reflecting the conditions five business days prior to the meeting and shall notify the Company no later than on the day specified in the notice convening the meeting, stating the number of assistants. This day may not be a Sunday, a public holiday, a Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve, and may not fall earlier than the fifth weekday before the meeting.
§ 14	The Company's shares shall be registered in a CSD (Central Securities Depository) register under the	The Company's shares shall be registered in a CSD (Central Securities Depository) register under the

Financial Instruments  
Accounts Act (1998:1479)

*Central Securities  
Depositories and Financial  
Instruments Accounts Act  
(1998:1479)*

## Majority requirements

In order for the resolution to be valid, it must be supported by shareholders representing at least two-thirds of the votes cast as well as the shares represented at meeting.

## THE NOMINATION COMMITTEE'S PROPOSALS FOR CHAIRMAN OF THE ANNUAL GENERAL MEETING, BOARD OF DIRECTORS, AUDITOR AND FEES (item 1 and 10-13)

The Nomination Committee consists of Petra Hedengran, Investor AB (Chairman), Peter Wallenberg Jr, Knut and Alice Wallenberg's Foundation, Jan Andersson, Swedbank Robur Funds, Anders Algotsson, AFA Försäkring and Marcus Wallenberg, Chairman of the Board of Saab AB. Olof Jonasson, Första AP-fonden, has been co-opted to the Nomination Committee since December 2018.

The Nomination Committee proposes the following resolutions.

- Advokat Sven Unger, member of the Swedish Bar Association, as Chairman of the Annual General Meeting. (Item 1)
- Eleven Board Members and no deputy Board Members. (Item 10)
- One registered audit firm shall be appointed as Auditor, with no deputy. (Item 10)
- An increase of the Board fees to SEK 1,900,000 (1,750,000) to the Chairman, to SEK 700,000 (675,000) to the Deputy Chairman and to SEK 620,000 (600,000) to each of the other Board Members elected by the Shareholders' Meeting and not employed by the Company. An increase of compensation for work in the Audit Committee to SEK 250,000 (225,000) to the Chairman of the Audit Committee and SEK 165,000 (150,000) to each of the other Audit Committee Members. Unchanged compensation for work in the Remuneration Committee of SEK 150,000 to the Chairman of the Remuneration Committee and to SEK 90,000 to each of the other Remuneration Committee Members. (Item 11)
- Auditor's fees to be paid according to approved invoice. (Item 11)
- Re-election of all of the present Board Members: Håkan Buskhe, Sten Jakobsson, Danica Kragic Jensfelt, Sara Mazur, Daniel Nodhäll, Bert Nordberg, Cecilia Stegö Chilò, Erika Söderberg Johnson, Marcus Wallenberg and Joakim Westh. New election of Johan Menckel. (Item 12)

Johan Menckel is President and CEO of Gränges AB. He is also a Board member of Nederman Holding AB, Svenska postkodföreningen and World Materials Forum. He

has earlier been CEO of Sapa Heat Transfer, Business Area President of Sapa Profiles Asia, Managing Director of Sapa Heat Transfer Shanghai, management consultant at Accenture and he is founder of addnature.com. Johan Menckel holds a M.Sc. Engineering (industrial engineering and management) from the Royal Institute of Technology, Stockholm and he is born 1971.

Information on all the proposed Board Members is available on the Company's website.

- Re-election of Marcus Wallenberg as Chairman of the Board of Saab AB. (Item 12)
- In accordance with the recommendation from the Audit Committee, re-election of the registered audit firm PricewaterhouseCoopers AB as the Company's auditor for a period of two years that runs until the end of the Annual General Meeting 2021. The Nomination Committee's proposal is conditional upon the Annual General Meeting approving the Board of Director's proposal to amend article 9 of the company's Articles of Association regarding the term of office for the auditor. (Item 13)

## **THE BOARD'S PROPOSAL ON GUIDELINES FOR REMUNERATION AND OTHER TERMS OF EMPLOYMENT FOR SENIOR EXECUTIVES (item 14)**

### **Background and reasons**

The Remuneration Committee has evaluated the application of the guidelines for remuneration to senior executives of Saab AB that were resolved at the Annual General Meeting 2018 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 2018 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 with the same content as those that were resolved at the Annual General Meeting in 2018.

In light of the above, the Board of Directors proposes that the Annual General Meeting resolves on the following guidelines for remuneration and other terms of employment for senior executives.

### **Guidelines**

The senior executives comprise the President 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

characterised 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 made 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 to be 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 2019.

#### 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

Saab's operations are mainly characterised by the development of technically advanced products and systems. The products are marketed, further developed, produced and maintained during long periods of time, in some cases three to four decades, which generally entails substantial investments and long-term customer relations all over the world. Consequently, 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 long-term variable remuneration consists of share based incentive programs.

The President and senior executives are entitled to participate in the long-term share based 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 basis for recruitment or retention purposes only, or as compensation for extraordinary efforts beyond the individual's ordinary assignment, and that 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 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 2019

The Board of Directors proposes that the Annual General Meeting 2019 resolves on a long-term incentive program (LTI 2020), consisting of Share Matching Plan 2020, Performance Share Plan 2020 and Special Projects Incentive 2020.

The terms and estimated cost for the long-term incentive program 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 minimum 62 years. In addition to the ITP agreement, the pension is premium based and provisions are made annually. For the President, 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 "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 per cent of salary levels between 20 and 30 basic income amounts and approximately 50 per cent 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 a maximum of 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 during 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 can be payable in addition to the normal six-month notice period. The notice period and severance pay in total shall not exceed 24 months.



A reduction of severance pay shall normally be made against income from other employment during the corresponding time.

### Consultant fees to Board Members

Saab AB 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 of time. Compensation for these services shall be paid at market terms.

### Information in the Annual Report note 9

Note 9 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.

## **THE BOARD'S PROPOSAL ON A LONG-TERM INCENTIVE PROGRAM 2020 AND ACQUISITION AND TRANSFER OF OWN SHARES (item 15)**

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

The Shareholders' Meeting of Saab AB ("Saab") has, for a number of years, resolved on long-term Share Matching Plan for all employees and Performance Share Plan for senior executives and other key employees. The Annual General Meeting 2017 for the first time also adopted a Special Projects Incentive as a complement to the Performance Share Plan. Since then, Saab's long-term incentive program ("LTI") consists of three parts, a Share Matching Plan, a Performance Share Plan and a Special Projects Incentive.

The Board of Directors finds it important and in all shareholders' interest that employees of the Group have a long-term interest in a good value development of the share in the Company. Accordingly, the Board of Directors has also implemented a policy with a requirement of certain shareholdings for senior executives. Moreover, Saab's current order backlog includes certain special projects and the execution of these projects is still challenging. Meeting this challenge requires both that Saab can retain the best competencies and their loyalty, and that the Company's management and other key employees continue to deliver results and performance at a very high level. In light of this, the Board of Directors proposes to the Annual General Meeting the below long-term incentive program for employees ("LTI 2020"). As the proposal to the last Annual General Meeting, this proposal also consists of three parts - a Share Matching Plan 2020, a Performance Share Plan 2020 and a Special Projects Incentive 2020. LTI 2020 is proposed to comprise a maximum of 1,465,000 shares of series B in Saab and to have corresponding terms and conditions as the Long-Term Incentive program adopted by the Annual General Meeting 2018.

LTI 2020 enables present and future employees to become shareholders in Saab and includes a requirement of own investment in shares in Saab. The purpose of the LTI 2020 is to stimulate employees to continued long-term commitment and continued good

performance as well as to increase the Group's attractiveness as an employer. In view of this, LTI 2020 is considered to have a positive effect on Saab's future development and thus be of advantage to both the shareholders and the employees in the Saab Group.

It is the intention of the Board of Directors to propose long-term incentive programs also to future Annual General Meetings.

### **Costs, dilution and effects on key figures**

The total effect on the income statement is estimated to approximately MSEK 454 unevenly distributed over the years 2020-2024. The costs should be compared with the Saab Group's total remuneration costs 2018, including social security costs, amounting to MSEK 12 089.

The calculations are based on assumptions that all available shares in the LTI 2020 will be utilized.

#### Effects on the income statement and the cash flow

Compensation costs, corresponding to the value of shares transferred to employees, is estimated to approximately MSEK 352. The compensation costs are distributed over the years 2020-2024.

Social security costs, as a result of transfer of shares to employees at an assumed average share price at SEK 310, are estimated to amount to approximately MSEK 102. The social security costs are distributed over the years 2020-2024.

The expenditure for acquiring own shares affecting the cash flow is estimated to a maximum of MSEK 454 at an assumed share price of SEK 310 and a maximum of 1,465,000 shares.

#### Dilution and effects on key figures

The Company has approximately 136 million issued shares. As per 31 December 2018, the Company held 2,363,299 own shares of series B. In order to implement the LTI 2020 a total of 1,465,000 shares of series B are required, corresponding to approximately 1.08 per cent of the total number of issued shares.

As calculated as per 31 December 2018, the number of shares to be transferred to employees within the scope of all ongoing long-term incentive programs amounts to approximately 1,420,000 shares (excluding LTI 2019 which started in January) corresponding to approximately 1.04 per cent of the total number of issued shares. LTI 2019 comprises 1,340,000 shares, corresponding to approximately 1 per cent of the total number of issued shares, and are not included in the above calculation as it was launched in January 2019.

Out of the 1,465,000 shares of series B required for the LTI 2020, 1,135,000 shares may be transferred to employees free of consideration, which could cause a dilutive effect of

approximately 0.8 per cent on earnings per share. The remaining 330,000 shares are intended to be transferred on Nasdaq Stockholm in order to cover social security costs.

## **Hedge**

As the main alternative, the Board of Directors proposes that the Annual General Meeting resolves to authorize the Board of Directors to resolve on acquisitions of own shares of series B on Nasdaq Stockholm, which subsequently may be transferred to the participants in Saab's long-term Share Matching Plan, Performance Share Plan and Special Projects Incentive as well as transferred on Nasdaq Stockholm to cover certain costs associated with LTI 2020, mainly social security costs. Furthermore, the Board of Directors proposes that the Shareholders' Meeting resolves on transfer of own shares of series B, free of consideration, to the participants of LTI 2020. The detailed terms and conditions for the Board of Directors' main alternative are presented below.

In the event that the required majority under item 15 b) below is not reached, the Board of Directors proposes that Saab should be able to enter into an equity swap agreement with a third party, in accordance with item 15 c) below.

## **Preparation of the proposals**

The LTI 2020 have been prepared by the Remuneration Committee and in consultation with the Board of Directors. The proposals have been adopted by the Board of Directors.

## **The Board of Directors' proposals**

The Board of Directors' proposals for the resolutions below entail that the Annual General Meeting resolves a) to implement LTI 2020, b) to authorize the Board of Directors to resolve on acquisitions of own shares on Nasdaq Stockholm and that acquired shares may be transferred, free of consideration, to the participants in LTI 2020, or, in the event that the required majority under b) is not reached, c) that Saab shall be entitled to enter into an equity swap agreement with a third party.

### **15 a) Implementation of LTI 2020**

LTI 2020 comprises of three parts, Share Matching Plan 2020, Performance Share Plan 2020 and Special Projects Incentive 2020. Participation in LTI 2020 requires own investment in shares in Saab. Investment made under the Performance Share Plan 2020 counts also as a basis for participation in the Share Matching Plan 2020, however, only up to an amount of maximum 5 per cent of the cash base salary.

### **Share Matching Plan 2020**

The Board of Directors proposes that the Annual General Meeting resolves on a long-term Share Matching Plan 2020 comprising a maximum of 993,000 shares of series B in Saab, according to the principal guidelines below:

- 1) All permanent employees within the Saab Group, including employees who are covered by Performance Share Plan 2020 and/or Special Projects Incentive 2020, with the exception of what is mentioned in item 3) below, will be offered to participate in the Share Matching Plan 2020.
- 2) Employees who participate in the Share Matching Plan 2020 can during a twelve-month period save up to a maximum of 5 per cent of the cash base salary for the purchase of shares of series B on Nasdaq 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 not been terminated during the entire three-year period, the employee will be allocated by the Saab Group the corresponding number of shares of series B free of consideration. The Board of Directors may grant limited exemptions from the requirement of employment during the full three-year period.
- 3) Participation in the Share Matching Plan 2020 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 2020 is not advisable. Such alternative incentive solution shall, as far as practically possible, correspond to the terms for the Share Matching Plan 2020.

### **Performance Share Plan 2020**

The Board of Directors proposes that the Annual General Meeting resolves on a long-term Performance Share Plan 2020 for a number of key employees, comprising a maximum of 310,000 shares of series B in Saab. The principal guidelines of the proposal are set out below.

- 1) Up to 175 key employees, including the President, with the exception of what is mentioned in item 4) below, will be offered to participate in the Performance Share Plan 2020.
- 2) Employees who participate in the Performance Share Plan 2020 can during a twelve-month period save up to a maximum of 7.5 per cent of the cash base salary to purchase shares of series B on Nasdaq 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 not been terminated during the entire three-year period, the employee will be entitled to matching of performance shares, free of consideration, as set out below. The Board of Directors may grant limited exemptions from the requirement of employment during the full three-year period.

Group 1 Up to 142 employees in Management Teams, certain specialists and Project Managers may be entitled to a performance match of up to two shares for each purchased share.

Group 2 Up to 20 Senior Managers may be entitled to a performance match of up to four shares for each purchased share.

Group 3 Members of the Group Management (currently 12) may be entitled to a performance match of up to five shares for each purchased share.

Group 4 The President may be entitled to a performance match of up to seven shares for each purchased share.

3) The number of performance shares is linked to the performance targets established by the Board of Directors. The conditions for the performance matching are based on three independent targets: organic sales growth<sup>1</sup>, EBIT margin<sup>2</sup> and free cash flow<sup>3</sup>. The relative apportionment between the targets is:

- Up to 30 per cent of the maximum allotment is attributable to organic sales growth during the financial year 2020.
- Up to 40 per cent of the maximum allotment is attributable to EBIT margin during the financial year 2020.
- Up to 30 per cent of the maximum allotment is attributable to free cash flow during the financial year 2020.

The performance targets will be established by the Board of Directors with a minimum level and a maximum level for each performance target. The Board of Directors will resolve on the outcome of the performance matching after the end of the one-year performance measuring period, i.e. the financial year 2020. Information about the performance targets will be provided in the annual report for the financial year 2020. If the maximum levels for the performance targets are reached or exceeded, the performance matching will amount to (and not exceed) the maximum number of 310,000 shares (including shares to cover social security costs). If the performance outcome falls short of the maximum level but exceeds the minimum level, a linear proportioned performance matching will occur. No performance matching will occur if the performance outcome amounts to or falls short of the minimum level. Performance shares are allotted three years after the investment under item 2) above, i.e. normally during 2023 and in February 2024.

4) Participation in the Performance Share Plan 2020 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 2020 is not advisable. Such alternative incentive solution shall, as far as practically possible, correspond to the terms for the Performance Share Plan 2020.

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<sup>1</sup> Adjusted for acquisitions and divestments, and exchange rates differences.

<sup>2</sup> Adjusted for acquisitions and divestments, and non-recurring items.

<sup>3</sup> Adjusted for acquisitions and divestments, and non-recurring items.

- 5) Before the performance matching is finally determined, the Board of Directors shall verify whether the performance matching is reasonable considering the Company's financial results and position, conditions on the stock market and other circumstances. If the Board of Directors considers otherwise, it shall reduce the number of performance shares to be matched to the lower number of shares deemed appropriate by the Board of Directors.

### **Special Projects Incentive 2020**

The Board of Directors proposes that the Annual General Meeting resolves on a long-term Special Projects Incentive 2020 for a number of key employees, comprising a maximum of 162,000 shares of series B in Saab. The Special Projects Incentive 2020 constitutes a complement to the Performance Share Plan 2020. The principal guidelines of the proposal are set out below.

- 1) Up to 45 key employees, including the President, with the exception of what is mentioned in item 5) below, will be offered to participate in the Special Projects Incentive 2020.
- 2) Participation in the Special Projects Incentive 2020 presupposes savings under the Performance Share Plan 2020 or under the Share Matching Plan 2020 for purchasing shares of series B. For the President and for members of the Group Management, allotment of performance shares requires saving by an amount equivalent to 7.5 per cent of the cash base salary under the Performance Share Plan 2020 (i.e. maximum saving). For selected Heads of Business Unit and other specially selected key employees, allotment of performance shares requires participation in the Performance Share Plan 2020, or (if the individual is not covered by the Performance Share Plan 2020), participation in the Share Matching Plan 2020. Participants in the Special Projects Incentive 2020 will be entitled to allotment of performance shares, free of consideration, as set out below.

**Group A** Under the Special Projects Incentive 2020, the President may be entitled to allotment of performance shares corresponding to up to 52.5 per cent of the cash base salary for the financial year 2020. The total value of allotted performance shares under the Performance Share Plan 2020 and the Special Projects Incentive 2020 may not exceed 75 per cent of the cash base salary for the financial year 2020. If the total potential outcome of the Performance Share Plan 2020 and the Special Projects Incentive 2020 exceeds 75 per cent, performance matching of the actual outcome shall be made in accordance with the Performance Share Plan 2020 and allotment of performance shares in the Special Projects Incentive 2020 shall be reduced so that the total outcome does not exceed 75 per cent.

**Group B** Under the Special Projects Incentive 2020, members of the Group Management (currently 12) may be entitled to allotment of performance shares corresponding to up to 37.5 per cent of the cash base salary for the financial year 2020. The total value of allotted performance shares under the Performance Share Plan 2020 and the Special Projects Incentive 2020 may

not exceed 60 per cent of the cash base salary for the financial year 2020. If the total potential outcome of the Performance Share Plan 2020 and the Special Projects Incentive 2020 exceeds 60 per cent, performance matching of the actual outcome shall be made in accordance with the Performance Share Plan 2020 and allotment of performance shares in the Special Projects Incentive 2020 shall be reduced so that the total outcome does not exceed 60 per cent.

Group C Under the Special Projects Incentive 2020, up to 32 selected Heads of Business Unit and other specially selected key employees may be entitled to allotment of performance shares corresponding to up to 15 per cent of the cash base salary for the financial year 2020.

- 3) The conditions for allotment of performance shares are based on the achievement of eight equally weighted performance targets, consisting of operational targets and milestones within Saab's product areas Gripen, airborne radar systems (AEW&C) and submarines. The performance targets may be related to e.g. product design review, customer design review, partial deliveries or system implementation. Each performance target represents 12.5 per cent of the total performance targets. The performance measuring period is the financial year 2020. All participants will be allotted performance shares based on the achievement of the same performance targets.
- 4) The Board of Directors will resolve on whether or not the performance targets have been met and on the allotment of performance shares after the end of the one-year performance measuring period, i.e. the financial year 2020. The Board of Directors will assess at that time whether the limitation of maximum allotment in accordance with item 2) above becomes applicable. Information about the performance targets will be provided in the annual report for the financial year 2020. Allotment of performance shares and assessment regarding the limitation of maximum allotment in accordance with item 2) above will, in respect of the performance shares to be allotted under Special Projects Incentive 2020, be based on the volume-weighted average price for the Saab share during the ten trading days immediately following the day for the announcement of the year-end report for 2020. If all performance targets in the Special Projects Incentive 2020 are met, up to 162,000 performance shares (including shares to cover social security costs) may be allotted, however with potential reduction in accordance with item 2) above. If not all but at least one performance target is met, a proportional allotment of performance shares will be made in relation to the number of reached performance targets, however with potential reduction in accordance with item 2) above. Performance shares in the Special Projects Incentive 2020 will be delivered in February 2023. Delivery of performance shares is conditional on that the employment within the Saab Group has not been terminated during the period up until delivery in February 2023, and that the employee is still participating in the Performance Share Plan 2020 or the Share Matching Plan 2020. The Board of Directors may grant limited exemptions from the requirement of employment during the abovementioned period.
- 5) Participation in the Special Projects Incentive 2020 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 Special Projects Incentive 2020 is not advisable. Such alternative incentive solution shall, as far as practically possible, correspond to the terms for the Special Projects Incentive 2020.

- 6) Before the allotment of performance shares is finally determined, the Board of Directors shall verify whether the allotment is reasonable considering the Company's financial results and position, conditions on the stock market and other circumstances. If the Board of Directors considers otherwise, it shall reduce the number of performance shares to be allocated to the lower number of shares deemed appropriate by the Board of Directors.

### **15 b) Authorization for the Board of Directors to resolve on acquisitions of shares and resolution on transfers of own shares to the participants in LTI 2020**

#### Authorization for the Board of Directors to resolve on acquisitions of shares of series B in Saab on Nasdaq Stockholm

The Board of Directors proposes that the Annual General Meeting authorizes the Board of Directors to resolve on acquisitions of own shares of series B in Saab on Nasdaq Stockholm in accordance with the following conditions.

- Acquisitions of shares of series B in Saab may only be effected on Nasdaq Stockholm.
- A maximum of 1,465,000 shares of series B in Saab may be acquired to secure delivery of shares to participants in Saab's long-term Share Matching Plan, Performance Share Plan and Special Projects Incentive and for subsequent transfers on Nasdaq Stockholm to cover certain costs associated with LTI 2020, mainly social security costs.
- Acquisitions of shares of series B in Saab on Nasdaq Stockholm may only be made at a price within the price range (spread) on Nasdaq Stockholm applicable from time to time, meaning the spread between the highest purchase price and the lowest selling price prevailing and disseminated by Nasdaq Stockholm from time to time.
- The authorization may be utilised on one or several occasions, however, only until the Annual General Meeting 2020.

#### Resolution on transfers of acquired own shares of series B to participants in LTI 2020

Transfers of shares of series B in Saab may be made on the following terms and conditions.

- Transfers may be made only of shares of series B in Saab, whereby no more than 1,135,000 shares of series B in Saab may be transferred, free of consideration, to participants in LTI 2020.



- Right to acquire shares of series B in Saab free of consideration shall, with deviation from the shareholders' preferential rights, be granted to such persons within the Saab Group who are participants in LTI 2020. Further, subsidiaries of Saab shall, with deviation from the shareholders' preferential rights, be entitled to acquire shares of series B in Saab free of consideration, whereby such company shall be obligated to, in accordance with the terms and conditions of LTI 2020, transfer the shares to such persons within the Saab Group who participate in LTI 2020.
- Transfers of shares of series B in Saab shall be made free of consideration at the time and on the other terms and conditions that participants in LTI 2020 have the right to acquire shares, i.e. normally during the financial year 2023 and in February 2024.
- The number of shares of series B in Saab that may be transferred under LTI 2020 may be subject to recalculation as a result of an intervening bonus issue, split, rights issue and/or other similar corporate events.

### **15 c) Equity swap agreement with third party**

In the event that the required majority under item 15 b) above cannot be reached, the Board of Directors proposes that the Annual General Meeting resolves that the expected financial exposure of LTI 2020 shall be hedged by Saab entering into an equity swap agreement with a third party on terms and conditions in accordance with market practice, whereby the third party in its own name shall acquire and transfer shares of series B in Saab to employees who participate in LTI 2020. Additional costs for such equity swap agreement amount to approximately MSEK 13.

### **Conditions**

The General Meeting's resolution to implement LTI 2020 in accordance with item 15 a) above is conditional upon the General Meeting resolving either in accordance with the proposal to authorize the Board of Directors to resolve on acquisitions of shares of series B in Saab on Nasdaq Stockholm and resolution on transfers to participants in LTI 2020 of acquired own shares of series B in Saab in accordance with item 15 b) above, or that an equity swap agreement with a third party may be entered into in accordance with item 15 c) above.

### **Majority requirements**

The General Meeting's resolution to implement LTI 2020 under item 15 a) above requires that more than half of the votes cast are in favour of the proposal. The resolution to authorize the Board of Directors to acquire shares on Nasdaq Stockholm and the resolution on transfers to participants in LTI 2020 under item 15 b) above require that the resolution is supported by shareholders representing at least nine-tenths of the votes cast and votes represented at the meeting. The resolution that Saab may enter into an equity swap agreement with a third party under item 15 c) above requires that more than half of the votes cast are in favour of the proposal.

## Other

For a description of Saab's other share-related incentive programs, reference is made to note 9 in Saab's Annual Report for the financial year 2018.

### **THE BOARD'S PROPOSAL ON ACQUISITION AND TRANSFER OF OWN SHARES (item 16)**

#### **16 a) Authorization for the Board of Directors to resolve on acquisition of own shares**

The Board of Directors proposes that the Annual General Meeting authorizes the Board of Directors to, for the period until the next Annual General Meeting, resolve on acquisitions of own shares in accordance with the following conditions.

- Acquisitions shall be limited to the Company's shares of series B.
- Acquisitions shall take place on Nasdaq Stockholm.
- Acquisitions may only be made at a price per share within the price range (spread) applicable from time to time, meaning the spread between the highest purchase price and the lowest selling price prevailing and disseminated by Nasdaq Stockholm from time to time.
- A maximum number of shares may be acquired so that the Company's holding at any time does not exceed 10 per cent of the total number of shares in the Company.
- The authorization may be utilized on one or several occasions up to the next Annual General Meeting.

The purpose of the authorization is to be able to adjust the Company's capital structure and thereby contribute to an increased shareholder value as well as to enable a continuous use of acquired shares in connection with potential acquisitions of companies and for the Company's share-related incentive programs.

#### **16 b) Authorization for the Board of Directors to resolve on transfer of own shares in connection with acquisitions of companies**

The Board of Directors proposes that the Annual General Meeting authorizes the Board of Directors to, for the period until the next Annual General Meeting, resolve on transfers of own shares in connection with or as a result of any acquisition of companies, in accordance with the following conditions.

- Transfers may be made on Nasdaq Stockholm at a price per share within the price range (spread) applicable from time to time, meaning the spread between the

highest purchase price and the lowest selling price prevailing and disseminated by Nasdaq Stockholm from time to time.

- Transfers may take place as set out in Chapter 19, Sections 35-37 of the Swedish Companies Act, i.e. in other ways than on the Stock Exchange.
- Transfers in connection with acquisitions of companies or business shall take place at a price that closely corresponds to the market value of the Company's share at the time of the resolution on the transfer.
- No more than the number of shares of series B that the Company holds at the time of the Board of Directors' resolution may be transferred based on this authorization.
- The authorization includes the right to resolve on deviation from the shareholders' preferential rights and that payments could be made other than in cash.
- The authorization may be utilized on one or more occasions before the next Annual General Meeting.

The purpose of the authorization is to provide the Board of Directors with increased scope for action in connection with financing of acquisitions of companies.

The reason for deviating from the shareholders' preferential rights is to enable alternative forms of payment for acquisitions of companies or business.

### **16 c) Transfer of own shares to cover costs as a result of previous years' implementation of incentive programs**

The Board of Directors proposes that the Annual General Meeting resolves on transfers of own shares as a result of the previous years' implementation of incentive programs on the following terms.

The Board of Directors proposes that the Annual General Meeting resolves that the Company shall have the right to, prior to the Annual General Meeting 2020, transfer a maximum of 1,200,000 shares of series B, in order to cover certain costs, mainly social security costs, that may arise in relation to Share Matching Plan 2015, 2016, 2018 and 2019, as well as Performance Share Plan 2015, 2016, 2018 and 2019, and Special Projects Incentive 2017, 2018 and 2019. Transfers of the shares shall be effected at Nasdaq Stockholm at a price within the price range (spread) applicable from time to time, meaning the spread between the highest purchase price and the lowest selling price prevailing and disseminated by Nasdaq Stockholm from time to time.

### **Majority requirements**

Resolutions in accordance with item 16 a), 16 b) and 16 c) above require that shareholders representing at least two-thirds of the votes cast as well as the shares represented at the meeting are in favour of the proposal.

## SHARES AND VOTES

As of 6 March 2019, the Company has in total 135,845,847 shares, of which 2,383,903 are shares of series A with ten votes per share and 133,461,944 are shares of series B with one vote per share, which together represent 157,300,974 votes. As of the same day, the Company holds 2,289,398 own shares of series B, corresponding to 2,289,398 votes that cannot be represented at the Annual General Meeting.

## INFORMATION AT THE ANNUAL GENERAL MEETING

The Board of Directors and the President 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 may 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, Årsstämma 2019, Olof Palmes Gata 17, SE-111 22 Stockholm, Sweden.

## DOCUMENTS

The complete proposals from the Nomination Committee under items 1 and 10-13, as well as the complete proposals from the Board under items 14-16, are included in this notice which is available at the Company and its website as set out below. The Board's proposal under item 9 regarding new Articles of Association, and the Board's statement pursuant to Chapter 19, Section 22 in the Swedish Companies Act considering the proposals under items 15 b) and 16 a) are available at the Company, Saab AB, Olof Palmes Gata 17, SE-111 22 Stockholm, Sweden, and on the website of the Company [www.saabgroup.com/arsstamma](http://www.saabgroup.com/arsstamma).

Accounting documents and the Audit Report (including the Board's proposal under item 8b) and the Board's statement pursuant Chapter 18, Section 4 in the Swedish Companies Act) are available at the Company, Saab AB, Olof Palmes Gata 17, SE-111 22 Stockholm, Sweden, and on the website of the Company [www.saabgroup.com/arsstamma](http://www.saabgroup.com/arsstamma) as from 8 March 2019. The Auditor's statement pursuant to Chapter 8, Section 54 pursuant to the Swedish Companies Act regarding remuneration guidelines to senior executives is available at the Company and on the Company's website (as above).

The documents will be sent free of charge to shareholders who request them and state their address.

## **PROCESSING OF PERSONAL DATA**

For information on how your personal data is processed, see <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>.

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**Linköping in March 2019**

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