

Report on how Saab's nomination committee has conducted its work for the Annual General Meeting 2010

Background

In accordance with the resolution passed at the annual general meeting 2009, and following the waiver by BAE Systems of its right to appoint a representative, each of the four largest shareholders has appointed one representative to constitute, together with the chairman of the board of directors, Saab's nomination committee.

The nomination committee for the annual general meeting of 2010 was comprised of: Petra Hedengran (Investor AB), chairman, Peter Wallenberg Jr (Knut and Alice Wallenberg's Foundation), Peter Rydell (Swedbank Robur Funds) and Erik Feldt (Nordea Funds) as well as Marcus Wallenberg, chairman of the board of directors. The four owner representatives represent approximately 50 percent of the votes of Saab. BAE Systems, which holds 20 percent of the votes, has declared that it supports the recommendations of the nomination committee.

According to the resolution of the annual general meeting 2009, the nomination committee shall make the following recommendations:

- Recommendation for chairman of the annual meeting
- Recommendation for board members
- Recommendation for the chairman of the board
- Recommendation for board fees, allocated among the chairman and the other board members, along with compensation for committee work
- Recommendation for fees to the company's auditors
- Recommendation for appointment of a new nomination committee for the annual general meeting 2011

The work of the nomination committee

The nomination committee has held three minuted meetings with several contacts among the members between these meetings. As a basis for its proposals, the nomination committee has reviewed the result of the evaluation of the board that has been carried out and assessed the degree to which the board fulfils the requirements that will be placed on the board by the company's present situation and future direction. In its assessment, the nomination committee has in particular taken the need for diversity into account.

The nomination committee has received no proposals for directors.

Marcus Wallenberg became chairman of the board of Saab in 2006. The nomination committee proposes re-election of Marcus Wallenberg as chairman.

Michael O'Callaghan, Peter Nygårds and Lennart Johansson have declined re-election.

As a defence industry company, Saab's operations are contingent upon political decisions and Swedish defence politics but are also heavily dependent on exports. This requires the board to be in possession of expertise within industry and community issues as well as of a strategic ability to handle global adaptation to a changing world. Furthermore, the board needs to be strengthened with financial expertise, since board members with such expertise are leaving the board.

Therefore, the nomination committee proposes that new members be added to the board, who are competent within the areas of industry and community, strategy and finance. The nomination committee has interviewed and evaluated new candidates with suitable profiles and proposes new election of Cecilia Stegö Chilò, Joakim Westh and Johan Forssell.

Cecilia Stegö Chilò has broad experience within Swedish industry and community. After political science and national economics studies she worked during the 1980's in the leadership of the Moderate Party and thereafter for the Swedish Employers' Confederation. During the 1990's she was an editorial writer and foreign-policy commentator at Svenska Dagbladet and commentator at Sveriges Radio. In 2004 she was appointed Managing Director of the Foundation Fritt Näringsliv and head of the think-tank Timbro. In 2006 she was appointed cabinet member and head of the Ministry of Culture, a position she left at her own request shortly thereafter.

Cecilia Stegö Chilò has experience from board work as a board member of *inter alia* Spendrups Bryggerier AB, AMF Fonder, Länsförsäkringar Liv and the commercial council of Linköping University. She is presently working as an adviser to managements of corporations and organisations.

Joakim Westh was a member of the group management of Ericsson between 2004 and 2008 with special responsibility for strategy, procurement and operational excellence and in the group management of Assa Abloy with responsibility for, among other things, strategy and business development. Joakim Westh is also an entrepreneur and has between assignments in Ericsson and Assa Abloy developed his own companies, such as Absolent AB, which manufactures air filter equipment with a turnover exceeding 100 MSEK. During 2000-2004 he was a partner at the consulting firm McKinsey & Co with assignments of a primarily strategic and operational nature for high technology and industrial clients. Joakim Westh has actively managed change and cost-reduction programs in large groups, such as Ericsson. He has prior experience of board work as a board member of Telelogic AB and VKR Holding A/S and as an alternate board member of Sony Ericsson Mobile Communications AB and is presently the chairman of Absolent AB.

Johan Forssell has worked at Investor since 1995 and since 2006 he is a member of the management team responsible for the company's core investments, where the focus is on assessing strategic issues for portfolio companies, structural changes, development of value-enhancing plans, as well as acquisitions and divestments. Johan Forssell has an MBA from Stockholm School of Economics. In 2003 he became chief analyst for Investor's core investments and then in 2006 proceeded to take over full responsibility for the business unit. He is a board member of Atlas Copco and the Research Foundation SSE-MBA.

The recommendation for the composition of the board fulfils the requirements of the Swedish Code of Corporate Governance regarding the number of members that are to be independent of the company and its management, as well as independent of major shareholders of the company. A full statement of the dependence or independence of the board members is set forth on the company's web site.

Based on the serious financial situation both in Sweden and the world around, no increase of board fees and committee compensation is proposed for 2010.

The nomination committee is of the opinion that it is to the advantage of the company and its shareholders that the board members, regardless of whether they are already shareholders of the company, use part of the remuneration for the board work to acquire shares in the company. The nomination committee has therefore decided to recommend the board of directors of Saab to continue to apply the policy for shareholding of the board members that was adopted in 2006. According to this policy, in order to facilitate financing of share purchases, the board of directors shall resolve that 25 % of the board fees be paid out as soon as possible after the annual meeting, in order to enable the members to use the post-tax net funds to acquire shares in the company early on during their term. The intention is that shares acquired for part of the board fees are to be retained for as long as each director person remains on the board of directors. It is noted that the policy has been followed by all remunerated members.

As to fees to the auditors for the financial year 2010, the nomination committee recommends the shareholders meeting to resolve that such fees shall be paid according to approved invoices, since the fees are not currently known.

The nomination committee's recommended resolutions

The nomination committee makes the following recommendations for resolutions:

- Marcus Wallenberg for chairman of the annual general meeting.
- Ten board members and no deputies.
- Board fees of SEK 4,640,000 to be allocated as follows: SEK 1,100,000 to the chairman and SEK 425,000 to each of the other board members elected by the annual general meeting and not employed by the company, with

compensation for committee work of SEK 565,000 to be allocated as follows: SEK 150,000 to the chairman of the audit committee, and SEK 100,000 to each of the other committee members elected by the AGM, and SEK 135,000 to the chairman of the remuneration committee and SEK 80,000 to each of the other committee members elected by the AGM.

- Auditors' fees to be paid according to approved invoices.
- Re-election of members Erik Belfrage, Sten Jakobsson, George Rose, Per-Arne Sandström, Åke Svensson, Lena Treschow Torell and Marcus Wallenberg. New election of Cecilia Stegö Chilò, Joakim Westh and Johan Forssell.
- Marcus Wallenberg for chairman of Saab AB.
- Appointment of nomination committee in accordance with the recommendation made in 2009 with certain adjustments.

Information about all proposed members of the board of directors of Saab AB is set forth on the company's web site.