

## **Statement of how Saab's Nomination Committee has carried out its assignment**

### **Background**

In accordance with the resolution made at the Annual General Meeting in 2005, and after BAE Systems having waived its right to appoint a representative, the four largest shareholders at the end of the third calendar quarter of 2005 have appointed one representative each to constitute, together with the Chairman of the Board, Saab's nomination committee.

In this connection, it should be mentioned that a clause of the shareholders' agreement among the principal owners Investor and BAE Systems provides for Investor to nominate three board members and BAE Systems to nominate two board members.

The nomination committee has, as set forth in the press release of 29 September 2005, for the 2006 Annual General Meeting been comprised of: Adine Grate Axén (Investor AB), chairman, Peter Wallenberg Jr (Knut and Alice Wallenbergs Stiftelse), Mats Lagerqvist (Robur) and Christer Elmehagen (AMF Pension) as well as Anders Scharp, Chairman of the Board. The four owner representatives represent in excess of 50 percent of the votes in Saab. BAE Systems, which holds 20 percent of the votes, has also stated that it supports the nomination committee's proposal.

According to the resolution made at the 2005 Annual General Meeting, the nomination committee shall provide the following proposals:

- Proposal for Chairman of the Annual General Meeting
- Proposal for Board Members
- Proposal for Chairman of the Board
- Proposal for directors' fees, allocated between the Chairman and other Board Members, and compensation for committee work, and
- Proposal for fees to the Company's auditors

### **The Nomination Committee's work**

The nomination committee has had three minuted meetings, and contacts among the members between meetings. The nomination committee has, as a basis for its proposals, reviewed the evaluation of the Board of Directors that has been made and assessed the extent to which the present Board fulfils the demands that will be placed on the Board as a result of the Company's present position and future focus.

Anders Scharp, who has been the Chairman of Saab's Board since 1990, has declined re-election. The nomination committee proposes Marcus Wallenberg as the new Chairman. Marcus Wallenberg is Vice Chairman of the Board and has been a Board Member in Saab since 1993. In order further to broaden and supplement the competence of the Board, the nomination committee has interviewed and evaluated a new board candidate with a suitable profile. No proposals for Board Members have been received by the nomination committee.

The nomination committee proposes Lennart Johansson as a Board Member of Saab. Lennart Johansson is since 1 January 2006 a member of Investor AB's management group and responsible for Business Development. Before this, he was Managing Director of the venture capital company b-business partners, with its registered office in Holland. He has worked for Atlas Copco between 1982-1985 and 1987-2000, first in accounting and internal control and thereafter in different management positions, from 1991 in group management. Between 1985 and 1987 he worked as a consultant at Nordic Management AB, primarily with mergers & acquisitions and restructurings of industrial companies. More detailed information about Lennart Johansson is available on Saab's homepage.

The proposal for the composition of Saab's Board of Directors fulfils the requirement of the Swedish Code of Corporate Governance regarding the number of members that are to be independent in relation to the Company and the management, as well as in relation to the larger shareholders in the Company. Lennart Johansson must be deemed to be dependent in relation to a larger shareholder in the Company, since he is employed by Investor AB. A full presentation of the dependence or independence of the Board Members is available on the Company's homepage.

The directors' fees in Saab have increased only on one occasion since the IPO in 1998. Against this background, and since the new requirements posed by the Code of Corporate Governance will lead to an increased work burden and complexity for the Board Members, the nomination committee is of the opinion that the directors' fees in Saab's Board of Directors should increase, in order to retain and recruit relevant competence on and to the Board.

The nomination committee proposes an increase of the directors' fees to a fixed fee of SEK 2,875,000 (2,400,000), to be allocated as follows: SEK 1,000,000 (800,000) to the Chairman of the Board, and SEK 375,000 (300,000) to each of the other directors elected by the General Meeting who is not employed by the company, and a fee for committee work of SEK 450,000 (200,000), to be allocated by resolution of the Board among the Board Members who serve on a committee instituted by the Board, of which however SEK 250,000 shall be paid to the audit committee and SEK 200,000 to the remuneration committee.

BAE Systems' Board Members do not receive a fee on account of BAE Systems' internal policy.

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 shareholders in the Company already, use part of their fees to acquire shares in the Company. The nomination committee has therefore decided to recommend Saab's Board to adopt a policy for the shareholding of the Board Members. In order to facilitate the financing of share purchases, it is suitable for the Board to resolve that 25 % of the directors' fees shall be paid as soon as possible after the Annual General Meeting, in order to afford the Board Members the ability to use the after-tax net of such fees to acquire shares in the Company early in their term of service. The intention is that shares that are acquired for part of the directors' fees shall be kept for as long as the Member remains on the Board.

At the General Meeting in 2003, the registered accounting firm Ernst & Young was elected auditor for the term until the Annual General Meeting in 2007. At the General Meeting in 2005, the registered accounting firm Deloitte & Touche was elected auditor for the term until the Annual General Meeting in 2009. With respect to audit fees for the financial year 2006, the nomination committee proposes that the Annual General Meeting resolve that it shall be paid according to approved invoice, since the fee is not known.

### **The Nomination Committee's Proposal**

The nomination committee makes the following proposals:

- Anders Scharp for Chairman of the Annual General Meeting.
- Nine Board Members and no deputy Board Members.
- Directors' fees of SEK 2,875,000 to be allocated as follows: SEK 1,000,000 to the Chairman of the Board, and SEK 375,000 to each of the other directors elected by the General Meeting who is not employed by the company, and a fee for committee work of SEK 450,000, to be allocated by resolution of the Board among the Board Members who serve on a committee instituted by the Board, of which however SEK 250,000 shall be paid to the audit committee and SEK 200,000 to the remuneration committee.
- Auditors' fees to be paid according to approved invoice.
- Re-election of Erik Belfrage, Stephen Henwood, Peter Nygård, George Rose, Per-Arne Sandström, Åke Svensson, Lena Treschow Torell and Marcus Wallenberg.
- New election of Lennart Johansson.
- Marcus Wallenberg for Chairman of Saab AB.

Information about all the Board Members proposed for Saab AB's Board may be found on the Company's homepage.