

## **Annual General Meeting of Saab AB (publ) on 5 April 2006**

### **The Board's proposal for a resolution on principles of remuneration and other terms of employment for the group management**

#### **Agenda item 14**

Group Management and Executive Management/Managers refer to the CEO and other members of the Group Management. The members of this group covered by the terms are presented on the Company's homepage.

Saab shall offer employment terms in line with market conditions to enable the company to recruit and retain Executive Managers. The remuneration structures should be predictable as far as possible, both in terms of costs for the company and benefit to the employee, and should be based on such factors as position, expertise, experience and performance. Terms shall be continuously checked against other relevant industries and markets.

The principles for remuneration must be adaptable to local conditions.

The Board's proposal is primarily based on existing agreements between Saab AB and each individual manager. No Board fee shall be payable for Group Management involvement in the boards of individual business units.

The Board has appointed a Remuneration Committee, whose responsibility it is to develop and review pay structure and other employment terms for the Group Management. The committee comprises the Board Chairman and a further two Board members not employed by the company.

#### **Remuneration**

Cash remuneration should comprise a fixed and a variable portion. The fixed salary is reviewed every other year from 1 January for all Group Management members, and the variable portion is regulated in agreements drawn up annually with each individual manager.

The CEO's variable portion is based on the degree to which pre-defined quantitative and qualitative goals have been accomplished. For other members of the Group Management, quantitative goals primarily apply.

The variable portion shall be a maximum of 50 % of the fixed salary for the CEO, and between 25 % and 35 % of the fixed salary for other Group Management members.

All Group Management members shall be entitled to a company car in line with Saab regulations.

**Pension**

A retirement age of 62 applies for all pension agreements entered into after 1 January 2005. Pension, over and above the ITP plan, shall be premium-based and provisions shall be made annually.

For the CEO the provision amounts to 35 % of the fixed salary, and for other Group Management members the percentage is based on a system regulated in the "Saab Plan". The percentage depends on the number of years remaining until retirement age at the start of the plan.

**Other terms of employment**

All members of the Group Management, including the CEO, shall have a mutual period of notice of 6 months. In addition to salary during the period of notice, if notice by the company, severance pay of one year's salary shall also be paid. A further year's salary may also be payable if the manager has failed to find a new position in the first 18 months.

For employment contracts signed after 1 January 2005, maximum severance pay of 18 months' salary shall apply, in addition to salary during a period of notice of 6 months on the company's part. Salary during the period of notice and severance pay shall be reduced by an equivalent amount if other employment is found during the relevant periods.