

# Annual General Meeting of Saab AB

The shareholders in Saab Aktiebolag (publ) are hereby invited to attend the Annual General Meeting at Gamla Tryckeriet, Alvik, Stockholm, Sweden on Thursday, 12 April, 2007 at 18.00. Admission from 16.30. In connection with the meeting, there will be a presentation of Saab's activities. Light refreshments will be provided after the meeting.

## RIGHT TO PARTICIPATE AND APPLICATION

Only shareholders appearing in the listing from the Shareholders' Register issued by the Securities Register Center, VPC AB, on Wednesday, 4 April, 2007, are entitled to take part in the Annual General Meeting after submitting an application.

Shareholders who have appointed a bank's trustee department or other administrator to manage their shares must temporarily re-register the shares in their own name in order to be entitled to take part in the meeting after submitting an application. Shareholders must request temporary re-registration a sufficient number of working days before Wednesday, 4 April, 2007 in order to be entered in the Shareholders' Register.

Shareholders wishing to attend the Annual General Meeting must notify Saab by telephone (+46 13 18 20 55), by fax (+46 13 18 33 50), by post (with separately sent invitation), or via the Internet ([www.saabgroup.com/arsstamma](http://www.saabgroup.com/arsstamma)) no later than 12.00 noon on Wednesday, 4 April, 2007.

The application form must include the shareholder's name, personal identity number (if applicable), address and telephone number, and notification of the attendance of any assistants. If the shareholder is represented through a power of attorney, a registration certificate or other authorization document, this should be sent to Saab AB, Corporate Legal Affairs, CJ-MG, SE-581 88 Linköping in good time before the Annual General Meeting.

The information you provide will be used only for the Annual General Meeting.

## AGENDA

The Agenda for the Annual General Meeting will be as follows:

1. Election of Chairman for the Meeting
2. Drawing up and approval of the voting list
3. Approval of the Agenda
4. Election of persons to verify the Minutes
5. Motion as to whether the Meeting has been duly convened
6. Presentation of the Annual Report and the Auditors' report, the Consolidated Annual Report and the Consolidated Auditors' report
7. Address 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 in respect of profit according to the approved Balance Sheet and record day for dividend
  - (c) Discharge from liability for the Members of the Board and the President
9. Stipulation of the number of regular Members and deputy Members of the Board, and the number of Auditors and deputy Auditors
10. Stipulation of fees for the Board and the Auditors
11. Election of regular Members and deputy Members of the Board
12. Election of auditors and deputy auditors
13. The Board's proposal for a resolution on principles of remuneration and other terms of employment for executive managers
14. The Board's proposal for a resolution on a long-term Share Matching Plan
15. The Board's proposal for decision to empower the Board to decide on acquisition and transfer of the company's own shares
16. Resolution regarding nomination committee

## DIVIDEND AND RECORD DAY (item 8b)

The Board proposes a dividend of SEK 4.25 per share and that the record day should be Tuesday, 17 April, 2007. Based on this date, the Securities Register Center is expected to send out the dividend on Friday, 20 April, 2007.

## CHAIRMAN OF THE ANNUAL GENERAL MEETING, BOARD AND AUDITORS (item 1, 9, 10, 11 and 12)

Lars Wedenborn, Chairman (Investor), Peter Wallenberg Jr (Knut and Alice Wallenberg's Foundation), Christer Elmehagen (AMF Pension), Mats Lagerqvist (Swedbank Robur), and Marcus Wallenberg (Chairman of the Board of Saab) have participated in the nomination process. BAE Systems have notified that they support the proposals from the nomination committee, which means that shareholders together representing about 70 % of the total number of votes in the company, intend to vote in favour of the following proposals at the Annual General Meeting:

- Marcus Wallenberg for Chairman of the Annual General Meeting.
- Nine Board members and no deputy Board members (unchanged).
- Unchanged board fees of SEK 2,875,000 to be allocated as follows: SEK 1,000,000 to the Chairman, and SEK 375,000 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 450,000, to be allocated as follows: SEK 120,000 to the Chairman of each of the audit and remuneration committees, and SEK 70,000 to each of the other committee members, elected by the Annual General Meeting.
- BAE Systems' Board members do not receive a fee.
- Auditors' fees to be paid according to approved invoice.
- Re-election of Erik Belfrage, Lennart Johansson, Peter Nygårds, George Rose, Per-Arne Sandström, Åke Svensson, Lena Treschow Torell and Marcus Wallenberg.  
(The Board member Stephen Henwood has declined re-election.)
- New election of Michael O'Callaghan, since 1997 active in BAE Systems in different executive positions and since 2005 Operations Group Managing Director for Regional Aircraft Business.
- Re-election of Marcus Wallenberg for Chairman of Saab AB.
- Re-election of the registered accounting firm Ernst & Young as auditor for a term of four years until the end of the Annual General Meeting 2011 with the authorized public accountant Erik Åström as auditor in charge until further notice.  
(At the Annual General Meeting in 2005, the registered accounting firm, Deloitte, was elected as auditor for a term of four years.)

## PRINCIPLES OF REMUNERATION AND OTHER TERMS OF EMPLOYMENT FOR EXECUTIVE MANAGERS (item 13)

Group management and executive managers comprise the President and CEO and other members of the group management. The members of this group are identified on the company's website.

Saab shall offer market terms, enabling the company to recruit and retain senior managers. Remuneration structures shall to the extent possible be characterized by predictability, both with respect to the cost for the company, and to the benefit for the employee, and be based on factors such as position, competence, experience and performance. Benchmarking shall continuously be performed against relevant industries and markets.

The remuneration principles shall be able to be variable depending on local conditions.

The Board's proposal is based mainly on agreements in effect between Saab AB and individual managers. No board fees are paid for the participation by members of the group management on the boards of the business units.

The Remuneration Committee is responsible for development and review of remuneration and other employment terms for the group management.

### Remuneration

The cash remuneration shall consist of fixed and variable salary. The fixed salary shall be reviewed biannually as per 1 January for the entire group management and the variable part shall be regulated by an agreement to be made annually with each executive.

The variable salary for the President and CEO shall be based on the extent to which pre-determined quantitative and qualitative goals are reached. Mainly quantitative goals apply to the rest of the group management.

The variable part shall amount to not more than 50 % of the fixed salary for the President and CEO and between 25 % and 35 % of the fixed salary for the rest of the group management.

All executives in the group management shall have the right to a company car according to Saab regulations.

### Pension

For pension agreements entered into after 1 January 2005, the pension age shall be 62. Pension, in addition to the ITP agreement, shall be premium-based and provisions shall be made annually. For the President and CEO, the provision shall be 35 % of the fixed salary and for other executives the percentage shall be based on a set of regulations in the so-called Saab plan. The percentage is dependent on the number of years remaining until the age of retirement upon joining the plan.

## Miscellaneous terms

All executives in the group management, including the President and CEO, may terminate their employment by six months' notice. If the employment ends at Saab's initiative, the notice period shall also be six months, and in addition to salary during the notice period, severance pay of one annual salary shall be paid. One additional annual salary may be payable if no new employment has been obtained in the first 18 months.

With respect to employment agreements made after 1 January 2005, if the employment terminates at Saab's initiative, a maximum severance pay of 18 months shall be applied in addition to the 6-month notice period. Termination pay and severance pay shall be deducted against income from other employment during the corresponding time. In specific cases, the Board may have the right to deviate from the guidelines.

## LONG-TERM SHARE MATCHING PLAN (item 14)

Background and reasons for the proposal

The Board of Directors find 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 proposes the Annual General Meeting in view of this the below long-term Share Matching Plan 2007 for employees.

The purpose of the Share Matching Plan 2007 is to stimulate employee to continued loyalty and continued good performance. To participate in the program it is required that the employee invests own money. It is further the Board of Directors view that the plan increases the group's attractiveness as an employer.

It is the intention of the Board of Directors to propose the Annual General Meeting a long-term incentive plan also for 2008 and 2009 in accordance with the now proposed principles.

In order to implement the Share Matching Plan 2007, the Board of Directors proposes that no more than 1,000,000 shares of series B may be transferred to employees in the Saab group and, moreover, that a portion of the shares also may be transferred at the Stockholm Stock Exchange in order to cover inter alia social security payments.

### Proposal on long-term Share Matching Plan 2007

The Board of Directors proposes that the Annual General Meeting resolves on the implementation of a Share Matching Plan 2007 ("SMP 2007"), including 1,000,000 shares of series B, according to the principle guidelines below.

(a) All employees within the Saab group, with the exception of for what is mentioned under guidelines for SMP 2007 below, will be offered to participate in the SMP 2007.

(b) Employees who participate in the SMP 2007 can during a 12 month period from the implementation of the plan, save up to maximum 5 % of the gross compensation for the purchase of shares of series B on the Stockholm Stock Exchange. If the purchased shares are retained by the employee for three years from the date of investment and the employment within the Saab group have remained during this whole three year period, the employee will be given by the Saab group the corresponding number of shares of series B free of consideration.

(c) Guidelines for SMP 2007

Participation in the SMP 2007 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 however be entitled to implement an alternative incentive solution for employees in such countries where participation in the SMP 2007 is not advisable. Such alternative incentive solution shall, as far as practicably possible, correspond to the terms for the SMP 2007.

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

## ACQUISITION AND TRANSFER OF THE COMPANY'S OWN SHARES (item 15)

(a) The Board proposes that the Board for the period until the next Annual General Meeting be empowered to make decisions both on the acquisition of the company's own shares of share class B on the Stockholm Stock Exchange and on acquisitions in accordance with purchase offer and, on the transfer of shares on the Stock Exchange or in other way than on the Stock Exchange bestowing the right to decide on deviations from the shareholders' preferential rights and that payment be possible in other than monetary form. Repurchase shall be permitted whereby the company's own holding amounts to at most one tenth of all shares in the company.

(b) The Board also proposes transfer of the company's shares, in the maximum number of 1,000,000, to the employees in accordance with the long-term Share Matching Plan described in item 14. Further the Company shall have the right to, prior to the next Annual General Meeting, on the Stock Exchange, transfer no more than 250,000 shares of series B, out of the holding of 1,000,000 shares, in order to cover certain payment, mainly social security payment.

A valid resolution by the shareholders meeting according to the proposal under this item 15 (a) requires that shareholders representing at least 2/3 of both the votes cast and the shares represented at the meeting vote for the resolution.

A valid resolution by the shareholders meeting according to the proposal under this item 15 (b) requires that shareholders representing at least 9/10 of both the votes cast and the shares represented at the meeting vote for the resolution.

The purpose of the proposed repurchase facility is to allow the Board increased scope for action in working with the company's capital structure or the financing of company's acquisitions and in accordance with what is described above, to give the company the possibility to transfer shares to the employees and secure the associated costs under the long-term Share Matching Plan.

## NOMINATION COMMITTEE (item 16)

The nomination committee submit the following proposals:

- That the company appoints a nomination committee consisting of one representative for each of the four shareholders with the largest number of votes, in addition to the Chairman. If any shareholder wishes to abstain from exercising his right to appoint a representative, the shareholder who thereby becomes the shareholder with the largest number of votes shall appoint a representative. The names of the four owner representatives and the names of the shareholders they represent shall be made public no later than six months before the Annual General Meeting of 2008 and shall be based on the known number of votes immediately before such publication. The term of the nomination committee shall continue until a new nomination committee has been appointed. Unless members agree on an alternative, the chairman of the nomination committee shall be that member who represents the shareholder with the largest number of votes.

- That if, during the term of the nomination committee, one or more of the shareholders who have appointed members of the nomination committee are no longer among the four shareholders with the largest number of votes, the members appointed by these shareholders shall offer their places for re-appointment and the shareholder/s subsequently classed among the four shareholders with the largest number of votes shall be entitled to appoint their representatives. Unless there are special reasons, no changes shall, however, be made to the composition of the nomination committee if only marginal changes have occurred in the number of votes or a change has occurred less than two months before the Annual General Meeting. The nomination committee shall, if it so finds appropriate, have the right to attach additional persons in case there are changes in the votes that are not marginal. A shareholder who has appointed a representative as member of the nomination committee shall be entitled to remove that representative and to appoint a new representative as member of the nomination committee. Changes in the composition of the nomination committee shall be made public as soon as they have taken place.

- The nomination committee shall produce proposals concerning the following items to be presented to the Annual General Meeting of 2008 for resolution:

- (a) nomination for Chairman of the meeting.
- (b) nominations for the Board,
- (c) nominations for Chairman of the Board,
- (d) proposals for remuneration to the Board, divided between Chairman and other members of the Board, and for remuneration for committee work,
- (e) proposals for fees to the company's auditors, and
- (f) proposals for appointment of a new nomination committee

- That the nomination committee in its future work shall fulfil the duties that according to the corporate governance code fall upon the nomination committee and that the company at the request of the nomination committee shall provide personnel resources such as a secretarial function in the nomination committee in order to facilitate the work of the committee. Where the need arises, the company shall also pay reasonable expenses for external consultants considered by the nomination committee to be necessary for the committee to fulfil its duties.

### Documents

Accounting documents and the Audit Report together with the complete proposals of the board under items 14 and 15 will be available at the company and on the website of the company as of 28 March, 2007 and will be sent free of charge to shareholders who request them.

Linköping, March 2007

THE BOARD OF DIRECTORS

