

Annual General Meeting of Saab AB (publ) on 12 April 2007

The Board's proposal for a resolution on a long-term Share Matching Plan 2007

Agenda item 14

Complete proposal

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.

Preparation of the matter

The Share Matching Plan 2007 has been prepared by the Remuneration Committee and in consultation with the Board of Directors. The proposal has been adopted by the Board of Directors. The CEO has not participated in the Board of Directors preparation and decision on the proposal.

Outstanding share related incentive programs

Currently there are no outstanding share related incentive programs in the group.

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 per cent 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 the 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.

Costs

The total effect on the income statement is estimated to approximately MSEK 200 unevenly distributed over the years 2007 – 2011. The costs shall be compared with Saab's total remuneration costs 2006, including social security fees, amounting to MSEK 7.346.

The calculations are based on an assumption of participation in the SMP 2007 will amount to 60 per cent.

Costs that affect the income statement, but will not have an effect on the cash flow

Compensation costs, corresponding to the value of matching shares transferred to employees, is estimated to approximately MSEK 150. The compensation costs are distributed over the plan period 2007 – 2011.

Social security charges as a result of transfer of shares to employees on an assumed average share price at matching at SEK 200 is estimated to amount to MSEK 50.

Costs that affect the income statement and cash flow

Administration costs have been estimated at a maximum of MSEK 12.

Dilution and effects on key figures

The Company currently have approximately 109 million issued shares. As per 31 December 2006, the Company held no own shares. In order to implement the SMP 2007 a total of 1,000,000 shares of series B are required, corresponding to approximately 0.9 per cent of the number of outstanding shares.

Out of the 1,000,000 shares of series B required for the SMP 2007, 750,000 shares may be transferred to employees free of consideration, which could cause a dilutive effect of 0.7 per cent on earnings per share. The dilutive effect of the matching shares, 0.7 per cent, is not affected by the price for the shares at the time of matching since they are transferred free of consideration to the employee. There will, however, be no dilutive effect on earnings per share of the 250,000 shares, which may be transferred at the Stockholm Stock Exchange as the shares are sold at market value.

Majority requirements

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 fifty per cent of the votes cast must be in favour of such proposal or, in case of parity of votes, the chairman of the meeting being in favour of such proposal.

Linköping, March 2007
The Board of Directors