

Report on how Saab's nomination committee has conducted its work

Background

In accordance with the resolution passed at the annual general meeting 2006, and following the waiver by BAE Systems of its right to appoint a representative, each of the four largest shareholders at the end of the third quarter 2006 has appointed one representative to constitute, together with the chairman of the board of directors, Saab's nomination committee.

In this connection, mention should be made of a clause in the shareholders agreement between the main owners Investor and BAE Systems, under which Investor shall nominate three members and BAE Systems shall nominate two members. One of the members nominated by BAE Systems, Stephen Henwood, has left BAE Systems at year-end and BAE Systems has therefore nominated a new candidate, Michael O'Callaghan, who has been evaluated by the nomination committee.

The nomination committee for the annual general meeting of 2007 was, according to a press release of 9 October 2006, comprised of: Lars Wedenborn (Investor AB), chairman, Peter Wallenberg Jr (Knut och Alice Wallenbergs Stiftelse), Christer Elmehagen (AMF Pension) and Mats Lagerqvist (Swedbank Robur) as well as Marcus Wallenberg, chairman of the board of directors. The four owner representatives represent in excess of 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 2006, 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 the election of auditors
- Recommendation for fees to the company's auditors
- Recommendation for appointment of a new nomination committee for the annual general meeting 2008

The work of the nomination committee

The nomination committee has held three minuted meetings and there have been contacts among the members between these meetings. The nomination committee has as the basis for its recommendations reviewed the result of the evaluation of the board of directors that has been carried out and assessed the extent to which the present board of directors meets the demands that will be made of the board as a consequence of the company's current position and future direction.

Marcus Wallenberg became the chairman of Saab in 2006. The nomination committee recommends the re-election of Marcus Wallenberg as chairman. BAE Systems has proposed Michael O'Callaghan as a new board member to replace Stephen Henwood. Michael O'Callaghan has since 1997 held different management positions at BAE Systems and since 2005 he is the Operations Group Managing Director for Regional Aircraft Business. He has carried out several large restructurings at BAE Systems. He is an accountant by training and has during the course of his career held different management positions in engineering companies, where he in addition to his responsibilities on an operational level also has been responsible for financial issues, particularly within the areas of manufacturing, leasing and the insurance of risks associated with civil aircraft.

The nomination committee has met with Michael O'Callaghan, and finds that his solid experience generally, along with his specific knowledge about the market for civil aircraft manufacturing, will further broaden and supplement the competence of the board of directors.

No other recommendations for board members have been received by the nomination committee.

The nomination committee thus recommends Michael O'Callaghan for member of the board of directors of Saab. More detailed information about Michael O'Callaghan is set forth on the company's web site.

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. Michael O'Callaghan must be deemed dependent in relation to a major shareholder, since he is employed by BAE Systems. A full statement of the dependence or independence of the board members is set forth on the company's web site.

As to board fees, the nomination committee recommends, against the background of the raise of the fees that was made in 2006, that no change in the levels be made this year. The compensation for committee work of SEK 450,000 that was resolved in 2006 shall be allocated so that SEK 120,000 will be paid 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 AGM.

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 board fees 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.

At the annual meeting 2003, the registered accounting firm Ernst & Young was elected auditor for the time until the annual meeting 2007, which means that the term expires in 2007. The responsible auditor has been the authorized public accountant Björn Fernström. The audit committee has devoted substantial time to assisting the nomination committee by producing a recommendation for election of a new auditor. The committee has in that connection noted that Saab, following an evaluation of Ernst & Young's efforts, has proven very satisfied with the efforts of the audit firm. The audit firm has during the years that it has audited the company obtained knowledge relevant for the company about its diversified business units and specific circumstances with many large, international long-term development projects outside of Sweden and with several international partners or subcontractors. The audit committee therefore finds Ernst & Young's experience from and knowledge about Saab particularly valuable. Against that background, it is recommended that Ernst & Young continue to audit the company, but that the responsible auditor Björn Fernström be replaced in accordance with the rules set forth in the Swedish Companies Act. The audit committee has met, interviewed and evaluated several experienced auditors at Ernst & Young and recommends that Erik Åström be appointed new responsible auditor, replacing Björn Fernström.

At the annual meeting 2005, the registered accounting firm Deloitte was elected auditor for the time until the annual meeting 2009.

As to fees to the auditors for the financial year 2007, 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 meeting.
- Nine board members and no deputies.
- Board fees at the same level as the prior year 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 shareholders meeting and not employed by the company, with compensation for committee work of SEK 450,000 kronor to be allocated as follows: SEK 120,000 to the chairman of each of the audit and compensation committees and SEK 70,000 to each of the other committee members elected by the AGM.

- Election of Ernst & Young as audit firm with Erik Åström as responsible auditor
- Auditors' fees to be paid according to approved invoices.
- Re-election of members Erik Belfrage, Lennart Johansson, Peter Nygårds, George Rose, Per-Arne Sandström, Åke Svensson, Lena Treschow Torell and Marcus Wallenberg.
- New election of Michael O'Callaghan.
- Marcus Wallenberg for chairman of Saab AB.
- Appointment of nomination committee in accordance with the recommendation made in 2006, with an ability for the committee to attach additional members

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