

Annual General Meeting of Saab AB (publ) on 15 April 2008

## **The Board's proposal for a resolution on guidelines of remuneration and other terms of employment for executive managers**

### **Agenda item 12**

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 executive managers. To the extent possible, remuneration structures shall be characterized by predictability with respect to both the cost for the company and the benefit for the employee and be based on factors such as position, competence, experience and performance. Benchmarking is used relative to comparable industries and markets.

The remuneration principles may vary 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*

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, while the variable component is governed by an agreement made annually with each executive.

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

The variable component amounts to not more than 50 per cent of the fixed salary of the President and between 25 per cent and 35 per cent of the fixed salary of the rest of group management.

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

### *Pension*

For pension agreements entered into after 1 January 2005, the pension age is 62. In addition to the ITP agreement, the pension is part of a defined contribution plan where provisions are made annually. For the President, the provision is equivalent to 35 % of his fixed salary, and for other executives the percentage is 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 group management, including the President, may terminate their employment with six months' notice. If the employment ends at Saab's initiative, the notice period is also six months, and in addition to salary during the notice period, severance equal to one annual salary is 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 employment terminates at Saab's initiative, a maximum severance pay of 18 months is applied in addition to the six-month notice period.

Termination pay and severance pay will be deducted against income from other employment during the corresponding time.

During 2007, all employees, including executive managers, had the right to participate in a Share Matching Plan, resolved by the AGM in 2007. The principles for the Share Matching Plan are to be found on Saab's website.

### *Incentive programs to propose the AGM 2008*

The Board intends to propose the AGM a Performance Share Plan for executive managers and other key employees. Participants in this plan will not be offered to participate in the general Share Matching Plan, which will be proposed also for 2008. Estimated costs for the Performance Share Plan are to be found in the Board's complete proposal for incentive programs.