

Annual General Meeting of Saab AB (publ) on 16 April 2009

The Board's proposal for a resolution on long-term incentive programs 2009

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 long term incentive plans for employees described below: (a) Share Matching Plan 2009 and (b) Performance Share Plan 2009.

The purpose of the long-term incentive plans is to stimulate employees to continued loyalty and continued good performance. To participate in the programs it is required that the employee makes his own investment. It is further the view of the Board of Directors that the incentive plans increase the group's attractiveness as an employer.

It is the intention of the Board of Directors to propose the Annual General Meeting long-term incentive plans also for 2010 in accordance with the proposed principles.

Costs

The total effect on the income statement is estimated to approximately 100,5 MSEK unevenly distributed over the years 2010 – 2014. The costs shall be compared with Saab's total remuneration costs 2008, including social security fees, amounting to 8,281 MSEK.

The calculations are based on assumptions that all available shares in Share Matching Plan 2009 and Performance Share Plan 2009 will be utilized.

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 78 MSEK. The compensation costs are distributed over the plan period 2010 – 2014.

Social security charges as a result of transfer of shares to employees on an assumed average share price at matching at SEK 75 is estimated to amount to approximately 22,5 MSEK. The social security costs are expected to occur mainly during 2013.

Costs that affect the Income Statement and Cash Flow

Administration costs have been estimated at a maximum of 6 MSEK.

The cost for acquiring own shares is estimated to maximum 100,5 MSEK at an assumed share price of SEK 75.

Dilution and effects on key figures

The Company currently has approximately 109 million issued shares. As per 31 December 2008, the Company held 2 320 451 of own shares. In order to implement the Share Matching Plan 2009 and Performance Share Plan 2009 a total of 1 340 000 shares of series B are required, corresponding to approximately 1.2 per cent of the total number of issued shares. The number of potential shares covered by the existing incentive program as per 31 December 2008, including shares to cover social security payments, amounts to 980 451 shares, corresponding to approximately 0.9 per cent of the total number of issued shares in the 2007 program and 1 340 000 shares corresponding to approximately 1.2 per cent of the total number of issued shares in the 2008 program.

Out of the 1 340 000 shares of series B required for the Share Matching Plan 2009 and Performance Share Plan 2009, approximately 1 040 000 shares may be transferred to employees free of consideration, which could cause a dilutive effect of approximately one per cent on earnings per share. The dilutive effect of the matching shares, approximately one 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 approximately 300 000 shares, which may be transferred at the Nasdaq OMX Stockholm in order to cover social security payments, as the shares are sold at market value.

Preparation of the matter

The Share Matching Plan 2009 and Performance Share Plan 2009 have 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 preparation and decision of the proposal.

Outstanding share related incentive programs

The company has ongoing incentive programs according to the below.

The Share Matching Plan 2007

Under the Share Matching Plan 2007, employees can save up to 5 percent of the gross salary, for purchase of class B shares at market price on the Nasdaq OMX Stockholm (purchased shares). If the purchased shares are retained by the employee for three years after the investment and the employment with the Saab group continues during the entire three-year period, the employee will, by the Saab group, be granted a corresponding number of shares free of consideration.

The below table show the period for employees' purchase of shares (savings contribution period) and participation details.

Plan	Savings contribution period	Number of participants at launch	Take-up rate (% of all offered employees)
Share Matching Plan 2007	November 2007 – October 2008	4,750	42%

The Share Matching Plan 2008

Under the Share Matching Plan 2008, employees, with the exception of employees that are covered by the Performance Share Plan 2008, can save up to 5 percent of the gross salary, for purchase of class B shares at market price on the Nasdaq OMX Stockholm (purchased shares). If the purchased shares are retained by the employee for three years after the investment and the employment with the Saab group continues during the entire three-year period, the employee will, by the Saab group, be granted a corresponding number of shares free of consideration.

The below table show the period for employees' purchase of shares (savings contribution period) and participation details.

Plan	Savings contribution period	Number of participants at launch	Take-up rate (% of all offered employees)
Share Matching Plan 2008	November 2008 – October 2009	2,751	23%

The Performance Share Plan 2008

Under the Performance Share Plan 2008, up to 285 key employees and the CEO, can save up to 7.5 percent of the gross salary, for purchase of class B shares at market price on the Nasdaq OMX Stockholm (purchased shares). If the purchased shares are retained by the employee for three years after the investment and the employment with the Saab group continues during the entire three-year period, the employee can, by the Saab group, be granted up to two, three, four or five for each purchased share under the Performance Share Plan. Matching of shares is dependent on achievement of a performance target. The performance target is average annual growth in earnings per share between 5 and 15 per cent. The Board of Directors can reduce the number of shares to be matched if deemed appropriate by the Board considering the Company's financial results and position, conditions on the stock market and other circumstances at the time of matching.

The below table show the period for employees' purchase of shares (savings contribution period) and participation details.

Plan	Savings contribution period	Number of participants at launch	Take-up rate (% of all offered employees)
Performance Share Plan 2008	November 2008 – October 2009	184	69%

Proposals

The Long-Term Incentive Programs 2009

The Board of Directors proposes that the Annual General Meeting resolves on the implementation of (a) Share Matching Plan 2009 and (b) Performance Share Plan 2009, according to the principle guidelines below.

In order to implement the Share Matching Plan 2009 and Performance Share Plan 2009, the Board of Directors proposes that no more than 1,340,000 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 Nasdaq OMX Stockholm in order to cover inter alia social security payments.

(a) Share Matching Plan 2009

The Board of Directors proposes that the Annual General Meeting resolves on the implementation of a Share Matching Plan 2009, including 840,000 shares of series B, according to the principle guidelines below.

- 1) All employees within the Saab group, with the exception of employees that are covered by the Performance Share Plan 2009 and subject to item 3) below, will be offered to participate in the Share Matching Plan 2009. However employees belonging to group 1 in the Performance Share Plan 2009 and who have chosen not to participate in the Performance Share Plan 2009 have a right to participate in the Share Matching Plan 2009.
- 2) Employees who participate in the Share Matching Plan 2009 can during a 12 month period from the implementation of the plan, save up to maximum 5 per cent of the gross salary for the purchase of shares of series B on the Nasdaq OMX Stockholm. 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 entire three-year period, the employee will be given by the Saab group the corresponding number of shares of series B free of consideration.
- 3) Participation in the Share Matching Plan 2009 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 Share Matching Plan 2009 is not advisable. Such alternative incentive solution shall, as far as practicably possible, correspond to the terms for the Share Matching Plan 2009.

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.

(b) Performance Share Plan 2009

The Board of Directors proposes that the Annual General Meeting resolves on the implementation of a Performance Share Plan 2009, including 500,000 shares of series B, according to the principle guidelines below.

- 1) Up to 285 key employees and the CEO with the exception of for what is mentioned in item 3) below will be offered to participate in the Performance Share Plan 2009.
- 2) Employees who participate in the Performance Share Plan 2009 can during a 12 month period from the implementation of the plan, save up to maximum

7.5 per cent of the gross salary for the purchase of shares of series B on the Nasdaq OMX Stockholm. 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 entire three-year period, the employee will be entitled to the following matching of shares, free of consideration:

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|---------|--|
| Group 1 | Up to 250 employees in the Management Team Business Unit, certain specialists and project managers may be entitled to a performance match of up to two shares for each one purchased |
| Group 2 | Up to 20 employees in Head of Business Unit may be entitled to a performance match of up to three shares for each one purchased |
| Group 3 | Up to 15 senior executives in Group Management may be entitled to a performance match of up to four shares for each one purchased. |
| Group 4 | The CEO may be entitled to a performance match of up to five shares for each one purchased. |

- 3) Participation in the Performance Share Plan 2009 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 Performance Share Plan 2009 is not advisable. Such alternative incentive solution shall, as far as practicably possible, correspond to the terms for the Performance Share Plan 2009.
- 4) The terms and conditions of performance match for employees are based on an average annual percentage growth rate in earnings per share ("EPS")¹ between 1 January 2010 and 31 December 2012, with EPS for the calendar year 2009 as the reference period. Maximum performance matching shares (i.e. two shares, three shares, four shares and five shares respectively) will be allocated if the annual average EPS growth is at or above 15 per cent. No allocation of matching shares will occur if the annual average EPS growth is below 5 per cent. Matching of shares between annual average EPS growth 5 and 15 per cent is linear. The performance target may be adjusted at the occurrence of an event affecting the operations of the Saab group or the number of outstanding shares of the Company or otherwise affecting the performance target and deemed relevant by the Board of Directors.

¹ Earnings Per Share is calculated by dividing the net income for the Saab group by the average number of shares outstanding during the period.

- 5) Before the number of performance shares to be matched are finally determined, the Board of Directors shall examine whether the performance matching is reasonable considering the Company's financial results and position, conditions on the stock market and other circumstances, and if not, as determined by the Board of Directors, reduce the number of performance shares to be matched to the lower number of shares deemed appropriate by the Board of Directors.

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 2009
The Board of Directors