

Annual General Meeting of Saab AB (publ) on 15 April 2010

## **The Board's proposal for a resolution on long-term Incentive Programs**

### **Agenda item 14**

#### *Background and reasons for the proposals*

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 therefore proposes the Annual General Meeting in view of this the below long-term incentive programs for employees: (a) Share Matching Plan 2010 and (b) Performance Share Plan 2010.

The purpose of the long-term incentive programs is to stimulate employees 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 incentive programs increase the group's attractiveness as an employer. It is the intention of the Board of Directors to propose the AGM long-term incentive programs also for 2011 in accordance with the now proposed principles.

#### *Proposals, Long-Term Incentive Programs 2010*

The Board of Directors proposes that the AGM resolves on the implementation of (a) Share Matching Plan 2010 and (b) Performance Share Plan 2010, according to the principle guidelines below.

In order to implement the Share Matching Plan 2010 and Performance Share Plan 2010, 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 NASDAQ OMX Stockholm in order to cover inter alia social security payments.

#### **(a) Share Matching Plan 2010**

The Board of Directors proposes that the AGM resolves on the implementation of a Share Matching Plan 2010, 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 2010 and for what is mentioned in item 3) below, will be offered to participate in the Share Matching Plan 2010.

However employees belonging to group 1 in the Performance Share Plan 2010 and who have chosen not to participate in the Performance Share Plan 2010 have a right to participate in the Share Matching Plan 2010.

2) Employees who participate in the Share Matching Plan 2010 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 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 2010 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 Share Matching Plan 2010 is not advisable. Such alternative incentive solution shall, as far as practicably possible, correspond to the terms for the Share Matching Plan 2010.

In order for the AGM's resolution in accordance with the Board of Directors' proposal under this item to be valid, shareholders representing more than 50 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 2010**

The Board of Directors proposes that the AGM resolves on the implementation of a Performance Share Plan 2010, 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 2010.

2) Employees who participate in the Performance Share Plan 2010 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 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:

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 2010 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 2010 is not advisable. Such alternative incentive solution shall, as far as practicably possible, correspond to the terms for the Performance Share Plan 2010.

4) The terms and conditions of performance match for employees are based on an average annual percentage growth rate in earnings per share ("EPS") between 1 January 2011 and 31 December 2013, with EPS for the calendar year 2010 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.

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.

In order for the AGM'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.

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The complete proposal of the Board is available from the Company and on the website of the company as of 31 March 2010.