

## **Report on how Saab's Nomination Committee has conducted its work for the Annual General Meeting 2012**

### **Background**

In accordance with the Nomination Committee procedure resolved at the Annual General Meeting 2011, each of the four largest shareholders as of 31 August 2011 has appointed one representative each to constitute, together with the Chairman of the Board of Directors, Saab's Nomination Committee.

The members of the Nomination Committee for the Annual General Meeting 2012 are: Petra Hedengran, Chairman, Investor AB, Peter Wallenberg Jr, Knut and Alice Wallenberg's Foundation, Thomas Eriksson, Swedbank Robur Funds, Thomas Ehlin, Nordea Investment Funds and Marcus Wallenberg, Chairman of the Board of Directors. As of 29 February 2012, the four owner representatives represent approximately 52 percent of the votes of Saab.

According to the Nomination Committee procedure, the Nomination Committee shall make the following proposals:

- Proposal for Chairman of the Annual General Meeting
- Proposal for Board Members
- Proposal for the Chairman of the Board
- Proposal for Board fees, allocated among the Chairman and the other Board Members, along with compensation for committee work
- Proposal for fees to the company's auditors

### **The work of the Nomination Committee**

The Nomination Committee has held four minuted meetings with several contacts among the members between these meetings. As a basis for its proposals, the Nomination Committee has reviewed the result of the evaluation of the Board that has been carried out and has assessed the degree to which the Board fulfils the requirements that will be placed on the Board considering the company's present operations, situation and future direction. In its assessment, the Nomination Committee has also in particular taken into consideration the need for diversity.

The Nomination Committee has not received any proposals for Board Members.

At the Annual General Meeting 2010, three new Board Members were elected with expertise within industry and community, strategy and finance. At the Annual General Meeting 2011, Håkan Buskhe, President and CEO of Saab AB, and Michael O'Callaghan, Managing Director International Operations, BAE Systems, were elected to the Board. Michael O'Callaghan resigned from the Board in June 2011 as a result of BAE Systems' divestment of its shareholding in Saab AB. The Board of Directors has thereafter consisted of nine Board Members elected by the Shareholders' Meeting.

The Nomination Committee recommends that the Board continues to consist of nine Board Members and no deputy Board Members. The Nomination Committee further proposes the re-election of all current Board Members – Håkan Buskhe, Johan Forssell, Sten Jakobsson, Per-Arne Sandström, Cecilia Stegö Chilò, Åke Svensson, Lena Treschow Torell, Joakim Westh and Marcus Wallenberg.

Marcus Wallenberg became Chairman of the Board of Saab in 2006. The Nomination Committee proposes re-election of Marcus Wallenberg as Chairman of the Board.

The Nomination Committee deems that the proposed Board composition in Saab fulfils the requirements of the Swedish Corporate Governance Code regarding the number of independent Board Members in relation to the company and its management, and in relation to the company's major shareholders. A full statement on the dependence or independence of the Board Members is available on the company's website.

The Nomination Committee proposes an increase in board fees for the Board Members that are elected by the Shareholders' Meeting. The Board fees have not been altered since 2008. The Nomination Committee further proposes a differentiated fee for the Deputy Chairman in relation to the other Board Members elected by the Shareholders' Meeting. This is motivated by the work load in board matters of the Deputy Chairman compared to the other Board Members. No changes in committee compensation are proposed for 2012.

At the Annual General Meeting in 2011, the registered accounting firm PricewaterhouseCoopers AB was elected as Saab's auditor for a period of four years which means that the mandate period expires in 2015. Concerning fees to the auditor for the financial year 2012, the Nomination Committee recommends the Shareholders' Meeting to resolve that such fees shall be paid against approved invoices.

As proposed by the Nomination Committee in April 2011, the Board adopted a policy that entails that Board Members, who do not already have such a holding of Saab shares, are under a five year period expected to acquire Saab shares to a total market value of the holding that is expected to equal at least one year's board fees before taxes, exclusive of any committee compensation. The Nomination Committee does not propose any change in the current policy for the Board Members' shareholding.

The Annual Meeting in 2011 resolved on a Nomination Committee procedure which among other things regulates the appointment of the Nomination Committee members and the Nomination Committee's assignment and is valid for future Annual Meetings until further notice. The Nomination Committee does not propose any changes in the current Nomination Committee procedure.

### **The Nomination Committee's proposed resolutions**

The Nomination Committee makes the following proposals for resolutions:

- Marcus Wallenberg as Chairman of the Annual General Meeting
- Nine Board Members and no deputy Board Members
- An increase in Board fees to SEK 1,165,000 (1,100,000) to the Chairman of the Board, SEK 480,000 (425,000) to the Deputy Chairman and SEK 450,000 (425,000) to each of the other Board Members elected by the Shareholders' Meeting and not employed by the company. Unchanged compensation is proposed for committee work at SEK 150,000 to the Chairman of the Audit Committee, and SEK 100,000 to each of the other Audit Committee members elected by the Shareholders' Meeting, and SEK 135,000 to the Chairman of the Remuneration Committee and SEK 80,000 to each of the other Remuneration Committee members elected by the Shareholders' Meeting.
- Re-election of all Board Members: Håkan Buskhe, Johan Forssell, Sten Jakobsson, Per-Arne Sandström, Cecilia Stegö Chilò, Åke Svensson, Lena Treschow Torell, Joakim Westh and Marcus Wallenberg.
- Marcus Wallenberg as Chairman of the Board of Saab AB
- Auditor's fees to be paid according to approved invoices

Information about all the members of the Board of Directors of Saab AB is available on the company's website.

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**Stockholm, March 2012**

**Nomination Committee of Saab AB (publ)**