

## **Annual General Meeting of Saab AB**

The shareholders in Saab Aktiebolag are invited to attend the Annual General Meeting at Annexet, Stockholm Globe Arenas, Entré 2, Globentorget 10, Stockholm, Sweden, on Wednesday, 17 April 2013, at 15.00 (CET). Admission and registration will commence at 13.30.

### **RIGHT TO PARTICIPATE AND NOTIFICATION**

Only the shareholders that are recorded in the Shareholders' Register issued by Euroclear Sweden AB on Thursday, 11 April 2013, are entitled to participate in the Annual General Meeting after submitting notification to the Company.

Shareholders who have their shares registered in the name of a nominee must temporarily be recorded in the Shareholders' Register in their own names (so called registration of voting rights) to be entitled to participate in the meeting subject to notification to the Company. In order to be recorded in the Shareholders' Register on Thursday, 11 April 2013, shareholders must request such registration with their bank or trustee well in advance of that date. Please note that this procedure also applies to shareholders using bank custody accounts.

Shareholders wishing to attend the Annual General Meeting must notify Saab no later than Thursday, 11 April 2013

- by telephone +46 13 18 20 55 (weekdays between 9 and 17),
- by post with separately sent invitation, or under address Saabs Årsstämma, Box 7839, SE-103 98 Stockholm, Sweden, or
- via the Company's website [www.saabgroup.com/arsstamma](http://www.saabgroup.com/arsstamma).

Notification to the Company must include the shareholder's name, personal identity number (if applicable), address and telephone number, and notification of the number of possible assistants. If the shareholder is represented through a Power of Attorney, a registration certificate or other authorization document, these documents should be sent to Saab AB, CEO Office, Box 12062, SE-102 22 Stockholm, Sweden, well in advance of the Annual General Meeting. A proxy form is available on the Company's website, [www.saabgroup.com/arsstamma](http://www.saabgroup.com/arsstamma).

The Annual General Meeting will be conducted in Swedish and simultaneously interpreted into English.

### **AGENDA**

1. Election of Chairman of the Meeting

2. Approval of the voting list
3. Approval of the Agenda
4. Election of persons to verify the Minutes
5. Question as to whether the Meeting has been duly convened
6. Presentation of the Annual Report and the Auditor's report, the Consolidated Annual Report and the Consolidated Auditor's report
7. Speech by the President
8. Resolutions on:
  - a) Approval of the parent Company's Income Statement and Balance Sheet, and the Consolidated Income Statement and Balance Sheet
  - b) Allocations of profit according to the approved Balance Sheet and record date for dividend
  - c) Discharge from liability for the Board Members and the President
9. Determination of the number of regular Board Members and deputy Board Members
10. Determination of fees for the Board Members and the Auditor
11. Election of regular Board Members and deputy Board Members
12. Resolution on the Board's proposal on guidelines for remuneration and other terms of employment for senior executives
13. Resolution on the Board's proposal on long-term incentive programs
  - a) Share Matching Plan 2013
  - b) Performance Share Plan 2013
14. Resolution on the Board's proposal on acquisition and transfer of the Company's own shares in respect of
  - a) Authorization on acquisition and transfer of own shares
  - b) Transfer of own shares to employees and on stock exchange for Share Matching Plan 2013
  - c) Transfer of own shares to employees and on stock exchange for Performance Share Plan 2013
  - d) Transfer of own shares on stock exchange for Share Matching Plan 2009, 2010, 2011 and 2012 and for Performance Share Plan 2009, 2010, 2011 and 2012
  - e) Equity swap agreement with a third party

## 15. Closing of the Annual General Meeting

### **PROPOSED RESOLUTIONS:**

#### **DIVIDEND AND RECORD DATE (item 8 b)**

The Board proposes a dividend of SEK 4,50 per share. Monday, 22 April 2013 is proposed as record date. Provided the Shareholder's Meeting resolves according to this proposal, payment of the dividend is expected to be made by Euroclear Sweden AB on Thursday, 25 April 2013.

#### **THE NOMINATION COMMITTEE'S PROPOSALS FOR CHAIRMAN OF THE ANNUAL GENERAL MEETING, BOARD OF DIRECTORS AND FEES (items 1, 9, 10, and 11)**

The Nomination Committee consists of the following members: Petra Hedengran, Chairman, Investor AB, Peter Wallenberg Jr, Knut and Alice Wallenberg's Foundation, Jan Andersson, Swedbank Robur Funds, Anders Algotsson, AFA Försäkring and Marcus Wallenberg, Chairman of the Board of Saab AB.

The Nomination Committee proposes the following resolutions.

- Advokat Sven Unger, member of the Swedish Bar Association, as Chairman of the Annual General Meeting. (Item 1)
- Nine Board Members and no deputy Board Members. (Item 9)
- An increase in Board fees as follows: SEK 1,185,000 (1,165,000) to the Chairman, and SEK 490,000 (480,000) to the Deputy Chairman and SEK 460,000 (450,000) to each of the other Board Members elected by the Shareholders' Meeting and not employed by the Company. Unchanged compensation for committee work as follows: SEK 150,000 to the Chairman of the Audit Committee, and SEK 100,000 to each of the other Audit Committee members, and SEK 135,000 to the Chairman of the Remuneration Committee and SEK 80,000 to each of the other Remuneration Committee members. (Item 10)
- Auditor's fees to be paid according to approved invoice. (Item 10)
- Re-election of the following Board Members: Håkan Buskhe, Johan Forssell, Sten Jakobsson, Per-Arne Sandström, Cecilia Stegö Chilò, Lena Treschow Torell, Joakim Westh and Marcus Wallenberg. New election of Sara Mazur. Åke Svensson has declined re-election. Information on the proposed Board Members is available on the Company's website. (Item 11)

- Re-election of Marcus Wallenberg as Chairman of the Board of Saab AB. (Item 11)

## **GUIDELINES FOR REMUNERATION AND OTHER TERMS OF EMPLOYMENT FOR SENIOR EXECUTIVES (item 12)**

### **Background and reasons**

The Remuneration Committee has evaluated the application of the guidelines for remuneration to senior executives of Saab that were resolved at the Annual General Meeting in 2012 and the current remuneration structures and remuneration levels in the Company. The Remuneration Committee is of the opinion that the guidelines that were resolved in 2012 achieve their purposes to facilitate the recruitment and retention of senior executives.

The Remuneration Committee has recommended the Board of Directors to propose to the Annual General Meeting to adopt principles of remuneration with equivalent content to those that were resolved at the Annual General Meeting in 2012.

In light of the above, the Board of Directors proposes the following guidelines for remuneration and other terms of employment for senior executives.

### **Guidelines**

The senior executives comprise the President and CEO and other members of the Group Management. The members of this group are presented on the Company's website. In some special cases, these guidelines may also comprise Board Members of Saab AB, as described below.

Saab shall offer market terms, enabling the Company to recruit and retain senior executives. To the greatest extent possible, remuneration structures shall be characterized by predictability with respect to both the cost for the Company and the benefit for the employee. They shall be based on factors such as position, competence, experience and performance. Benchmarking shall be practiced regularly relative to comparable industries and markets.

The Board's proposal is based mainly on agreements in effect between Saab AB and individual executives. No board fees are paid to members of the Group Management for participation on the boards of the business areas or Saab subsidiaries.

The Remuneration Committee is responsible for developing and reviewing remuneration and other employment terms for the Group Management.

The Board shall be entitled to divert from the guidelines, if there are reasonable grounds to do so in an individual case.

These guidelines apply from the Annual General Meeting 2013.

*Fixed remuneration*

Cash remuneration shall consist of fixed salary. The fixed salary shall be reviewed annually as per 1 January for all members of the Group Management. The fixed salary shall be at market terms and based on factors such as position, competence, experience and performance.

*Variable remuneration*

Saab's operations are mainly characterized by the development of technically advanced products and systems. They are marketed, further developed, produced and maintained during long periods of time, in some cases three to four decades, which generally entails substantial investments and long-term customer relations all over the world. Consequently, it is important that senior executives have a long-term view and a long-term commitment in the Company's operations and profits. Therefore long-term incentive is especially well suited to Saab and its shareholders. The long term-term variable remuneration consists of share based incentive programs.

The President and CEO and senior executives are entitled to participate in the long-term share based incentive programs resolved by the Shareholders' Meeting.

In extraordinary cases, agreements of a one-time nature for variable cash remuneration may be made, provided that such agreements are made solely on an individual basis for recruitment or retention purposes only, or as compensation for extraordinary efforts beyond the individual's ordinary assignment. Such remuneration shall never exceed the amount of the fixed annual salary and shall not be paid more than once a year per individual. Resolutions on such cash remuneration shall be made by the Board based on a proposal from the Remuneration Committee.

Variable cash remuneration shall not be paid in other cases.

*Incentive programs proposed to the Annual General Meeting 2013*

The Board of Directors proposes that the Annual General Meeting resolves on the implementation of a Share Matching Plan 2013 and a Performance Share Plan 2013.

The terms and estimated costs for the Share Matching Plan 2013 and the Performance Share Plan 2013 are presented in the Board's complete proposal to the Annual General Meeting.

*Other benefits*

All members of the Group Management may be entitled to other benefits in accordance with local practice. The benefits shall contribute to facilitating the executive's discharge of his or her duties. These benefits shall not constitute a material part of the total compensation and shall be equivalent to what is considered reasonable in relation to market practice. Other benefits may for example be a company car, travels, overnight accommodation and medical insurance.

*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 premium based contribution plan where provisions are made annually. For the President and CEO, the provision is equivalent to maximum 35 per cent of the fixed salary. For other senior executives the percentage is based on a set of regulations in the so-called Saab plan. According to this plan, the percentage is dependent on the number of years remaining until the age of retirement upon joining the plan. The aggregate insurance balance should cover a targeted pension from 65 years of age of approximately 32.5 per cent of salary levels between 20 and 30 basic income amounts and approximately 50 per cent of segments above 30 basic income amounts.

All senior executives may also be entitled to strengthened disability pension and survivors' pension.

*Miscellaneous terms*

All executives in the Group Management, including the President and CEO, may terminate their employment with six months' notice. If the employment is terminated by Saab, the notice period is six months, and after the notice period, severance equal to one year's salary is paid. An additional year's salary is payable if no new employment has been obtained in the first 18 months from the time the notice of termination was served.

With respect to employment agreements made after 1 January 2005, and in cases where Saab terminates the employment, a maximum severance pay of 18 months is payable in addition to the six-month notice period. In both cases, any income from termination pay and severance pay will be deducted against income from other employment during the corresponding time.

*Consultant fees to Board Members*

Saab AB Board Members, elected by the Shareholders' Meeting, may in special cases receive a fee for services performed within their respective areas of expertise, separately from their Board duties and for a limited period of time. Compensation for these services shall be paid at market terms.

*Information in the Annual Report note 37*

Note 37 of the Annual Report includes a description of existing remunerations for senior executives, including fixed and variable compensation, long-term incentive programs and other benefits.

**LONG-TERM INCENTIVE PROGRAMS (item 13)****Background and reasons for the proposal**

The Board of Directors finds 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 the long-term incentive programs for employees: (a) Share Matching Plan 2013 and (b) Performance Share Plan 2013.

The purpose of the long-term incentive programs is to stimulate employees to continued loyalty and continued good performance. To participate in the programs the employee is required to invest his/her own money. Furthermore, it is 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 also in 2014 propose long-term incentive programs to the Annual General Meeting.

### **Proposals for Long-Term Incentive Programs 2013**

The proposed long-term incentive programs are structured in accordance with the principles that were adopted at the Annual General Meeting in 2012 and consist of a Share Matching Plan and a Performance Share Plan. The programs in principal comprise the following: The Share Matching Plan covers all employees, including employees who are covered by the Performance Share Plan, and gives the employees the possibility to save up to 5 per cent of the gross salary, for purchase of shares at market price. If the purchased shares are retained by the employee for three years and employment with the Saab Group continues, the employee will be granted a corresponding number of shares free of consideration. The Performance Share Plan is directed at key employees. This Plan gives the employee a certain additional number of shares free of consideration (in addition to the shares granted in the Share Matching Plan) provided that certain pre-determined performance targets are achieved. The savings amount in the Performance Share Plan is maximized to 7.5 per cent of the gross salary, whereof only an amount of maximum 5 per cent of the gross salary can be the basis for allocation of matching shares free of consideration in the Share Matching Plan.

In order to implement the Share Matching Plan 2013 and Performance Share Plan 2013, the Board of Directors proposes that a maximum of 1,340,000 shares of series B in Saab AB 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, please refer to the Board's proposed resolution on acquisition and transfer of own shares, item 14 on the agenda for the Annual General Meeting.

#### **(a) Share Matching Plan 2013**

The Board of Directors proposes that the Annual General Meeting resolves on a Share Matching Plan 2013, including 1,040,000 shares of series B in Saab AB, according to the principal guidelines below.

- 1) All employees within the Saab Group, including employees who are covered by Performance Share Plan 2013, with the exception of what is mentioned in item 3) below, will be offered to participate in the Share Matching Plan 2013.
- 2) Employees who participate in the Share Matching Plan 2013 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 employment within the Saab Group has continued 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 2013 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 be entitled to implement an alternative incentive solution for employees in such countries where participation in Share Matching Plan 2013 is not advisable. Such alternative incentive solution shall, as far as practically possible, correspond to the terms for the Share Matching Plan 2013.

### **(b) Performance Share Plan 2013**

The Board of Directors proposes that the Annual General Meeting resolves on a Performance Share Plan 2013 for up to 286 key employees, including 300,000 shares of series B in Saab AB. These individuals are covered also by Share Matching Plan 2013 for all employees. The principal guidelines of the proposal are listed below.

- 1) Up to 286 key employees, including the CEO, with the exception of what is mentioned in item 3) below, will be offered to participate in the Performance Share Plan 2013.
- 2) Employees who participate in the Performance Share Plan 2013 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 employment within the Saab Group has continued during the entire three-year period, the employee will be entitled to the following matching of shares, free of consideration:

Group 1 Up to 240 employees in Management Teams, certain specialists and Project Managers may be entitled to a performance match of up to one share for each one purchased.

Group 2 Up to 30 Senior Managers may be entitled to a performance match of up to two 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 three shares for each one purchased.

Group 4 The CEO may be entitled to a performance match of up to four shares for each one purchased.

- 3) Participation in the Performance Share Plan 2013 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 be entitled to implement an alternative incentive solution for employees in such countries where participation in Performance Share Plan 2013 is not advisable. Such alternative incentive solution shall, as far as practically possible, correspond to the terms for the Performance Share Plan 2013.
- 4) The terms and conditions of performance match for key employees are based on an average annual percentage growth rate in earnings per share ("EPS") between 1 January 2014 and 31 December 2016, with EPS for the calendar year 2013 as the reference period. Matching of shares occurs between annual average EPS growth 5 and 15 per cent. No allocation of shares will occur if the annual average EPS growth is below 5 per cent. At 5 per cent annual average EPS growth an employee in groups 2 – 4 who participates in the plan will be allocated one share for each one purchased. For an employee in group 1 who participates in the plan the allocation is fully linear. For a participant who has the possibility of receiving more than one share, allocation of additional shares is linear up to 15 per cent annual average EPS growth. Maximum performance matching shares for employees in groups 1 – 4 (i.e. one share, two shares, three shares and four shares respectively) will thus be allocated if the annual average EPS growth is at or above 15 per cent.
- 5) Before the number of performance shares to be matched is 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.

#### **ACQUISITION AND TRANSFER OF THE COMPANY'S OWN SHARES (item 14)**

- a) The Board proposes that the Board for the period until the next Annual General Meeting be authorized to make decisions both on the acquisition of the Company's own shares of series B on NASDAQ OMX Stockholm or through an offer to all shareholders, and, on the transfer of own shares on stock exchange or in other way than on stock exchange with the right to decide on deviations from the

shareholders' preferential rights and that payment be possible in other than monetary form. Repurchase shall be permitted whereby the Company's own holding amounts to a maximum of one tenth of all shares in the Company.

- b)** The Board also proposes transfer of the Company's own shares of series B, in the maximum number of 1,040,000, to the employees in accordance with the long-term Share Matching Plan 2013 described in item 13 a). Further the Company shall have the right to, prior to the next Annual General Meeting, on the stock exchange, transfer no more than 233,000 shares of series B, out of the holding of 1,040,000 shares of series B, in order to cover certain payments, mainly social security payments.
- c)** The Board also proposes transfer of the Company's own shares of series B, in the maximum number of 300,000, to the employees in accordance with the long-term Performance Share Plan 2013 described in item 13 b). Further the Company shall have the right to, prior to the next Annual General Meeting, on stock exchange, transfer no more than 67,000 shares of series B, out of the holding of 300,000 shares of series B, in order to cover certain payments, mainly social security payments.
- d)** The Board also proposes that the Company shall have the right to as a result of the Company's Share Matching Plan 2009, 2010, 2011 and 2012 and the Performance Share Plan 2009, 2010, 2011 and 2012, prior to the next Annual General Meeting, on stock exchange, transfer a maximum of 1,200,000 shares of series B, in order to cover certain payments, mainly social security payments.
- e)** The Board proposes that in the event that the required majority is not reached under item 14 b) and/or 14 c) above, the financial exposure of the Share Matching Plan 2013 and the Performance Share Plan 2013 shall be hedged by the Company being able to enter into an equity swap agreement with a third party, under which the third party shall, in its own name, acquire and transfer shares in the Company to employees covered by the plans. The cost for the swap is presented in the complete proposal.

A valid resolution by the shareholders' meeting according to the proposals under this item 14 a) and d) requires that shareholders representing at least 2/3 of both the votes cast and the shares represented at the meeting vote for the proposals.

A valid resolution by the shareholders' meeting according to the proposals under this item 14 b) and c) requires that shareholders representing at least 9/10 of both the votes cast and the shares represented at the meeting vote for the proposals.

A valid resolution by the shareholders' meeting according to the proposal under item 14 e) requires that shareholders representing more than 50 per cent of the votes cast vote for the proposal or, in case of parity of votes, the Chairman of the meeting being in favour of such proposal.

The purpose of the proposed repurchase facility is to allow the Board increased scope for action in working with the Company's capital structure or the financing of the Company's acquisitions and in accordance with what is described above, to give the Company the possibility to transfer shares to the employees and secure the associated costs under the Company's long-term Share Matching Plans and Performance Share Plans.

## **SHARES AND VOTES**

As of 12 March 2013, the Company has in total 109,150,344 shares, of which 1,907,123 are shares of series A with ten votes per share and 107,243,221 are shares of series B with one vote per share, which together represent 126,314,451 votes. As of the same day, the Company holds 3,216,403 own shares of series B, corresponding to 3,216,403 votes that cannot be represented at the Annual General Meeting.

## **INFORMATION AT THE ANNUAL GENERAL MEETING**

The Board of Directors and the President shall, if any shareholder so requests and the Board of Directors believes that it can be done without material harm to the Company, provide information regarding circumstances that may affect the assessment of an item on the agenda, circumstances that can affect the assessment of the Company's or its subsidiaries' financial situation and the Company's relation to other companies within the Group. Shareholders that wish to submit questions in advance may send them to Saab AB, CEO Office, Box 12062, SE-102 22 Stockholm, Sweden.

## **DOCUMENTS**

Accounting documents and the Audit Report will be available at the Company, Saab AB, CEO Office, Box 12062, SE-102 22 Stockholm, Sweden, and on the website of the Company [www.saabgroup.com/arsstamma](http://www.saabgroup.com/arsstamma) on 15 March 2013. The Auditor's opinion on the application of the remuneration guidelines together with the complete proposals under items 13 and 14 will be available at the Company and on the Company's website (as above) at the latest on 26 March 2013. The documents will be sent free of charge to shareholders who request them and state their address.

**Linköping in March 2013**  
**Saab Aktiebolag (publ)**  
**The Board of Directors**