

Report on how Saab's Nomination Committee has conducted its work for the Annual General Meeting 2011

Background

In accordance with the resolution passed at the Annual General Meeting 2010, and following the waiver by BAE Systems of its right to appoint a representative, each of the four largest shareholders has appointed one representative to constitute, together with the Chairman of the Board of Directors, Saab's Nomination Committee.

The Nomination Committee for the Annual General Meeting of 2011 has been comprised of: Petra Hedengran, Chairman (Investor AB), Peter Wallenberg Jr (Knut and Alice Wallenberg's Foundation), Erik Feldt (Nordea Funds), Thomas Eriksson (Swedbank Robur Funds) and Marcus Wallenberg, Chairman of the Board of Directors. The four owner representatives represent approximately 50 percent of the votes of Saab. BAE Systems, which holds 8.8 percent of the votes, has declared that it supports the recommendations of the Nomination Committee.

According to the resolution of the Annual General Meeting 2010, the Nomination Committee shall make the following recommendations:

- Recommendation for Chairman of the Annual General Meeting
- Recommendation for Board Members
- Recommendation for the Chairman of the Board
- Recommendation for Board fees, allocated among the Chairman and the other Board Members, along with compensation for committee work
- Recommendation for company auditors
- Recommendation for fees to the company's auditors
- Recommendation for appointment of a new Nomination Committee for the Annual General Meeting 2012

The work of the Nomination Committee

The Nomination Committee has held three 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 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 received no proposals for Board Members.

Erik Belfrage and George Rose have declined re-election.

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

At the Annual General Meeting 2010, three new Board Members were elected with competencies within industry and community, strategy and finance. The Nomination Committee has met with Håkan Buskhe, new President and CEO of Saab, and proposes that he is elected to the Board.

Håkan Buskhe became President and CEO on 1 September 2010. He joined Saab from the energy industry where he was President and CEO of E.ON Sverige and E.ON Nordic with operations in Scandinavia and Poland. Håkan Buskhe is 47 years old and holds a Licentiate of Engineering from Chalmers University of Technology.

BAE Systems' representative on the Saab Board, George Rose, has declined re-election as he retires at the end of March 2011 and therefore leaves BAE Systems. Michael O'Callaghan, whom from the year 2007 together with George Rose, represented BAE Systems on the Saab Board of Directors, and declined re-election in 2010 in conjunction with BAE Systems' sale of half of its shareholding in Saab, thereby reducing its right to Board representation according to Shareholders' Agreement with Investor AB, is now proposed to replace George Rose and re-enter the Saab Board. Through his previous three years of experience on the Saab Board, Michael O'Callaghan has acquired great knowledge and insight into Saab's operations. He has solid experience of operational leadership with special emphasis on handling risks in production and financing of civil aircraft. He also has special insight into large parts of Saab's operations in South Africa. He has slightly less experience in the military area, which entails a lesser degree of conflict of interests when these areas are dealt with by the Board.

The Nomination Committee deems that the 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 the company's major shareholders. A full statement on the dependence or independence of the Board Members is available on the company's website.

No increases in board fees or committee compensation are proposed for 2011.

The Nomination Committee proposes that the Board adopt a policy: 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 fee before taxes, exclusive of any committee compensation.

In 2007, the registered accounting firm Ernst & Young was elected as auditor for a period of four years which means that the mandate expires 2011. At the Annual General Meeting in 2009, the registered accounting firm Deloitte was elected as auditor for a period of a maximum of three years. At the Annual General Meeting in 2009, Saab's Board reported that the option to change to one accounting firm had been evaluated and that having one firm would simplify the auditing assignment and coordination between the external audit and the company without quality deteriorating. In 2009, the Nomination Committee therefore recommended to change to only one accounting firm. For the Annual General Meeting 2011, the intention has therefore been to undertake a procurement process in order to select only one firm. Therefore, for the 2011 Annual General Meeting, procurement has been finalised for the services of only one accounting firm.

Saab's Audit Committee has recommended the Nomination Committee to propose to the Annual General Meeting the registered accounting firm PricewaterhouseCoopers AB as Saab's auditor for a period of four years. Based on an extensive qualitative and quantitative evaluation of a number of accounting firms, the Nomination Committee recommends new election of the registered accounting firm PricewaterhouseCoopers AB for a period of four years.

Concerning fees to the auditors for the financial year 2011, since the fees are not currently known, the Nomination Committee recommends the shareholders' meeting to resolve that such fees shall be paid against approved invoices.

The Nomination Committee furthermore proposes that the Annual General Meeting adopt rules on how the Nomination Committee should be elected. These rules shall be valid until such time that new rules are resolved by the Annual General Meeting. The proposal for rules regarding the composition of the Nomination Committee conforms to the principles that applied when the Nomination Committee was elected for 2010/2011.

The Nomination Committee's recommended resolutions

The Nomination Committee makes the following recommendations for resolutions:

- Marcus Wallenberg for Chairman of the Annual General Meeting
- Ten Board Members and no deputy Board Members
- Unchanged Board fees with SEK 1,100,000 to the Chairman of the Board and SEK 425,000 to each of the other Board Members elected by the Annual General Meeting and not employed by the company, with compensation for committee work at SEK 150,000 for the Chairman of the Audit Committee, and SEK 100,000 to each of the other committee members elected by the Annual General Meeting, and SEK 135,000 to the Chairman of the Remuneration Committee and SEK 80,000 to each of the other committee members elected by the Annual General Meeting.
- Auditor's fees to be paid according to approved invoices

- Re-election of Board Members Johan Forssell, Sten Jakobsson, Per-Arne Sandström, Cecilia Stegö Chilò, Åke Svensson, Lena Treschow Torell, Joakim Westh and Marcus Wallenberg and new election of Håkan Buskhe and Michael O'Callaghan. Erik Belfrage and George Rose have declined re-election
- Marcus Wallenberg for Chairman of the Board of Saab AB
- Rules for election of the Nomination Committee at the Annual General Meeting according to the principles for the election of the Nomination Committee 2010/2011. These rules shall apply until such time that the Annual General Meeting resolves on other rules for the election of the Nomination Committee.
- One registered accounting firm as auditor
- New election of the registered accounting firm PricewaterhouseCoopers AB as auditor up until the close of the Annual General Meeting that is held during the fourth financial year after the election of the auditor.

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