

Annual General Meeting of Saab AB (publ) on 19 April 2012

The Board of Directors' proposal for a resolution on long-term incentive programs 2012

Agenda Item 13

Complete proposal

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 2012 and (b) Performance Share Plan 2012.

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 2013 propose the Annual General Meeting long-term incentive programs.

Costs

The total effect on the income statement is estimated to approximately 189 MSEK unevenly distributed over the years 2013 – 2016. The costs shall be compared with Saab's total remuneration costs 2011, including social security fees, amounting to 8,678 MSEK.

The calculations are based on assumptions that all available shares in the Share Matching Plan 2012 and the Performance Share Plan 2012 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 147 MSEK. The compensation costs are distributed over the plan period 2013 – 2016.

Social security charges as a result of transfer of shares to employees on an assumed average share price at matching at SEK 141 are estimated to amount to approximately 42 MSEK. The social security costs are distributed over the term of the plans 2013 - 2016.

Costs that affect the Income Statement and the Cash Flow

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

The cost for acquiring own shares is estimated to maximum 189 MSEK at an assumed share price of SEK 141.

Dilution and effects on key figures

The Company currently has approximately 109 million issued shares. As per 31 December 2011, the Company held 3 818 386 own shares of series B. In order to implement the Share Matching Plan 2012 and Performance Share Plan 2012 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 shares covered by ongoing programs as per 31 December 2011, including shares that cover social security costs, amounted to approximately 2 050 000 shares corresponding to approximately 1.9 percent of the number of issued shares.

Out of the 1 340 000 shares of series B required for the Share Matching Plan 2012 and Performance Share Plan 2012, 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 share price 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 2012 and Performance Share Plan 2012 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 as described below.

The Share Matching Plan 2008, 2009, 2010 and 2011

Under the Share Matching Plans, employees can save up to 5 percent of the gross salary, for purchase of shares of series B on NASDAQ OMX Stockholm. If the purchased shares are retained by the employee for three years after the investment and 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 table below shows 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%
Share Matching Plan 2009	January 2010 – December 2010	2,589	20%
Share Matching Plan 2010	January 2011 – December 2011	2,066	17%
Share Matching Plan 2011	January 2012 – December 2012	2,394	19%

The Performance Share Plan 2008, 2009, 2010 and 2011

Under the Performance Share Plans, up to 286 key employees, including the CEO, can save up to 7.5 percent of the gross salary, for purchase of shares of series B on NASDAQ OMX Stockholm (purchased shares). If the purchased shares are retained by the employee for three years after the investment and employment with the Saab Group continues during the entire three-year period, the employee can, by the Saab Group, be granted shares. Under the Performance Share Plan 2008-2010 the employee can be granted up to two, three, four or five shares for each purchased share under the Plan.¹ Under the Performance Share Plan 2011, the employee can be granted up to one, two, three or four shares for each purchased share under the 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.

The table below shows the period for the 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 ²	November 2008 – October 2009	184	69%
Performance Share Plan 2009	January 2010 – December 2010	120	55%
Performance Share Plan 2010	January 2011 – December 2011	99	39%
Performance Share Plan 2011	January 2012 – December 2012	157	55%

¹ The performance period in the Performance Share Plan 2008 expired in 2011 and resulted in no allocation of performance matching shares.

² No allocation of performance matching shares in Performance Share Plan 2008.

Proposals for Long-Term Incentive Programs 2012

The proposed long-term incentive programs are structured in accordance with the principles that were adopted at the Annual General Meeting in 2011 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 percent 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 2012 and Performance Share Plan 2012, the Board of Directors proposes that a maximum of 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.

The Board of Directors proposes that the Annual General Meeting resolves on (a) Share Matching Plan 2012 that shall cover all employees and (b) Performance Share Plan 2012 for key employees as set out below.

(a) Share Matching Plan 2012

The Board of Directors proposes that the Annual General Meeting resolves on a Share Matching Plan 2012, including 1,040,000 shares of series B, according to the principal guidelines below.

- 1) All employees within the Saab Group, including employees who are covered by Performance Share Plan 2012, with the exception of what is mentioned in item 3) below, will be offered to participate in the Share Matching Plan 2012.
- 2) Employees who participate in the Share Matching Plan 2012 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 2012 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 2012 is not advisable. Such alternative incentive solution shall, as far as practically possible, correspond to the terms for the Share Matching Plan 2012.

Majority requirements

In order for the Annual General Meeting's resolution in accordance with the 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 2012

The Board of Directors proposes that the Annual General Meeting resolves on a Performance Share Plan 2012 for up to 286 key employees, including 300,000 shares of series B. These individuals are covered also by Share Matching Plan 2012 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 2012.
- 2) Employees who participate in the Performance Share Plan 2012 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 250 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 20 Heads of Business Units 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; and
 - 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 2012 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 2012 is not advisable. Such alternative incentive solution shall, as far as

practically possible, correspond to the terms for the Performance Share Plan 2012.

- 4) The terms and conditions of performance match for key employees are based on an average annual percentage growth rate in earnings per share³ ("EPS") between 1 January 2013 and 31 December 2015, with EPS for the calendar year 2012 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. The performance target shall 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 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.

Majority requirements

In order for the Annual General Meeting's resolution in accordance with the 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.

Linköping, March 2012
The Board of Directors

³ Earnings Per Share is calculated by dividing the net income for the Saab Group by the average number of shares outstanding during the period.