



SAAB

INDUSTRIAL CO-OPERATION **- A PARTNERSHIP OF EQUALS**



PROUD TO BE PART OF YOUR FUTURE

At Saab, we believe that everybody should have the right to feel safe. We also believe that our mission is to provide solutions that support our customers in meeting present as well as future challenges. An investment in the security of your nation should therefore be an investment in your future and a generator of independence and economic and industrial growth. Co-operation and long-lasting partnerships are the tools which make such progress possible.

We know about the power of partnership and how to make industrial co-operation an influential instrument for development of the technology industrial base in a country, ensuring industrial growth and lasting benefits.

With Saab as your partner you are joining forces with a group of dedicated professionals committed to pushing technological boundaries to provide solutions for an ever changing world, designed to meet your every requirement and bring you economic and industrial growth.

Accompanied by a powerful network of global business partners and the full support of the Swedish government, we are prepared to support you every step of the way...

...and proud to become part of your future.



OFFSET EXPLAINED
CUSTOMIZED OFFSET AND INDUSTRIAL CO-OPERATION PROGRAMMES DESIGNED TO MEET REQUIREMENTS AND EXCEED EXPECTATIONS.

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REAL GROWTH
SOLUTIONS PROVIDING STATE-OF-THE-ART CAPABILITIES AND THE PRE-REQUISITES FOR REAL JOBS, REAL INVESTMENTS AND KNOWLEDGE ESSENTIAL FOR TRANSFORMING THE FUTURE.

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LASTING EFFECTS
BEYOND OFFSET AND INDUSTRIAL CO-OPERATION PROGRAMMES, A PROSPECT OF VALUE ADDED THROUGH SPINOUTS, PRODUCT DEVELOPMENT AND THE CREATION OF NEW HOME MARKETS.

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PARTNERSHIP FOR THE FUTURE
TWO CENTURIES OF GLOBAL EXPERIENCE TRANSLATED INTO PRODUCTS, BUSINESS MODELS AND THE SUPPORT YOU NEED TO SUCCEED.

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MEETING REQUIREMENTS EXCEEDING EXPECTATIONS

Today, major contracts, particularly in the defence sector, require extensive offset and industrial co-operation programmes as compensation for the large investments made by the customer nations. Requirements for industrial co-operation can represent up to 100% of the sales contract value. Sometimes even more. As a supplier, Saab is committed to provide such compensation programmes involving e.g. investments, production and/or research and development.

This is done through the direct participation of the customer nation's industry in the production and development of the contracted system or by Saab generating investments within national priority areas. These areas can cover high-level objectives ranging from purely military strategic goals, all the way up to overall contribution to the national GDP.

REGULATED IN LAW

Although every customer nation's offset expectation is unique and generally regulated in national policies or laws, it is almost always aimed at generating values through business-driven initiatives. Saab's offset and industrial co-operation programmes are therefore designed to support the nation's desire to enhance its defence technology industrial base, promote micro-economic development and contribute to macro-economic advancements.

PRE-OFFSET INVESTMENTS

Based on the customers' needs, industrial co-operation can be initiated long before there is a contract to sign. Such pre-offset partnerships can create values that pave the way for future investments. That was, for instance, the case in Hungary. In 1994, almost ten years before Hungary signed up for its new Gripen fighters, Saab and other Swedish companies in the Saab network made large investments in Hungary.

One of these companies was Electrolux who made Hungary a production hub for Europe, resulting in thousands of new jobs and increased export revenues.

CATALYST FOR GROWTH

No two countries have identical offset requirements. Some nations prefer investments in infrastructure, some seek work-share on specific industrial programmes, while others look for a spread of activity demanding a combination of investments, skills development, technology transfer and jobs. All are focused on expanding or launching new, sustainable export-oriented manufacturing ventures spanning an array of industrial sectors.

Supported by our powerful network of global business partners, Saab is able to meet customers' specific requirements as well as support their macro-economic objectives. We believe responsible and sustainable development can only be achieved through the delivery of new economic benefits

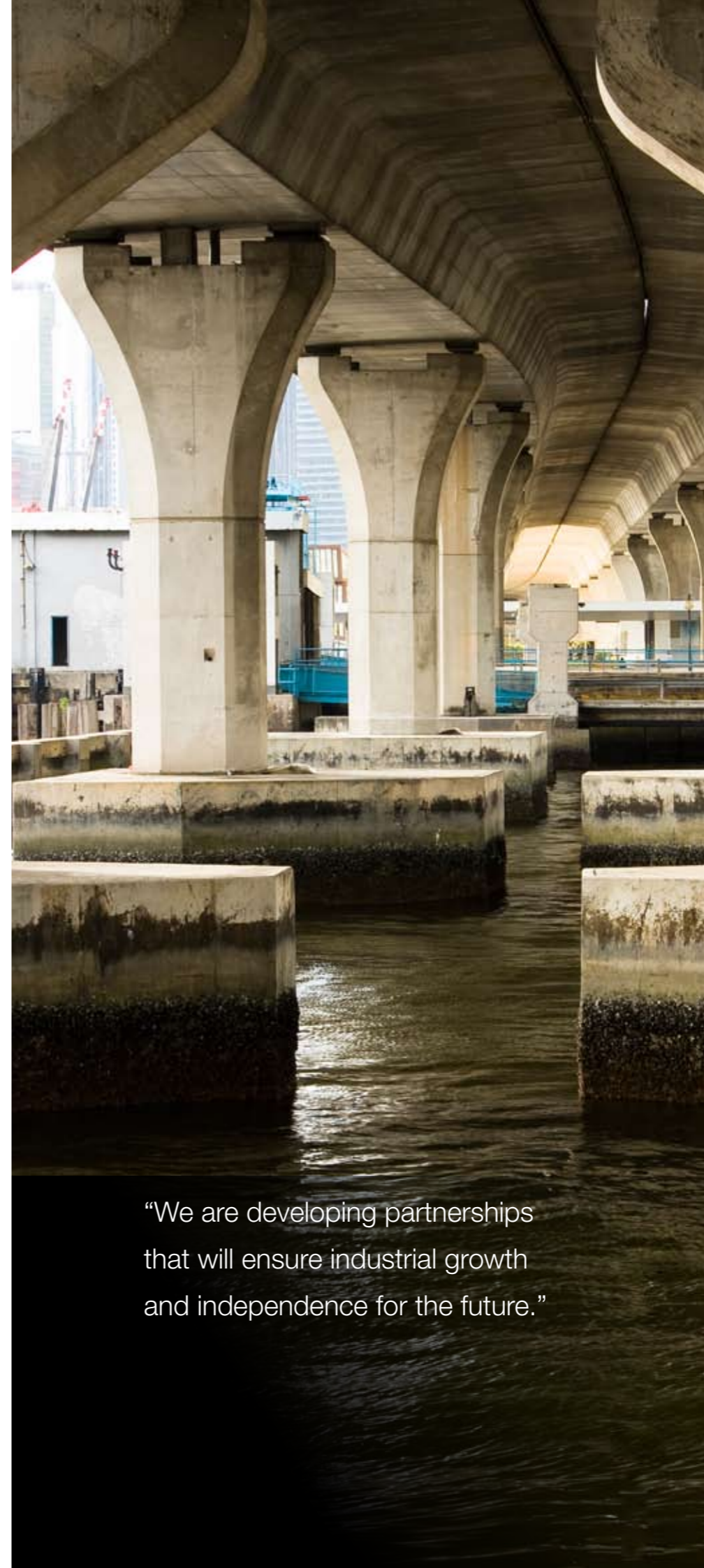
which will continue long after any offset or industrial co-operation target fulfilment deadlines have been met.

TRANSPARENCY

At Saab we recognize that each customer is unique. Therefore, both our product offer and business model are designed to provide the transparency, flexibility and adaptability required for meeting precise customer needs as well as legal requirements.

We know the powerful outcome of close and direct partnerships, related to industry, trade and commerce, life science, science and education or energy and environment. Through customized offset agreements and industrial co-operation programmes, Saab has contributed to a wide range of successful projects in all of these areas.

So, no matter what your priorities are, or which areas you are looking to develop, we promise not only to meet your offset requirements, but also to exceed your expectations.



“We are developing partnerships that will ensure industrial growth and independence for the future.”

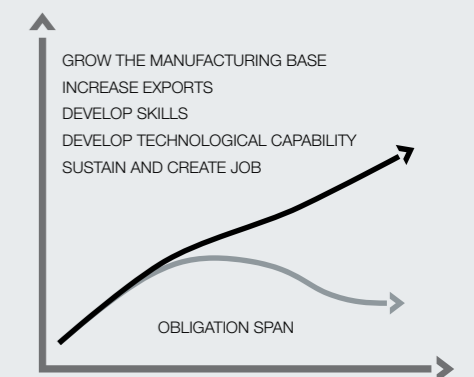
CODE OF CONDUCT - HIGH ETHICAL STANDARDS

Saab works continuously with business ethics and to ensure that we live by our values. Saab's Code of Conduct governs our actions and establishes an overall approach with rules on our individual and collective responsibilities.

Saab's Code of Conduct is based on the OECD's guidelines for multinational companies and the ten principles in the UN's Global Compact and provides clearly defined rules and routines to ensure that accepted business practices are applied in day-to-day operations.

The principles establish zero tolerance of corruption.

INDUSTRIAL CO-OPERATION THE SAAB WAY



- ▶ **The SAAB way**
 Projects using real needs and business opportunities leading to sustained organic growth
- ▶ **The traditional approach**
 Forced or subsidized businesses which die as soon as the offset obligation is fulfilled

REAL JOBS, REAL INVESTMENTS AND KNOWLEDGE TO TRANSFORM THE FUTURE

What would you like to accomplish with our partnership? Would you like to see your industry grow with new products? Your region prosper as new companies establish themselves in the area? Or would you rather build future competence through participation in projects or have us share work with local industries? Take your pick: your needs and requirements will form the basis of our offer. Because, that is what partnership is all about.

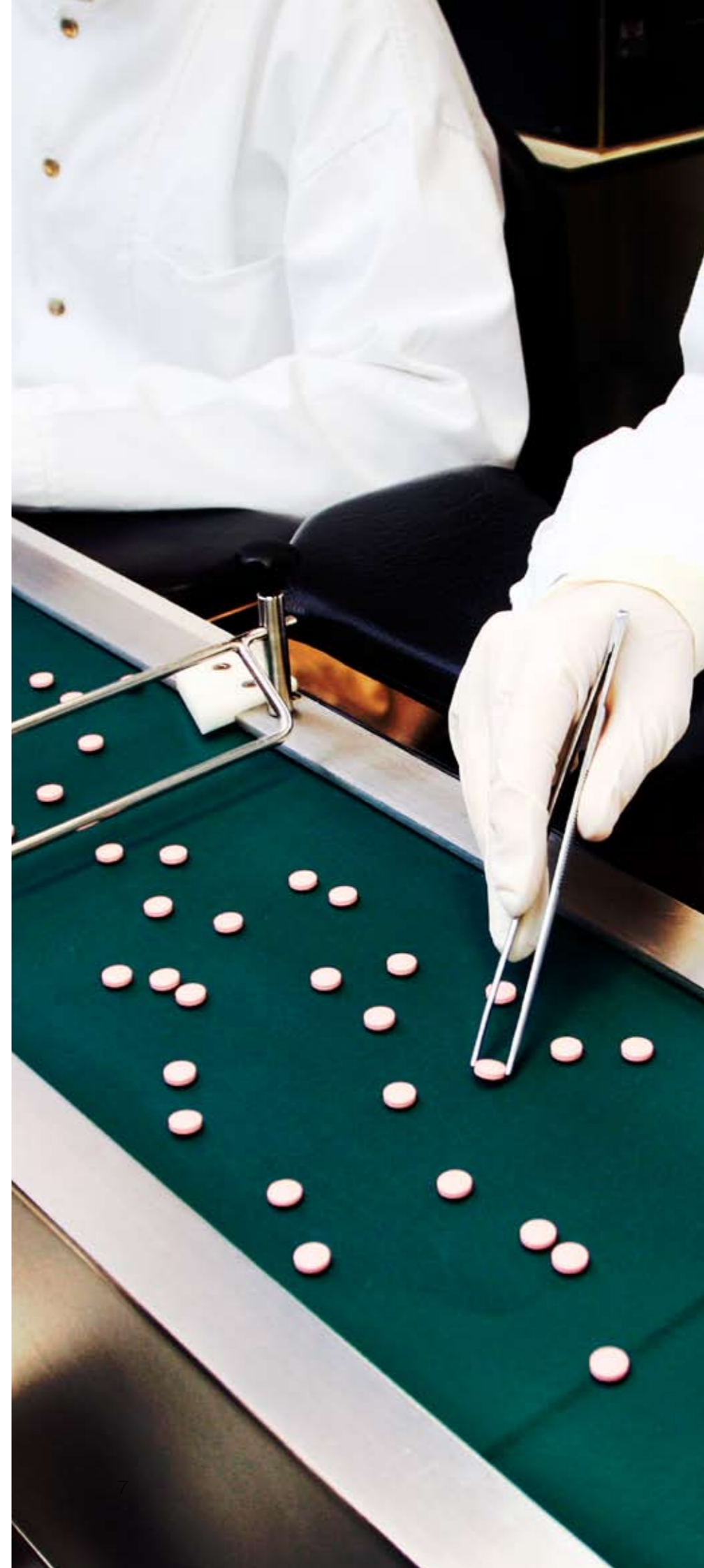
With Saab at your side you are not only joining forces with dedicated professionals committed to meet your every offset obligation and prepared to support the development of a self-reliant and competitive industry. You will also have access to a powerful network of global business partners with the ability to bring you real job opportunities, genuine investments and provide local industries with access to unique know-how and state-of-the-art technologies for military and civilian applications.

CO-OPERATION AND TECH TRANSFER

Traditionally, our industry safeguards its technology and restricts the exchange of knowledge. Today, with our modular, open architecture technology, we are in a position to set our knowledge free and, by way of co-operation and tech transfer agreements, place it at the disposal of our customers and partners. A key factor in meeting strategic priorities and strengthening the competence essential for taking your business into the future is the formation of long-term and direct partnerships between Saab and local industries.

REAL GROWTH AND LASTING BENEFITS

To support industrial progress and genuine economic growth, we have made industrial co-operation and customized partnerships part of our business offering. That way, our solutions represent more than state-of-the-art capabilities – they provide a foundation for job creation, technology transfer and investments paving the way for economic development and national growth.



TEN THOUSAND NEW JOBS IN HUNGARY

One example of how an industrial co-operation agreement can influence the creation of new jobs in a region is that of Hungary. When Hungary signed a lease/purchase contract for 14 Gripen aircraft in 2001, the agreement comprised an offset programme where Saab committed itself to deliver an economic programme representing 110 % value of the lease cost. In June, 2009, seven years ahead of schedule, all obligations were fulfilled and the closing of the Gripen Offsetting Agreement was signed.

A large part of the offset activities were tied to the Swedish household appliance manufacturer, Electrolux. To meet the Hungarian need to improve infrastructure and reduce unemployment in Eastern-Hungary, the company decided to build its biggest refrigerator and freezer base in Europe in this area and opened its factory in 2005. The total investment value was EUR 85 million, plus another EUR 13 million on product development. Today, this facility employs 1,350 people and produces 90% of all Electrolux combi-bottom refrigerators sold in Europe.

In 2005, Electrolux also decided to expand its Hungarian operations and moved its entire European vacuum cleaner production to Hungary. Two million units per year are now made in the Hungarian plant.

The Hungarian investments play a strategic role within the Electrolux Group and Electrolux Lehel Kft. is one of the largest industrial companies in Hungary.

Other job-generating investment schemes include the car parts manufacturer, Haldex, the industrial filters manufacturer, Halton Clean Air, the phone company, Ericsson, the biopharmaceutical company, Astra Zeneca, and a number of Electrolux suppliers. A majority of the Swedish companies active in the Hungarian market are owned by Investor, who is also the owner of the SAAB group.

To date, more than 10,000 new jobs have been created in Hungary as a result of the Gripen offset agreement and Saab's industrial co-operation commitment.

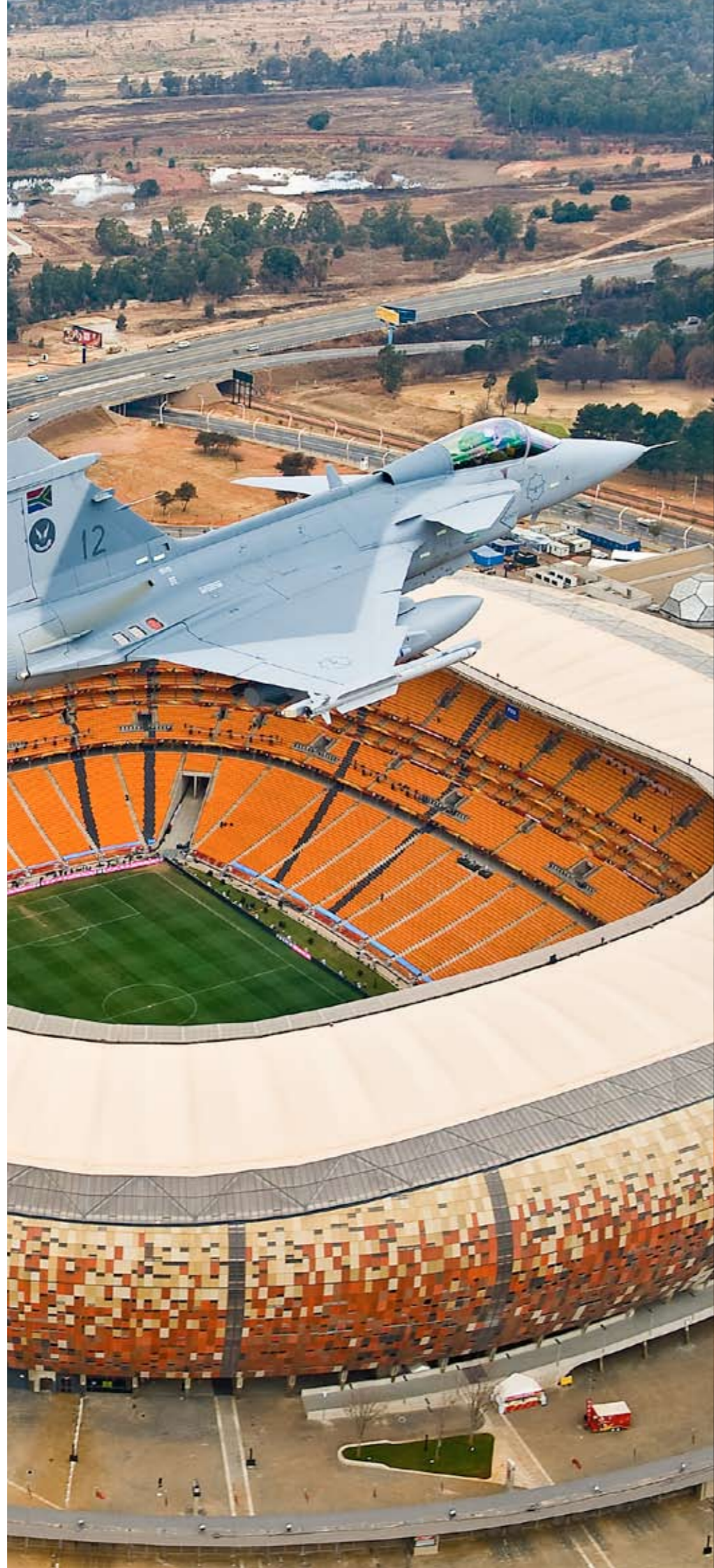
A CATALYST FOR ECONOMIC GROWTH IN SOUTH AFRICA

When South Africa signed a contract for 26 Gripen aircraft, the industrial co-operation programme attached was a major deciding factor. A programme that was tailored to deliver sustainable economic growth by increased investments, improved local and export sales, as well as by transfer of technology to the defence and aerospace industry.

Through the formation of Saab South Africa (SSA) Saab became deeply engaged in the transformation and development of the South African defence industry. Today, Saab owns a 20% shareholding in Denel Saab Aerostructures (DSA), the leading aerospace company, and has made Grintek, a manufacturer of Electronic Warfare systems, part of Saab South Africa.

These investments have paved the way for a number of industrial participation projects, amongst them the build-up of a Flight Test Centre in co-operation with DSA and the local company Incomar. DSA is also manufacturing Rear Fuselages and Pylons for Gripen.

By investing in projects with real strategic and commercial potential, Saab has been able to implement over one hundred industrial co-operation projects. The ventures embrace a wide spectrum of defence and civil sectors including aerospace; agriculture; mining and minerals processing; medical research; automotive manufacturing and timber production.



TECH TRANSFER - TAILOR-MADE FOR AN INDIGENOUS INDIA.

It is our belief that a fighter aircraft sale is not merely about selling defence equipment, but a huge opportunity for co-operation between the industries of the countries involved. Therefore, the Gripen offer to India comprises a unique industrial co-operation proposal providing an unrivalled technological and knowledge exchange.

The proposal is tailored to support India's ambition to be an independent global player within the defence technology market, with a special focus on aerospace technology. Through our transfer of technology programmes, India is guaranteed full access to Saab's aircraft technology on all levels by means of the transfer of unique and highly advanced competencies.

The formation of long-term and direct partnerships between Saab and local Indian industries is a key factor in delivering successful technology transfer.

A first step in that direction is the collaboration between Mahindra Satyam and Saab, which was announced on 3 November, 2010. The two companies have already initiated the creation of a Centre of Excellence for net centric warfare that will be a development centre for mission-critical applications and C4I solutions for global opportunities, accessible to either of the partners. One of the first jointly addressed activities under this initiative is the battlefield management system (BMS) proposed for the Indian Army.

More recently, Saab has also initiated closer collaboration with Indian suppliers with the ability to produce metallic and composite work packages. Today, a number of such work packages have been placed and industrialized.

This means that India is already reaping the benefits of its partnership with Saab.

WITH SAAB BUY NEVER MEANS BYE

When delivering an offset or an industrial co-operation commitment, the purpose is always to create new business opportunities that go beyond offset and industrial co-operation agreements.

These include for instance, spinouts or joint ventures together with partners, product development programmes in close co-operation with local industries, establishing Saab companies on local markets, or the establishment of social programmes.

A wide ranging and extensive experience of projects will show you that with Saab, buy never means bye. Over the years we have proved that our long-term commitment goes far beyond offset and industrial co-operation agreements. Here are some examples:

EMPOWERING INNOVATIVE IDEAS BY WAY OF SPINOUTS

Over the years Saab has managed a number of innovations through creating external spinouts. One recent entrepreneurial business that has been established outside our existing business and developed in co-operation with partners is Minesto – an energy company that explores the vast, renewable and abundant ocean power resource.

Minesto develops a new concept for tidal power plants called Deep Green. It is based on a fundamentally new principle for electricity generation from tidal currents. The power plant is applicable in areas where no other known technology can operate cost effectively due to its unique ability to operate in low velocities. Deep Green technology converts energy from tidal stream flows into electricity by way of a novel principle, somewhat similar to the posture of a

wind kite. The kite assembly consists of a wing and turbine and is attached by a tether to a fixed point on the ocean bed.

Development of the Deep Green technology for a new type of tidal power plant started within the Saab Group in 2003. After four years of technological and commercial evaluation, Minesto was formed in 2007 and continued the journey towards commercialization outside Saab.

The Minesto team is backed by several prominent industrial R&D adherents

This is an example of how Saab's core competencies can be utilized for development of new products and new markets in cooperation with partners and industry in new branches.

Minesto was on Time Magazines list of 2010 year's 50 best inventions.



COLLABORATION THROUGH PRODUCT DEVELOPMENT

Akaer is a Brazilian engineering company and one of the major suppliers of development services to the Brazilian aerospace and defence industry. In 2009, an agreement was signed with Saab regarding development and production of the rear and intermediate fuselage sections, wings and landing gear doors for Gripen NG – the next generation Gripen fighter.

As the agreement was signed, Brazilian engineers were stationed in Sweden to acquaint themselves with the NG project, participating in the development, and learning about Saab's requirements and methods in the form of technology transfer through "on the job training".

During 2010, the Akaer team participated in the conception phase including design, stress, tooling and industrialization. The activity migrated to the company's certified facilities in Brazil in the course of the year. Late in October, 2010, Akaer released to Saab the first 3D model and production drawing of the Gripen NG in São José dos Campos. It was the first drawing release of a supersonic fighter aircraft ever developed in Brazil, and a major step in building a strong and sustainable partnership between Saab and Brazil.

CREATING FOOTPRINTS

Saab's industrial co-operation commitment is an obligation that often lasts for decades and includes close collaboration with local industries. Sometimes such close partnerships create a foundation for something more lasting and permanent, as was the case in Australia and South Africa. What started as purchases of a combat system and a fighter aircraft, culminated in the making of two new home markets for Saab.

SAAB BECOMES AUSTRALIAN

It all started in the 1980s, when the Australian and New Zealand navies decided on ten new ANZAC class frigates. Instead of purchasing vessels from overseas they were to be built in Australia, thereby enhancing the country's industrial capability.

In 1988, Saab received the contract regarding combat systems integration in the new frigates. Key requirements were the provision of a system to meet specifications, extensive transfer of technology and the formation of a Saab company based in Australia.

Saab quickly established itself and grew to become a 'top ten' Australian defence company and a trusted partner in capability development and sustainment for the Australian Defence Force.

Saab has continued to further develop its systems integration capabilities and been awarded a new contract for an upgraded version of the 9LV combat management system for the ANZAC class as well as a 9LV contract for the new CANBERRA class amphibious warfare ship.

Today, combat systems integration is only one of several successful business areas for Saab in Australia, which has now diversified its operations into army battlefield systems as well as systems for civil security.

SAAB BECOMES SOUTH AFRICAN

As a Gripen customer nation – with the establishment of Saab South Africa and many investments made in the country – South Africa has grown to become yet another home market for the Saab brand.

Industrial and economic growth are not the only benefits generated through the industrial partnerships that have been established between Saab and local industries. Saab South Africa is also supporting a wide range of projects that while not included in the offset agreement, are of the greatest importance for South Africa's future.

HEALTHCARE – Saab has made substantial funds available to promote HIV/AIDS awareness, with a particular focus on community information and education.

COMMUNITY PROJECTS – Saab also supports community projects that seek to contribute to economic independence and sustainable development among previously disadvantaged communities.

EDUCATION – Saab makes grants to universities and offers bursaries to needy and promising students in engineering-related fields. Over the years, Saab has supported technical training for artisans and technicians from previously disadvantaged backgrounds in a number of disciplines relevant to the aerospace, automotive, and other industries through, among others, Tshwane South College of Technology.



ADVANCED TECHNOLOGICAL PROJECTS – A GOOD INVESTMENT FOR SOCIETY

Gunnar Eliasson, Professor of Industrial Economics at the Royal Institute of Technology in Stockholm, Sweden, has conducted a study of the spillover effects that advanced technological development generates. As a case study, he used Gripen. The results show that the original investment in research and development in the Gripen project has been repaid to Swedish society at least 2.6 times over. (If the spillover multiplier had been 1, Gripen's development would not have cost society anything.)

Technology clusters tend to form around all advanced production, which other companies can readily utilise based on their capabilities. Gunnar Eliasson's study shows that the Gripen project has been a technology driver that has created a broad range of spillovers in Swedish industry and contributed to Sweden's status as a high-tech industrial nation. In his case study, Eliasson identified and calculated the value of the civil production created by Gripen's spill over effects, the value of the civil and military exports that Gripen technology has facilitated and the value of the resultant entrepreneurial spin-offs.

Sweden is home to many leading international companies. Over the years, Saab and other Swedish companies have demonstrated a unique ability to support customers with long-term industrial co-operation activities designed to provide new business opportunities in a wide range of sectors, producing a positive influence on the customer nation's economy as a whole.

MEET YOUR PARTNER'S **PARTNERS**



TWO CENTURIES WITH A GLOBAL MINDSET

With our industrial roots going all the way back to Alfred Nobel, the inventor of dynamite and the founder of the Nobel Prize, we have been operating and co-operating in the international arena for more than hundred years. So, whether your vision is to increase your national security, industrial growth or independence, we can provide the products, the business models and the support you need to succeed every step of the way.



BUILDING THE FUTURE TOGETHER

Whatever challenges you are facing, with Saab's Industrial Co-operation programmes you will have access to knowledge and technologies that will have a significant influence on the future we are building together.



TRUSTWORTHINESS - OUR INDUSTRIAL HERITAGE

Swedish industry has always been forced to rely on its own resources and talents. This ability, or innovative spirit if you wish, is what has made Saab one of the world's leading high-technology companies.

But, that is not all. Saab is also a representative of an industrial tradition characterized by strong commitments, honesty and an ambition to bring benefits to both ourselves and our customers. Because, if there is one thing our history can teach us, it is that although business is something that takes place between companies, it is only people and relationships that can make it happen.

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