

**SAAB**

PRESS INFORMATION

Handläggare *Handled by*

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Datum *Date*

July 4, 2005

Referens *Reference*

CU 05:056 E

Provisions regarding the Helicopter program

On 31 January 2002, Saab signed the contract with NH Industries (NHI) regarding delivery of systems to the 18 helicopters that FMV ordered from NHI. The delivery primarily applies to a so-called Tactical Mission System (TMS) – a command and control system that makes up a part of the helicopter's electronics. The value of the contract amounts to SEK 2 billion.

During the second quarter, a thorough internal auditing of the program has been performed. We can state that development of the system is greatly delayed leading to unavoidable additional costs compared with the original cost estimate. We feel that a provision is necessary already in the second quarter interim financial statement, which means that the income for 2005 will be charged with SEK 250 million. These estimated additional costs were not taken into consideration in the profit forecast provided in the interim report published 21 April 2005.

“Saab's business operations are characterized by complex development assignments on the front edge of technology. During the years we have pursued several significant development programs and dealt with the associated risks with great success. I regret this provision that we are now forced to make, which is primarily caused by unclear points concerning the project specification at the time of the signing of the contract and also related issues about the time schedule for the implementation of the project”, says Saab's President Åke Svensson.

Saab is one of the world's leading high-technology companies, with its main operations focusing on defense, aviation and space. The group covers a broad spectrum of competence and capability in systems integration.

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