



KONGBERG

To the shareholders in Kongsberg Gruppen ASA

NOTIFICATION OF THE ANNUAL GENERAL MEETING 2016

The Board of Directors notifies shareholders of the Annual General Meeting of Kongsberg Gruppen ASA.

Time: Monday, 9 May 2016 kl. 10:00 a.m.

Place: Conference Centre, Kongsberg Technology Park, Kirkegårdsveien 45, Kongsberg, Norway

In accordance with § 5-12, first subsection, of the Norwegian Companies Act and § 8 of the Group's Articles of Association, the Annual General Meeting will be brought to order and chaired by the Chair of the Board.

The following items are on the agenda:

1. Approval of the notification and the agenda

The Board of Directors proposes that the General Meeting adopts the following resolution:

"Notification and agenda approved."

2. Election of a co-signer for the minutes

According to KONGSBERG's articles of association the Chair of the Board of Directors will lead the Annual General Meeting. The chair will in the Meeting propose one of the delegates to co-sign the minutes.

3. Briefing by the CEO

4. Treatment of the report on corporate governance

The Board's statement for corporate governance is available on the Company's internet page www.kongsberg.com.

5. Approval of the Financial Statements and Directors' Report for the parent company and the Group for fiscal 2015

The Board's proposal to the financial statements, the Director's Report for the parent company and the group for fiscal year 2015, as well as the auditor's report, is available on the company's internet page www.kongsberg.com.

The Board of Directors proposes that the Annual General Meeting adopt the following resolution:

"The financial statements for the parent company and the Group for fiscal year 2015 are acknowledged. The Directors' Report is also approved. The Auditor's Report is taken into consideration."

6. Payment of dividends

The parent company, Kongsberg Gruppen ASA, posted a net profit of MNOK 277 in 2015. The Group posted a net profit of MNOK 755 in 2015. Earnings per share is NOK 6.23. The Group's financial soundness is deemed satisfactory.

The Board recommends to the General Meeting that the ordinary dividend for the fiscal year 2015 is set to NOK 4.25 per share. The dividends will be applicable to the company's shareholders per end of 9 May 2016 (as listed in the VPS Registry on 11 May 2016). The company's shares will be traded on the Oslo Stock Exchange exclusive dividends as from 10 May 2016. The dividend will expectably be paid out on 26 May 2016.

The Board of Directors proposes that the Annual General Meeting adopts the following resolution:

"The Board's proposal of a dividend of NOK 4.25 per share for 2015 is approved. The dividends will be applicable to the company's shareholders per the end of 9 May 2016 (as listed in the VPS Registry on 11 May 2016). The company's shares will be traded on the Oslo Stock Exchange exclusive dividends as from 10 May 2016. The dividend will expectably be paid out on 26 May 2016."

7. Remuneration to the Directors

The Nominating Committee has proposed that the collective compensation to the directors, applicable from 9 May 2016 till next Annual General Meeting, be stipulated at NOK 2 028 000.

The Chair of the Board will receive NOK 445 000, the Deputy Chair NOK 239 000 and the other Directors NOK 224 000. Deputy Directors will receive NOK 11 200 per meeting.

In addition, the members of Audit Committee will receive NOK 9 900 per meeting, up to a maximum of NOK 48 000 per year (Chair NOK 11 200 per meeting, up to a maximum of NOK 54 500 per year).

The members of the Compensation Committee will receive NOK 9 200 per meeting, up to a maximum of NOK 44 500 per year (Chair NOK 10 400 per meeting, up to a maximum of NOK 50 500 per year).

The proposal of the Nominating Committee are available in its entirety on the company's internet site www.kongsberg.com.

The Board proposes that the General Meeting adopts resolutions in compliance with the Nominating Committee's recommendations:

"The Board's members receive the following remuneration from 9 May 2016 to the next Annual General Meeting:

The Board of Directors:

*Chair of the Board: NOK 445 000 per year
(up NOK 13 000, most recently adjusted in 2015)*

*Deputy Chair: NOK 239 000 per year
(up NOK 6 000, most recently adjusted in 2015)*

*Directors: NOK 224 000 per year
(up NOK 6 000, most recently adjusted in 2015)*

*Not permanent oncoming Deputy Directors: NOK 11 200 per meeting
(up NOK 300, most recently adjusted in 2015)*

The Audit Committee:

*Chair: NOK 11 200 per meeting (up NOK 300, most recently adjusted in 2015),
maximum NOK 54 500 per year*

*Member: NOK 9 900 per meeting (up NOK 300, most recently adjusted in 2015),
maximum NOK 48 000 per year*

The Compensation Committee:

*Chair: NOK 10 400 per meeting (up NOK 300, most recently adjusted in 2015),
maximum NOK 50 500 per year*

*Member: NOK 9 200 per meeting (up NOK 300, most recently adjusted in 2015),
maximum NOK 44 500 per year."*

8. Remuneration to the members of the Nominating Committee

The Board proposes that the members of the Nominating Committee receive NOK 4 000 per meeting and the chair of the Nominating Committee receives NOK 5 400 per meeting applicable from 9 May 2016 till the next Annual General Meeting. The Nominating Committee held ten meetings during the period under review.

The Board of Directors proposes that the Annual General Meeting adopts the following resolution:

"Members of the Nominating Committee will receive the following compensation, applicable from 9 May 2016 to the next Annual General Meeting:

Chair of the Nominating Committee: NOK 5 400 per meeting

Members of the Nominating Committee: NOK 4 000 per meeting."

9. Remuneration to the Auditor

In 2015, NOK 886 000 was paid to the company's auditing firm Ernst & Young AS for audit-related services for the parent company Kongsberg Gruppen ASA. The Group paid a total of NOK 9 275 000 for audit-related services and NOK 7 406 000 for other services. The Board proposes the remuneration to the company's auditor for 2015 of NOK 886 000 for the ordinary audit of the parent company to be approved.

The Board of Directors proposes that the Annual General Meeting adopts the following resolution:

"For 2015, the payment of remuneration of NOK 886 000 paid to the Group's auditor for ordinary auditing services for the parent company is approved."

10. Approval of the declaration on salaries and other remuneration for senior management

The Company refers to the declaration included in the annual report for 2015, and as a separate attachment to this notice.

Guidelines for allocation of shares, subscription rights, options and any other form of remuneration stemming from shares or the development of the official share price in the company or in other group companies are binding for the Board of Directors when approved by the General Meeting. Such guidelines are described of the Board of Director's declaration on salaries and other remuneration for senior management, see in particular "Remuneration connected to shares or share price trends". Other guidelines are not mandatory for the Board of Directors. If the Board of Directors in an agreement deviates from these guidelines, the reasons for this shall be stated in the minutes of the Board of Directors' meeting.

An advisory vote shall be held for the guidelines that are not mandatory for the board of directors. Binding guidelines shall be approved by the General Meeting. The Board of Directors proposes that an advisory vote is held for the guiding guidelines.

The Board of Directors further proposes that the General Meeting makes the following resolution with respect to binding guidelines of the declaration:

"The General Meeting approves guidelines in the Board of Director's declaration on salaries and other remuneration for senior management that relates to remuneration connected to shares or share price trends in the company or in other group companies."

11. Determination of instructions to the Nominating Committee and amendment of §9 of the Articles of Association

The current instructions for the Nominating Committee was recently revised by the Ordinary Annual General Meeting on 8 May 2007. The instructions are designed after the Norwegian Recommendation for Corporate Governance, which last updated 30 October 2014 ("**Recommendation**"). The company has made a review of the current instructions and prepared suggestions for the updated instructions that correspond to the latest Recommendation, and that is attached hereto on the company's internet site.

The changes in the updated instructions include mainly:

- (a) It is suggested an introduction clause which clarifies the position of the Nominating Committee internal in relation to the other corporate bodies by the Nominating Committee to be a preparatory body for the General Meeting.
- (b) It is suggested that it should belong to the Nominating Committee to present a proposal for remuneration to the members of the Nominating Committee.
- (c) It is suggested that the Nominating Committee should monitor the need for changes in the composition of the Nominating Committee and the Board of Directors.
- (d) It is proposed that the Nomination Committee shall consist of 3-4 members, against today's 3. The increase to four members is intended in order to secure an expansion of the Committee's overall expertise and network, in addition to make the Committee more robust if a person is not present in a meeting or more permanent absent during the election period.
- (e) It is suggested an expressly regulation that Board members, General Manager or other senior staff should not be a member of the Nominating Committee.

- (f) It is suggested a regulation that if the Chair of the Nominating Committee resigns in an election period, the Nominating Committee select its leader until the new leader is elected by the General Meeting.
- (g) It is proposed an expressed regulation that the General Meeting may decide to replace the members of the Nominating Committee prior to the expiration of the service time.
- (h) In the extension of that, the Committee may be expanded with one member it is suggested that the Nominating Committee should be a quorum when the Chair of the Committee as well as at least two of the members of the Nominating Committee are taking part in the treatment of a case. The current instructions provides that all members will participate.
- (i) It is suggested that the Nominating Committee should have the opportunity to seek advice and recommendations from sources outside the company under the condition of due information management, and that the company should cover the costs related to the work of the Nominating Committee.
- (j) It is proposed a regulation that the Nominating Committee shall seek to promote proposals that are representative of the shareholder community in general, and to ensure that the Committee's recommendations are rooted among the company's largest shareholders.
- (k) It is proposed a regulation that stipulates that the Nominating Committee in its recommendations should take into account the fulfilment of the requirements of independence as follows of the Norwegian Recommendation for Corporate Governance and Corporate Management.
- (l) It is proposed a regulation that sets out requirements for the recommendation from the Nominating Committee, including the requirements for justification and presentation of candidates.
- (m) It is suggested that the recommendation from the Nominating Committee shall include a statement that the proposed Board of Directors of the company meets the formal requirements of composition according to the company's Articles of Association and law.
- (n) Finally, it is suggested that the Nominating Committee's recommendation should explain how the Committee has worked.

It is also made other linguistic changes and adaptations.

The Nominating Committee is laid down in the Articles of Association for Kongsberg Gruppen ASA, and the changes that are proposed in the updated instructions are also relevant for the regulation of the Articles of Association. This applies to the number of members of the Committee and the possibility for the Committee to choose new leader among its other members if the Chair of the Nominating Committee resigns. In addition, implies the changes in the instruction an update of some other parts of the articles of the regulation. It is therefore proposed a change of Article 9 relating to the Nominating Committee.

The Board of Directors proposes that the Annual General Meeting adopts the following resolution:

"The General Meeting approves the updated instructions for the Nominating Committee.

Article 9 in present text reads as follow:

"The Nominating Committee shall consist of three members who shall be shareholders or representatives of shareholders. The members of the Nominating Committee, including the chair shall be elected by the Annual General Meeting. The Nominating Committee shall submit its roster of candidates to the General Meeting to elect the members of the Nominating Committee. The term of office is two years. Based on a recommendation from the Board of Directors, the General Meeting shall stipulate the compensation to be paid to the Nominating Committee's members.

The Nominating Committee shall present to the Annual General Meeting its recommendations for the election of and remuneration to the Directors and Deputy Directors on the Board. The Chair of the Board shall, without being enfranchised to vote, be called in to at least one meeting of the Nominating Committee before the Nominating Committee presents its final recommendation."

to be changed to read:

"The Nominating Committee shall consist of three or four members who shall be shareholders or representatives of shareholders. The members of the Nominating Committee, including the Chair, shall be elected by the General Meeting. The term of office for members of the Nominating Committee is two years. If the Chair of the Nominating Committee resigns his Commission in an election period, can the Nominating Committee choose the new Chair among the members of the Nominating Committee with the function of time for the remaining part of the new Chair's period.

The Nominating Committee shall present to the General Meeting its recommendations for the election of and remuneration to the Directors and Deputy Directors on the Board and the Nominating Committee.

The General Meeting sets out instructions for the Nominating Committee."

12. Election of members of the Nominating Committee

All members of the Nominating Committee are up for election. The Nominating Committee of Kongsberg Gruppen ASA has made a recommendation with rationale for election of members to the Nominating Committee. The recommendation is available in its entirety on the company's internet page www.kongsberg.com.

According to the Nominating Committee's recommendations The Board proposes that the General Meeting adopts the following resolutions:

Given that the General Meeting do not adopts item 11, a Nominating Committee with three members are to be elected:

"The following representatives is elected as members of the Nominating Committee of Kongsberg Gruppen ASA: Morten S. Bergesen (Chair), Morten Strømgren and Vigdis Almestad."

Given that the General Meeting do adopts item 11, a Nominating Committee with four members are to be elected:

"The following representatives is elected as member of the Nominating Committee of Kongsberg Gruppen ASA: Morten S. Bergesen (Chair), Morten Strømgren, Vigdis Almestad and Jon Hindar."

13. Authorisation for the acquisition of treasury shares

At the Annual General Meeting held on 7 May 2015, the Board was given authorisation to buy treasury shares up to a limit of NOK 7 500 000 (5% of the company's share capital). The authorisation applies for Ordinary General Meeting in 2016. Kongsberg Gruppen ASA's Board of Directors believes it would be prudent for the company if the Board retains its authorisation to acquire treasury shares for use in conjunction with the share programme for the Group's employees, to the part of the Executive Management's fixed-wage that they have to buy shares for and as whole or partial settlement for acquisitions.

The Board of Directors therefore proposes that the Annual General Meeting adopts the following resolution:

- "(a) Pursuant to § 9-4 of the Norwegian Companies Act, the Board is authorised to acquire treasury shares for a total maximum nominal value of NOK 7 500 000.*
- (b) The authorisation may be re-used.*
- (c) The Board's acquisition of shares pursuant to this authorisation can be exercised only between a minimum price of NOK 25 per share and a maximum price on NOK 300 per share.*
- (d) The authorisation shall apply until the next Annual General Meeting, but no later than 30 June 2017.*
- (e) The acquisition of shares pursuant to the authorisation shall take place on the market. The disposal of the shares acquired will take place on the market, unless the shares are used in conjunction with employee share programmes or as whole or partial payment for the acquisition of business activities."*

The financial statements, the Director's Report and auditors' report, the Board's statement on corporate governance, the Board's statement on salaries and other compensation to senior executives Pursuant to § 6-16a of the Public Limited Companies Act and the recommendation from The Nominating Committee is available on the Company's internet page www.kongsberg.com. One can also contact the company by telephone at +47 468 27 499 and ask to receive the Annual Report and other documents concerning matters to be dealt with at the General Meeting by post.

On the date of notification, Kongsberg Gruppen ASA had 120 million shares outstanding. Each share grants entitlement to one vote at the General Meeting. On the date of notification, the company owned [349.459] treasury shares, which cannot be voted. All shareholders are entitled to attend the General Meeting and to be heard, either personally or by proxy. Shareholders are entitled to be accompanied by an adviser, and may grant the right to speak to one adviser. Shareholders have on certain conditions, also the right to make alternative proposals to the decision in the matters the General Meeting to process. Shareholders may require that Board members and the Managing Director at the General Meeting gives available information about conditions that may influence the assessment of cases that are referred to the shareholders for decision. The same applies to information about the company's financial position and other issues that the General Meeting should process, unless the information required, cannot be given without disproportionately damaging to the company.

Information relating to the Annual General Meeting, including this notification with attachments and the Company's Articles of Association, are available on the Company's internet page www.kongsberg.com.

If you are planning to attend the Annual General Meeting, please submit this attendee slip to **Kongsberg Gruppen ASA** c/o DNB Bank ASA, Securities Service, P.O. Box 1600 Sentrum, NO-0021 OSLO, or to e-mail: genf@dnb.no by **12 noon on Friday 6 May 2016 at the latest**. Register of attendance can also be made on Kongsberg Gruppen ASA's internet page www.kongsberg.com (or through Investor Services).

Shareholders who would like to participate by proxy **have to** submit the enclosed authorisation slip to **Kongsberg Gruppen ASA** c/o DNB Bank ASA, Securities Service, P.O. Box 1600 Sentrum, NO-0021 OSLO, or e-mail to: genf@dnb.no, to be received by DNB Bank ASA, Securities Service, within **Friday 6 May 2016 at 12.00**, or give a written, dated and signed proxy as presented by the clerk of the General Meeting.

Authorisation may be given to the Chair of the Board Finn Jebsen or another executive.

The company's representatives will only accept authorisations that are bound to the specifications on how the proxy shall vote in each matter and which are received within the said time limit. Authorisation may only be granted as described before (not via the Investor Services or the company's internet page). *An authorisation issued electronic (and thus without voice instructions) will be rejected/deleted.*

It is of Kongsberg Gruppen ASA's point of view that neither the real shareholder or the Manager has the right to vote for the shares that are registered on the Manage account in VPS, cf. Public Limited Companies Act § 4-10. Shareholders who hold their shares in a fund manager account in the VPS and who would like to cast votes for such shares, after the company's assessment must transfer the shares to a VPS account in their own name before Friday 6 May 2016 to be assured of being able to cast votes for such shares. If the shareholders will make that it's taken steps necessary to transfer, and the shareholder has real shareholder-interest in Kongsberg Gruppen ASA, the shareholder may, after the company's opinion, vote for the shares, even if the shares are not yet registered on a separate VPS account.

Kongsberg, 18 April 2016
For the Board of Directors of Kongsberg Gruppen ASA



Finn Jebsen
Chair of the Board