

## **R E C O M M E N D A T I O N**

### **FROM**

#### **THE NOMINATING COMMITTEE - KONGSBERG GRUPPEN ASA 2010**

Since the General Meeting in 2010, the Nominating Committee for Kongsberg Gruppen ASA has consisted of Sverre Valvik (chair), Knut J. Utvik and Alexandra Morris. The Committee has, since the annual general meeting in 2011 had two meetings and telephone conferences, as well as correspondence by e-mail.

The Nominating Committee met with Chair of the Board Finn Jebsen to review the Board's self-evaluation. The Committee has also been in touch with the largest shareholders to get their input for the Committee's work. Pursuant to the Norwegian Recommendation on Corporate Governance, KONGSBERG has also made it possible for shareholders to nominate candidates for seats using the company's Internet portal. No nominations were made through this channel in 2012.

#### **Election of shareholder-elected Board Directors**

All five shareholder-elected Board Directors were elected at the Annual General Meeting on 9 May 2011, with a term of office until the Annual General Meeting in 2013.

The Nomination Committee has received a proposal from the Government through the Ministry of Industry and trade, proposing that Roar Flåthen is elected as new Director of the Board of Directors of Kongsberg Gruppen ASA. Flåthen worked at Kongsberg Våpenfabrikk in a number of years where he also was the local union President until 1989. Flåthen has since held leading positions in the trade union and the last five years he has been the Leader of the Norwegian Confederation of Trade Union (LO). Through his work experience Flåthen has gained significant knowledge of both the Norwegian industrial and community life.

It is the opinion of the Nomination Committee that the present Board of Directors is doing a good job, and that it therefore are no apparent reasons to make any amendments to the composition of the Board of Directors in the middle of the term of office. The company's Articles of Association provide for only five Directors chosen by the Annual General Meeting, but also allows for the General Meeting to choose up to two Deputy Directors. The Nomination Committee considers that the above proposal from the Government to a great extent can be fulfilled by complementing the Board with one shareholder-elected Deputy Director.

The Nomination Committee therefore recommends that the Board of Directors is supplemented by one new Deputy Director with the right to meet and to speak but without the right to vote in the Board Meetings. The Nomination Committee further propose that LO-leader Roar Flåthen is elected to this position, with a term of office until the Annual General Meeting in 2013. It is proposed that this shareholder-elected Deputy Director is to be remunerated as a regular Board Director.

#### **Election of the members of the Nominating Committee**

Since the General Meeting in 2010, the Nominating Committee for Kongsberg Gruppen ASA has consisted of CEO Sverre Valvik, Arendal, Senior Portfolio Manager Alexandra Morris, Oslo and Deputy Director General Knut J. Utvik, Oslo. Valvik has served on the Committee for 8 years, while Utvik was elected at the General Meeting in 2006 and Morris was elected at the General Meeting in 2010.

The Nominating Committee finds it natural that the State of Norway, as represented by the Ministry of Trade and Industry which owns more than half the shares in Kongsberg Gruppen ASA, and Arendal Fossekompagni, as the largest private shareholder, each

nominate a representative to the Nominating Committee. The Ministry of Trade and Industry recommends the re-election of Knut J. Utvik. Utvik has worked in the Ministry of Trade and Industry's Ownership Department for ten years and is well acquainted with the operations of Kongsberg Gruppen ASA. Arendal Fossekompagni nominates the company's CEO Sverre Valvik for re-election. Through various unit trusts, Odin Forvaltning owns about five per cent of the shares and nominates Senior Portfolio Manager Alexandra Morris for re-election. Based on comments received from the company's shareholders, the proposed composition of the Nominating Committee is considered well-suited for looking after the interests of the body of shareholders as a whole.

Accordingly, the Nominating Committee's roster of nominees for next two-year term of office is:

Sverre Valvik (chair)	Arendals Fossekompagni	Re-election
Knut J. Utvik	Ministry of Trade and Industry	Re-election
Alexandra Morris	ODIN Forvaltning	Re-election

### Directors' fees

The Nominating Committee's mandate also includes proposing compensation for the Board of Directors. The Nominating Committee proposes that the General Meeting ratify the following adjustment in compensation for the directors and for the work of the Board committees:

#### Board:

Chair of the Board:	NOK 390 000 per year (Up NOK 13 000, most recently adjusted in 2011)
Deputy Chair:	NOK 214 000 per year (Up NOK 7 000, most recently adjusted in 2011)
Directors:	NOK 195 000 per year (Up NOK 6 000, most recently adjusted in 2011)
Not permanent oncoming Deputy Directors:	NOK 9 800 per meeting (Up NOK 330, most recently adjusted in 2011)

#### Audit Committee:

Chair:	NOK 9 900 per meeting (Up NOK 300, most recently adjusted in 2011), maximum NOK 49 500 per year
Member:	NOK 8 700 per meeting (Up NOK 300, most recently adjusted in 2011), maximum NOK 43 500 per year

#### Compensation Committee:

Chair:	NOK 8 600 per meeting (Up NOK 1 400, most recently adjusted in 2011), maximum NOK 43 000 per year
Member:	NOK 7 400 per meeting (Up NOK 1 400, most recently adjusted in 2011), maximum NOK 37 000 per year

The Nominating Committee's motion is unanimous.

Oslo, 11 April 2012

Knut J. Utvik (sign.)

Sverre Valvik (sign.)

Alexandra Morris (sign.)