



KONGBERG

To the shareholders in Kongsberg Gruppen ASA

NOTIFICATION OF THE ANNUAL GENERAL MEETING 2017

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

Time: Wednesday, 26 April 2017 at 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 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

Inclusive account of questions from a shareholder – see attachment on the company's web site www.kongsberg.com.

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 year 2016

The Board's proposal to the financial statements, the Director's Report for the parent company and the Group for fiscal year 2016, 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 2016 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 547 in 2016. The Group posted a net profit of MNOK 651 in 2016. Earnings per share is NOK 5.44. The Group's financial soundness is deemed satisfactory. The Board recommends to the General Meeting that the ordinary dividend for the fiscal year 2016 be set to NOK 3.75 per share. The dividends will be applicable to the company's shareholders per end of 26 April 2017 (as listed in the VPS Registry per 28 April 2017). The company's shares will be traded on the Oslo Børs exclusive dividends as from 27 April 2017. The dividend will expectably be paid out on 24 May 2017.

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

"The Board's proposal of a dividend of NOK 3.75 per share for 2016 is approved. The dividends will be applicable to the company's shareholders per the end of 26 April 2017 (as listed in the VPS Registry per 28 April 2017). The company's shares will be traded on the Oslo Børs excl. dividends as from 27 April 2017. The dividend will expectably be paid out on 24 May 2017."

7. Remuneration to members of the Board, Board Committees and Nominating Committee

The Nominating Committee has proposed that the collective compensation to the Directors, applicable from 26 April 2017 until next Annual General Meeting, be stipulated at NOK 2 227 000.

The Chair of the Board will receive NOK 489 000, the Deputy Chair NOK 262 000 and the other Directors NOK 246 000. Deputy Directors will receive NOK 11 400 per meeting.

In addition, the members of the Audit Committee will receive NOK 10 100 per meeting, up to a maximum of NOK 101 000 per year (Chair NOK 11 500 per meeting, up to a maximum of NOK 115 000 per year).

The members of the Compensation Committee will receive NOK 9 400 per meeting, up to a maximum of NOK 47 000 per year (Chair NOK 10 600 per meeting, up to a maximum of NOK 53 000 per year).

The members of the Nominating Committee will receive NOK 4 400 (Chair NOK 5 900) per meeting.

The proposal of the Nominating Committee are available in its entirety on the company's internet page 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 26 April 2017 to the next Annual General Meeting:

The Board of Directors:

*Chair of the Board: NOK 489 000 per year
(up NOK 44 000, most recently adjusted in 2016)*

*Deputy Chair: NOK 262 000 per year
(up NOK 23 000, most recently adjusted in 2016)*

*Directors: NOK 246 000 per year
(up NOK 22 000, most recently adjusted in 2016)*

*Deputy Directors: NOK 11 400 per meeting
(up NOK 200, most recently adjusted in 2016)*

The Audit Committee:

*Chair: NOK 11 500 per meeting (up NOK 300, most recently adjusted in 2016),
maximum NOK 115 000 per year*

*Member: NOK 10 100 per meeting (up NOK 200, most recently adjusted in 2016),
maximum NOK 101 000 per year*

The Compensation Committee:

*Chair: NOK 10 600 per meeting (up NOK 200, most recently adjusted in 2016),
maximum NOK 53 000 per year*

*Member: NOK 9 400 per meeting (up NOK 200, most recently adjusted in 2016),
maximum NOK 47 000 per year.*

The Nominating Committee:

Chair: NOK 5 900 per meeting (up NOK 500, most recently adjusted in 2016)

Member: NOK 4 400 per meeting (up NOK 400, most recently adjusted in 2016)

The Nominating Committee has held thirteen meetings in the previous period."

8. Remuneration to the Auditor

In 2016, NOK 922 000 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 8 581 000 for audit-related services and NOK 4 139 000 for other services.

The Board proposes the remuneration to the company's auditor for 2016 of NOK 922 000 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 2016, the payment of remuneration of NOK 922 000 paid to the Group's auditor for ordinary auditing services for the parent company is approved."

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

The Company refers to the declaration included in the annual report for 2016, and as a separate attachment to this notice.

Guidelines for allocation of shares, subscription rights, options and any other forms 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 Directors' declaration on salaries and other remuneration for senior management, see in particular "Remuneration connected to shares or share price development". 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. The General Meeting shall approve binding guidelines. 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 companies of the group."

10. Election of shareholders-elected Board members (Directors)

All of the shareholder-elected Board members are up for election. The Nominating Committee of Kongsberg Gruppen ASA has made nominations for election of the Board members. The recommendation is available in its entirety on the company's internet page www.kongsberg.com.

Proposal for a decision based on a unanimous recommendation from the Nominating Committee:

"The following nominees are to be elected as Board members (Directors) in Kongsberg Gruppen ASA:

- 1. Irene Waage Basili, Bergen (re-election), 2. Morten Henriksen, Arendal (re-election)*
- 3. Anne-Grete Strøm-Erichsen, Bergen (re-election), 4. Eivind Reiten, Oslo (new)*
- and 5. Martha Kold Bakkevig, Haugesund (new)."*

11. Authorization for the acquisition of treasury shares

At the Annual General Meeting held on 9 May 2016, the Board was given authorization to buy treasury shares up to a limit of NOK 7 500 000 (5% of the company's share capital). The authorization applies for Annual General Meeting in 2017. The Board of Directors of Kongsberg Gruppen ASA believes it would be prudent for the company that the Board retains its authorization to acquire treasury shares for use in conjunction with the share program 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 authorized to acquire treasury shares for a total maximum nominal value of NOK 7 500 000.*
- (b) The authorization may be re-used.*
- (c) The Board's acquisition of shares pursuant to this authorization can be exercised only between a minimum price of NOK 25 per share and a maximum price on NOK 300 per share.*
- (d) Shares acquired under the authorization can be used in relation to the share program for the Group's employees, to the part of the Executive Management's fixed pay, as full or partial payment by the acquisition of the business, or disposed of.*
- (e) The authorization shall apply until the next Annual General Meeting, but no later than 30 June 2018.*
- (f) The acquisition of shares pursuant to the authorization shall take place in the market. The disposal of the shares acquired will take place on the Oslo Børs, unless the shares are used in conjunction with employee share programs or as whole or partial payment for the acquisition of business activities."*

12. Suggestion from shareholder regarding organization and composition of Kongsberg Gruppen's Ethics Council

A shareholder has promoted the following suggestion:

"The Board of Directors is commissioned to investigate whether the current organization and composition of the Council adequately ensures competent management of and compliance with the Company's Code of Ethics, not least that they be adequately separated from the purely commercial aspects of the business. The report is to be presented to the next Annual General Meeting, together with a proposed resolution."

The shareholder's argument and the Board's response follows enclosed the notice, which is available in its entirety on the company's internet page www.kongsberg.com.

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

"The General Meeting vote against the proposal from the shareholder."

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 +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 issued. Each share gives right to one vote at the General Meeting. On the date of this notification, the company owned 487.802 own 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 shall 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 web page www.kongsberg.com.

If you want 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 Monday 24 April 2017 at the latest**. Register of attendance can also be made on Kongsberg Gruppen ASA's web page www.kongsberg.com (or through Investor Services).

Shareholders who will participate by proxy **have to** submit the enclosed authorization slip to **Kongsberg Gruppen ASA** c/o DNB Bank ASA, Securities Service, P.O. Box 1600 Sentrum, NO-0021 OSLO, or on e-mail genf@dnb.no. The authorization has to be received by DNB Bank ASA, Securities Service, within **Monday 24 April 2017 at 12.00**, or give a written, dated and signed proxy as presented by the clerk of the General Meeting.

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

The company's representatives will only accept authorizations that are bound to the specifications on how the proxy shall vote in each matter, and which are received within the said time limit.

Authorization may **only** be granted as described before (not via the Investor Services or the company's web page). *An authorization 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 shares that are registered on a 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 must transfer the shares to a **VPS account in their own name before Friday 21 April 2017** to be assured of being able to cast votes for such shares as to the company's assessment. If the shareholders prove that necessary steps to such transfer are taken, 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, 5 April 2017
For the Board of Directors of Kongsberg Gruppen ASA



Finn Jebsen
Chair of the Board