

The Nominating Committee's proposal to the annual general meeting of shareholders in IAR Systems Group AB (publ) and reasoned statement concerning proposed directors

The Nominating Committee for IAR Systems Group AB is composed of Ulf Strömberg (Catella), chairman; Teddy Jeansson; Peter Larsson and Markus Gerdien. In his combined role as major shareholder and CEO, Stefan Skarin was co-opted to participate in meetings of the Nominating Committee.

The Nominating Committee presents the following proposal ahead of the annual general meeting to be held 29 April 2015:

<i>AGM chairman:</i>	Markus Gerdien
<i>Number of directors:</i>	Five directors, no alternate directors
<i>Directors' fees:</i>	
• Non-executive directors	SEK 150,000 (previously SEK 125,000)
• Chairman of the board	SEK 325,000 (previously SEK 300,000)
<i>Auditors' fees:</i>	Auditors' fees shall be paid in accordance with approved invoice.

Board of directors and chairman of the board:

Re-election of Markus Gerdien, Peter Larsson, Jonas Mårtensson and Stefan Skarin.

Initial election of Maria Wasing.

Karin Moberg has declined re-election.

Re-election of Markus Gerdien as chairman of the board.

<i>Auditor:</i>	<i>Re-election</i> of Deloitte AB for a term of one year with Erik Olin acting as principal auditor.
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The Nominating Committee's reasoned statement concerning proposed directors is provided in Appendix 1.

The Nominating Committee further proposes policies for appointment of the Nominating Committee for resolution by the AGM. Please refer to Appendix 2.

Information about the proposed directors is available on the company's website: www.iar.com.

Stockholm, March 2015

Nominating Committee for IAR Systems Group AB

Ulf Strömsten, chairman

Markus Gerdien

Tedde Jeansson

Peter Larsson

The Nominating Committee's reasoned statement concerning proposed directors

The Nominating Committee has proposed to the 2015 AGM the re-election of directors Markus Gerdien, Peter Larsson, Jonas Mårtensson and Stefan Skarin. The Nominating Committee has also proposed the initial election of Maria Wasing as a director.

Karin Moberg has announced that she is not available for reelection.

Maria Wasing was born in 1970 and holds a BA in marketing and organisation from the University of Arkansas at Little Rock. With more than 20 years of experience from the software and digital marketing industry, Maria has during that time had leadership roles in marketing, communication, sales and channel management. Maria has most recently led global marketing for EPiServer. Maria is currently EMEA Integration Executive at EPiServer, as the company was recently acquired by Accel-KKR. Prior to EPiServer, Maria was responsible for marketing at StreamServe, now part of Open Text Corporation (TSE:OTC). Early in her career, Maria held marketing and alliance marketing roles at Industri-Matematik, the first Swedish software company to go public on Nasdaq in the US. Maria is independent in relation to the company, executive management and the principal shareholders in the company.

With her solid experience in marketing and channel strategies, Maria Wasing will bring valuable knowledge to IAR Systems Group and contribute the company's further development.

Information about current directors is available on the company's website: www.iar.com.

The Nominating Committee has assessed all directors proposed for re-election as highly suitable to continue serving as the board of directors of IAR Systems AB for the next term of office.

The Nominating Committee further finds that the proposed composition of the board of directors is appropriate in consideration of the company's business, financial position, phase of development and other circumstances. A key point of departure for the proposal of directors was that the composition of the board should reflect and provide scope for the range of expertise and experience that may be required for the strategic development and governance of the company. The Nominating Committee has paid particular heed to the need for diversity and breadth on the board and to make concerted efforts towards equal gender distribution. In the judgement of the Nominating Committee, the composition of the board is suited to meeting such needs in the company's operations.

The Nominating Committee has discussed the issue of director independence. The Nominating Committee finds that the proposed composition meets the requirements set forth in the Swedish Corporate Governance Code pertaining to independence in relation to the company and its management. The board composition also meets the requirement that at least two of the directors who are independent in relation to the company and its management are also independent in relation to the company's major shareholders.

The Nominating Committee's proposed policies for appointment of the Nominating Committee, etc.

The Nominating Committee proposes that the AGM adopt the following policies for appointment of the Nominating Committee, etc.

No later than 30 September 2015, the board of directors shall convene a meeting of the three largest shareholders in terms of voting power or known shareholder groups within the company, which shall each be entitled to appoint one member to the Nominating Committee. If any of the three largest shareholders or known shareholder groups waives the right to appoint a member to the Nominating Committee, the next-largest shareholder or known shareholder group shall be afforded the opportunity to appoint a member to the Nominating Committee. In addition, the chairman of the board may be appointed to the Nominating Committee. The Chief Executive Officer or another member of executive management shall not serve as a member of the Nominating Committee.

The chairman of the board shall convene the initial meeting of the Nominating Committee.

A shareholder representative should be appointed chairman of the Nominating Committee.

The Nominating Committee shall serve for a term ending when a new Nominating Committee has been appointed.

The composition of the Nominating Committee shall be publicly announced no later than six months before the 2016 annual general meeting.

The Nominating Committee shall be appointed based upon known shareholdings in the company at 31 August 2015. If significant changes in ownership structure occur after the Nominating Committee has been appointed, the composition of the Nominating Committee may also be changed in accordance with the policies set forth above. Changes in the Nominating Committee shall be immediately publicised.

The Nominating Committee shall prepare and submit to the annual general meeting for decision a proposal recommending the election of the chairman of the board and other directors: directors' fees allocated among the chairman and other directors; remuneration, if applicable, for service on board committees; election of the auditor and auditors' fees; election of the chairman of the annual general meeting and policies for appointment of the Nominating Committee.

The members of the Nominating Committee shall not be remunerated for their services. Upon approval by the chairman of the board, the Nominating Committee shall have the right to charge the company for costs, such as for recruitment consultants, or other costs necessary for the Nominating Committee to perform its duties.