

The Saab AB Board of Directors' report according to 9.1 and 10.3 in the Swedish Corporate Governance Code

The Remuneration Committee has evaluated the remuneration to the senior executives of Saab AB, including variable remuneration, the application of the guidelines for remuneration and other terms of employment to senior executives that were resolved at the Annual General Meeting in 2016, as well as the current remuneration structures and remuneration levels in the company.

The Remuneration Committee is of the opinion that the guidelines that were resolved in 2016 achieve their purposes to facilitate the recruitment and retention of senior executives.

The Remuneration Committee has reviewed an external market analysis that indicates that the remuneration to senior executives generally is in line with the applicable levels in industries and markets comparable to Saab.

The Remuneration Committee has also undertaken an evaluation of the long-term variable remuneration in the form of Saab's long-term share based incentive program, consisting of a Share Matching Plan for all permanent employees and a Performance Share Plan for senior executives and other key employees. The evaluation shows that the interest and commitment for the incentive program continues to increase among the participants. The number of participants in the Share Matching Plan increases and the participants in both Plans show a large interest in Saab and the Company's financial development. Furthermore, the business awareness among the participants in the Performance Share Plan has increased. The conclusion is that both the Share Matching Plan and the Performance Share Plan are effective and fulfil the purpose with the incentive program.

From a historical perspective, the Company has an exceptionally high order backlog, including certain special projects with important milestones. Execution of these special projects is one of the Company's greatest challenges over the coming years and is a step in the Company's efforts to take the Company to the next level in terms of turnover. This is also a significant part of achieving long-term financial goals. Meeting this challenge requires both that Saab can retain the best competencies and their loyalty, and that the Company's management and other key employees continue to deliver results and performance at a very high level. The Remuneration Committee therefore proposes that the Performance Share Plan is complemented by a Special Projects Incentive for up to 45 key employees, including the President and other senior executives.

Saab's current order backlog and business plan provide good preconditions for increased growth and Saab may in a few years be a larger company. The introduction of Special Projects Incentive 2017 is the most effective model to

achieve a suitable compensation to senior executives during a growth period and until the Company has reached a new level.

In light of the above, the Remuneration Committee has recommended the Board of Directors to propose to the Annual General Meeting 2017 to resolve on a long-term incentive program, consisting of a Share Matching Plan, a Performance Share Plan, unchanged compared to the program in 2016, and a complementing Special Projects Incentive.

By introducing the Special Projects Incentive 2017, the Remuneration Committee concludes that the existing remuneration structures and remuneration levels in the company are in line with market competitive levels. The Remuneration Committee has therefore recommended the Board of Directors to propose to the Annual General Meeting 2017 to adopt principles of remuneration with in principle the same content as those that were resolved at the Annual General Meeting in 2016. Certain clarifications are proposed in the guidelines concerning miscellaneous terms.

Linköping in February 2017

The Board of Directors in Saab AB (publ)