

Date
21 January 2020Reference
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Notice of Annual General Meeting of Saab AB

The shareholders in Saab Aktiebolag (reg. no 556036-0793) are invited to attend the Annual General Meeting at City Conference Centre, Folkets Hus, Barnhusgatan 12-14, Stockholm, Sweden, on Wednesday, 1 April 2020, at 16.00 (CET).

Admission and registration will commence at 14.00 (CET).

For information about buses, please visit www.saabgroup.com/arsstamma

RIGHT TO PARTICIPATE AND NOTIFICATION

Only the shareholders that are recorded in the Shareholders' Register issued by Euroclear Sweden AB on Thursday, 26 March 2020, are entitled to participate in the Annual General Meeting after submitting notification to the Company.

Shareholders who have their shares registered in the name of a nominee must temporarily be recorded in the Shareholders' Register in their own names (so called registration of voting rights) to be entitled to participate in the meeting subject to notification to the Company. In order to be recorded in the Shareholders' Register on Thursday, 26 March 2020, shareholders must request such registration with their bank or trustee well in advance of that date. Please note that this procedure also applies to shareholders using bank custody accounts.

Shareholders who intends to participate in the Annual General Meeting must notify Saab no later than Thursday, 26 March 2020

- by telephone +46 13 18 20 55 (weekdays 09.00 - 17.00 (CET)),
- by post under address Saab AB, c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden, or
- via the Company's website: www.saabgroup.com/arsstamma

Notification to the Company must include the shareholder's name, personal- or corporate identification number (if applicable), address and telephone number, and notification of the number of possible assistants. If the shareholder is represented through a Power of Attorney, a registration certificate or other authorisation document, these documents should be sent to Saab AB, c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden, well in advance of the Annual General Meeting. A proxy

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form is available on the Company's website, www.saabgroup.com/arsstamma. Shareholders or proxies for shareholders may be accompanied by no more than two assistants at the Annual General Meeting. The assistant(s) may only be present if the shareholder gives prior notification to Saab.

The Annual General Meeting will be conducted in Swedish.

AGENDA

1. Election of Chairman of the Meeting
2. Approval of the Voting list
3. Approval of the Agenda
4. Election of persons to verify the Minutes
5. Question as to whether the Meeting has been duly convened
6. Presentation of the Annual Report and the Auditor's report, the Consolidated Annual Report and the Consolidated Auditor's report as well as the Auditor's statement regarding whether the guidelines for remuneration to senior executives have been complied with
7. Speech by the President
8. Resolutions on
 - a) Approval of the parent Company's Income Statement and Balance Sheet, and the Consolidated Income Statement and Balance Sheet
 - a) Allocations of profit according to the approved Balance Sheet and record date for dividend
 - b) Discharge from liability for the Board Members and the President
9. Determination of the number of Board Members and deputy Board Members
10. Determination of fees for the Board and the Auditor
11. Election of Board Members and deputy Board Member
 - a) New election of Micael Johansson
 - b) Re-election of Sten Jakobsson
 - c) Re-election of Danica Kragic Jensfelt
 - d) Re-election of Sara Mazur

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- e) Re-election of Johan Menckel
 - f) Re-election of Daniel Nodhäll
 - g) Re-election of Bert Nordberg
 - h) Re-election of Cecilia Stegö Chilò
 - i) Re-election of Erika Söderberg Johnson
 - j) Re-election of Marcus Wallenberg
 - k) Re-election of Joakim Westh
 - l) Re-election of Marcus Wallenberg as Chairman of the Board
12. Resolution on the Board's proposal on guidelines for remuneration and other terms of employment for senior executives
13. Resolution on the Board's proposal on a Long-term Incentive Program 2021 and acquisition and transfer of own shares
- a) Implementation of LTI 2021 – Share Matching Plan 2021, Performance Share Plan 2021 and Special Projects Incentive 2021
 - b) Authorization for the Board of Directors to resolve on acquisitions of shares and resolution on transfers of own shares to the participants in LTI 2021
 - c) Equity swap agreement with third party
14. Resolution on the Board's proposal on acquisition and transfer of own shares
- a) Authorization for the Board of Directors to resolve on acquisition of own shares
 - b) Authorization for the Board of Directors to resolve on transfer of own shares in connection with acquisitions of companies
 - c) Transfer of own shares to cover costs as a result of previous years' implementation of incentive programs
15. Resolution on proposal from the shareholder Svenska Freds- och Skiljedomsföreningen that Saab, in accordance with Agenda 2030 goal 16 to reduce all forms of violence and deadly violence, ends with all sale and delivery of military technology and equipment to belligerent countries.
16. Closing of the Annual General Meeting

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PROPOSED RESOLUTIONS:**THE BOARD'S PROPOSAL FOR DIVIDEND AND RECORD DATE (item 8 b)**

The Board proposes a dividend of SEK 4.70 per share. Friday, 3 April 2020 is proposed as record date. Provided the Shareholders' Meeting resolves according to this proposal, payment of the dividend is expected to be made from Euroclear Sweden AB on Wednesday, 8 April 2020.

THE NOMINATION COMMITTEE'S PROPOSALS FOR CHAIRMAN OF THE ANNUAL GENERAL MEETING, BOARD OF DIRECTORS AND FEES (item 1 and 9-11)

The Nomination Committee consists of Petra Hedengran, Investor AB (Chairman), Peter Wallenberg Jr, Knut and Alice Wallenberg's Foundation, Ossian Ekdahl, Första AP-fonden, Jan Andersson, Swedbank Robur Fonder and Marcus Wallenberg, Chairman of the Board of Saab AB.

The Nomination Committee proposes the following resolutions.

- Advokat Eva Hägg, member of the Swedish Bar Association, as Chairman of the Annual General Meeting. (Item 1)
- Eleven Board Members and no deputy Board Members. (Item 9)
- An increase of the Board fees to SEK 1,975,000 (1,900,000) to the Chairman, to SEK 725,000 (700,000) to the Deputy Chairman and to SEK 645,000 (620,000) to each of the other Board Members elected by the Shareholders' Meeting and not employed by the Company. An increase of compensation for work in the Audit Committee to SEK 275,000 (250,000) to the Chairman of the Audit Committee and SEK 175,000 (165,000) to each of the other Audit Committee Members. Unchanged compensation for work in the Remuneration Committee of SEK 150,000 to the Chairman of the Remuneration Committee and SEK 90,000 to each of the other Remuneration Committee Members. (Item 10)
- Auditor's fees to be paid according to approved invoice. (Item 10)
- Re-election of all of the present Board Members: Sten Jakobsson, Danica Kragic Jensfelt, Sara Mazur, Johan Menckel, Daniel Nodhäll, Bert Nordberg, Cecilia Stegö Chilò, Erika Söderberg Johnson, Marcus Wallenberg and Joakim Westh. New election of Micael Johansson. (Item 11)

Micael Johansson is President and CEO of Saab AB. He has previously been deputy CEO for Saab AB and has also held several executive positions within the Saab group, including Head of Business Area Surveillance. Micael Johansson holds a degree in mathematics and computer science from Uppsala University and is born in 1960.

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Information on all the proposed Board Members are available on the Company's website.

Re-election of Marcus Wallenberg as Chairman of the Board of Saab AB. (Item 11)

THE BOARD'S PROPOSAL FOR GUIDELINES FOR REMUNERATION AND OTHER TERMS OF EMPLOYMENT FOR SENIOR EXECUTIVES (item 12)

Background and reasons

The Remuneration Committee has evaluated the application of the guidelines for remuneration to senior executives of Saab AB that were resolved at the Annual General Meeting 2019 and the current remuneration structures and remuneration levels in the Company.

The Remuneration Committee has recommended the Board of Directors to propose to the Annual General Meeting 2020 to adopt guidelines for remuneration that are essentially in line with those that were resolved at the Annual General Meeting in 2019. In order to meet new legal requirements, the proposed guidelines for remuneration are more detailed than the previous guidelines but do not entail any changes in the remuneration structure.

In light of the above, the Board of Directors proposes that the Annual General Meeting resolves on the following guidelines for remuneration and other terms of employment for senior executives. The final remuneration to senior executives is determined by the Board of Directors within the framework prescribed by the guidelines.

Guidelines

The senior executives comprise the President and other members of the Group Management. The members of this group are presented on the Company's website. In certain specific cases, these guidelines may also comprise Board Members of Saab AB, as described below. No board fees are to be paid to members of the Group Management for participation on the boards of the business areas or Saab subsidiaries. These guidelines do not apply to any remuneration resolved by the Shareholders' Meeting.

These guidelines apply from the Annual General Meeting 2020 and are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the Annual General Meeting.

The guidelines' promotion of Saab's strategy, long-term interests and sustainability

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A prerequisite for the successful implementation of Saab's business strategy and safeguarding of the Company's long-term interests, including its sustainability, is that the Company is able to recruit and retain senior executives. To this end, it is necessary that Saab offers a competitive total remuneration on market terms, adapted to the Company's development and situation, which these guidelines enable. To the greatest extent possible, remuneration structures shall be characterised by predictability with respect to both the cost for the Company and the benefit for the employee. They shall be based on factors such as position, competence, experience and performance. Benchmarking shall be made regularly relative to comparable industries and markets.

For information regarding the Company's business strategy, please see the [external website www.saabgroup.com](http://www.saabgroup.com).

Fixed remuneration

Fixed remuneration shall consist of cash salary. The fixed salary shall be reviewed annually as per 1 January for all members of the Group Management. The fixed salary shall be at market terms and based on factors such as position, competence, experience and performance.

Variable remuneration

Saab's operations are mainly characterised by the development of technically advanced products and systems. The products are marketed, further developed, produced and maintained during long periods of time, in some cases three to four decades, which generally entails substantial investments and long-term customer relations all over the world. Consequently, it is important that senior executives have a long-term view and a long-term commitment in the Company's operations and profits. Therefore, long-term incentive is especially well suited to Saab and its shareholders. Hence, Saab does not normally offer any short-term variable cash remuneration to the President or other members of the Group Management. Instead, the variable remuneration consists of long-term share based incentive programs which are adopted by the Shareholders' Meeting and therefore not subject to these guidelines. The President and other members of the Group Management are entitled to participate in these programs. The Board of Directors proposes that the Annual General Meeting 2020 resolve on a long-term incentive program (LTI 2021). The Board's intention is to propose such long-term incentive programs also to future Annual General Meetings. The terms and estimated costs for the Company's long-term incentive programs are presented in the Board's complete proposal to each Annual General Meeting.

In extraordinary circumstances, agreements of a one-off nature for variable cash remuneration may be made, provided that such agreements are made solely on an

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individual basis for recruitment or retention purposes only, or as compensation for extraordinary efforts beyond the individual's ordinary assignment, and that such remuneration shall never exceed the amount of the fixed annual salary and shall not be paid more than once a year per individual. Such remuneration shall not qualify for pension benefits unless otherwise provided by mandatory collective agreement provisions. Resolutions on such remuneration shall be made by the Board based on a proposal from the Remuneration Committee.

Variable cash remuneration shall not be paid in other cases.

Other benefits

All members of the Group Management may be entitled to other benefits in accordance with local practice. The benefits shall contribute to facilitating the executive's discharge of his or her duties. Other benefits may for example be a company car, travels, housing and medical insurance.

The total value of the benefits shall be equivalent to what is considered reasonable in relation to market practice. The value for benefits such as company car and medical insurance shall amount to not more than 5 per cent of the fixed annual salary. In addition to this, senior executives may, on an individual basis, be entitled to housing and travels amounting to not more than 25 per cent of the fixed annual salary.

Senior executives who are stationed in a country other than their home country may receive additional remuneration and other benefits to the extent reasonable in light of the special circumstances associated with the arrangement, taking into account, to the extent possible, the overall purpose of these guidelines. Such benefits shall in total not exceed 30 per cent of the fixed annual salary.

Pension

The pension age shall be minimum 62 years. The President shall be entitled to pension benefits under the ITP plan as well as an individual supplementary pension. The annual pension provision for the supplementary pension to the President shall not exceed 35 per cent of the fixed annual salary. Other senior executives shall be entitled to pension benefits under the ITP plan as well as under the "Saab plan". Pension benefits under the Saab plan shall be premium based and pension contributions shall be made monthly. According to the Saab plan, contributions are made both for early retirement from 62 years of age as well as for increased old age pension benefits from the age of 65 on salary levels exceeding 20 income base amounts per year. Contributions made under the Saab plan are individually established in relation to the number of years remaining until the age of retirement when joining the plan. Annual provisions for pension benefits for an individual senior executive shall in total not amount to more than 55 per cent of the fixed annual salary.

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According to the Saab plan, all senior executives, including the President, may also be entitled to enhanced invalidity pension and survivors' pension benefits. Enhanced invalidity pension is offered in addition to national health insurance as well as the health insurance included in the ITP plan and is calculated as a percentage of the pensionable salary; 10-65 percent in various salary levels. The additional invalidity pension may be received up to 65 years of age at a maximum. Saab maintains contributions for old age pension benefits in case of invalidity pension. Survivors' pension for senior executives, including the President, is based on the highest of either 12 months' salaries or the accumulated funds in the insurance.

Adjustments to local regulations

For employments governed by rules other than Swedish, remuneration may be duly adjusted to comply with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Miscellaneous terms

All executives in the Group Management, including the President, may terminate their employment with a maximum of six months' notice. If the employment is terminated by Saab, severance pay equal to not more than 18 months may be paid, in addition to a notice period of normally six months. Fixed salary during the period of notice and severance pay may not together exceed an amount equivalent to 24 months' fixed salary.

Remuneration may be paid for possible non-compete undertakings. Such remuneration shall compensate for possible loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration shall be based on the monthly fixed cash salary at the time of notice of termination of employment and relate to the time the non-compete undertaking applies, however not for more than 18 months following termination of employment.

A reduction of severance pay shall normally be made against income from other employment during the corresponding time.

Consultancy fees to Board Members

Saab AB Board Members, elected by the Shareholders' Meeting, may in special cases receive a fee for services performed within their respective areas of expertise, separately from their Board duties and for a limited period of time. Compensation for these services (including services performed through a Board Member's wholly-owned company) shall be paid at market terms, provided that such services contribute to the implementation of Saab's business strategy and safeguarding of Saab's long-term interest, including its sustainability.

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Additional information in the Annual Report

The notes of the Annual Report includes a description of remuneration for senior executives, including fixed and variable compensation, long-term incentive programs, pension and other benefits.

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the Company have been taken into account. This was made by including information on the employees' total income, the components of the remuneration and remuneration development over time, in the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

The remuneration principles for establishing salary, long-term incentive programs, pension and other benefits are applied in a similar way to both senior executives and other employees within the Saab Group.

The decision-making process to determine, review and implement the guidelines

The Board of Directors has established a Remuneration Committee. The Committee's tasks include preparing a proposal for guidelines for executive remuneration on behalf of the Board, which, after decision by the Board of Directors, is submitted to the Annual General Meeting. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the Annual General Meeting for adoption. The guidelines shall be in force until new guidelines are adopted by the Shareholders' Meeting. The Remuneration Committee shall also prepare the Board's decisions as regards remuneration principles, remuneration and other terms of employment for senior executives, monitor and evaluate programs for variable remuneration for the Group Management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the Company. The President and other members of the Group Management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions

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in remuneration-related matters. This also includes any resolutions to derogate from the guidelines

THE BOARD'S PROPOSAL ON A LONG-TERM INCENTIVE PROGRAM 2021 AND ACQUISITION AND TRANSFER OF OWN SHARES (item 13)

Background and reasons for the proposal

The Shareholders' Meeting of Saab AB ("Saab") has, for a number of years, resolved on long-term Share Matching Plan for all employees and Performance Share Plan for senior executives and other key employees. The Annual General Meeting 2017 for the first time also adopted a Special Projects Incentive as a complement to the Performance Share Plan. Since then, Saab's long-term incentive program ("LTI") consists of three parts, a Share Matching Plan, a Performance Share Plan and a Special Projects Incentive.

The Board of Directors finds it important and in all shareholders' interest that employees of the Group have a long-term interest in a positive development of the share in the Company. Accordingly, the Board of Directors has also implemented a policy with a requirement of certain shareholdings for senior executives. Moreover, Saab's current order backlog includes certain special projects and the execution of these projects is still very important. Meeting this 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. In light of this, the Board of Directors proposes to the Annual General Meeting the below long-term incentive program for employees ("LTI 2021"). As the proposal to the last Annual General Meeting, this proposal also consists of three parts - a Share Matching Plan 2021, a Performance Share Plan 2021 and a Special Projects Incentive 2021. LTI 2021 is proposed to comprise a maximum of 1,465,000 shares of series B in Saab and to have corresponding terms and conditions as the Long-Term Incentive program adopted by the Annual General Meeting 2019, with some changes to the performance targets and an increase of the total number of participants as regards the Performance Share Plan 2021 and the Special Projects Incentive 2021.

In light of the Board's view that the Special Projects Incentive is an effective and suitable incentive to motivate the key employees that are important for executing the special projects and that the company now has special projects also in other product areas than previously, it is proposed that the total number of employees that the company has the possibility to offer participation in the Special Projects Incentive 2021 is increased from 45 to 100, that the number of product areas is increased, and also that the number of performance targets is increased from eight to ten targets. The increase of the number of participants is within group C (selected Heads of Business Unit and other specially selected key employees). Considering that the total number of employees of the company is increasing, the Board also proposes to increase the total

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number of participants in the Performance Share Plan 2021 from 175 to 200. The increase shall be within group 1 (Management Teams, certain specialists and Project Managers). In order to have more focus on cash flow generation, it is proposed that the relative apportionment between the performance targets in Performance Share Plan 2021 is changed so that the performance target free cash flow will have an increased weight (40%) and that EBIT margin will have a decreased weight (30%).

LTI 2021 enables present and future employees to become shareholders in Saab and includes a requirement of own investment in shares in Saab. The purpose of the LTI 2021 is to stimulate employees to continued long-term commitment and continued good performance as well as to increase the Group's attractiveness as an employer. In view of this, LTI 2021 is considered to have a positive effect on Saab's future development and thus be of advantage to both the shareholders and the employees in the Saab Group.

It is the intention of the Board of Directors to propose long-term incentive programs also to future Annual General Meetings.

Costs, dilution and effects on key figures

The total effect on the income statement is estimated to approximately MSEK 460 unevenly distributed over the years 2021-2025. The costs should be compared with the Saab Group's total remuneration costs 2019, including social security costs, amounting to MSEK 12,671.

The calculations are based on assumptions that all available shares in the LTI 2021 will be utilized.

Effects on the income statement and the cash flow

Compensation costs, corresponding to the value of shares transferred to employees, is estimated to approximately MSEK 356. The compensation costs are distributed over the years 2021-2025.

Social security costs, as a result of transfer of shares to employees at an assumed share price at SEK 314, are estimated to amount to approximately MSEK 104. The social security costs are distributed over the years 2021-2025.

The expenditure for acquiring own shares affecting the cash flow is estimated to a maximum of MSEK 460 at an assumed share price of SEK 314 and a maximum of 1,465,000 shares.

Dilution and effects on key figures

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The Company has approximately 136 million issued shares. As per 31 December 2019, the Company held 2,919,484 own shares of series B. In order to implement the LTI 2021 a total of 1,465,000 shares of series B are required, corresponding to approximately 1.08 per cent of the total number of issued shares.

As calculated as per 31 December 2019, the number of shares to be transferred to employees within the scope of all ongoing long-term incentive programs amounts to approximately 1,734,000 shares (excluding LTI 2020 which started in January) corresponding to approximately 1.28 per cent of the total number of issued shares. LTI 2020 comprises 1,465,000 shares, corresponding to approximately 1.08 per cent of the total number of issued shares, and are not included in the above calculation as it was launched in January 2020.

Out of the 1,465,000 shares of series B required for the LTI 2021, 1,135,000 shares may be transferred to employees free of consideration, which could cause a dilutive effect of approximately 0.8 per cent on earnings per share. The remaining 330,000 shares are intended to be transferred on Nasdaq Stockholm in order to cover social security costs.

Hedge

As the main alternative, the Board of Directors proposes that the Annual General Meeting resolves to authorize the Board of Directors to resolve on acquisitions of own shares of series B on Nasdaq Stockholm, which subsequently may be transferred to the participants in Saab's long-term Share Matching Plan, Performance Share Plan and Special Projects Incentive as well as transferred on Nasdaq Stockholm to cover certain costs associated with LTI 2021, mainly social security costs. Furthermore, the Board of Directors proposes that the Shareholders' Meeting resolves on transfer of own shares of series B, free of consideration, to the participants of LTI 2021. The detailed terms and conditions for the Board of Directors' main alternative are presented below.

In the event that the required majority under item 13 b) below is not reached, the Board of Directors proposes that Saab should be able to enter into an equity swap agreement with a third party, in accordance with item 13 c) below.

Preparation of the proposals

The LTI 2021 have been prepared by the Remuneration Committee and in consultation with the Board of Directors. The proposals have been adopted by the Board of Directors.

The Board of Directors' proposals

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The Board of Directors' proposals for the resolutions below entail that the Annual General Meeting resolves a) to implement LTI 2021, b) to authorize the Board of Directors to resolve on acquisitions of own shares on Nasdaq Stockholm and that acquired shares may be transferred, free of consideration, to the participants in LTI 2021, or, in the event that the required majority under b) is not reached, c) that Saab shall be entitled to enter into an equity swap agreement with a third party.

13 a) Implementation of LTI 2021

LTI 2021 comprises of three parts, Share Matching Plan 2021, Performance Share Plan 2021 and Special Projects Incentive 2021. Participation in LTI 2021 requires own investment in shares in Saab. Investment made under the Performance Share Plan 2021 counts also as a basis for participation in the Share Matching Plan 2021, however, only up to an amount of maximum 5 per cent of the cash base salary.

Share Matching Plan 2021

The Board of Directors proposes that the Annual General Meeting resolves on a long-term Share Matching Plan 2021 comprising a maximum of 993,000 shares of series B in Saab, according to the principal guidelines below:

- 1) All permanent employees within the Saab Group, including employees who are covered by Performance Share Plan 2021 and/or Special Projects Incentive 2021, with the exception of what is mentioned in item 3) below, will be offered to participate in the Share Matching Plan 2021.
- 2) Employees who participate in the Share Matching Plan 2021 can during a twelve-month period save up to a maximum of 5 per cent of the cash base salary for the purchase of shares of series B on Nasdaq Stockholm. If the purchased shares are retained by the employee for three years from the date of investment and employment within the Saab Group has not been terminated during the entire three-year period, the employee will be allocated by the Saab Group the corresponding number of shares of series B free of consideration. The Board of Directors may grant limited exemptions from the requirement of employment during the full three-year period.
- 3) Participation in the Share Matching Plan 2021 presupposes that such participation is legally possible as well as possible with reasonable administrative cost and financial efforts according to the assessment of the Company. The Board of Directors shall be entitled to implement an alternative incentive solution for employees in such countries where participation in Share Matching Plan 2021 is not advisable. Such alternative incentive solution shall, as far as practically possible, correspond to the terms for the Share Matching Plan 2021.

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Performance Share Plan 2021

The Board of Directors proposes that the Annual General Meeting resolves on a long-term Performance Share Plan 2021 for a number of key employees, comprising a maximum of 258,000 shares of series B in Saab. The principal guidelines of the proposal are set out below.

- 1) Up to 200 key employees, including the President, with the exception of what is mentioned in item 4) below, will be offered to participate in the Performance Share Plan 2021.
- 2) Employees who participate in the Performance Share Plan 2021 can during a twelve-month period save up to a maximum of 7.5 per cent of the cash base salary to purchase shares of series B on Nasdaq Stockholm. If the purchased shares are retained by the employee for three years from the date of investment and employment within the Saab Group has not been terminated during the entire three-year period, the employee will be entitled to matching of performance shares, free of consideration, as set out below. The Board of Directors may grant limited exemptions from the requirement of employment during the full three-year period.

Group 1 Up to 167 employees in Management Teams, certain specialists and Project Managers may be entitled to a performance match of up to two shares for each purchased share.

Group 2 Up to 20 Senior Managers may be entitled to a performance match of up to four shares for each purchased share.

Group 3 Members of the Group Management (currently 12) may be entitled to a performance match of up to five shares for each purchased share.

Group 4 The President may be entitled to a performance match of up to seven shares for each purchased share.

- 3) The number of performance shares is linked to the performance targets established by the Board of Directors. The conditions for the performance matching are based on three independent targets: organic sales growth¹, EBIT margin² and free cash flow³. The relative apportionment between the targets is:

¹ Adjusted for acquisitions and divestments, and exchange rates differences.

² Adjusted for acquisitions and divestments, and non-recurring items.

³ Adjusted for acquisitions and divestments, and non-recurring items.

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- Up to 30 per cent of the maximum allotment is attributable to organic sales growth during the financial year 2021.
- Up to 30 per cent of the maximum allotment is attributable to EBIT margin during the financial year 2021.
- Up to 40 per cent of the maximum allotment is attributable to free cash flow during the financial year 2021.

The performance targets will be established by the Board of Directors with a minimum level and a maximum level for each performance target. The Board of Directors will resolve on the outcome of the performance matching after the end of the one-year performance measuring period, i.e. the financial year 2021. Information about the performance targets will be provided in the annual report for the financial year 2021. If the maximum levels for the performance targets are reached or exceeded, the performance matching will amount to (and not exceed) the maximum number of 258,000 shares (including shares to cover social security costs). If the performance outcome falls short of the maximum level but exceeds the minimum level, a linear proportioned performance matching will occur. No performance matching will occur if the performance outcome amounts to or falls short of the minimum level. Performance shares are allotted three years after the investment under item 2) above, i.e. normally during 2024 and in February 2025.

- 4) Participation in the Performance Share Plan 2021 presupposes that such participation is legally possible as well as possible with reasonable administrative cost and financial efforts according to the assessment of the Company. The Board of Directors shall be entitled to implement an alternative incentive solution for employees in such countries where participation in Performance Share Plan 2021 is not advisable. Such alternative incentive solution shall, as far as practically possible, correspond to the terms for the Performance Share Plan 2021.
- 5) Before the performance matching is finally determined, the Board of Directors shall verify whether the performance matching is reasonable considering the Company's financial results and position, conditions on the stock market and other circumstances. If the Board of Directors considers otherwise, it shall reduce the number of performance shares to be matched to the lower number of shares deemed appropriate by the Board of Directors.

Special Projects Incentive 2021

The Board of Directors proposes that the Annual General Meeting resolves on a long-term Special Projects Incentive 2021 for a number of key employees, comprising a maximum of 214,000 shares of series B in Saab. The Special Projects Incentive 2021

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constitutes a complement to the Performance Share Plan 2021. The principal guidelines of the proposal are set out below.

- 1) Up to 100 key employees, including the President, with the exception of what is mentioned in item 5) below, will be offered to participate in the Special Projects Incentive 2021.
- 2) Participation in the Special Projects Incentive 2021 presupposes savings under the Performance Share Plan 2021 or under the Share Matching Plan 2021 for purchasing shares of series B. For the President and for members of the Group Management, allotment of performance shares requires saving by an amount equivalent to 7.5 per cent of the cash base salary under the Performance Share Plan 2021 (i.e. maximum saving). For selected Heads of Business Unit and other specially selected key employees, allotment of performance shares requires participation in the Performance Share Plan 2021, or (if the individual is not covered by the Performance Share Plan 2021), participation in the Share Matching Plan 2021. Participants in the Special Projects Incentive 2021 will be entitled to allotment of performance shares, free of consideration, as set out below.

Group A Under the Special Projects Incentive 2021, the President may be entitled to allotment of performance shares corresponding to up to 52.5 per cent of the cash base salary for the financial year 2021. The total value of allotted performance shares under the Performance Share Plan 2021 and the Special Projects Incentive 2021 may not exceed 75 per cent of the cash base salary for the financial year 2021. If the total potential outcome of the Performance Share Plan 2021 and the Special Projects Incentive 2021 exceeds 75 per cent, performance matching of the actual outcome shall be made in accordance with the Performance Share Plan 2021 and allotment of performance shares in the Special Projects Incentive 2021 shall be reduced so that the total outcome does not exceed 75 per cent.

Group B Under the Special Projects Incentive 2021, members of the Group Management (currently 12) may be entitled to allotment of performance shares corresponding to up to 37.5 per cent of the cash base salary for the financial year 2021. The total value of allotted performance shares under the Performance Share Plan 2021 and the Special Projects Incentive 2021 may not exceed 60 per cent of the cash base salary for the financial year 2021. If the total potential outcome of the Performance Share Plan 2021 and the Special Projects Incentive 2021 exceeds 60 per cent, performance matching of the actual outcome shall be made in accordance with the Performance Share Plan 2021 and allotment of performance shares in the Special Projects Incentive 2021 shall be reduced so that the total outcome does not exceed 60 per cent.

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- Group C Under the Special Projects Incentive 2021, up to 87 selected Heads of Business Unit and other specially selected key employees may be entitled to allotment of performance shares corresponding to up to 15 per cent of the cash base salary for the financial year 2021.
- 3) The conditions for allotment of performance shares are based on the achievement of ten equally weighted performance targets, consisting of operational targets and milestones in special projects within Saab's product areas Gripen, airborne radar systems (AEW&C), submarines, missiles, combat management systems and advanced pilot training systems. The performance targets may be related to e.g. product design review, customer design review, partial deliveries or system implementation. Each performance target represents 10 per cent of the total performance targets. The performance measuring period is the financial year 2021. All participants will be allotted performance shares based on the achievement of the same performance targets.
- 4) The Board of Directors will resolve on whether or not the performance targets have been met and on the allotment of performance shares after the end of the one-year performance measuring period, i.e. the financial year 2021. The Board of Directors will assess at that time whether the limitation of maximum allotment in accordance with item 2) above becomes applicable. Information about the performance targets will be provided in the annual report for the financial year 2021. Allotment of performance shares and assessment regarding the limitation of maximum allotment in accordance with item 2) above will, in respect of the performance shares to be allotted under Special Projects Incentive 2021, be based on the volume-weighted average price for the Saab share during the ten trading days immediately following the day for the announcement of the year-end report for 2021. If all performance targets in the Special Projects Incentive 2021 are met, up to 214,000 performance shares (including shares to cover social security costs) may be allotted, however with potential reduction in accordance with item 2) above. If not all but at least one performance target is met, a proportional allotment of performance shares will be made in relation to the number of reached performance targets, however with potential reduction in accordance with item 2) above. Performance shares in the Special Projects Incentive 2021 will be delivered in February 2024. Delivery of performance shares is conditional on that the employment within the Saab Group has not been terminated during the period up until delivery in February 2024, and that the employee is still participating in the Performance Share Plan 2021 or the Share Matching Plan 2021. The Board of Directors may grant limited exemptions from the requirement of employment during the abovementioned period.
- 5) Participation in the Special Projects Incentive 2021 presupposes that such participation is legally possible as well as possible with reasonable administrative cost and financial efforts according to the assessment of the Company. The Board

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of Directors shall be entitled to implement an alternative incentive solution for employees in such countries where participation in Special Projects Incentive 2021 is not advisable. Such alternative incentive solution shall, as far as practically possible, correspond to the terms for the Special Projects Incentive 2021.

- 6) Before the allotment of performance shares is finally determined, the Board of Directors shall verify whether the allotment is reasonable considering the Company's financial results and position, conditions on the stock market and other circumstances. If the Board of Directors considers otherwise, it shall reduce the number of performance shares to be allocated to the lower number of shares deemed appropriate by the Board of Directors.

13 b) Authorization for the Board of Directors to resolve on acquisitions of shares and resolution on transfers of own shares to the participants in LTI 2021

Authorization for the Board of Directors to resolve on acquisitions of shares of series B in Saab on Nasdaq Stockholm

The Board of Directors proposes that the Annual General Meeting authorizes the Board of Directors to resolve on acquisitions of own shares of series B in Saab on Nasdaq Stockholm in accordance with the following conditions.

- Acquisitions of shares of series B in Saab may only be effected on Nasdaq Stockholm.
- A maximum of 1,465,000 shares of series B in Saab may be acquired to secure delivery of shares to participants in Saab's long-term Share Matching Plan, Performance Share Plan and Special Projects Incentive and for subsequent transfers on Nasdaq Stockholm to cover certain costs associated with LTI 2021, mainly social security costs.
- Acquisitions of shares of series B in Saab on Nasdaq Stockholm may only be made at a price within the price range (spread) on Nasdaq Stockholm applicable from time to time, meaning the spread between the highest purchase price and the lowest selling price prevailing and disseminated by Nasdaq Stockholm from time to time.
- The authorization may be utilised on one or several occasions, however, only until the Annual General Meeting 2021.

Resolution on transfers of acquired own shares of series B to participants in LTI 2021

Transfers of shares of series B in Saab may be made on the following terms and conditions.

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- Transfers may be made only of shares of series B in Saab, whereby no more than 1,135,000 shares of series B in Saab may be transferred, free of consideration, to participants in LTI 2021.
- Right to acquire shares of series B in Saab free of consideration shall, with deviation from the shareholders' preferential rights, be granted to such persons within the Saab Group who are participants in LTI 2021. Further, subsidiaries of Saab shall, with deviation from the shareholders' preferential rights, be entitled to acquire shares of series B in Saab free of consideration, whereby such company shall be obligated to, in accordance with the terms and conditions of LTI 2021, transfer the shares to such persons within the Saab Group who participate in LTI 2021.
- Transfers of shares of series B in Saab shall be made free of consideration at the time and on the other terms and conditions that participants in LTI 2021 have the right to acquire shares, i.e. normally during the financial year 2024 and in February 2025.
- The number of shares of series B in Saab that may be transferred under LTI 2021 may be subject to recalculation as a result of an intervening bonus issue, split, rights issue and/or other similar corporate events.

13 c) Equity swap agreement with third party

In the event that the required majority under item 13 b) above cannot be reached, the board of Directors proposes that the Annual General Meeting resolves that the expected financial exposure of LTI 2021 shall be hedged by Saab entering into an equity swap agreement with a third party on terms and conditions in accordance with market practice, whereby the third party in its own name shall acquire and transfer shares of series B in Saab to employees who participate in LTI 2021. Additional costs for such equity swap agreement amount to approximately MSEK 19.

Conditions

The General Meeting's resolution to implement LTI 2021 in accordance with item 13 a) above is conditional upon the General Meeting resolving either in accordance with the proposal to authorize the Board of Directors to resolve on acquisitions of shares of series B in Saab on Nasdaq Stockholm and resolution on transfers to participants in LTI 2021 of acquired own shares of series B in Saab in accordance with item 13 b) above, or that an equity swap agreement with a third party may be entered into in accordance with item 13 c) above.

Majority requirements

The General Meeting's resolution to implement LTI 2021 under item 13 a) above requires that more than half of the votes cast are in favour of the proposal. The

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resolution to authorize the Board of Directors to acquire shares on Nasdaq Stockholm and the resolution on transfers to participants in LTI 2021 under item 13 b) above require that the resolution is supported by shareholders representing at least nine-tenths of the votes cast and votes represented at the meeting. The resolution that Saab may enter into an equity swap agreement with a third party under item 13 c) above requires that more than half of the votes cast are in favour of the proposal.

Other

For a description of Saab's other share-related incentive programs, reference is made to note 8 in Saab's Annual Report for the financial year 2019.

THE BOARD'S PROPOSAL ON ACQUISITION AND TRANSFER OF OWN SHARES (item 14)

14 a) Authorization for the Board of Directors to resolve on acquisition of own shares

The Board of Directors proposes that the Annual General Meeting authorizes the Board of Directors to, for the period until the next Annual General Meeting, resolve on acquisitions of own shares in accordance with the following conditions.

- Acquisitions shall be limited to the Company's shares of series B.
- Acquisitions shall take place on Nasdaq Stockholm.
- Acquisitions may only be made at a price per share within the price range (spread) applicable from time to time, meaning the spread between the highest purchase price and the lowest selling price prevailing and disseminated by Nasdaq Stockholm from time to time.
- A maximum number of shares may be acquired so that the Company's holding at any time does not exceed 10 per cent of the total number of shares in the Company.
- The authorization may be utilized on one or several occasions up to the next Annual General Meeting.

The purpose of the authorization is to be able to adjust the Company's capital structure and thereby contribute to an increased shareholder value as well as to enable a continuous use of acquired shares in connection with potential acquisitions of companies and for the Company's share-related incentive programs.

14 b) Authorization for the Board of Directors to resolve on transfer of own shares in connection with acquisitions of companies

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The Board of Directors proposes that the Annual General Meeting authorizes the Board of Directors to, for the period until the next Annual General Meeting, resolve on transfers of own shares in connection with or as a result of any acquisition of companies, in accordance with the following conditions.

- Transfers may be made on Nasdaq Stockholm at a price per share within the price range (spread) applicable from time to time, meaning the spread between the highest purchase price and the lowest selling price prevailing and disseminated by Nasdaq Stockholm from time to time.
- Transfers may take place as set out in Chapter 19, Sections 35-37 of the Swedish Companies Act, i.e. in other ways than on the Stock Exchange.
- Transfers in connection with acquisitions of companies or business shall take place at a price that closely corresponds to the market value of the Company's share at the time of the resolution on the transfer.
- No more than the number of shares of series B that the Company holds at the time of the Board of Directors' resolution may be transferred based on this authorization.
- The authorization includes the right to resolve on deviation from the shareholders' preferential rights and that payments could be made other than in cash.
- The authorization may be utilized on one or more occasions before the next Annual General Meeting.

The purpose of the authorization is to provide the Board of Directors with increased scope for action in connection with financing of acquisitions of companies.

The reason for deviating from the shareholders' preferential rights is to enable alternative forms of payment for acquisitions of companies or business.

14 c) Transfer of own shares to cover costs as a result of previous years' implementation of incentive programs

The Board of Directors proposes that the Annual General Meeting resolves on transfers of own shares as a result of the previous years' implementation of incentive programs on the following terms.

The Board of Directors proposes that the Annual General Meeting resolves that the Company shall have the right to, prior to the Annual General Meeting 2021, transfer a maximum of 1,260,000 shares of series B, in order to cover certain costs, mainly social security costs, that may arise in relation to Share Matching Plan 2016, 2018, 2019 and 2020, as well as Performance Share Plan 2016, 2018, 2019 and 2020, and Special Projects Incentive 2017, 2018, 2019 and 2020. Transfers of the shares shall be effected at Nasdaq Stockholm at a price within the price range (spread) applicable

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from time to time, meaning the spread between the highest purchase price and the lowest selling price prevailing and disseminated by Nasdaq Stockholm from time to time.

Majority requirements

Resolutions in accordance with item 14 a), 14 b) and 14 c) above require that shareholders representing at least two-thirds of the votes cast as well as the shares represented at the meeting are in favour of the proposal.

SHARES AND VOTES

As of 21 February 2020, the Company has in total 135,845,847 shares, of which 2,383,903 are shares of series A with ten votes per share and 133,461,944 are shares of series B with one vote per share, which together represent 157,300,974 votes. As of the same day, the Company holds 2,846,568 own shares of series B, corresponding to 2,846,568 votes which cannot be represented at the Annual General Meeting.

INFORMATION AT THE ANNUAL GENERAL MEETING

The Board of Directors and the President shall, if any shareholder so requests and the Board of Directors believes that it can be done without material harm to the Company, provide information regarding circumstances that may affect the assessment of an item on the agenda, circumstances that may affect the assessment of the Company's or its subsidiaries' financial situation and the Company's relation to other companies within the Group. Shareholders that wish to submit questions in advance may send them to Saab AB, Årsstämma 2020, Olof Palmes Gata 17, SE-111 22 Stockholm, Sweden.

DOCUMENTS

The complete proposals from the Nomination Committee under items 1 and 9-11, as well as the complete proposals from the Board under items 12-14, are included in this notice which is available at the Company and its website as set out below. The Board's statement pursuant to Chapter 19, Section 22 in the Swedish Companies Act considering the proposals under items 13 b) and 14 a), as well as the shareholder Svenska Freds- och Skiljedomsföreningen's complete document concerning item 15 (in Swedish) are available at the Company, Saab AB, Olof Palmes Gata 17, SE-111 22 Stockholm, Sweden, and on the website of the Company www.saabgroup.com/arsstamma.

Accounting documents and the Audit Report (including the Board's proposal under item 8b) and the Board's statement pursuant Chapter 18, Section 4 § in the Swedish

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Companies Act) are available at the Company, Saab AB, Olof Palmes Gata 17, SE-111 22 Stockholm, Sweden, and on the website of the Company www.saabgroup.com/arsstamma as from 4 March 2020. The Auditor's statement pursuant to Chapter 8, Section 54 pursuant to the Swedish Companies Act regarding remuneration guidelines to senior executives is available at the Company and on the Company's website (as above) at the latest on 2 March 2020.

The documents will be sent free of charge to shareholders who request them and state their address.

PROCESSING OF PERSONAL DATA

For information on how your personal data is processed, see <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>.

Linköping in February 2020

The Board of Directors in Saab Aktiebolag (publ)

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Saab serves the global market with world-leading products, services and solutions within military defence and civil security. Saab has operations and employees on all continents around the world. Through innovative, collaborative and pragmatic thinking, Saab develops, adopts and improves new technology to meet customers' changing needs.

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