

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 2017, 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 2017 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. Saab's long-term incentive program consists of three parts - a Share Matching Plan for all permanent employees, a Performance Share Plan for senior executives and other key employees and a Special Projects Incentive. The last mentioned program was adopted by the Annual General Meeting 2017, as a complement to the Performance Share Plan, and is offered to up to 45 key employees.

The evaluation of Saab's long-term incentive programs shows that the interest and commitment for the incentive programs in general continue to grow among the participants. The number of participants increases and they show a large interest in Saab and the Company's financial development. Furthermore, the business awareness among the participants in the Performance Share Plan continues to increase. By implementing the Special Projects Incentive during 2017, a clear focus and awareness have also been created within Saab on the special projects. The Remuneration Committee is of the opinion that the Special Projects Incentive is an effective and suitable incentive to motivate the key employees that are important for executing the special projects. The implementation of the 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.

The conclusion is that Saab's long-term incentive program, consisting of three parts, Share Matching Plan, Performance Share Plan and Special Projects Incentive, are suitable and work well.

Saab's current order backlog and business plan provide continued good

preconditions for increased growth. The order backlog includes certain special projects with important milestones. Executing these projects, including reaching the milestones, is still one of the Company's greatest challenges over the coming years. To meet 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.

In light of the above, the Remuneration Committee has recommended the Board of Directors to propose to the Annual General Meeting 2018 to resolve on a long-term incentive program 2019 (LTI 2019), consisting of a Share Matching Plan 2019, a Performance Share Plan 2019 and a Special Projects Incentive 2019, unchanged compared to the program 2017/2018.

In addition to LTI 2019, the Annual General Meeting 2018 is proposed to resolve on a Special Projects Incentive 2018, as a complement to Performance Share Plan 2018, which was adopted by the Annual General Meeting 2017. The Special Projects Incentive 2018 was proposed by the Board in November 2017. For further information on this program, see the Board's complete proposal to the Annual General Meeting.

Overall, the Remuneration Committee is of the opinion that the current remuneration structure and the remuneration levels in the Company are in line with market competitive levels. Therefore, the Remuneration Committee has recommended the Board of Directors to propose to the Annual General Meeting 2018, to adopt principles of remuneration with the same content as those that were resolved at the Annual General Meeting in 2017.

Linköping in March 2018

The Board of Directors in Saab AB (publ)