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SAS Group

SAS Group

Year-end Report January-December 2008

Key ratios for January – December

- **Operating revenue: MSEK 53,195 (50,598) (5.1%)**
- **Number of passengers: 29 million**
- **Earnings before nonrecurring items in continuing operations: MSEK -395 (1,234)**
- **EBT margin before nonrecurring items from continuing operations: -0.7% (2.4%)**
- **Net income for the period: MSEK -6,321 (636), of which MSEK -4,895 is attributable to Spanair**
- **Earnings per share: SEK -38.08 (3.87)**

Major events in 2009

- **SAS will renew its strategic approach and is launching the Core SAS strategy program**
- **To implement the Core SAS strategy, a rights issue amounting to approximately SEK 6 billion will be conducted. The rights issue is supported by the three government owners and the largest private shareholder, the Wallenberg Foundations (FAM). The banks J.P. Morgan, Nordea and SEB have also confirmed their expectation, subject to certain conditions, to enter into an underwriting agreement.**
- **The SAS Group divests Spanair – Spanair is reported as a discontinued operation and the total earnings impact for 2008, including the sales impact, amounts to MSEK -4,895.**

Income and key ratios

	October-December		January-December	
(MSEK)	**2008**	2007	**2008**	2007
Revenue	**12,920**	13,007	**53,195**	50,598
EBITDAR before nonrecurring items	**900**	1,105	**3,892**	5,255
Income before nonrecurring items in continuing operations	**-313**	121	**-395**	1,234
EBT margin before nonrecurring items	**-2.4%**	0.9%	**-0.7%**	2.4%
Income before tax, EBT	**-403**	57	**-1,044**	1,044
Net income for the period	**-2,771**	-625	**-6,321**	636
Earnings per share (SEK)	**-16.84**	-3.62	**-38.08**	3.87

Comments by the CEO

2008 will probably go down in history as one of the most challenging and turbulent years that the entire aviation industry has ever experienced. During the year, we saw a period of record-high oil prices, a financial crisis that heavily intensified during the final quarter and which led to an economic recession in many markets that has significantly reduced demand for goods and services. To address the global recession and our internal challenges, SAS management has launched a renewed strategic approach, "Core SAS," which contains five primary areas: focus on our Nordic home market, focus on business travelers, new efficient organization, improved cost base and a strengthened capital structure.

The Group's earnings before nonrecurring items in continuing operations for the fourth quarter amounted to MSEK –313 and for the full-year 2008 to MSEK -395. To this are added nonrecurring items corresponding to MSEK -649, which gives income before tax of MSEK -1,044. Income before tax for the year was charged with approximately SEK 5 billion attributable to the Spanair operations and effects of the divestment. Despite these considerably negative effects, it is gratifying that we have found a solution for Spanair with new Spanish majority owners who can now develop the company further. Earnings for the Group's core operation, SAS Scandinavian Airlines, were negative and amounted to MSEK -179, although this loss was limited by the extensive cost program that the Group quickly initiated and the general healthiness of the core operations. It is pleasing to report a favorable performance in SGS, STS and SAS Cargo, which is the result of an efficient change process. Within the framework of Strategy 2011 and our short-term Profit 2008 (P08) program, we have implemented measures corresponding to a total of approximately SEK 4 billion since 2007. A central element of the program is the reduction in capacity by a total of 33 aircraft, of which 15 aircraft in Spanair.

"Core SAS" will lead to SAS becoming a more focused and less complex company. "Core SAS" contains a number of changes, which combined, will make SAS profitable and competitive. In addition to implementing a new, streamlined organization, in combination with extensive structural changes, considerable reductions to the Group's fleet and route network will be made. A total of a further 14 aircraft will be withdrawn within the framework of "Core SAS." Cost measures totaling SEK 4 billion, of which SEK 1 billion pertains to S11 measures, will generate an earnings effect over the next few years. To enable effective implementation of "Core SAS", the Board has resolved on a rights issue of approximately SEK 6 billion.

SAS's market position remains strong. Our brand stands for quality, reliability and stability. These are also strengths that we will build on further in "Core SAS," where there will be a clearer focus on destinations and product offerings that are important to business travelers. Our position also improved during the year and SAS is among the three foremost airlines in Europe for regularity and punctuality. We are also at the leading edge in terms of innovation and product development.

One of the most important priorities I had when I joined SAS in 2007 was to change and improve relations with our trade unions. Accordingly, it is highly gratifying that I can state that a real breakthrough in our cultural turnaround has been achieved. The breakthrough was based on an agreement reached with all of SAS's trade unions in January 2009 regarding necessary changes to our collective agreements. All parties have made contributions and annual savings of about SEK 1.3 billion have now been achieved.

"Core SAS," with new competitive collective agreements, a more efficient and simplified organization that can facilitate decision-making and implementation ability, a competitive cost level, divestment of non-core operations and fleet reductions will create a stable platform for the future.

Mats Jansson
President and CEO

The SAS Group's Annual & Sustainability Report will be available on the Internet on March 5, 2009.

www.sasgroup.net

Financial overview

Condensed statement of income

(MSEK)	October-December 2008	October-December 2007	January-December 2008	January-December 2007
Revenue	**12,920**	13,007	**53,195**	50,598
Payroll expenses	**-4,548**	-4,505	**-18,153**	-16,897
Other operating expenses	**-7,542**	-7,528	**-31,791**	-28,682
Leasing costs for aircraft	**-673**	-567	**-2,282**	-2,342
Depreciation and impairment	**-462**	-360	**-1,591**	-1,457
Share of income in affiliated companies	**-11**	-23	**-147**	32
Income from sale of aircraft and buildings	**-8**	67	**4**	41
Operating income	**-324**	91	**-765**	1,293
Income from other shares and participations	**0**	0	**0**	5
Net financial items	**-79**	-34	**-279**	-254
Income before tax	**-403**	57	**-1,044**	1,044
Tax	**-81**	-40	**28**	-273
Net income from continuing operations	**-484**	17	**-1,016**	771
Income from discontinued operations	**-2,287**	-642	**-5,305**	-135
Net income for the period	**-2,771**	-625	**-6,321**	636
Attributable to:				
Parent Company shareholders	**-2,771**	-596	**-6,264**	637
Minority interests	**0**	-29	**-57**	-1
Earnings per share (SEK) [1]	**-16.84**	-3.62	**-38.08**	3.87
Earnings per share (SEK) from continuing operations [1]	**-2.94**	0.10	**-6.18**	4.69

[1] Earnings per share is calculated on the basis of 164,500,000 outstanding shares (IAS 33). Since the SAS Group has no option, convertibles or share programs, no dilution occurs.
A detailed statement of income is available at www.sasgroup.net.

Income before nonrecurring items

(MSEK)	October-December 2008	October-December 2007	January-December 2008	January-December 2007
Income before tax in continuing operations	**-403**	57	**-1,044**	1,044
Impairment losses	**12**	0	**12**	0
Restructuring costs	**62**	111	**284**	216
Capital gains/losses	**8**	-67	**-4**	-46
Other nonrecurring items	**8**	20	**357** [1)]	20
Income before nonrecurring items in continuing operations	**-313**	121	**-395**	1,234

1) Relates to SAS Cargo. Fines from the US Department of Justice included in an amount of MSEK 52.

EBITDAR before nonrecurring items

(MSEK)	October-December 2008	October-December 2007	January-December 2008	January-December 2007
Revenue	**12,920**	13,007	**53,195**	50,598
Payroll expenses	**-4,548**	-4,505	**-18,153**	-16,897
Other operating expenses	**-7,542**	-7,528	**-31,791**	-28,682
EBITDAR	**830**	974	**3,251**	5,019
Restructuring costs	**62**	111	**284**	216
Other nonrecurring items	**8**	20	**357**	20
EBITDAR before nonrecurring items in continuing operations	**900**	1,105	**3,892**	5,255

Adjusted income trend

(MSEK)	October-December 2008	October-December 2007	January-December 2008	January-December 2007
Income before nonrecurring items in continuing operations	**-313**	121	**-395**	1,234
Effect of strikes	**-**	-88	**-**	212
Joint Venture Lufthansa/ECA	**100**	108	**100**	652
Effects of Q400	**50**	500	**400**	700
Result trend	**-163**	641	**105**	2,798

SAS Group

Market and earnings trend

Market growth during the fourth quarter was negative compared with the year-earlier period. For the Group as a whole, the number of passengers declined by 8.1% compared with the corresponding period in the preceding year. This meant that the load factor fell by 3.2 percentage units. The yield trend improved significantly in the fourth quarter as a result of measures implemented in conjunction with the Profit 2008 action program.

The financial crisis substantially weakened the performance of the global real economy. Fuel prices in the fourth quarter fell sharply, which was positive for the Group's earnings trend.

At the same time, the USD strengthened in value in a short space of time. As a result, the positive net effect in SEK was lower. The combination of high jet-fuel prices, lower demand with a weak load factor and a weaker yield had a negative impact. This applies to earnings for all of the SAS Group's airlines for both the quarter and accumulated for the full-year. STS improved its earnings for the quarter and for the full-year and SGS improved its earnings for the full-year.

January-December 2008

During the year, the Group's holding in Go Now AS rose from 45% to 100%, which is why the company is consolidated as a subsidiary. SAS Media, SAS Facility Management and the Group's remaining holding in ST Aerospace Solutions (Europe) were divested in the second quarter.

In June, it was decided to discontinue the sale of Spanair and, accordingly, the company was reported in continuing operations in the Group's statement of income in the second and third-quarter reports for 2008.

Against the background of the considerable turmoil in the financial markets, the weak economy and overcapacity in the aviation market, the SAS Group's goodwill with respect to Spanair was tested for impairment and the goodwill in its entirety was impaired by MSEK 1,686 at September 30, 2008. At the same time, deferred tax assets in Spanair were written down by MSEK 273.

The SAS Group reached a definitive agreement with a group of investors from Catalonia, led by the Consorci de Turisme de Barcelona and Catalana d'Inciatives, whereby the group of investors will acquire a majority stake in SAS's subsidiary Spanair for a cash consideration of EUR 1. A provision of MSEK -712 was made in the year-end accounts for 2008, which is based on the terms and conditions for the transaction. For further details, see page 6.

The Latvian government decided during the spring that the privatization of airBaltic would not be completed. This makes it impossible for the SAS Group to assume a majority ownership in airBaltic. Accordingly, a decision was taken to instead divest the SAS Group's stake in airBaltic. An agreement was signed in December for the sale of the Group's shareholding to the management of airBaltic. The sales consideration amounted to MSEK 216 and the capital gain totaled MSEK 169. The transaction was completed in January 2009.

A process relating to the divestment of Aerolineas de Baleares was initiated during the summer. An agreement on the sale of the SAS Group's holding was reached at year-end, resulting in a capital loss of MSEK -203.

Continuing operations:

The SAS Group's income before nonrecurring items in continuing operations amounted to MSEK -395 (1,234).

The net effect of currency fluctuations between the January-December periods of 2007 and 2008 was positive in an amount of MSEK 1,329. The effect was MSEK 590 on revenue, MSEK 702 on operating expenses, of which MSEK 683 is attributable to the decline in the proportion of USD debt, and MSEK 37 on net financial items. In addition, MSEK 217 is contributed as a positive effect on income from discontinued operations.

The SAS Group's revenue amounted to MSEK 53,195 (50,598), up MSEK 2,597 or 5.1%. Taking into account currency effects, revenue increased by 4.0%. Passenger traffic (RPK) rose by 1.9% for the Group.

The Group's costs for jet fuel amounted to MSEK 9,637 (7,554), an increase of MSEK 2,083. Adjusted for positive currency effects, fuel costs rose by MSEK 2,323. Restructuring costs amounting to MSEK 284 (216) are included in payroll expenses and primarily relate in the current year to measures in SAS Ground Services, SAS Airline Sweden, SAS Airline Norway and SAS Cargo. Other operating expenses include MSEK 314 attributable to fines levied on SAS Cargo for breaches of competition regulations in the US. A total of MSEK 43 in legal expenses was also charged. In addition, operating expenses rose due to expanded capacity.

Operating income before depreciation, impairment and leasing costs, EBITDAR, was MSEK 3,892 (5,225) before nonrecurring items.

Leasing costs and depreciation, after currency adjustments, were MSEK 158 higher than in the year-earlier period.

The share of income in affiliated companies amounted to MSEK -147 (32). This decline is primarily attributable to the negative earnings trend in British Midland. Estonian Air also reported weaker earnings compared with the year-earlier period.

The Group's income from the sale of aircraft and buildings amounted to MSEK 4 (41) for the full-year. A total of eight deHavilland Q400 aircraft were divested during the year and five Boeing 737s were sold and leased back, generating a total capital gain of MSEK 4. The capital gain for aircraft transactions in the preceding year totaled MSEK 41. Income from other sales and participations in 2007, amounting to MSEK 5, comprised profit from the sale of shares in OMX.

The Group's net financial items amounted to MSEK -279 (-254). Net interest was MSEK -291 (-228). The currency effect was MSEK 51 (14). Other net financial expenses were MSEK -39 (-40).

Discontinued operations:

Income from discontinued operations totaled MSEK -5,305 (-135), which represents losses after tax of SEK -1,786 from discontinued businesses, nonrecurring charges of SEK -914 in Spanair and a net loss associated with disposals of SEK -2,605. In April, SAS Media was sold to Datagraf at a capital loss of MSEK 11. SAS Facility Management was sold to Coor Service Management in June, resulting in a capital loss of a total of MSEK 30.

The Group's holding in ST Aerospace Solutions (Europe) was sold to Singapore Technologies at the end of June. This transaction was based on a put option in the share-sale agreement from 2005, when 67% of the then SAS Component was divested. The loss amounted to MSEK -139. The Group's stake in airBaltic was divested in December 2008 at a capital gain amounting to MSEK 169. Aerolineas de Baleares was divested at year-end with a capital loss of MSEK 203. Other divestments generated a net amount of MSEK 7.

The recognized goodwill in Spanair (see below) was impaired by MSEK 1,686 in September 2008. In addition, a provision was made corresponding to the effect of the transaction that took place at the end of January 2009 in the amount of MSEK 712. Income after tax in the divested operations is also included in the amount of MSEK -2,700.

Spanair		
EBT before nonrecurring items	-1,310	
Nonrecurring items	-914	
Tax	-273	-2,497
Goodwill impairment		-1,686
Effect of divestment		-712
Total		-4,895

Capital gains pertaining to Rezidor Hotel Group, SAS Flight Academy and Newco in the amount of MSEK 1,060 are reported for January-December 2007. In addition, MSEK -445 is included for an agreement in principle regarding the purchase consideration for the divestment of 67% of the shares in SAS Component in 2005, and income after tax in SAS Flight Academy, Newco, SAS Media, SAS Facility Management, ST Aerospace Solutions, airBaltic, Aerolineas de Baleares and Spanair.

Fourth quarter 2008

Continuing operations:
The SAS Group's income before nonrecurring items in continuing operations amounted to MSEK -313 (121).

The Group's operating revenue amounted to MSEK 12,920 (13,007). Taking into account currency effects, operating revenue decreased by MSEK 552 or 4.2%. The Group's passenger traffic declined by 6.8%.

Operating expenses including payroll expenses amounted to MSEK 12,090 (12,033). Adjusted for currency effects and nonrecurring items of MSEK -70 (-131), operating expenses were 1.5% lower than in the year-earlier period. Taking into account currency effects, fuel costs fell by MSEK 86 compared with the fourth quarter of 2007.

EBITDAR before nonrecurring items of MSEK 900 (1,105) for the fourth quarter amounted to MSEK 830 (974). The Group's net financial items amounted to MSEK -79 (-34). Net interest was MSEK -109 (-34).

Discontinued operations:
Income from discontinued operations totaled MSEK -2,287 (-642). Capital gains/losses attributable to the divestment of SAS Media, SAS Facility Management and the holding in ST Aerospace Solutions, airBaltic and Aerolineas de Baleares are reported in 2008, as is income after tax until the date of sale. This item also includes provisions for the effect of divestment and income after tax for Spanair.

The year-earlier period included gains/losses from the sale of shares in the Rezidor Hotel Group, Newco and the final settlement regarding the sale of SAS Component. The item also includes income after tax for all discontinued operations in 2008 and 2007, as well as income after tax in Spanair.

Profit 2008 and Strategy 2011

In 2008, the air-travel industry found itself in a highly challenging situation with record-high jet-fuel prices and a profound financial crisis combined with a market characterized by weakening demand and escalating overcapacity. To address this challenge, SAS launched the action program Profit 2008 in April 2008.

The program was expanded in August and covered measures corresponding to SEK 1.5 billion, which had been fully implemented by year-end. The program encompassed earnings measures, changes in the traffic program and other cost measures. In total, plans were made for a reduction in aircraft by 18 or approximately 10% of capacity and the number of positions by 1,500. The action program has now led to improved yield, which indicates that the measures in terms of the impact on earnings have had the desired effect.

The Strategy 2011 structural cost program is being implemented in parallel with the short-term Profit 2008 action program.

The aim of the program is to reduce unit costs by an amount corresponding to SEK 2.8 billion. At the end of the fourth quarter, measures corresponding to 90%, approximately SEK 2.5 billion, had been implemented.

S11 earnings effect 2008

Procurement	400
Central administration	175
Flight operations	600
Sales & administration	530
Ground/Technical	770
Total	2,500

Core SAS – new strategic focus for creation of future value

Strategy 2011 was launched in June 2007 and was aimed at achieving full profitability and securing the company's ability to manage the increasingly fierce competition in the air-travel market. A subsidiary aim was to safeguard SAS's position as a profitable and independent airline. The basis of the strategy was an enhanced customer focus, which, combined with clearer leadership, would bring about a cultural turnaround. Airline operations were to be concentrated to/from northern Europe. S11 also entailed harmonizing and developing the customer offering, whereby customers were to be given similar offerings regardless of the country from which they travel. Another key component was the launch of a cost program corresponding to total savings of SEK 2.8 billion.

Despite the positive effects of S11, through for example, the successful implementation of cost measures (SEK 2.5 billion or 90% implemented by the fourth quarter), S11 was insufficient due to changed external and internal conditions. Renegotiation of the collective agreements and the sales of Spanair and BMI were delayed. Internal challenges led to the postponement of the restructuring of SGS.

In addition, SAS now operates in a fundamentally different macro-environment than when S11 was first launched. Given the profound economic downturn and financial crisis, and the continuing high level of overcapacity in the market, a new strategic focus is required that can build on the aims of S11. This is needed to enable SAS to meet the new conditions it faces externally and within the Group.

Core SAS is the SAS Group's new strategic plan and is based on five pillars that will facilitate an efficient and more profitable SAS.

Focus on Nordic home market
Core SAS involves a strengthened focus on the Nordic home market. To maintain the Group's strong position in this market, companies not directly involved in core operations will be sold. In January 2009, SAS signed a final agreement regarding the sale of Spanair and completed the divestment of its stake in airBaltic. In addition, BMI, Air Greenland, Spirit, Cubic, Trust, Estonian Air and Skyways will be divested. SAS Cargo will focus on selling belly capacity to the Group's airlines. Part of the restructuring will also entail that units in STS and SGS, as well as certain central functions, will be outsourced.

Focus on business travelers and a strengthened commercial offering
To facilitate profitability, there will be further focus in Core SAS on profitable business routes. Core SAS will entail extensive cutbacks in the number of routes (~40%) and in capacity (ASK, approx. 20%). Most of the routes to be discontinued are leisure routes. Based on results for 2008, these measures correspond to a positive pre-tax earnings effect amounting to approximately MSEK 800. The fleet will be reduced by a total of 20 aircraft. This reduction comprises a further 12 short-haul aircraft, in addition to the six aircraft already announced as cuts in Profit 2008, and two long-haul aircraft.

A new commercial offering will be launched – Service And Simplicity. SAS intends to further enhance its customer offering by making the travel experience smoother, while at the same time maximizing perceived value for the individual customer. An improved EuroBonus program and many new services (for example, mobile telephone boarding passes and access to lounges for Economy Extra passengers) will be launched within the framework of the new commercial offering. To maintain a high pace of implementation, some measures in the commercial-offering initiative have already been started, for example, SAS Credits.

Improved cost base
The launch of Core SAS entails the implementation of new cost-reduction measures corresponding to a total of approximately SEK 4 billion. Of these, a total of SEK 1.3 billion will comprise annual savings within the framework of existing collective agreements, SEK 1.7 billion comprises new initiatives and SEK 1 billion relates to remaining effects from the S11 cost program. For further details, see "Core SAS's cost program."

Based on Core SAS's cost program, the current cost gap relative to leading competitors will decrease to approximately SEK 1 billion. A large portion of this figure is attributable to collective agreements.

The cost program will be monitored by a newly established program office with dedicated resources and in the future will be reported a single joint program, namely Core SAS.

Streamlined organization and customer-oriented focus
The SAS organization will be simplified within the framework of Core SAS. The most significant change will be to change the incorporation of the national companies which to date have had full responsibility for the operations in their respective countries. The current long-haul operation, SAS International, will cease to be a business unit. Three new base organizations will be established in Copenhagen, Stockholm and Oslo, to assume responsibility for both short and long-haul services within Core SAS. SGS's operations will be integrated into these companies. STS, the remaining parts of SAS Cargo and the carriers Widerøe and Blue1 will remain independent companies within the Group.

As a result of the restructuring process, about 3,000 employees at SAS will be laid off. In addition, a further 5,600 employees will leave the Group along with the operations that will be divested or outsourced. Of these, Spanair accounts for approximately 3,000 persons. In total, about 9,000 persons in the existing Group companies will be affected. The new Core SAS organization will result in a more efficient and simplified SAS, with a strengthened customer orientation.

Strengthened capital structure
To facilitate the implementation of Core SAS and thereby improve SAS's long-term competitiveness, a rights issue of approximately SEK 6 billion will be made, with subscription rights for the shareholders to subscribe for new ordinary shares. After implementation, the Group's equity will be substantially increased (from approximately SEK 9 billion to approximately SEK 15 billion) and result in improved equity in relation to total capital (from about 20% to 30%). The Swedish, Danish and Norwegian governments have each expressed to the Board of Directors their support for the process and stated that they will propose that their respective parliaments approve, subject to certain conditions, subscription for their pro rata shares of the rights issue. The Knut and Alice Wallenberg Foundation, through Foundation Asset Management (FAM), has expressed to the Board of Directors its support for the process and its willingness, subject to certain conditions, to subscribe for its pro rata share of the rights issue. The participation of the three governments and FAM in the rights issue is conditional upon all four owners making final decisions to subscribe for their respective pro rata shares. In total, the four shareholders named above hold 57.6% of all outstanding shares and votes in SAS.

SAS has engaged J.P Morgan and SEB Enskilda as financial advisers. J.P. Morgan, Nordea and SEB, acting as joint book runners and lead underwriters, have confirmed their expectation, subject to certain conditions, to enter into an underwriting agreement in respect of the remaining 42.4% of the shares to be issued in the rights offering.

The rights issue will considerably improve SAS's financial key ratios. Adjusted net debt will decrease from approximately SEK 23 billion to approximately SEK 17 billion, corresponding to an improvement in adjusted net debt in relation to EBITDAR from about 6.3 times to 4.6 times.

In addition to the capital contribution, SAS will continue to utilize the current strength of its assets. SAS also has a fleet that is an asset for the future. The MD aircraft are (even if the current price of oil is doubled) more cost-efficient than new-generation aircraft due to their low capital costs. SAS's large share of leased aircraft provides high flexibility for satisfying market demands. New investments will need to be made in the fleet in the future, most of which will not be implemented until 2014 and beyond.

Core SAS's cost program

One of the main pillars of Core SAS is the Group's new cost initiative which corresponds to savings of approximately SEK 4 billion. The earnings impact is expected to take effect between 2009 and 2011. Of this figure, a total of SEK 1.3 billion will comprise savings within the framework of existing collective agreements and about SEK 1.7 billion from a new cost program. A total of SEK 1.0 billion will be transferred from the existing S11 program. Of this amount, SEK 0.7 billion comprises initiatives that were implemented in 2008 but have not yet generated earnings effects and SEK 0.3 billion pertains to initiatives that will be implemented in 2009.

The existing cost gap relative to competitors after the full effects of the S11 program amounts to about SEK 4 billion. Based on the new initiative in Core SAS of SEK 1.7 billion and the effects associated with the collective agreements totaling SEK 1.3 billion, the cost gap will decrease to approximately SEK 1 billion.

The initiative includes savings in all operational areas, with the most extensive measures to be implemented in Sales & Administration, procurement and effects of the reorganization.

Detailed monitoring activities will be led by the new program office, which has dedicated resources.

Cost program	*Earnings effect total 2009-2011*
Flight operations	MSEK ~300
Ground	MSEK ~300
Technical maintenance	MSEK ~200
Outsourcing	MSEK ~200
Procurement	MSEK ~500
Reorganization	MSEK ~400
Sales & administration	MSEK ~500
Other	MSEK ~300
Total	**MSEK ~2,700**

From the first quarter of 2009, the reporting of the Core SAS cost program will be conducted as a single program and will include the total impact of new initiatives and the remaining effects of the S11 cost program of SEK 1 billion.

The result of the cost program will take effect during 2009-2011, with more than half of the savings expected to occur in 2009, and the majority of the remainder in 2010, and the balance in 2011.

Core SAS includes restructuring costs amounting to about MSEK 900, comprising cost items such as retraining pilots, fleet changes and costs for implementing the cost program.

Earnings from collective-agreement negotiations:
The total savings from collective agreements are estimated to be SEK 1.5 billion in 2009, which includes a nonrecurring item of MSEK 156 attributable to pensions. The total saving corresponds to a decrease of about 12% of the total cost attributable to collective agreements. Of the estimated recurring benefit of SEK 1.3 billion, approximately MSEK 300 comprises salary freezes and about MSEK 1,000 is attributable to productivity improvements, changes to insurance and pensions and salary reductions.

Savings from collective agreements	Earnings effect (MSEK)
Nonrecurring item, pensions	156
Salary freezes	320
Productivity improvements, pensions, insurance, salary reductions	1,010
Total	**~1,500**

Costs for pilots will decline by about 20%, for cabin crew by 10-16% and for ground personnel about 5%.

All employee categories have contributed to savings. The contribution from SAS management amounts to MSEK 13 and includes, for example, salary reductions corresponding to 6% of basic salary and no payments of variable salaries relating to 2008 will be made in 2009.

Final agreement regarding sale of Spanair

The SAS Group has reached a definitive agreement with a group of investors from Catalonia, led by the Consorci de Turisme de Barcelona and Catalana d'Inciatives, whereby the group of investors will acquire a majority stake in SAS' subsidiary Spanair for a cash consideration of EUR 1.

Following the transaction, SAS will remain as a 19.9% minority shareholder in Spanair, and act as its industrial partner to assist in the implementation of the carrier's strategic plan, which aims at further strengthening Spanair's position in Spain and as the leading carrier in the Barcelona region. The effect on SAS is a capital loss of MSEK -712 as a result of the divestment, which was recognized in the fourth quarter of 2008.

Following the transaction, MEUR 99 of existing interest-bearing indebtedness to SAS will remain outstanding and be amortized in line with Spanair's future cash-flow generation. In addition, SAS will convert MEUR 20 of existing loans to Spanair into equity in Spanair, and repay Spanair's external loans of MEUR 18. SAS will also continue to lease in total 18 aircraft to Spanair on market terms and remain as guarantor of MEUR 36 for certain operational undertakings of Spanair for a limited period.

In summary, the financial effects from Spanair's 2008 result and this transaction on the SAS Group in 2008 will be a negative effect of MSEK -4 895 reported as discontinued operations in the 2008 financial statements.

Financial effects from the Spanair transaction	Q1-Q3 2008	Q4 2008	FY 2008
Impairment of goodwill in Spanair	-1,686	-	-1,686
Impairment of deferred tax assets	-273	-	-273
EBT before non-recurring items in Spanair	-750	-560	-1,310
Non-recurring restructuring costs in Spanair	-7	-907	-914
Capital loss from transaction	-	-712	-712
Total	-2,716	-2,179	-4,895

SAS' total cash outflow in connection with this transaction will amount to MEUR 18. In addition thereto, SAS has committed to contribute up to MEUR 50 in respect of potential future funding needs of Spanair.

After closing of the transaction, SAS will account for the 19.9% stake in Spanair as a financial asset.

The parties have entered into a shareholders' agreement granting SAS certain minority protection rights.

The transaction is expected to close during the first quarter of 2009 and is subject to customary regulatory approvals.

Defined-benefit pensions

Defined-benefit pension plans are reported in accordance with IAS 19. Defined-benefit pension plans in Sweden are insured with Alecta for salaried employees and cabin personnel, and with Euroben for pilots. All personnel in Norway have defined-benefit pensions insured with Vital. There are also unfunded pensions relating to early retirement pensions in Sweden and Norway. Only pilots have defined-benefit pension plans in Denmark, which are insured with Danica.

With respect to pensions earned to date, the funded pension plans are well-funded, and in certain cases, overfunded. However, under IAS 19, pension commitments are calculated until the age of retirement and a present value calculation is performed, which means that the overfunding effect is substantially reduced.

A number of parameters for, for example, the discount rate, expected return on assets, inflation, future salary increases and life expectancy assumptions are utilized in the pension calculations. The discount rate is to be valued at market value on the closing date and corresponds to the rate of high-grade prime corporate bonds. Other parameters are based on expected trends over the term of the commitment.

The discount rate in the annual accounts for 2008 was set at 4.5% in Sweden, 5.0% in Norway and 5.5% in Denmark. The expected return is 6.0% in all three countries. Inflation is estimated at 1.5-2.0% and the expected future salary adjustment is set at 2.5-3.0%.

Pension funds, net were reported in the amount of SEK 9.6 billion as an asset at December 31, 2008. This item comprises pension fund assets totaling SEK 30.2 billion, liabilities amounting to SEK 32.3 billion (of which SEK 3 billion is unfunded) and actuarial losses including plan changes totaling SEK 11.7 billion.

Estimate deviations may arise from actual returns being lower or higher than the expected level, or by actual inflation levels and salary adjustments deviating from assumptions. In addition, estimate deviations are impacted by changed parameters regarding the discount rate, life expectancy and salary adjustments.

IAS 19 permits the postponement of recognizing deviations arising during the year by amortizing accumulated deviations that exceed the higher of 10% of the commitment or the funded amount over the average remaining period of employment, which SAS estimates is 15 years.

At the beginning of 2008, the accumulated, unrecognized estimate deviation amounted to approximately SEK 8 billion. Against the backdrop of a weak stock-market trend in 2008, the deviation increased by approximately SEK 1.2 billion due to lower returns of an average of 4 percentage units. In addition, the discount rate had to be lowered by 1 percentage unit in Sweden and Norway. Salary adjustments in Norway were also reduced by 1 percentage unit to 3%. Jointly, these changes led to an increased deviation of SEK 2.2 billion. The deviation will be amortized in future years at about SEK 0.6 billion per year. Any improvements in returns on assets in the pension schemes will reduce the estimate deviation.

Sensitivity to changes in individual parameters can be estimated as follows. A 1-percentage-unit change in the discount rate will affect commitments by approximately SEK 4.5 billion. A 1-percentage-unit change in the inflation assumption will affect commitments by about SEK 3 billion and a 1-percentage-unit change in the salary adjustment parameter will affect commitments by approximately SEK 4 billion.

IAS 19 is being revised and a discussion paper has been released by the IASB. The proposed changes, which mean that estimate deviations may no longer be amortized over the remaining average period of service, but continuously recognized directly against equity or recognized in the income statement, will probably come into effect on January 1, 2012 at the earliest. As a result of this change, accumulated deviations existing on the effective date of the revised IAS must then be recognized in their entirety against shareholders' equity.

Legal issues

On February 14, 2006, the European Commission and the U.S. Department of Justice each made public investigations into possible price fixing in the air cargo industry. SAS is one of several air cargo carriers involved in the investigations. In addition, a number of class-action civil lawsuits brought against SAS and other air cargo carriers in the United States, alleging civil damages and seeking monetary compensation, are pending in a consolidated civil case in New York.

On July 21, 2008, SAS Cargo Group A/S entered a plea of guilty to violation of U.S. antitrust laws and will pay a fine of MUSD 52 in installments over the next four years. This concludes the investigation of SAS by the U.S. authorities and resolves all liability in connection with the U.S. investigation. SAS is continuing its settlement negotiations in the civil litigation.

A separate investigation by the European Commission is underway, and SAS is cooperating in that investigation. The Commission issued a Statement of Objections on 20 December 2007 to a large number of air carriers, including SAS Cargo. In the Statement of Objections, the Commission alleges that certain investigated practices in the air cargo sector constituted infringements of EC competition rules. SAS Cargo provided a written response to the Statement of Objections in April 2008 and made oral submissions addressing the allegations against it at a hearing held in the week of 30 June 2008. The Commission's final decision in the European investigation is expected during 2009.

It is not possible at this time for SAS to predict the outcomes of the European Commission investigation or of the U.S. civil lawsuits. Taking the nature of the allegations into account, adverse outcomes are likely to have a substantial negative financial impact on SAS.

Currency and fuel hedging

The SAS Group has hedged 45% of its anticipated fuel consumption for 2009. This hedging was achieved primarily through capped options, swaps and collars. Under current plans for flight capacity, the cost of jet fuel in 2009 is expected to be in line with Appendix 3, assuming different prices and USD exchange rates. SAS's policy is to handle increases in jet-fuel costs primarily through price adjustments and yield management, as well as making price reductions as far as possible.

In December 2008, the SAS Group had hedged 66% of its anticipated USD deficit for the next twelve months. Other currencies are hedged 60-90% in accordance with the financial policy.

Indicative time schedule for rights issue

The Board's resolution regarding a rights issue of approximately SEK 6 billion is subject to approval by the General Meeting. The Board intends to convene an Extraordinary General Meeting to be held around March 13, 2009 (a separate notice will be published). The record date to participate in the rights issue will be March 18, 2009 and the subscription period will be from March 23, 2009 to April 6, 2009, or such later date as decided by the Board. The amount by which the company's share capital can be increased, the number of shares to be issued and the subscription price will be determined by the Board not later than March 12, 2009.

Extended terms of the SAS Group loans

To further strengthen the financial situation of the SAS Group, SAS has, subject to certain conditions, renegotiated its revolving credit facility of MEUR 366 (approx. SEK 4 billion) and extended the term by two years, extending maturity from June 2010 to June 2012.

The undrawn bilateral credit facilities of a total amount of approximately SEK 1.3 billion, with maturity in 2009-2011, have been extended, subject to certain conditions, by not less than approximately two years until at least June 2012.

Finally, an extended credit facility of MUSD 156 has, subject to certain conditions, been extended by two years to April 2013. Consequently, in total, SAS has extended debt equivalent to an amount of SEK 6.5 billion.

Changed accounting principles regarding EuroBonus

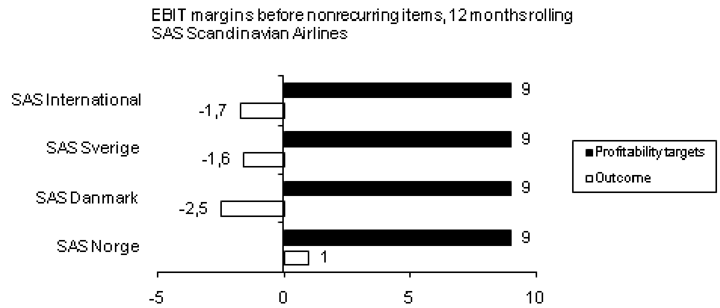
In accordance with an interpretation from the IASB, IFRIC 13 Customer Loyalty Programs, the measurement and recognition of the commitment to provide free or discounted goods or services to customers entitled to such benefits arising from their previous purchases will be changed from January 1, 2009.

Until 2008, a liability was reported corresponding to the variable marginal cost associated with the provision of free travel in exchange for redeeming earned bonus points. This liability amounted to SEK 0.5 billion on December 31, 2008.

Under IFRIC 13, the allocation of award credits is to be considered to be a separately identifiable component of the purchase of airline tickets. The portion of the ticket price allocated to award credits is to be valued at fair value and recognized in revenue in the period in which the commitment is fulfilled. The fair value of the future flight is based on the lowest price offered to paying passengers. The new measurement of the EuroBonus liability on January 1, 2009 results in an increase of the liability by approximately SEK 1.3 billion, which is recognized directly against equity.

SAS Scandinavian Airlines

For the companies in the SAS Scandinavian Airlines business area, the year was characterized by weaker external conditions compared with 2007, which had a clearly negative impact on earnings. The high level of jet-fuel prices for much of the year and the gradually weakening economy have burdened the company, despite the introduction of a fuel surcharge and capacity adjustments to lower demand. In addition, the negative consequences of the Q400 problems were extensive, particularly for SAS Denmark, but SAS Sweden was also affected and, as a direct result, the company was forced to close two domestic routes that had previously been operated using Q400 aircraft.



Scandinavian Airlines Norway

(MSEK)	Oct-Dec 2008	Oct-Dec 2007	Jan-Dec 2008	Jan-Dec 2007
Passenger revenue	**2,810**	2,781	**11,716**	10,905
Other revenue	**573**	664	**2,462**	2,507
Revenue	**3,383**	3,445	**14,178**	13,411
EBITDAR	**433**	429	**1,156**	2,045
EBIT before nonrecurring items	**151**	189	**142**	1,038
EBIT margin before nonrecurring items	**4.5%**	5.5%	**1.0%**	7.7%
Average number of employees	**2,374**	2,436	**2,422**	2,465

Scandinavian Airlines Norway reported full-year earnings of MSEK 142, corresponding to an EBIT margin of 1.0%, which is significantly lower than in the preceding year. The reasons behind the decline in earnings of approximately MSEK 900 include the weaker economy, high jet-fuel prices, limited success in the venture to expand capacity to leisure-travel destinations in Europe and strongly intensified competition on Norwegian domestic routes. Furthermore, costs for technical maintenance rose after adjusting internal transfer price levels to reflect market terms in relation to STS. The EBIT margin weakened less during the fourth quarter due to such factors as increased capacity adjustments and the effects of the cost program.

Scandinavian Airlines Denmark

(MSEK)	Oct-Dec 2008	Oct-Dec 2007	Jan-Dec 2008	Jan-Dec 2007
Passenger revenue	**2,310**	2,329	**9,439**	9,382
Other revenue	**576**	504	**2,583**	2,277
Revenue	**2,886**	2,833	**12,022**	11,659
EBITDAR	**63**	98	**331**	1,153
EBIT before nonrecurring items	**-110**	-111	**-298**	433
EBIT margin before nonrecurring items	**-3.8%**	-3.9%	**-2.5%**	3.7%
Average number of employees	**2,082**	2,219	**2,162**	2,188

Scandinavian Airlines Denmark's full-year earnings show a clear deterioration compared with 2007. Earnings for the final quarter of the year were negative, but did not entail a further decline compared with 2007. Similar to other companies, SAS Denmark was adversely affected during the year by high jet-fuel prices and lower demand in the market, but the Q400 situation also had a clearly negative impact. The Q400 aircraft comprised about a third of the company's fleet and the negative effects during the year were extensive. The company was charged with such costs as expenses for leasing replacement capacity and higher operating costs resulting from, for compelling reasons, replacing a number of Q400 aircraft with larger aircraft. After a long period with a falling load factor, SAS Denmark broke this trend during the fourth quarter and was again able to report a higher load factor compared with the year-earlier period.

Scandinavian Airlines Sweden

(MSEK)	Oct-Dec 2008	Oct-Dec 2007	Jan-Dec 2008	Jan-Dec 2007
Passenger revenue	**1,699**	1,811	**6,732**	6,834
Other revenue	**438**	554	**1,855**	1,945
Revenue	**2,137**	2,365	**8,587**	8,779
EBITDAR	**117**	238	**306**	1,158
EBIT before nonrecurring items	**-68**	110	**-133**	622
EBIT margin before nonrecurring items	**-3.2%**	4.6%	**-1.6%**	7.1%
Average number of employees	**1,598**	1,709	**1,665**	1,704

Scandinavian Airlines Sweden's full-year earnings for 2008 were negative and significantly lower than in 2007. A comparison between earnings for the fourth quarter of 2008 with the corresponding period in 2007 is negatively impacted by the fact that the company received strike compensation of MSEK 88 in December 2007. During the year, the company was negatively impacted by high jet-fuel prices, a weak Swedish economy and the consequences of the Q400 situation. In addition, competition in the Swedish market remained fierce and total capacity has not been adjusted to lower demand. SAS Sweden intensified its capacity adjustments in the autumn and scheduled production (ASK) was 8% lower in the fourth quarter of 2008 compared with the year-earlier period, which positively affected the load factor.

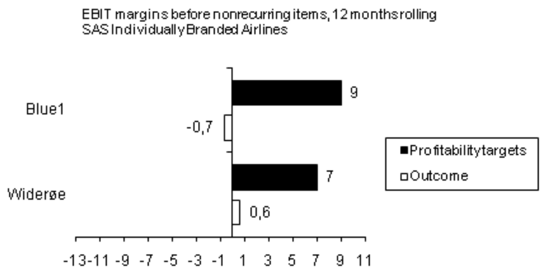
Scandinavian Airlines International

(MSEK)	Oct-Dec 2008	Oct-Dec 2007	Jan-Dec 2008	Jan-Dec 2007
Passenger revenue	**1,464**	1,492	**6,269**	5,914
Other revenue	**430**	421	**1,774**	1,711
Revenue	**1,894**	1,914	**8,043**	7,625
EBITDAR	**45**	152	**519**	702
EBIT before nonrecurring items	**-140**	-2	**-136**	43
EBIT margin before nonrecurring items	**-7.4%**	-0.1%	**-1.7%**	0.6%
Average number of employees	**744**	762	**753**	782

Scandinavian Airlines International reported weaker earnings for the full-year 2008 compared with 2007, which is largely due to a weak end to the year. The company began 2008 positively with both yield and the load factor rising compared with the year-earlier period. This resulted in a favorable trend in passenger revenue. During the second half of the year, the downturn in the economy clearly impacted intercontinental travel; one of the results of which was that it was difficult for the company to fully offset the higher fuel prices since price sensitivity among customers had increased. For SAS International, capacity (ASK) rose during the year by 1%, while fuel costs increased by 23%. The Copenhagen – New Delhi route was launched when the winter program came into effect.

SAS Individually Branded Airlines

All companies in this business area, apart from Widerøe, experienced clearly negative effects from the economic slowdown. Both Blue1 and Spanair reported declining demand, primarily among business travelers, resulting in a weaker yield. Widerøe now has a total of five new Q400NGs in production, which has impacted the revenue trend positively.



Blue1

(MSEK)	Oct-Dec 2008	Oct-Dec 2007	Jan-Dec 2008	Jan-Dec 2007
Passenger revenue	**432**	468	**1,753**	1,784
Other revenue	**57**	59	**246**	236
Revenue	**489**	527	**2,000**	2,019
EBITDAR	**-1**	67	**102**	257
EBIT before nonrecurring items	**-33**	35	**-13**	113
EBIT margin before nonrecurring items	**-6.7%**	6.7%	**-0.7%**	5.6%
Average number of employees	**452**	487	**460**	506

Blue1 reported full-year earnings of MSEK -13 and an EBIT margin that was 6.3 percentage units lower than the preceding year. The decline totaling MSEK 126 is mainly attributable to the economic slowdown, which led to lower demand, mainly among business travelers and in the fourth quarter. This resulted in lower yield and a lower passenger load factor. In addition, earnings were adversely impacted by higher jet-fuel prices and higher payroll expenses than in the year-earlier period. Blue1 continuously adjusted its production during the year and many routes were discontinued, mainly within Europe.

Widerøe

(MSEK)	Oct-Dec 2008	Oct-Dec 2007	Jan-Dec 2008	Jan-Dec 2007
Passenger revenue	**583**	519	**2,200**	2,000
Other revenue	**327**	279	**1,302**	1,051
Revenue	**910**	799	**3,502**	3,051
EBITDAR	**112**	77	**298**	426
EBIT before nonrecurring items	**21**	13	**20**	177
EBIT margin before nonrecurring items	**2.3%**	1.7%	**0.6%**	5.8%
Average number of employees	**1,216**	1,364	**1,329**	1,358

Widerøe's full-year earnings for 2008 amounted to MSEK 20 and were lower compared with the preceding year. The positive trend in passenger revenue also continued in the fourth quarter with an increase of 12% compared with the preceding year. Widerøe has now received the five new Q400NGs that were on order. This affects production, which rises by 7% on a full-year basis. The main reasons driving the negative earnings trend are attributable to costs. On a full-year basis, higher costs were incurred for replacement capacity for the Q400 aircraft and higher costs for personnel, fuel and handling.

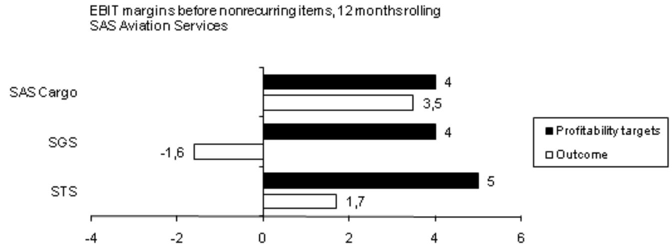
Spanair (reported as discontinued operation)

(MSEK)	Oct-Dec 2008	Oct-Dec 2007	Jan-Dec 2008	Jan-Dec 2007
Passenger revenue	**1,427**	1,949	**7,584**	8,224
Other revenue	**393**	536	**2,518**	2,907
Revenue	**1,820**	2,486	**10,102**	11,131
EBITDAR	**-1,169**	67	**-1,071**	829
EBIT before nonrecurring items	**-522**	-204	**-1,164**	-295
EBIT margin before nonrecurring items	**-28.7%**	-8.2%	**-11.5%**	-2.7%
Average number of employees	**3,014**	3,450	**3,334**	3,415

Spanair's full-year earnings are significantly weaker than in the year-earlier period. The main reason for this is a weak revenue trend, which in turn is due to the economic slowdown and the competitive situation in Spain, which has led to a lower yield. The Spanish market is characterized by intense competition, overcapacity and declining yields. The yield trend is attributable to a lower proportion of business travelers. In addition, the effects of the significant capacity reduction implemented by Spanair, with 15 aircraft withdrawn from production, and the tragic accident in Madrid earlier in the year, also impacted the company. Spanair continues to work on its viability plan that is to improve earnings by MEUR 90.

SAS Aviation Services

All companies in the SAS Aviation Services business area reported stronger full-year earnings compared with 2007. STS reported the most marked improvement compared with 2007. SAS Cargo and SGS also improved their earnings compared with the preceding year. However, only SAS Cargo is close to achieving its profitability target.



STS

(MSEK)	Oct-Dec 2008	Oct-Dec 2007	Jan-Dec 2008	Jan-Dec 2007
Revenue	**1,596**	1,225	**5,329**	4,874
EBITDA	**52**	-121	**228**	-310
EBIT before nonrecurring items	**-3**	-96	**88**	-372
EBIT margin before nonrecurring items	**-0.2%**	-7.8%	**1.7%**	-7.6%
Average number of employees	**2,277**	2,414	**2,344**	2,422

SAS Technical Services' (STS) earnings for both the period and accumulated for the year were significantly better than in 2007**.** These improved earnings were mainly due to the ongoing cost program and the new agreements with the airlines in the SAS Group. Furthermore, STS is continuing to work on improving its delivery quality. The external market for technical maintenance remains characterized by fierce competition, overcapacity and price pressure. STS's focus on delivery quality combined with a more efficient production organization will generate increased productivity and efficiency, and thereby enhance the company's competitiveness and profitability. A circumstance that makes achieving this more difficult is that production volumes fall when airlines implement capacity reductions. The challenge is to maintain sufficient and necessary flexibility in personnel cutbacks in relation to capacity reductions.

SAS Cargo

(MSEK)	Oct-Dec 2008	Oct-Dec 2007	Jan-Dec 2008	Jan-Dec 2007
Traffic revenue	**383**	407	**1,506**	1,722
Other revenue	**431**	446	**1,931**	1,614
Revenue	**813**	853	**3,437**	3,336
EBITDA	**9**	16	**-198**	-13
EBIT before nonrecurring items	**25**	40	**121**	33
EBIT margin before nonrecurring items	**3.1%**	4.6%	**3.5%**	1.0%
Average number of employees	**1,218**	1,296	**1,247**	1,356

SAS Cargo reported full-year earnings that were considerably better than the same period in 2007. The primary reason for the improved result is the company's ability to generate revenue under tough market conditions. The company's earnings-improvement program also had a positive impact on earnings. In addition to capacity adjustments, the program includes structural changes, commercial initiatives and efficiency enhancements. Unfortunately, earnings for the final quarter deviate negatively compared with the year-earlier period. The primary reasons for this are lower fuel surcharges and the loss of cargo contracts.

SGS

(MSEK)	Oct-Dec 2008	Oct-Dec 2007	Jan-Dec 2008	Jan-Dec 2007
Revenue	**1,605**	1,591	**6,322**	6,055
EBITDA	**-75**	-70	**-143**	-57
EBIT before nonrecurring items	**-58**	-91	**-99**	-141
EBIT margin before nonrecurring items	**-3.6%**	-5.7%	**-1.6%**	-2.3%
Average number of employees	**6,835**	7,025	**7,040**	6,873

SAS Ground Services (SGS) reported fourth-quarter earnings before nonrecurring items that are approximately MSEK 30 better than in the year-earlier period. Accumulated for the year, SGS improved its earnings by MSEK 40 compared with 2007. Almost all of this improvement is attributable to the second half of the year. In 2008, SGS had slightly more than MSEK 140 in restructuring expenses related to personnel reductions. The primary reason for the positive deviation is that SGS's profitability program is starting to have an effect. However, the greatest challenge remaining for the company is in Denmark. The program aimed at achieving the profitability target contains measures corresponding to more than MSEK 500 and is proceeding according to plan. A circumstance that also makes the current situation substantially more arduous is that airlines are implementing capacity reductions that are difficult to achieve alongside flexibility in terms of personnel expenses.

SAS Group

Condensed balance sheet

(MSEK)	December 31, 2008	December 31, 2007	December 31, 2006
Intangible assets	**1,092**	1,226	2,932
Tangible fixed assets	**14,132**	13,436	14,941
Financial fixed assets	**11,616**	12,001	13,316
Total fixed assets	**26,840**	26,663	31,189
Current assets	**820**	850	996
Current receivables	**6,000**	6,168	8,176
Cash and cash equivalents	**5,783**	8,891	10,803
Assets held for sale	**3,921**	6,198	-
Total current assets	**16,524**	22,107	19,975
Total assets	**43,364**	48,770	51,164
Shareholders' equity 1)	**8,682**	17,149	16,388
Long-term liabilities	**17,790**	11,274	17,847
Current liabilities	**14,427**	15,024	16,929
Liabilities relating to assets held for sale	**2,465**	5,323	-
Total shareholders' equity and liabilities	**43,364**	48,770	51,164
Shareholders' equity per share 2)	**52.78**	104.13	99.49
Interest-bearing assets	**16,863**	20,307	21,149
Interest-bearing liabilities	**16,117**	12,042	16,478

1) Including minority interests
2) Calculated on 164,500,000 outstanding shares. The SAS Group has not carried out any buyback programs.

Change in shareholders' equity, condensed

	Shareholders' equity attributable to Parent Company shareholders								
(MSEK)	Share capital 1)	Other contributed capital 2	Hedge reserves	Fair value reserve	Translation reserve	Retained earnings 3)	Total shareholders' equity attributable to Parent Company's shareholders	Minority interest	Total equity capital
Opening balance, January 1, 2007	**1,645**	**170**	**518**	**508**	**286**	**13,239**	**16,366**	**22**	**16,388**
Changed accounting principle in affiliated company						-26	-26		-26
Change in fair value reserve				-508			-508		-508
Change in hedge reserve			583				583		583
Tax charged directly to equity			-163				-163		-163
Translation differences					75		75	-2	73
Revenue and expenses for the period reported directly against shareholders' equity	0	0	420	-508	75	-26	-39	-2	-41
Hedge reserve dissolved against earnings			232				232		232
Tax on items dissolved against earnings			-65				-65		-65
Net income for the period						636	636	-1	635
Total revenue and expenses for the period	0	0	587	-508	75	610	764	-3	761
Closing balance, December 31, 2007	1,645	170	1,105	0	361	13,849	17,130	19	17,149
Change in participating interest in subsidiaries							0	38	38
Change in hedge reserve			-1,516				-1,516		-1,516
Tax charged directly to equity			407		-85		322		322
Translation differences					-251		-251		-251
Revenue and expenses for the period reported directly against shareholders' equity	0	0	-1,109	0	-336	0	-1,445	38	-1,407
Hedge reserve dissolved against earnings			-1,027				-1,027		-1,027
Tax on items dissolved against earnings			288				288		288
Net income for the period						-6,264	-6,264	-57	-6,321
Total revenue and expenses for the period	0	0	-1,848	0	-336	-6,264	-8,448	-19	-8,467
Closing balance, December 31, 2008	1,645	170	-743	0	25	7,585	8,682	0	8,682

1) The share capital in SAS AB is distributed among 164,500,000 shares with a par value of SEK 10 per share in both the opening and closing balances.
2) The entire amount comprises share premium reserves.
3) No dividends were paid in 2007 and 2006.

SAS Group

Condensed cash-flow statement

(MSEK)	October-December 2008	October-December 2007	January-December 2008	January-December 2007
Income before tax	**-403**	57	**-1,044**	1,044
Depreciation and impairment	**462**	360	**1,591**	1,457
Income from sale of fixed assets	**8**	-67	**-4**	-46
Discontinued operations	**-1,514**	-278	**-2,309**	-225
Adjustment for items not included in cash flow	**386**	39	**-64**	-15
Paid tax	**-2**	9	**-19**	-38
Cash flow from operations	**-1,063**	120	**-1,849**	2,177
Change in working capital	**-732**	128	**-802**	689
Cash flow from operating activities	**-1,795**	248	**-2,651**	2,866
Investments, including prepayments to aircraft manufacturers	**-1,044**	-804	**-4,455**	-2,683
Acquisition of subsidiary	**0**	0	**7**	-225
Sale of subsidiaries	**-74**	0	**103**	549
Sale of fixed assets, etc	**2**	616	**1,432**	2,146
Cash flow before financing activities	**-2,911**	60	**-5,564**	2,653
External financing, net	**1,339**	8	**2,480**	-4,492
Cash flow for the period	**-1,572**	68	**-3,084**	-1,839
Translation difference in cash and cash equivalents	**-14**	11	**-18**	29
Cash and cash equivalents transferred to assets held for sale	**-86**	-102	**-6**	-102
Change in cash and cash equivalents according to the balance sheet	**-1,672**	-23	**-3,108**	-1,912

Comments on the cash-flow statement

Cash flow from operating activities amounted to MSEK -2,651 (2,866) for the year. The change compared with the preceding year is largely attributable to approximately SEK 2 billion in reduced earnings in continuing operations, approximately SEK 2 billion relating to discontinued operations and the remainder to increased working capital tied-up.

Investments amounted to MSEK 4,455 (2,908), of which MSEK 3,787 (1,730) related to aircraft, other flight equipment and prepayments. This includes the buyback of 14 Q400s to be sold onward as part of the discontinuation of the fleet, and delivery payments for three new Boeing 737s and one CRJ-900. In addition, four used Boeing 737s and five McDonnell Douglas MD87s were purchased. Prepayments amounted to MSEK 665 (293).

The subsidiaries SAS Media, SAS Facility Management and Aerolineas de Baleares were divested during the year, as was the remaining holding in ST Aerospace Solutions (formerly SAS Component). Furthermore, the affiliated companies airBaltic, Baltic Cargo Center and Travel AS were sold in December. The sales of subsidiaries and affiliated companies impacted consolidated cash and cash equivalents in the amount of MSEK 103.

Eight Q400 aircraft were sold and five of the Boeing 737s acquired during the period were divested through sale and leaseback deals at a total sales price of MSEK 1,834.

Accordingly, cash flow before financing activities amounted to MSEK -5,564 (2,653).

Since year-end, net borrowing rose by about SEK 2.2 billion compared with amortization of about SEK 4.7 billion in the preceding year.

Cash and cash equivalents according to the balance sheet amounted to MSEK 5,783 (8,891).

The SAS Group has about MSEK 4,600 in unutilized tax loss carryforwards in continuing operations. This means that the SAS Group will not have tax payable until these loss carryforwards have been utilized, which will have a positive impact on cash flow in future periods. Deferred tax assets have been reported for approximately 88% of the accumulated loss carryforwards.

Financial key ratios

(MSEK)	**December 31, 2008**	December 31, 2007	December 31, 2006
CFROI	**5%**	14%	15%
Equity/assets ratio	**20%**	35%	32%
Adjusted equity/assets ratio	**15%**	27%	25%
Financial net debt, MSEK	**8,912**	1,231	4,134
Debt/equity ratio	**1.03**	0.07	0.25

SAS Group

Segment reporting: income by business area

January-December	SAS Scandinavian Airlines		SAS Individually Branded Airlines		SAS Aviation Services		Groupwide & eliminations		SAS Group	
(MSEK)	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
External sales	**40,692**	38,827	**5,369**	5,006	**5,175**	5,189	**1,959**	1,576	**53,195**	50,598
Sales between business segments	**1,531**	1,328	**157**	87	**9,857**	9,003	**-11,545**	-10,418	**0**	0
Revenue	**42,223**	40,155	**5,526**	5,093	**15,032**	14,192	**-9,586**	-8,842	**53,195**	50,598
Payroll expenses	**-8,943**	-8,510	**-1,653**	-1,436	**-6,731**	-6,380	**-826**	-571	**-18,153**	-16,897
Other expenses	**-30,361**	-26,541	**-3,470**	-2,965	**-8,422**	-8,136	**10,462**	8,960	**-31,791**	-28,682
EBITDAR per business segment	**2,919**	5,104	**403**	692	**-121**	-324	**50**	-453	**3,251**	5,019
Leasing costs for aircraft	**-2,132**	-2,156	**-230**	-234	**0**	0	**80**	48	**-2,282**	-2,342
EBITDA per business segment	**787**	2,948	**173**	458	**-121**	-324	**130**	-405	**969**	2,677
Depreciation and impairment	**-1,089**	-984	**-166**	-160	**-296**	-257	**-40**	-56	**-1,591**	-1,457
Share of income in affiliated companies	**-7**	-31	**-145**	57	**5**	6	**0**	0	**-147**	32
Capital gains	**-10**	41	**14**	12	**0**	0	**0**	-12	**4**	41
EBIT per business segment	**-319**	1,974	**-124**	367	**-412**	-575	**90**	-473	**-765**	1,293
Unallocated income items										
Income from other shares and participations									**0**	5
Net financial items									**-279**	-254
Tax									**28**	-273
Net income from continuing operations									**-1,016**	771
Earnings before nonrecurring items in continuing operations	**-177**	1,765	**-129**	362	**-73**	-600	**-16**	-293	**-395**	1,234

Parent Company SAS AB

SAS AB's shareholding in Spanair SA was impaired in the amount of MSEK 2,128 and SAS AB's receivables from Spanair AB was impaired in the amount of MSEK 4,131.

Income before tax for the period amounted to MSEK -7,292 (-878).

Available liquidity for SAS AB at December 31, 2008 amounted to MSEK 90 compared with MSEK 258 at the beginning of the year.

The number of shareholders in SAS AB amounted to 35,694 on December 31, 2008. The average number of employees in SAS AB was 259 (164).

Condensed statement of income

(MSEK)	January-December 2008	2007
Revenue	**353**	244
Payroll expenses	**-379**	-326
Other operating expenses	**-349**	-306
Operating income before depreciation	**-375**	-388
Depreciation	**0**	0
Operating income	**-375**	-388
Income from shares	**-186**	501
Impairment of shares	**-2,528**	-895
Impairment of current receivables	**-4,131**	-
Net financial items	**-72**	-95
Income before tax	**-7,292**	-878
Tax	**-21**	126
Net income for the period	**-7,313**	-752

Condensed balance sheet

(MSEK)	Dec 31, 2008	Dec 31, 2007
Fixed assets	**6,814**	8,619
Current assets	**4,507**	7,925
Total assets	**11,321**	16,544
Shareholders' equity	**4,265**	11,540
Long-term liabilities	**6,402**	4,704
Current liabilities	**654**	300
Total shareholders' equity and liabilities	**11,321**	16,544

Change in shareholders' equity

(MSEK)	Share capital	Rest. reserves	Unrestr. equity	Total equity
Opening balance, Jan. 1, 2007	1,645	306	10,322	12,273
Group contribution rec'd, net			19	19
Net income for the period			-752	-752
Equity, Dec. 31, 2007	1,645	306	9,589	11,540
Group contribution rec'd, net			38	38
Net income for the period			-7,313	-7,313
Equity, Dec. 31, 2008	1,645	306	2,314	4,265

Accounting principles and financial reports

The SAS Group has applied International Financial Reporting Standards (IFRS) since January 1, 2005. Discontinued operations are reported in accordance with IFRS 5.

This fourth-quarter report was prepared in accordance with IAS 34 Interim Financial Reporting, and the accounting principles are unchanged since the most recent Annual Report.

The Group's other formal financial statements appear on pages 2 and 11-12.

Financial position

On December 31, 2008, the SAS Group's cash and cash equivalents amounted to MSEK 5,783 (8,891). Since year-end, cash and cash equivalents have declined by MSEK 3,108. In addition to cash and cash equivalents, the SAS Group has unutilized contract loan commitments amounting to MSEK 3,042 (6,098). Two new credit facilities totaling MUSD 338 were contracted in 2008, of which MUSD 141 had been utilized by year-end. Furthermore, two revolving credit facilities of MEUR 366 and MUSD 149, respectively, had been utilized. In total, the SAS Group has financial preparedness corresponding to MSEK 8,825 (14,989) or 17% (29%) of revenue.

The SAS Group's interest-bearing liabilities rose since year-end 2007 by MSEK 4,075 and amounted to MSEK 16,117 on December 31, 2008. After adjustments for the effect of a weaker Swedish krona, the increase amounted to MSEK 2,240. Amortization for the year amounted to MSEK 4,260, which was financed by utilizing credit facilities totaling MSEK 5,500. New borrowing was raised by the company issuing its own commercial papers totaling approximately MSEK 650, other borrowing amounting to MSEK 180 and borrowing linked to the acquisition of CRJ aircraft corresponding to MSEK 170. The adjusted equity/assets ratio on December 31, 2008 was 15% (27%). The adjusted debt/equity ratio was 2.59 (0.92).

The SAS Group's targets are as follows:

Targets for financial position	
Adjusted equity/assets ratio	>35%
Adjusted debt/equity ratio	<100%
Financial preparedness	20% of operating revenue

SAS Group management and areas of responsibility

Mats Jansson, President and CEO Responsible for the SAS Individually Branded Airlines business area.

John S. Dueholm, Deputy CEO and Executive Vice President. Responsible for the SAS Scandinavian Airlines business area and STS.

Gunilla Berg, CFO and Deputy President until December 31, 2008. Mats Lönnqvist took over this position on January 1, 2009.

Benny Zakrisson, Executive Vice President, responsible for the Group's structure and strategy issues, and SGS and SAS Cargo.

Claus Sonberg, Senior Vice President Communications and Public Affairs.

Henriette Fenger Ellekrog, Group Head of Personnel.

Proposed dividends for the 2008 fiscal year

The Board of Directors proposes to the Annual General Meeting that no dividends be paid to SAS AB's shareholders for the 2008 fiscal year. The reasoning behind this proposal is the weak financial position and cash flow of the SAS Group, which is why it is essential to have financial scope at our disposal to manage future restructuring and investments.

Full-year 2009

2008 was characterized by historic volatility in the financial markets. Problems in the financial markets have adversely affected the real economy, which has led to a sharp decline in growth and harsh market conditions in the Nordic region, which is SAS's home market.

Growth in 2009 is expected to be negative and official forecasts have been revised downward in the Nordic region and on a global scale. As a result of this, the market's passenger growth is expected to be lower in 2009. Uncertainty regarding the price of jet fuel remains, although the price has fallen substantially in line with the weakening of the economy.

Factors expected to negatively impact yield are primarily the weaker GDP trend and the risk of higher oil prices, combined with a stronger USD. However, the initiatives being undertaken by SAS within the Core SAS framework are expected to have a positive effect on yield.

Mats Jansson
President and CEO

Traffic data information

SAS Group's passenger traffic [1]

		October-December			January-December		
		2008	2007	Change	**2008**	2007	Change
Number of passengers	(000)	**6,612**	7,195	-8.1%	**29,007**	29,164	-0.5%
Passenger km	(mill.)	**6,559**	7,034	-6.8%	**29,928**	29,365	1.9%
Seat km	(mill.)	**9,750**	9,985	-2.4%	**42,007**	40,031	4.9%
Load factor		**67.3%**	70.4%	-3.2 p.u.	**71.2%**	73.4%	-2.1 p.u.

1) Excluding Spanair which is reported as a discontinued operation.

SAS Group's traffic-related key data [1]

	January-March		April-June		July-September		October-December		January-December	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
Number of passengers (000)	**6,809**	6,750	**8,260**	7,696	**7,325**	7,523	**6,612**	7,195	**29,007**	29,164
RPK (mill.)	**6,711**	6,425	**8,479**	7,677	**8,180**	8,228	**6,559**	7,034	**29,928**	29,365
ASK (mill.)	**9,709**	9,313	**11,564**	10,281	**10,984**	10,452	**9,750**	9,985	**42,007**	40,030
Load factor	**69.1%**	69.0%	**73.3%**	74.7%	**74.5%**	78.7%	**67.3%**	70.4%	**71.2%**	73.4%

1) Excluding Spanair which is reported as a discontinued operation.

SAS Group traffic operation by route sector

	Oct-Dec 08 vs. Oct-Dec 07		Jan-Dec 08 vs. Jan-Dec 07.	
	Traffic (RPK)	Capacity (ASK)	Traffic (RPK)	Capacity (ASK)
Intercontinental	**-6.8%**	-1.7%	**1.4%**	0.7%
Europe	**-3.2%**	-0.3%	**5.3%**	9.1%
Intra-Scandinavia	**-3.3%**	2.3%	**2.4%**	11.7%
Denmark (domestic)	**-1.4%**	-13.1%	**4.3%**	3.2%
Norway (domestic)	**-16.2%**	-5.6%	**-4.9%**	-0.8%
Sweden (domestic)	**-11.3%**	-14.8%	**-2.9%**	3.0%

* Passenger traffic for Scandinavian Airlines, Widerøe and Blue1.

SAS Scandinavian Airlines traffic-related key data

		October-December		January-December	
		2008	Change	**2008**	Change
Number of passengers	(000)	**5,721**	-8.5%	**25,355**	-0.2%
Passenger km, RPK	(mill.)	**6,087**	-7.1%	**27,890**	+2.1%
Seat km, ASK	(mill.)	**8,956**	-2.7%	**38,776**	+5.2%
Load factor		**68.0%**	-3.2 p.u.	**71.9%**	-2.2 p.u.
Currency-adjusted yield trend			+2.9%		+0.1%
Total unit cost, incl. charter			+5.8% [1]		+7.6% [2]
Operational unit cost , incl. charter			+4.7% [1]		+7.8% [2]

1) Higher fuel costs had a negative effect of 3.2 percentage units on unit costs.
2) Higher fuel costs had a negative effect of 4.4 percentage units on unit costs.

SAS Scandinavian Airlines traffic and production

	Scandinavian Airlines Norway				Scandinavian Airlines Denmark				Scandinavian Airlines Sweden				SAS International			
	Oct-Dec		Jan-Dec		Oct-Dec		Jan-Dec		Oct-Dec		Jan-Dec		Oct-Dec		Jan-Dec	
	2008	Change	**2008**	Change	**2008**	Change	**2008**	Change	**2008**	Change	**2008**	Change	**2008**	Change	**2008**	Change
Scheduled traffic																
Number of passengers (000)	**2,211**	-7.6%	**10,001**	+2.8%	**1,722**	-9.7%	**7,770**	-4.2%	**1,482**	-9.0%	**6,218**	-0.1%	**306**	-6.0%	**1,366**	+1.9%
RPK (mill.)	**1,469**	-7.9%	**7,190**	+5.0%	**1,260**	-7.6%	**5,842**	-1.5%	**1,185**	-5.9%	**5,091**	+4.0%	**2,172**	-6.8%	**9,767**	+1.4%
ASK (mill.)	**2,496**	+4.8%	**10,886**	+10.6%	**1,939**	-7.8%	**8,659**	+2.2%	**1,757**	-8.1%	**7,531**	+8.8%	**2,764**	-1.7%	**11,700**	+0.7%
Load factor	**58.9%**	-8.1 p.u.	**66.0%**	-3.5 p.u.	**65.0%**	+0.2 p.u.	**67.5%**	-2.5 p.u.	**67.5%**	+1.6	**67.6%**	-3.1	**78.6%**	-4.4 p.u.	**83.5%**	+0.5
Yield, currency-adjusted		+10.8%		-0.3%		+2.2%		+0.3%		-4.0%		-6.6%		-1.6%		+4.1%
Total unit cost tot, incl. charter (local currency)		-1.2%		+4.9%		+0.3%		+3.7%		+10.5%		+5.9%		+9.4%		+8.8%
Charter traffic																
Number of passengers (000)	**69**	-11.6%	**405**	-16.0%	**102**	-0.4%	**568**	-6.6%	**34**	+17.5%	**191**	-40.8%				

SAS Individually Branded Airlines traffic and production

	Widerøe				Blue1				Spanair			
	Oct-Dec		Jan-Dec		Oct-Dec		Jan-Dec		Oct-Dec		Jan-Dec	
	2008	Change	**2008**	Change	**2008**	Change	**2008**	Change	**2008**	Change	**2008**	Change
Scheduled traffic												
Number of passengers (000)	**505**	1.6%	**2,034**	3.6%	**387**	-12.9%	**1,618**	-10.1%	**1,580**	28.5%	**8,879**	-10.4%
RPK (mill.)	**160**	4.8%	**653**	6.3%	**313**	-5.9%	**1,386**	-4.2%	**1,558**	-25.8%	**8,794**	-6.1%
ASK (mill.)	**277**	12.1%	**1,093**	7.4%	**517**	-2.5%	**2,138**	-1.1%	**2,474**	-25.5%	**12,830**	-7.4%
Load factor	**57.6%**	-4.0 p.u.	**59.7%**	-0.6 p.u.	**60.5%**	-2.2 p.u.	**64.8%**	-2.1 p.u.	**62.9%**	-0.2 p.u.	**68.5%**	+0.9 p.u
Yield, currency-adjusted		+9.1%		+1.3%		-8.8%		-0.7%		-12.0%		+5.3%
Total unit cost tot, incl. charter (local currency)		+9.5%		+12.5%		0.0%		+2.9%		+5.7%		+5.4%
Charter traffic												
Number of passengers (000)												

Statement of income

Statement of income – Quarterly breakdown

(MSEK)	2006 OCT-DEC	2006 FULL-YEAR JAN-DEC	2007 JAN-MAR	2007 APR-JUN	2007 JUL-SEP	2007 OCT-DEC	2007 FULL-YEAR JAN-DEC	**2008 JAN-MAR**	**2008 APR-JUN**	**2008 JUL-SEP**	**2008 OCT-DEC**	**2008 FULL-YEAR JAN-DEC**
Revenue	12,559	48,952	11,591	13,024	12,976	13,007	50,598	**12,445**	**14,500**	**13,330**	**12,920**	**53,195**
Payroll expenses	-3,875	-15,916	-4,046	-4,208	-4,138	-4,505	-16,897	**-4,622**	**-4,612**	**-4,371**	**-4,548**	**-18,153**
Other operating expenses	-6,972	-28,143	-6,555	-7,076	-7,523	-7,528	-28,682	**-7,602**	**-8,774**	**-7,873**	**-7,542**	**-31,791**
Leasing costs for aircraft	-591	-2,350	-599	-584	-592	-567	-2,342	**-547**	**-519**	**-543**	**-673**	**-2,282**
Depreciation	-459	-1,740	-359	-373	-365	-360	-1,457	**-356**	**-368**	**-405**	**-462**	**-1,591**
Share of income in affiliated companies	6	111	15	34	6	-23	32	**-65**	**-78**	**7**	**-11**	**-147**
Income from the sale of aircraft and buildings	30	76	-2	-44	20	67	41	**0**	**6**	**6**	**-8**	**4**
Operating income	698	990	45	773	384	91	1,293	**-747**	**155**	**151**	**-324**	**-765**
Income from other shares and participations	-47	-46	0	0	5	0	5	**0**	**0**	**0**	**0**	**0**
Net financial items	-183	-775	-108	-82	-30	-34	-254	**-99**	**-21**	**-80**	**-79**	**-279**
Income before tax	468	169	-63	691	359	57	1,044	**-846**	**134**	**71**	**-403**	**-1,044**
Tax	-83	26	57	-212	-78	-40	-273	**200**	**-124**	**33**	**-81**	**28**
Net income from continuing operations	385	195	-6	479	281	17	771	**-646**	**10**	**104**	**-484**	**-1,016**
Income from discontinued operations	4,262	4,545	-41	128	420	-642	-135	**-488**	**-421**	**-2,109**	**-2,287**	**-5,305**
Net income for the period	4,647	4,740	-47	607	701	-625	636	**-1,134**	**-411**	**-2,005**	**-2,771**	**-6,321**
Attributable to:												
Parent Company shareholders	4,608	4,622	-18	584	667	-596	637	**-1,077**	**-411**	**-2,005**	**-2,771**	**-6,264**
Minority interests	39	118	-29	23	34	-29	-1	**-57**	**0**	**0**	**0**	**-57**

Earnings overview

	January-March		**April-June**		**July-September**		**October-December**		**January-December**	
(MSEK)	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
Revenue	**12,445**	11,591	**14,500**	13,024	**13,330**	12,976	**12,920**	13,007	**53,195**	50,598
EBITDAR	**221**	990	**1,114**	1,740	**1,086**	1,315	**830**	974	**3,251**	5,019
EBITDAR margin	**1.8%**	8.5%	**7.7%**	13.4%	**8.1%**	10.1%	**6.4%**	7.5%	**6.1%**	9.9%
EBIT	**-747**	45	**155**	773	**151**	384	**-324**	91	**-765**	1,293
EBIT margin	**-6.0%**	0.4%	**1.1%**	5.9%	**1.1%**	3.0%	**-2.5%**	0.7%	**-1.4%**	2.6%
Income before nonrecurring items	**-846**	-61	**502**	735	**262**	439	**-313**	121	**-395**	1,234
Income before tax	**-846**	-63	**134**	691	**71**	359	**-403**	57	**-1,044**	1,044
Net income for the period	**-1,134**	-47	**-411**	607	**-2,005**	701	**-2,771**	-625	**-6,321**	636
Earnings per share (SEK)	**-6.55**	-0.11	**-2.50**	3.55	**-12.19**	4.05	**-16.84**	-3.62	**-38.08**	3.87
Cash flow before financing activities	**-576**	606	**814**	2,058	**-2,891**	-71	**-2,911**	60	**-5,564**	2,653

SAS Group average number of employees (FTE)

	October-December		**January-December**	
	2008	2007	**2008**	2007
SAS Scandinavian Airlines	**7,130**	7,587	**7,336**	7,597
SAS Individually Branded Airlines	**1,754**	1,956	**1,884**	1,967
SAS Aviation Services	**10,333**	10,735	**10,630**	10,651
Groupwide functions	**663**	563	**646**	569
Continuing operations	**19,880**	20,841	**20,496**	20,784
Discontinued operations	**3,202**	4,810	**4,139**	5,754
SAS Group	**23,082**	25,651	**24,635**	26,538

Investments, aircraft fleet, fuel and financial position

SAS Group's investments

	October-December		January-December	
	2008	2007	**2008**	2007
SAS Scandinavian Airlines	**842**	420	**3,512**	1,604
SAS Individually Branded Airlines	**92**	32	**365**	199
SAS Aviation Services	**93**	82	**265**	368
Groupwide functions and eliminations	**15**	13	**30**	293
Continuing operations	**1,042**	547	**4,172**	2,464
Discontinued operations	**2**	257	**283**	485
SAS Group	**1,044**	804	**4,455**	2,949

SAS Group's aircraft under firm order

	Total	2009	2010	2011
Boeing 737-800	**2**	2		0
Boeing 737-700	**2**		2	0
CRJ900	**11**	10	1	0
Q400	**6**	6	0	0
No. of aircraft	**21**	18	3	0
CAPEX (MUSD)	**440**	369	71	0

SAS Group aircraft fleet December 31, 2008

	Age	Owned	Leased	Wet-leased	**Total**	Leased out	Order
Airbus A330/A340	6.6	5	6	0	**11**	0	
Airbus A319/A320/A321	5,5	4	10	0	**14**	2	
Boeing 737 Classic	16.0	0	17	0	**17**	0	4
Boeing 737 NG	8.2	22	43	0	**65**	4	
Boeing 717	8.4	0	5	0	**5**	5	
McDonnell Douglas MD-80 series	19,4	17	44	0	**61**	12	
McDonnell Douglas MD-90	11,9	8	0	0	**8**	3	
Avro RJ-70/85/100	10,5	0	6	4	**10**	0	
Fokker 50	18.7	0	6	0	**6**	0	
deHavilland Q series *	10.6	22	25	0	**47**	5	6
BAe 146	22.2	0	0	2	**2**	0	
SAAB2000	11.8	0	0	2	**2**	0	
Bombardier CRJ200	8.5	0	0	6	**6**	0	
Bombardier CRJ900NG	0.1	1	0	0	**1**	0	11
Total	12.2	79	162	14	**255**	31	21
By airline and leased-out aircraft:							
SAS Scandinavian Airlines	12.3				**181**	31	15
Widerøe	12.2				**30**		6
Blue 1	9.6				**13**		
Leased-out aircraft	13.0				**31**		
Total	12.2				**255**	31	21

*) Including 12 deHavilland Q-Q400 aircraft withdrawn from operation.

Facts and vulnerability – jet fuel

	Q1 2009	**Q2 2009**	**Q3 2009**	**Q4 2009**
Options *	33%	27%	14%	14%
Redemption price (USD/ton)	993	1,112	1,084	831
Swaps	12%	17%	13%	4%
Price (USD/ton)	1,046	1,208	1,118	1,165
Collars	11%	19%	14%	4%
Average "ceiling level"	1,280	1,220	1,165	1,125
Average "floor level"	1,007	996	985	978

Estimated jet-fuel expense 2009 *

Market price, USD Jet fuel	**SEK 7.00/USD**	**SEK 8.00/USD**	**SEK 9.00/USD**
USD 200/ton	5,103	5,832	6,561
USD 400/ton	6,426	7,344	8,262
USD 600/ton	7,749	8,856	9,963
USD 800/ton	9,072	10,368	11,664

* Relates to the full-year values for SEK/USD and jet fuel per ton. The SAS Group's hedging of jet fuel at December 31, 2007 has been taken into account

SAS Scandinavian Airlines

Statement of income

	Oct-Dec		Jan-Dec	
(MSEK)	**2008**	2007	**2008**	2007
Passenger revenue	**8,280**	8,395	**34,149**	33,031
Charter revenue	**341**	315	**1,653**	1,906
Other traffic revenue	**631**	668	**2,869**	2,025
Other revenue	**930**	951	**3,552**	3,193
Revenue	**10,182**	10,329	**42,223**	40,155
Payroll expenses	**-2,089**	-2,293	**-8,943**	-8,510
Selling costs	**-135**	-122	**-535**	-512
Jet fuel	**-2,109**	-1,844	**-8,858**	-6,936
Government user fees	**-930**	-892	**-3,877**	-3,608
Catering costs	**-288**	-325	**-1,238**	-1,262
Handling costs	**-1,286**	-1,339	**-5,256**	-5,046
Technical aircraft maintenance	**-1,290**	-1,006	**-4,741**	-3,936
Computer and telecommunication costs	**-340**	-346	**-1,478**	-1,505
Other operating costs	**-865**	-1,075	**-4,377**	-3,737
Operating expenses	**-9,333**	-9,242	**-39,304**	-35,051
Income before depreciation and leasing costs, EBITDAR	**849**	1,087	**2,919**	5,104
Leasing costs for aircraft	**-620**	-523	**-2,132**	-2,156
Income before depreciation, EBITDA	**229**	565	**787**	2,948
Depreciation	**-310**	-241	**-1,089**	-985
Share of income in affiliated companies	**5**	-12	**-7**	-29
Capital gains	**-5**	31	**-10**	41
Operating income, EBIT	**-82**	344	**-319**	1,976
Net financial items	**18**	17	**23**	-234
SAS Scandinavian Airlines - Income before tax	**-63**	360	**-296**	1,742
Income before nonrecurring items	**-65**	354	**-177**	1,767

SAS Individually Branded Airlines

Statement of income

(MSEK)	Oct-Dec 2008	Oct-Dec 2007	Jan-Dec 2008	Jan-Dec 2007
Passenger revenue	**1,015**	987	**3,953**	3,783
Freight revenue	**17**	15	**58**	54
Charter revenue	**1**	1	**11**	21
Other traffic revenue	**82**	40	**192**	109
Other revenue	**290**	288	**1,312**	1,126
Revenue	**1,405**	1,331	**5,526**	5,093
Payroll expenses	**-429**	-387	**-1,653**	-1,436
Selling costs	**-36**	-31	**-131**	-136
Jet fuel	**-209**	-162	**-790**	-622
Government user fees	**-160**	-145	**-627**	-582
Catering costs	**-25**	-27	**-106**	-108
Handling costs	**-132**	-113	**-462**	-417
Technical aircraft maintenance	**-75**	-64	**-238**	-256
Computer and telecommunication costs	**-12**	-5	**-67**	-52
Other operating costs	**-212**	-251	**-1,049**	-792
Operating expenses	**-1,289**	-1,185	**-5,123**	-4,401
Income before depreciation and leasing costs, EBITDAR	**116**	146	**402**	693
Leasing costs for aircraft	**-80**	-54	**-230**	-234
Income before depreciation, EBITDA	**36**	91	**173**	458
Depreciation	**-43**	-41	**-166**	-160
Share of income in affiliated companies	**-17**	-13	**-145**	57
Capital gains	**-4**	12	**14**	12
Operating income, EBIT	**-28**	49	**-124**	367
Net financial items	**0**	7	**9**	8
SAS Individually Branded Airlines - Income before tax	**-28**	56	**-115**	374
Income before nonrecurring items	**-24**	45	**-128**	363

SAS Aviation Services

Statement of income

(MSEK)	Oct-Dec 2008	Oct-Dec 2007	Jan-Dec 2008	Jan-Dec 2007
Revenue	**3,999**	3,653	**15,032**	14,192
Payroll expenses	**-1,790**	-1,744	**-6,731**	-6,380
Handling costs	**-241**	-234	**-1,029**	-998
Technical aircraft maintenance	**-962**	-653	**-2,718**	-2,769
Computer and telecommunications costs	**-97**	-119	**-469**	-472
Other operating costs	**-910**	-1,041	**-4,205**	-3,897
Operating expenses	**-4,000**	-3,792	**-15,153**	-14,515
Income before depreciation and leasing costs, EBITDAR	**-1**	-138	**-121**	-323
Leasing costs for aircraft	**0**	0	**0**	0
Income before depreciation, EBITDA	**-1**	-138	**-121**	-324
Depreciation	**-98**	-69	**-296**	-257
Share of income in affiliated companies	**1**	2	**5**	6
Operating income, EBIT	**-98**	-205	**-412**	-575
Net financial items	**-40**	-48	**-180**	-166
SAS Aviation Services - Income before tax	**-138**	-253	**-592**	-741

Important events

First quarter 2008

- The SAS Group decided to purchase six MD-87 and two Boeing 737-600 aircraft from another operator as replacements for the Q400.
- SAS took over delivery positions on three Boeing 737-800 aircraft with delivery during 2008.
- The Board of Directors of the SAS Group decided in February that SGS would be provided an opportunity to implement cost reductions of MSEK 400 within 18 months and a quality program, otherwise an external solution would be sought. At the same time, it was decided that the maintenance of Boeing 737 Classics would be outsourced and that the terminal-management operation, Spirit, in SAS Cargo, be divested.
- SAS agreed a settlement with Bombardier and Goodrich for compensation to SAS regarding the incidents involving the Dash aircraft in the autumn of 2007. The details of the agreement are confidential but the total financial compensation is slightly more than SEK 1 billion. As part of the agreement, an order was placed for 27 aircraft, with an option for a further 24 aircraft.

Second quarter 2008

- On April 1, 2008, SAS and the Danish Pilots' Association (DPF), the Norwegian SAS Pilots' Association (NSF) and the Swedish Pilots' Association (SPF) signed a two-year collective agreement on salaries and general terms of service. The agreement period is April 1, 2007, through March 31, 2009.
- The SAS Group sold SAS Media AB to Danish company Datagraf.
- At SAS's Annual General Meeting, Fritz H. Schur was elected the new Chairman of the Board of Directors. Dag Mejdell, CEO of Posten Norge AS, took office as a new Board member. The Annual General Meeting resolved not to issue any dividends for the 2007 fiscal year.
- The SAS Group signed a letter of intent with Amadeus, under which parts of SAS's commercial IT platform will be replaced. These parts are sales, booking, ticketing, check-in and load control.
- SAS sold Facility Management to Coor Service Management, which thus became a total supplier of services to SAS in Denmark, Norway and Sweden.
- SAS Norge was fined MNOK 132 as compensation to the airline Norwegian in a civil dispute. SAS appealed the verdict which, accordingly, has not become legally effective.
- SAS discontinued the sales process concerning Spanair.
- SAS admitted an infringement of US competition legislation and agreed to a settlement entailing the payment of fines amounting to MSEK 314.
- SAS divested the remaining portion of SAS Component.

Third quarter 2008

- Spanair initiated a comprehensive savings program corresponding to MEUR 90. Capacity was reduced by 15 aircraft or 25% from the autumn of 2008.
- On August 20, 2008, the tragic air accident involving an MD80 occurred in Madrid.

Fourth quarter 2008

- The SAS Group commenced the operation of the Copenhagen – New Delhi route.
- SAS reduced its fuel surcharge by EUR 3 on short-haul flights and EUR 5 on long-haul flights from November 12, 2008.
- The SAS Group sold airBaltic to the company's management.
- The SAS Group initiated the sales process regarding Spanair.
- The SAS Group sold AeBal to Proturin.

Events after December 31, 2008

- The SAS Group signed an agreement with Statoil/Hydro regarding air travel.
- The SAS Group implemented new collective agreements with its trade unions that will reduce costs by MSEK 1,500.
- The SAS Group sold Spanair to a group of investors in Catalonia in Spain.
- The SAS Group resolved on a rights issue, with subscription rights for the Group's shareholders, of approximately SEK 6 billion.
- SAS completed the sale of its stake in airBaltic, amounting to 47.2%, to the management of airBaltic and payment in respect of the shares was received in accordance with the terms announced on December 18, 2008.

Financial calendar

Extraordinary General Meeting	March 13, 2009
Annual Report & Sustainability Report 2008	March 5, 2009
Annual General Meeting	March 31, 2009
Interim Report 1, January-March 2009	April 28, 2009
Interim Report 2, April-June 2009	August 12, 2009
Interim Report 3, July-September 2009	November 5, 2009

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The SAS Group's monthly traffic data information is normally issued on the fifth business day of the following month. A continuously updated financial calendar can be found at: www.sasgroup.net

Press/Investor Relations activities

Press conference, Frösundavik	10:30 a.m., February 3, 2009
Telephone conference, analysts	2:00 p.m., February 3, 2009
Investors' meeting, Stockholm	February 4, 2009
Investors Road Show	February 4-13, 2009

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