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Press release
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SAS Group launches Core SAS – renewed strategic approach for a competitive and profitable airline, including a rights issue of SEK 6 billion

In response to the current global operating environment and internal challenges and with the aim of strengthening SAS Group's ("SAS") long term competitive positioning and profitability, SAS management and Board of Directors have decided on a new strategic direction for the Group. The renewed SAS strategy, Core SAS, is intended to provide the key elements necessary to support a new competitive SAS, including a new, streamlined and simplified organization. The strategy, the implementation of which will commence in 2009, aims to create an SAS that generates long-term value for shareholders and pro-actively addresses the current industry dynamics, internal challenges and the global recessionary environment.

As a result of the re-organisation, about 3,000 SAS employees will be made redundant. In addition, 5,600 employees will leave the Group as part of operations that will be divested or outsourced. Of these, Spanair accounts for approximately 3,000 employees. Core SAS will result in a more efficient and simplified SAS with a strengthened customer focus.

In brief, SAS's new strategic approach, Core SAS, is built on five pillars:

- Focus on Nordic home market
    - Divestment of Spanair, airBaltic, Spirit, Air Greenland, BMI, Estonian Airways, Skyways, Cubic and Trust (of which Spanair is already signed and airBaltic is already signed and closed)
    - Certain operations of SAS Ground Services, SAS Technical Services and SAS Cargo are expected to be discontinued and/or outsourced to third parties

- Focus on business travellers and a strengthened commercial offering
    - Downsizing of the network by reducing capacity to focus more on profitable business routes which the company, based on 2008 accounts, estimates would have had an pre-tax earnings effect of approximately MSEK 800; fleet reduction within Scandinavian Airlines of about 10 percent in short-haul and 18 percent in long-haul
    - "Service and Simplicity" concept to be introduced with expanded customer offering

- Improved cost base
    - Cost reduction program of approximately SEK 2.7 billion (excl. collective agreements) running 2009-2011
    - Breakthrough in collective agreement negotiations expected to lead to annual savings of approximately SEK 1.3 billion

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- Streamlined organization and customer oriented culture
    - Operations of national subsidiaries to be transferred into new organization
    - Efficiency enhancement of all operations

- Strengthened capital structure
    - Rights issue of approximately SEK 6 billion to facilitate the implementation of Core SAS
    - Extension of certain debt facilities

The following table sets out the effects that Core SAS would have had on the SAS Group's 2008 results:

(SEK bn, FY 2008)	Revenue	EBT	Adj. ND[1]	FTEs[2]	Fleet[4]
SAS Group (before restructuring costs and non-recurring items)	53	-0.4	22.5	20,400	237
Spanair (incl. restructuring costs)	10	-2.2	6.0[3]	3,000	61
Total	**63**	**-2.6**	**28.5**	**23,400**	**298**
1. Focus on Nordic home market	-12[5]	+2.5[6]	-7.0[8]	-5,200	-61
2. Focus on business travellers and strengthened commercial offering	-3	+0.8[7]	-2.0	-1,500	-20
3. Improved cost base		+3.6		-1,700	
4. Streamlined organization and customer oriented culture		+0.4		-400	
5. Strengthened capital structure			-6.0		
Total Core SAS effects (excl. Core SAS restructuring costs)	**-15**	**+7.3**	**-15.0**	**-8,800**	**-81**
% difference	~-25%	n.m.	~-50%	~-40%	~-30%

Note: All figures are approximate
1) Adjusted net debt (financial net debt + 7 x net operating leasing costs)
2) Average full time employees during Q4 2008
3) Including only lease-related net debt of Spanair
4) As of end of 2008. Including grounded Q400s in process of being phased out
5) Spanair and external revenues from Spirit, Cubic, Trust and SGS International
6) Based on preliminary evaluation of 2008 EBIT for subsidiaries that will be or have been divested, excl. any potential P&L effect (gains/losses) from the divestments
7) Based on preliminary evaluation of total loss in 2008 of routes taken away, adjusted for market effects and effect from improved union agreements
8) Of which SEK 6 billion relates to Spanair (see note 3 above) and SEK 1 billion relates to other divestments of non-core assets

"To address one of the most severe economic declines that we probably have ever seen, in addition to our internal challenges, a renewed strategic approach is needed. The principal feature of Core SAS is a renewed focus on what we do best: serving our Nordic home market and our core customers, business travellers. Combined with a new, streamlined organization, a substantially improved cost base, a strengthened capital structure, and a more customer-oriented culture, we have all the right measures in place to create shareholder value going forward," says SAS President and CEO Mats Jansson.

Focus on Nordic home market
To retain the Group's strong market position in the Nordic market, companies that are not directly included in core operations will be divested. In addition to the already communicated divestments of Spanair and airBaltic, the Group also intends to divest Spirit, Air Greenland,

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BMI, Estonian Air, Skyways, Cubic and Trust. These divestments, if executed according to plan, would lead to an improvement in the SAS Group's cash flow and leverage.

SAS Cargo will focus on selling belly cargo capacity for the Group's airline operations. Regarding SAS Technical Services, the SAS Group already outsources maintenance to external suppliers and this is expected to increase in the future. Outsourcing within SAS Ground Services will also be expanded. For SAS Ground Services' international operations, the Group is currently considering alternative operational solutions, such as divestment or cooperation.

Focus on business travellers and a strengthened commercial offering
The Group's network will be further streamlined, with a focus on business destinations. The network will be adapted to facilitate profitability by closing unprofitable routes and will be dimensioned according to the needs of business travellers. The aircraft fleet will be reduced by an additional 14 aircraft or about 10 percent to 130 aircraft within Scandinavian Airlines on short and medium-haul routes. On long-haul routes (outside Europe) the fleet will be reduced by two aircraft from 11 to nine and unprofitable routes will be closed. Within the framework of Core SAS, the Group is launching the "Service and Simplicity" concept with the aim of minimizing travel time and maximizing perceived customer value.

Improved cost base
Benchmarking to relevant competitors based on 2007 figures indicates a cost gap in relation to relevant competitors of approximately SEK 4 billion after full earnings effect of the cost program of Strategy 2011 of SEK 1 billion. Core SAS includes measures to further reduce this gap by approximately SEK 3 billion, comprising SEK 1.7 billion from a new cost program and SEK 1.3 billion in annual savings through the recent renegotiation of all collective agreements. There is a further cost gap of SEK 1 billion, mainly related to collective agreements, which the company will continue to seek to address. More than half of the cost program is expected to be implemented in 2009. Of the remainder, the majority is expected to affect results in 2010 and the balance in 2011.

Streamlined organization and customer oriented culture
A simplified, efficient and decision oriented organization will be implemented through efficiency-enhancement of the central organization and a restructuring of the subsidiaries. The national subsidiaries, which to date have had overall operational responsibility in their respective countries, will cease to exist as separate companies. The current long-haul operation, SAS International, will cease to be a separate business unit. In Copenhagen, Stockholm and Oslo, three new base organizations will be formed as part of the central organization to assume responsibility for short and long-haul services within Core SAS, of which SAS Ground Services will also be an operational part.

The number of personnel in the SAS Group will be reduced by approximately 9,000 FTE, from approximately 23,000 to approximately14,000. About 5,000 FTE will be affected by the divestment of operations, of which Spanair accounts for 3,000. In addition, 3,500 FTE will be affected by outsourcing, production cutbacks and reorganization.

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Strengthened capital structure
To facilitate the implementation of Core SAS and the long-term competitiveness for SAS, the Board of Directors of SAS has resolved to raise approximately SEK 6 billion through a rights issue of ordinary shares with subscription rights for shareholders. At this level, the rights issue will increase SAS's equity from approximately SEK 9 billion to approximately SEK 15 billion.

In addition, SAS and its lending banks have agreed, subject to certain conditions, an extension of its MEUR 366 revolving credit facility by two years (extending maturity to June 2012) as well as extensions of three undrawn bilateral credit facilities for a total amount of SEK 1.25 billion by two years (extending maturity at least to June 2012). Finally, an additional credit facility in the amount of MUSD 156 has, subject to certain conditions, been extended by 2 years (extending maturity to April 2013). Consequently, in total, SAS has extended debt equivalent to an amount of SEK 6.5 billion.

Rights issue
The resolution of the rights issue is subject to approval of the Extraordinary General Meeting which is intended to be held on 13 March 2009 (separate notice to be distributed). The record date for participating in the rights issue will be 18 March 2009 and the subscription period will be 23 March 2009 to 6 April 2009 or such later date as decided by the Board of Directors. The amount by which the share capital can be increased, the number of shares to be issued and the subscription price shall be determined by the Board of Directors not later than 12 March 2009. The newly issued shares will rank pari passu in all respects with the existing ordinary shares. In order to facilitate the rights issue, the Board of Directors of SAS also proposes a reduction of the share capital by SEK 1,233,750,000 without redemption of shares, implying a lower quota value per SAS share of SEK 2:50.

The Swedish Government, the Danish Government and the Norwegian Government have separately expressed to the Board their support for this process and stated that they will ask their respective parliaments for approvals to, subject to certain conditions, subscribe for their respective pro rata shares in the rights issue. The Knut and Alice Wallenberg Foundation, through Foundation Asset Management (FAM), has expressed its support for this process and its willingness to, subject to certain conditions, participate in the rights issue on a pro rata basis. The three states' and FAM's participations in the rights issue are subject to all four shareholders deciding to subscribe on a pro rata basis. Together, the above mentioned four shareholders represent 57.6 percent of all outstanding votes and shares in SAS.

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

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