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Press release

January 14, 2009

3:35 pm CET

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A STAR ALLIANCE MEMBER 

Agreement between SAS and trade unions finalized - new collective agreements expected to save SEK 1.5 billion in total

The SAS Group has reached an agreement with its trade unions that is expected to lead to approximately SEK 1.5 billion in cost savings.

As discussed in the SAS Group Interim Report from the third quarter of 2008, SAS believes it has a total cost gap of approximately SEK 4 billion compared to relevant benchmarks. The cost gap is now being reduced to SEK 2.5 billion. Most of the remaining cost gap is attributable to other parts of SAS, and the Group's Management is now working on a cost-savings program in various areas.

“These agreements with the trade unions are important in relation to both our cost gap and the cultural turnaround presented in Strategy 2011. Cost savings of SEK 1.5 billion in the collective agreements represent a positive result for these negotiations. This advances us toward more competitive agreements. The manner in which the negotiations were held was very pleasing. I interpret this as a clear indication that we are on track to succeed in a cultural turnaround at SAS,” says Mats Jansson, President and CEO of SAS.

Management and the trade unions have held extraordinary collective-agreement negotiations since the beginning of November. These negotiations are considered to be a success for the “Sigtuna model,” which was introduced in November 2007 and resulted in a new method for the trade unions and SAS management to work together.

“The negotiations were intensive and constructive. For the first time, we shared the same understanding of the problems and the target scenario. Our employees have demonstrated great understanding and the trade unions have acted responsibly. In addition, we have agreed to continue working on eliminating our cost gap. The next few years may be highly demanding for the aviation industry, but with competitive costs and productive cooperation, we will survive this period,” says Mats Jansson.

The new agreements entail a cost reduction in relation to collective agreements in the SAS Group of approximately 12 percent, of which about one third is related to salaries and two thirds is linked to working hours, per diem expenses, pensions and insurance. The total cost savings of SEK 1.5 billion include a nonrecurring item of SEK 156 million, which is the result of a reversal of pensions in SAS Norway.

The pilots, the CEO and other members of Group management will refrain from salary increases in 2009 and salaries will also be reduced by 6 percent. In addition, Group management will not be paid any variable salary for 2008. The members of the Board of SAS AB have also reduced their fees by 6 percent starting in January 2009.

SAS discloses this information pursuant to the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. The information was provided for publication on January 14, 2009, at 3:35 p.m. CET.



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