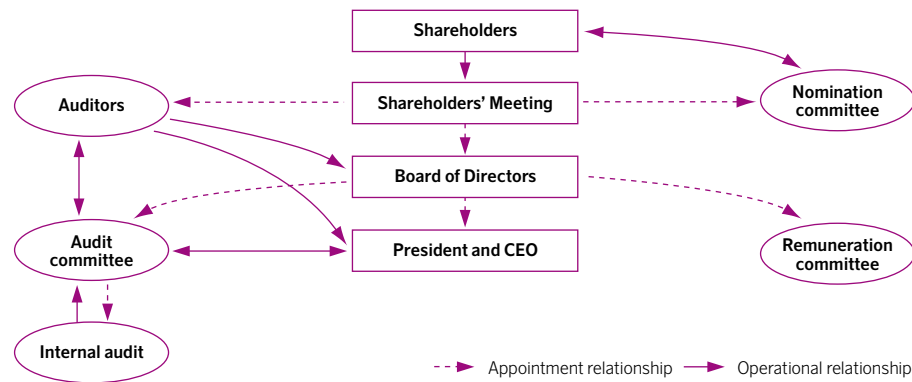


Corporate Governance Report

Well-functioning corporate governance principles are essential for helping assure shareholders and other stakeholders that the activities of the SAS Group are characterized by reliability, effective management and control, openness, clarity and good business ethics. Transparency and sustainability are key words in the Group. The SAS Group follows the Swedish Code of Corporate Governance.



Corporate Governance, accountability and decision process

The SAS Group had 35,694 shareholders on December 31, 2008. The biggest shareholders are the three Scandinavian governments. The largest private shareholders are the Knut and Alice Wallenberg Foundation, Unionen, Danmarks Nationalbank, Andra AP-fonden, Första AP-fonden and various bank mutual funds.

Meetings in 2008

The Board had 13 recorded meetings as well as one per capsulam meeting. The audit committee had four recorded meetings and the remuneration committee had three recorded meetings. The nomination committee had three recorded meetings since the 2008 Annual General Shareholders' Meeting.

SAS AB is a Swedish public limited company headquartered in Stockholm, Sweden. The company is the parent company in the SAS Group. Corporate governance in the SAS Group is based on Swedish legislation, primarily the Swedish Companies Act, the Articles of Association, the Swedish Code of Corporate Governance, and the NASDAQ OMX Stockholm rules for issuers, as well as other applicable rules and recommendations issued by relevant Swedish and foreign organizations. The SAS Group follows developments in the area of corporate governance, adapting its corporate governance policies to create value for owners and other stakeholders through providing adequate information to shareholders, real shareholder influence, and effective management and Board work.

To ensure sound and fair provision of information to the capital market, the SAS Group has an information/IR policy set by the Board. In 2008 the Swedish Code of Corporate Governance was updated. The revised code went into effect on July 1, 2008. For the SAS Group's part, the update did not require any significant changes to be made.

Application of the Code

SAS AB applies the Swedish Code of Corporate Governance, "the Code," which has been a part of the regulations of the Nordic Exchange in Stockholm since July 1, 2005. This report, which has been prepared in accordance with the provisions of the Code, constitutes the SAS Group's corporate governance report for the 2008 financial year. The report has not been examined by the company's auditors.

Departures from the Code

The SAS Group followed the Code apart from the following instance: Clause 1.5 states that the Shareholders' Meeting is to be conducted in Swedish and that the material presented is to be available in Swedish.

Reason for the departure: Pursuant to provisions of the Articles of Association for SAS AB, the language of the meeting shall be Swedish, Danish or Norwegian, and, if the Board so decides, other languages as well. The reason for this provision of the Articles of Association is the SAS Group's strong Scandinavian character with the largest number of shareholders in Denmark, a management and Board comprising persons from all three Scandinavian

countries, and a system for remote attendance of the Shareholders' Meeting from Copenhagen and Oslo. Meeting deliberations in SAS AB are held primarily in Swedish, but contributions and speeches are regularly made at the meeting in Norwegian and Danish. Also, certain material presented at the Shareholders' Meeting of SAS AB is in Danish or Norwegian. In view of this the Board believes that any one of the Scandinavian languages may be freely used at Shareholders' Meetings in the company. It is also the Board's view that the three Scandinavian languages' similarity means there is no reason for simultaneous interpreting.

Shareholders' Meeting

Pursuant to the Companies Act, the Shareholders' Meeting is the company's supreme decision-making body. At the Shareholders' Meeting shareholders exercise their voting rights. At the Shareholders' Meeting of SAS AB, one share is equal to one vote. All shareholders who are recorded in the share register as of the meeting date and have given notice of their attendance in due time have a right to attend the meeting and vote their total holding of shares. Decisions at the meeting are generally made by a simple

majority. However, in certain matters the Companies Act or SAS AB's Articles of Association require a motion have the support of a higher percentage of the shares represented and votes cast at the meeting. Decisions made at the Shareholders' Meeting are made public after the meeting in a press release, and the minutes of the meeting are published on the company's website. www.sasgroup.net

- The Annual General Shareholders' Meeting shall be held within six months from the end of the financial year. Among other things, the meeting decides on the adoption of the company's annual financial statements, the application of the company's profit or coverage of its loss, and discharging the Board and President from liability. The Annual General Shareholders' Meeting also elects Board members, auditors, members of the company's nomination committee and decides on directors' and audit fees as well as guidelines for pay and other compensation for the President and Group Management.
- The Annual General Shareholders' Meeting is held in Stockholm or in Solna. According to a provision in the company's Articles of Association,

Nomination committee

The nomination committee is to reflect the shareholder composition in the company and has the aim of helping to elect a Board of Directors that is suitable to and representative of the shareholders and lay the groundwork for the Annual General Shareholders' Meeting's decisions on various issues.

Nomination committee, three recorded meetings

Björn Mikkelsen • Ministry of Industry, Employment and Communications, for the Swedish government, chairman
 Peter Brixén • Danish Ministry of Finance
 Knut J. Utvik • Norwegian Ministry of Trade and Industry
 Peter Wallenberg Jr • Knut and Alice Wallenberg Foundation
 Anders Rydin • SEB Funds

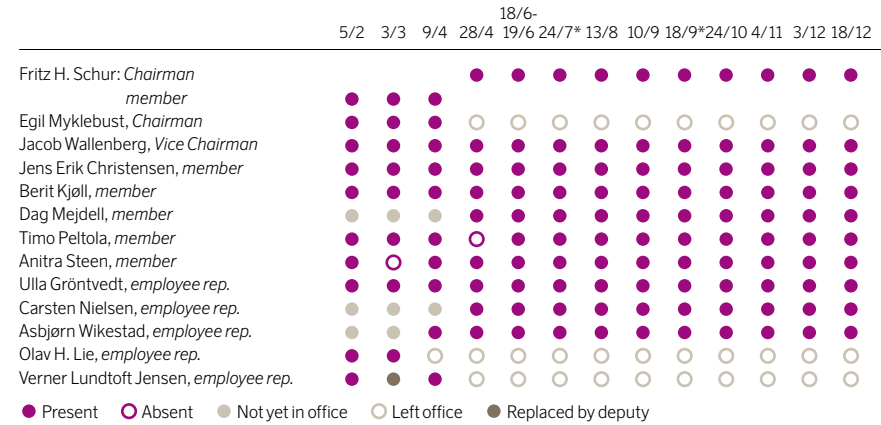
The nomination committee evaluated the Board's work, qualifications and composition. The Chairman attended some of the nomination committee's meetings and at them reported the results of the Board's own evaluation of its work. The nomination committee's recommendations will be published in the notice of the Annual General

Motions to be decided by the 2009 Annual General Shareholders' Meeting:

- Chairman of the Meeting
- Number of Board members
- Election of Board members and Chairman
- Directors' fees, divided among the Chairman and other Board members, and any remuneration for work on Board committees
- Audit fee
- Election of auditor
- Nomination committee for 2010 Annual General Shareholders' Meeting

Shareholders' Meeting, on the company website, and at the 2009 Annual General Shareholders' Meeting. Members did not receive any fees or other remuneration for their work on the nomination committee. The nomination committee engages external advisers and consultants as needed.

Attendance at Board meetings in 2008



* Recorded telephone meetings

shareholders can also attend the meeting from locations in Copenhagen and Oslo via remote audio-video hookup. Shareholders attending the meeting from Copenhagen and Oslo have the same rights, including voting rights, as the shareholders attending in Stockholm.

- Notice of a Shareholders' Meeting is published in daily newspapers in its entirety in Sweden and in abbreviated format in Denmark and Norway and is announced in a press release and published on the company's website. The company sends notices to those shareholders whose addresses are known to it.

2008 Annual General Shareholders' Meeting

In 2008 the Annual General Shareholders' Meeting was held on April 9, 2008, in the company's head office in Solna. At the 2008 Annual General Shareholders' Meeting, the members of the Board were reelected, except for Egil Myklebust, who declined reelection as Board member and Chairman. Dag Mejdell was elected as a new Board member. Furthermore, Fritz H. Schur was elected the new Chairman. The meeting also decided on directors' and audit fees, remuneration for work on Board com-

mittees, remuneration policies and other employment terms for company management and elected members to the nomination committee to serve until the end of the 2009 Annual General Shareholders' Meeting. The meeting approved the Board's recommendation not to pay a dividend for 2007.

Board of Directors

The Board consists of seven members elected by the Shareholders' Meeting without deputies and three employee members, each with two personal deputies, who are elected by the SAS Group's employee groups in Denmark, Norway, and Sweden, according to law and a special agreement. Deputies attend Board meetings only in the absence of an ordinary member. Except for employee representatives, no Board member is employed by SAS AB or any other company in the SAS Group. The members and the composition of the Board appear on [p. 98](#).

The average age of members is 57 years and two of the seven members elected by the Shareholders' Meeting are women. All Shareholders' Meeting-elected members of the Board are deemed by the nomination committee to be independent of the company and company management. At the 2008

Annual General Shareholder's Meeting the nomination committee deemed all Shareholders' meeting-elected members, except for Anitra Steen and Dag Mejdell, to be independent of the company's major shareholders. Thus, SAS AB meets NASDAQ OMX Stockholm rules for issuers and the requirements of the Code regarding board independence vis-à-vis the company, company management, and the company's major shareholders.

The Board's responsibility and work

Pursuant to the Companies Act, the Board is responsible for the company's organization and management and proper control of its accounting, funds management and financial situation in other respects. The Board's work is governed by the Swedish Companies Act, the Articles of Association, the Code and the formal work plan adopted by the Board each year, which regulates the division of the Board's work between the Board and its committees and among the Board, its Chairman and the President. The work plan also contains provisions for meeting the Board's needs for information and financial reporting on an ongoing basis and instructions for the President and the company's Board committees. Accordingly:

- The Chairman, in close collaboration with the President, is to monitor the company's performance and plan and chair Board meetings.
- The Chairman shall also be responsible for the Board evaluating its work each year, scrutinize his own work routines, and see to it that the Board always receives the information necessary to do its work effectively. The Chairman represents the company in owner matters.
- The Board's tasks are setting the overarching objectives and strategies of the SAS Group, adopting a budget and business plan, discussing and approving the year-end and interim reports, and setting important policies and regulations.
- The Board shall also follow economic developments and ensure the quality of financial reporting and internal control and evaluate operations on the basis of the objectives and guidelines set by the Board.
- Finally, the Board shall decide on major investments and changes in the organization and activities of the SAS Group.

Board work in 2008

In 2008 the Board held 13 meetings, of which eight

were ordinary and five extraordinary. In addition, one meeting was held per capsulam. The work of the Board during the year followed the agenda set by the Board each year with permanent items for information and deciding on as well as special topics. Each ordinary meeting followed an approved agenda, and proposed agendas and support documentation are sent to Board prior to each Board meeting. The President and certain other senior executives also attended Board meetings to make presentations, and the General Counsel of the SAS Group served as the Board's secretary. At its meetings the Board discussed the regular business items presented at the respective meetings, such as business and market conditions, financial reporting and follow up, the company's financial position, and investment. Essential matters and business considered during the year included:

- Alternatives for SAS Group's future strategic and structural approach were considered and discussed in detail in the fall of 2008.
- Implementation and follow-up of the Strategic Plan for 2007-2011 (S11) as well as the short-term cost-cutting measures, P08.
- Monitoring and dealing with the antitrust investigations of SAS Cargo's participation in illegal price fixing in the air freight business.
- The tragic accident in Madrid with one of Spanair's aircraft.
- Negotiations and discussions with union representatives on a new negotiating process and changes in the collective agreements.
- Settlement of the sale of SAS Component.
- The process of selling Spanair and airBaltic
- Investment in aircraft, including a new order for 27 Bombardier CRJ900s and Next Gen Q400s as well as option rights.
- SGS's future and cost-cutting measures.

The Board also discussed sustainability-related information of material importance and quarterly changes in sick leave. The Board examined the annual Sustainability Report. Additionally, at various meetings the Board discussed matters and topics involving internal control and follow-up of compliance activities and work of the internal audit, evaluating the work of the Board, the Year-end Report, interim reports, strategy, the business plan, and the budget.

Main issues considered at ordinary Board meetings

5/2	SAS Group Year-end Report for 2007.
3/3	SAS Annual Report and notice of Annual General Shareholders' Meeting.
9/4	Assessment of S11
28/4	Approval of the first quarter report.
18-19/6	Strategy discussion, S11 and P08.
13/8	Approval of the second quarter report.
10/9	The SAS Group's future structural alternatives
4/11	Approval of the third quarter report and the auditor's review of the "hard close" and internal control.
3/12	Strategy and structure discussions and evaluation of Board work.
18/12	Review of financial plans for 2009 and the SAS Group's future structural alternatives ("Core SAS").

The Chairman and other members are remunerated for their work on the Board in accordance with a decision made by the Annual General Shareholders' Meeting. [see Note 3 page 72](#)

Fees decided at the 2008 Annual General Shareholders' Meeting

TSEK	Board	Aud.-com.	Rem.-com	Total
Fritz H. Schur	625		75	700
Jacob Wallenberg	415		25	440
Jens Erik Christensen	315	50		365
Berit Kjøl	315	50		365
Dag Mejdell	315		25	340
Timo Peltola	315	100		415
Anitra Steen	315	50		365
Carsten Bardrup Nielsen	315			315
Ulla Gröntveit	315			315
Asbjørn Wikestad	315			315
Total	3,245	250	125	3,935

Board committees and committee work

To streamline and enhance the work of the Board on certain issues there are two committees. The Board appoints a remuneration committee and an audit committee from among its own members. The main duty of the committees is to prepare issues for the Board's decision. These committees, whose work is preparatory in nature, imply no delegation of the legal liability of the Board or its members. Reports to the Board on issues discussed at committee meetings are either in writing or given orally at the following Board meeting.

The work on each committee follows written instructions and a work plan stipulated by the Board. The General Counsel of the SAS Group serves as the

secretary to the committees. Minutes of committee meetings are provided to all Board members. Remuneration was paid for work on Board committees in 2008 in accordance with the decision of the Annual General Shareholders' Meeting.

Auditors

Auditors in Swedish limited companies are elected by the Annual General Shareholders' Meeting and tasked with scrutinizing the company's financial reporting and management of the company by the Board and the President. Pursuant to the Swedish Companies Act, the term for auditors in Swedish limited companies is four years. The most recent election of an auditor was at the 2005 Shareholders' Meeting, when Deloitte AB, with Peter Gustafsson as principal auditor, was reelected for the period until the end of the 2009 Annual General Shareholders' Meeting. Peter Gustafsson (born in 1956) has headed audit services for Deloitte since 2003. Besides SAS AB he has audit engagements for SAAB Automobile, Ledstierman, Nexus, Teleca, Rezidor Hotel Group, Semcon, Akademiska Hus, Göteborgs Hamn and Göteborgs kommunala Förvaltning AB.

Peter Gustafsson was previously an auditor at Elanders, Connex Transport, Ports of Stockholm and Song Networks, among others. On two occasions during 2008, the principal auditor met with the Board, presenting the program for auditing work, reporting observations from the audit of the Year-end Report, the examination of the interim accounts as of September 30 and an evaluation of internal control. The auditor attended all meetings of the audit committee during the year. On one occasion the Board met with the company's auditor without the President or anyone else from company management present. Deloitte submits an audit report regarding SAS AB, the Group, and an overwhelming majority of subsidiaries. In the past four years, in addition to its auditing work, Deloitte performed advising services for SAS Group companies in auditing-related areas, such as tax consulting, and the transition to IFRS, for a total invoiced amount of MSEK 61, of which MSEK 23 pertains to 2008. The auditor receives a fee for his work in accordance with a decision of the Annual General Shareholders' Meeting. For more information about the auditor's fee in 2008, [see Note 41 page 86](#)

President and Group Management

The Board appoints the President of SAS AB, who is also Group CEO. Pursuant to the Companies Act, the Board's work plan and instructions to the President, he is responsible for the day-to-day management of the company and Group operations. The members of Group Management as well as the heads of two corporate functions report to the President.

In its instructions to the President the Board has laid down detailed rules for the President's authority and obligations. Within the framework of the current work plan and instructions to the President, which regulate inter alia the relationship between the President and the Board, Group Management is responsible for business control, financial reporting, acquisitions and disposals of companies, collaborations, financing, capital structure, risk management, communication with financial markets, and other matters of a Group-wide nature.

The President and CEO is Mats Jansson. Presentation of the President's background, experience, positions, and shareholdings, see [p. 99](#). The President works closely and exchanges information with the Chairman and also meets regularly with the Chairman to plan Board meetings. The President keeps the Chairman and the rest of the Board continually apprised of the company's and the Group's operations, performance and financial status. To enable the Board to monitor the Group's financial position on an ongoing basis, the President makes monthly reports to the Board. In addition to the President, Group Management comprises five members named by the President in consultation with the Board. The composition of Group Management, see [p. 99](#).

Group Management is not a corporate body in the sense of Swedish limited company law and as a collegial management body has no legal liability vis-à-vis the Board and shareholders. Only the President reports to the Board. Group Management normally has recorded meetings every week. These meetings are chaired by the President, who reaches decisions after consulting with the other members of Group Management. The General Counsel of the Group serves as the secretary to Group Management. Group Management's management and control of the Group's subsidiaries and major business units are primarily tied to active work on the boards of the respective subsidiaries and business units. For the Group's busi-

Remuneration committee

The committee's main task is to make recommendations for Board approval regarding the terms of the President's salary, employment, and pension, and deal with issues related to the SAS Group's overall remuneration policies for senior executives.

Salary and other remuneration matters regarding supervisors reporting directly to the President are regularly cleared with the committee.

Remuneration committee, three recorded meetings

	Number of meetings attended
Fritz H. Schur (chairman)	3
Egil Myklebust (departing chairman)	2
Jacob Wallenberg	3
Dag Mejdell (joined after the second meeting)	1

All members are independent in relation to the company, company management, and major shareholders.

- The committee discussed terms of departure for the former CFO, terms of employment for the new CFO as well as issues concerning salary reductions in 2009 and Group Management's forgoing their variable salaries for 2008.
- The committee also discussed and drafted a Board resolution on the President's target contract for 2008, the fulfillment of the target contract for 2007 and discussed general matters involving guidelines and policies for compensation to SAS senior executives.
- Prior to the 2009 Annual General Shareholders' Meeting, the committee will prepare the recommendation for remuneration policies and other terms of employment for company management that pursuant to the Companies Act and the Code the Board shall present to the Meeting for approval.

Audit committee

Chief task: to support the Board in monitoring and assessing the internal and external auditing process, be responsible for preparing the Board's work on quality assuring the company's financial reporting, meet regularly with the company's auditor, and study and evaluate reports from the external auditors.

Audit committee, four recorded meetings

	Number of meetings attended
Timo Peltola	4
Anitra Steen	3
Berit Kj��ll	4
Jens Erik Christensen	4

Besides the committee secretary, the SAS Group CEO and CFO, the company's external auditor, and, depending on the nature of the business, the head of internal audit-

ing attend meetings of the committee. The committee shall also scrutinize the auditor's independence vis-  vis the company, including the extent of the auditor's non-audit-related engagements for the company.

The requirements of the Code regarding the number of members of the audit committee who are to be independent of the company, company management, or major shareholders are met.

In 2008, in addition to the yearly recurring business regarding quality assurance of financial reporting, detailed review of the year-end report and interim report as of September 30, the committee discussed, among other matters, the write-down of goodwill and tax assets in Spanair, the work and function of internal auditing, special focus areas for auditing work, risk analyses, and internal control, as well as assessing the auditors' work and follow-up of the European Cooperation Agreement.

ness units that are not separate legal entities, internal boards have been established that function like the boards of directors of the Group's subsidiaries. The boards are often composed of representatives of Group Management and Corporate Functions, with the responsible member of Group Management as chairman. In certain larger subsidiaries and business units there are external board members and representatives of the employees. Group Management's management and control of operations are based on a number of important guidelines and policies regarding financial management and follow-up, communication issues, human resources, the Group's brands, business ethics, and environmental matters,

Remuneration policies and other terms of employment for company management

For 2008, with departures stated below, the following guidelines adopted by the Annual General Shareholders' Meeting for remuneration and other terms of employment for senior executives were applied. The company will endeavor to offer its senior executives market remuneration that is nationally and individually set and differentiated. Remuneration policies are to be characterized by predictability regarding the costs to the company as well

as the benefits for the individual concerned and be based on factors such as qualifications, experience, responsibility, and performance. Company management means the President and CEO and the other members of Group Management. The remuneration comprising an individual's total compensation shall consist of the following components:

- fixed base salary, which is reviewed annually
- variable salary
- pension benefits
- other benefits and severance terms

The size of the variable salary is to vary depending on the position and contract and may be no more than 50% of the relevant base salary. The variable salary shall depend on the executive meeting quantitative and qualitative business and personal targets set in an annual target contract. For the President the maximum variable salary can amount to a maximum of 20% of his base salary and for other members of Group Management up to 40-50%. At least 20% and no more than 60% of the total variable salary is to be related to the Group's earnings. No earnings-based pay will be paid if the Group's earnings are negative.

The President and Group Management have

decided to reduce their fixed base salaries by 6% for 2009, as well as forgo their variable salary for 2008.

Pension benefits are to be defined-contribution, with premiums not exceeding 35% of the base salary. For one member of Group Management there is an agreement entered into previously for a defined-benefit pension plan, with a retirement age of 60 and with variable salary as partially pensionable. Pension benefits for the President are defined-contribution (35% of the fixed base salary). One member of Group Management has a defined-benefit pension plan, where a fully earned pension is equal to 70% of pensionable salary up to 30 base amounts and 35% of pensionable salary above that. Other members of Group Management have defined-contribution pension plans, in which, during 2008, a fixed percentage, 15-35%, of the pensionable salary is paid into the pension.

For the President and the rest of Group Management, the period of notice is six months on their part and 12 months on the company's part. If a senior executive is dismissed by the company, severance pay may be paid equal to no more than 12 months' base salary. If the executive obtains a new position, the severance pay will be reduced by the amount of remuneration for this new position. Nevertheless,

already concluded agreements with two members of Group Management on a right to severance pay equal to two years' fixed salary and a maximum of one year's settlement will be respected.

Other benefits, such as a company car and health insurance, are to be market-based. There is no share-based incentive program in the SAS Group. Remuneration policies for company management are to be presented by the remuneration committee to the Board, which presents the proposal to the Annual General Shareholders' Meeting for approval.

Remuneration of the President is to be decided within the framework of policies approved by the Board of SAS AB and on the recommendation of the remuneration committee established by the Board. Remuneration of other members of Group Management is to be decided by the President within the framework of approved remuneration policies and after consulting with the remuneration committee. For information about remuneration and benefits paid to the Board, President and senior executives in 2008 [see Note 3 pages 71-73](#)

Financial reporting

In the corporate governance report, the company shall disclose information about the manner in which

the Board assures the quality of financial reporting and communicates with the company's auditor. The audit committee is responsible for preparing the Board's work in quality assuring financial reporting. This quality assurance takes place whereby the committee discusses critical auditing issues and the financial reports that company submits. Among the issues the committee discusses are those regarding internal control, compliance with rules, specifically identified focus areas, uncertainty in reported values, events after the closing date, changes in estimates and assessments, financial and legal risks, suspected and verified irregularities, and other matters affecting the company's financial reporting. In view of the considerable turmoil in the financial markets, the weakening of the economy and overcapacity in the air travel market, a decision was made in 2008 to write down goodwill in relation to Spanair as well as a certain portion of the tax assets in the company in a total amount of MSEK 1,959.

The company's external auditor attends all meetings of the audit committee. The Board scrutinizes and approves the company's year-end report and interim reports. To quality assure the Board's work on financial reporting and ensure the Board's access to and oversight and follow-up of auditing work, the Board normally meets the company's principal auditor on at least three occasions a year. At the Board Meeting in February, the auditor reports his observations from auditing the year-end report. In May the auditor presents, and the Board discusses, the program for risk analysis work and the focus of examination for the year in question. After the "hard close" as of September 30 the auditor reports to the Board in November his observations from the examination and his analysis of critical processes and risks.

Internal control - financial reporting

The SAS Group applies COSO, the internationally most recognized and adopted framework for internal control to describe and evaluate the Group's control structure. Internal control over financial reporting is a process that involves the Board, company management and personnel and is designed to provide reasonable assurance of reliability in external reporting. The Group-wide control environment is described in detail elsewhere in the corporate

governance report. Internal control over financial reporting is described below in five areas that jointly form the basis of a sound control structure.

Control environment

The control environment forms the basis of internal control and includes the culture that SAS communicates and operates from. The aim of the SAS Group is for its values such as reliability and openness as well as consideration and value creation to permeate the organization.

It is important for all actions, internal as well as external, to reflect these basic values. In 2005 a Code of Conduct was distributed to all employees, which describes well the desired attitudes in various situations, including a structure for reporting deviations from desired attitudes (whistleblowing). An updated version was issued in 2008, accompanied by an interactive training program on the Group intranet. In view of SAS Cargo's violation of U.S. antitrust legislation, the following changes have been made: During the past years, the SAS Group has altered its organizational and legal structure to better harmonize it with its business structure and to achieve greater clarification of accountability and authority.

The management of the Group has been described in a management document, which outlines management philosophy, management model, roles and responsibilities of subsidiary boards, shareholder requirements, overarching follow-up, intra-Group business relations and segregation of job tasks.

The management document has been communicated and distributed to all management teams in subsidiaries and other senior executives. For the SAS Group's Board as well as for each subsidiary there are instructions for its board and CEO that clearly set out responsibilities and authority. The SAS Group works continuously to ensure that key positions centrally as well as in subsidiaries are held by qualified persons. Beyond this, there are policies in all key areas, at both the Group and subsidiary level, that define responsibilities and authority as well as guidelines for procedures. The guidelines for financial reporting are updated continually in the event of changes in e.g. follow-up and accounting standards. All policies are available on the Group intranet.

Risk assessment

Every year, company management performs a risk assessment in the spring regarding financial reporting. The risk analysis has identified a number of critical processes, such as the revenue process, purchasing process, payroll handling process, financial statement process, and IT. The analysis of risks in various major balance sheet and income items is graded. Moreover, company management has identified a number of critical areas, common to all subsidiaries, where an analysis of internal control is to be done, see below. Beyond that, the internal audit performs an ongoing overarching risk analysis of the SAS Group's internal audit function, which results in an annual audit plan, which in turn is revised if the risk analysis is changed.

The audits performed by the internal audit are primarily aimed at operational auditing, but also focus on processes that impact financial reporting and risks of irregularities, improper favoritism of another party at company expense, and the risks of losses or embezzlement. The audit plan is reviewed with the audit committee and the SAS Group's Board.

Control activities

The aim of the SAS Group is to have adequate activities to manage the risks affecting internal control over financial reporting. This also includes control activities that prevent irregularities. Control activities cover internal control in each Group company. Beyond this, there are control activities to ensure updating in accordance with IFRS using specific forms for reporting in the Group's corporate reporting system.

All subsidiaries and units have their own financial officers, who are accountable for earnings and responsible for financial updates.

The corporate functions examine and analyze key balance sheet items of subsidiaries, such as pension funds, etc.

In 2006 a relatively extensive formula was prepared containing defined control targets in the management process, financial statement process, revenue process, purchasing process, and payroll process. There are also control targets for dealing with fixed assets and dealing with cash/bank balances and loans. The managements of all subsidiaries perform their own evaluations each year regarding internal control with regard to meeting control

targets and documenting the processes of control activities. These are also examined by the external auditors, who do an independent analysis of the status and potential for improvement. When analyses are not approved, where the judgment of the external auditors prevails, plans of action shall be prepared and implemented, which is followed up by the Group's internal audit.

The evaluation done in 2008 showed an improvement compared with the previous year regarding most processes in all units. In addition to this, areas for in-depth study are focused on in the critical processes identified for most Group subsidiaries. All of these examinations result in a number of recommendations aimed at improving the quality of internal control. The audits conducted by the internal audit always result in recommendations that are graded on the basis of a risk perspective. During the year, the internal audit focused on the cost structure of the SAS Group from an internal control perspective and on the "Revenue Contract Management" processes for interlining, i.e. settlement between different airlines, and at SAS International, Blue1 and Widerøe.

In-depth reviews, conducted by the Group's central accounting unit, are done on an ongoing basis of accounting and applying the SAS Group's accounting policies in subsidiaries. In 2008 a review was done of Blue1. The choice of companies for review in 2009 will be on the basis of a risk assessment done by the Group CFO in collaboration with the internal audit.

Information and communication

The SAS Group's ambition is for information and communication paths regarding internal control for financial reporting to be appropriate and known in the Group. Policies and guidelines regarding the financial process are communicated to all parties in the Group affected through direct distribution via electronic mail, but also via the intranet, where all policies and guidelines in the financial areas are collected in the "SAS Group Financial Guide."

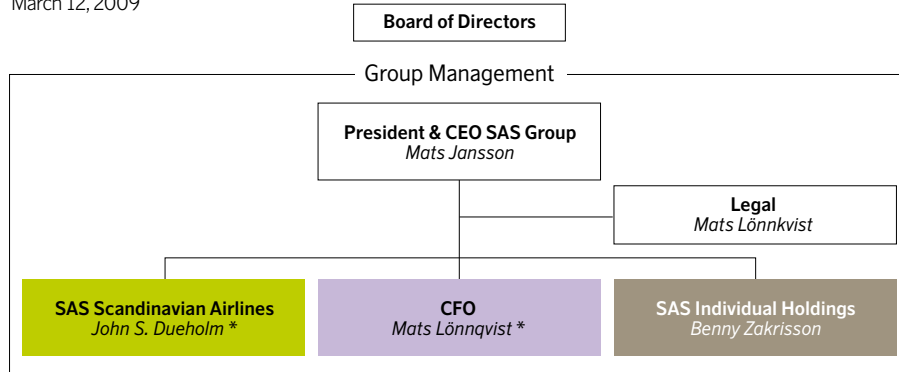
The SAS Group's published external reports are based on reporting from all legal entities in accordance with a standardized reporting routine. The SAS Group's accounting policies as well as any changes are always communicated by direct dispatch and at regular meetings with those respon-

sible for financial matters in all subsidiaries. Moreover, every month all subsidiaries submit a report on their activities, including their financial status and performance, to the Board and affected corporate functions. To ensure that the provision of external information is correct and complete, there is an information policy regarding disclosures to the stock exchange as well as an Investor Relations policy that have been laid down by the SAS Group's Board. This policy, which is available on the SAS Group website under Investor Relations, states what, in what manner, and how information is to be dealt with.

Monitoring
Follow-up and continuous assessment of compliance with policies and guidelines as well as the follow-up of reported deficiencies are done regularly. In connection with following up plans of action for noted deficiencies in the "self assessment," the new or modified controls are tested. Recommendations from the external and internal audits and the status of measures are compiled in a clear manner and presented to company management and the audit committee. Financial reporting is discussed at each Board meeting and at meetings of the audit committee.

SAS Group's areas of responsibility

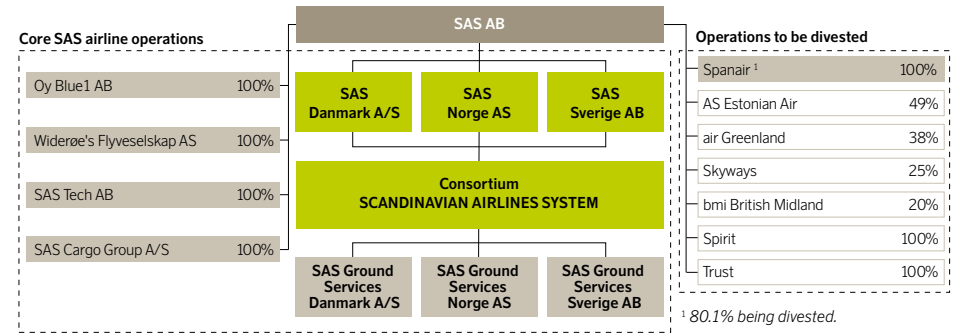
March 12, 2009



* Executive Team SAS Scandinavian Airlines

SAS Group legal structure

March 12, 2009



The SAS Consortium is the SAS Group unit through which financing and aircraft leasing is carried out. SAS Danmark A/S, SAS Norge AS and SAS Sverige AB are taxable entities for the SAS Consortium's results. The SAS Consortium also holds the traffic rights for SAS Scandinavian Airlines and the Air Operator Certificate (AOC) for the airlines in Scandinavian Airlines (excluding Scandinavian Airlines Norge). The SAS Group's intercontinental airline operations (Scandinavian Airlines International) are a business unit in the SAS Consortium.

The SAS Group has harmonized the legal structure with the Group's business structure. The most important changes in the legal structure were:

- February 2004: a number of subsidiaries were transferred from the SAS Consortium to SAS AB.
- July 2004: SAS Braathens was founded as a subsidiary of the SAS Consortium.
- October 2004: SAS Ground Services and SAS Technical Services were incorporated. SAS Scandinavian Airlines Sverige AB and SAS Scandinavian Airlines Danmark A/S were newly founded as subsidiaries.
- November 2006: Initial public offering of Rezidor Hotel Group.
- February 2007: SAS Flight Academy was sold.
- December 2008: airBaltic was sold.
- January 2009: 80.1% of the holding in Spanair was sold.

SAS Group's labor union structure within Scandinavia



Board of Directors

All Shareholders' Meeting-elected members of the Board are independent of the company and company management. At the 2008 Annual General Shareholders' Meeting the nomination committee deemed the members of the Board to be independent of major shareholders, with the exception of Anitra Steen and Dag Mejdell. Since Anitra Steen will step down as CEO of Systembolaget AB on April 30, 2009, the nomination committee deems all members of the Board to be independent of major shareholders, with the exception of Dag Mejdell, owing to his position in the wholly Norwegian-government owned Posten Norge AS. The SAS Group has not issued any share convertibles or options.

Auditors: Deloitte AB

Principal auditor:

Peter Gustafsson, born 1956, Authorized Public Accountant. Elected in 2003.

Other major engagements: SAAB Automobile, Ledstiernan, Nexus, Teleca, Rezidor Hotel Group, Semcon, Akademiska Hus, Göteborgs Hamn and Göteborgs kommunala Förvaltning AB. Previously auditor at Elanders, Connex Transport, Ports of Stockholm and Song Networks, among others.

Corporate Secretary:

Mats Lönnkvist, General Counsel, SAS Group and Member of SAS Group Management.



Chairman

Fritz H. Schur

Born 1951
Chairman of the Board of SAS AB since April 2008
Member of the Board of SAS AB since 2001.
Chairman of the companies in the Fritz Schur Group.
Directorships: Chairman of Post Danmark A/S, DONG Energy A/S, F. Uhrenhoit Holding A/S, and Relation-Lab ApS. Vice Chairman of Brd. Klee A/S.
Education: Handelshøjskolens Afgangseksamen (HA) business degree.
Shareholding: 20 000



Vice Chairman

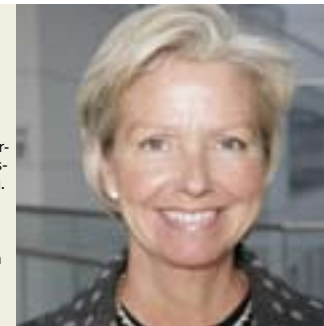
Jacob Wallenberg

Born 1956
Vice Chairman of the Board of SAS AB since 2001.
Chairman of Investor AB.
Directorships: Vice Chairman of Atlas Copco and SEB. Member of the Board of ABB Ltd, The Coca-Cola Company, the Knut and Alice Wallenberg Foundation, the Stockholm School of Economics and the Nobel Foundation.
Education: B.Sc. Economics and MBA, Wharton School, University of Pennsylvania.
Shareholding: 5,000



Jens Erik Christensen

Born 1950
Member of the Board of SAS AB since 2006.
Directorships: Chairman of Scandinavian Private Equity A/S, Dansk Merchant Capital, Tower Group A/S, Alpha Holding A/S, Your Pension Management A/S, Nordisk Kontoforesikring AS, Copenhagen Multiarena A/S, Ecs-ACT A/S. Vice Chairman of P/F Føroya Banki. Member of the Board of Falck Holding A/S, Hugin Expert A/S, mBox A/S, Amrop Hever A/S, Andersen & Martini A/S, Nordic Corporate Investments A/S, member of the Danish Government's infrastructure commission.
Education: Cand. act., Univ. of Copenhagen.
Shareholding: 0



Berit Kjøl

Born 1955
Member of the Board of SAS AB since 2001.
Directorships: Member of the Board of the Student Association at BI in Oslo, Claus Helbergs Stiftelse, Aker Holding A/S, InterOil Exploration & Production ASA and Hurtigruten ASA.
Education: B.A. in Travel and Tourism, Markedsøkonom degree, AMP from Harvard Business School and INSEAD.
Shareholding: 1,600



Dag Mejdell

Born 1957
Member of the Board of SAS AB since 2008.
President and CEO of Posten Norge AS.
Directorships: Arbejdsgiverforeningen Spekter, IK Investment Partners, Orkla ASA (Corporate Assembly).
Education: MBA, Norwegian School of Economics and Business Administration.
Shareholding: 0



Timo Peltola

Born 1946
Member of the Board of SAS AB since 2005.
Directorships: Chairman of AW Energy Oy, Neste Oil. Vice Chairman of Nordea, Member of the Board of TeliaSonera and CVC Capital Partners Advisory Board.
Education: MBA, Turku School of Economics and Business Adm. Studied at IMI, Geneva. Honorary doctorate in economics, Swedish School of Economics and Business Adm. in Helsinki and Turku School of Economics and Business Administration.
Shareholding: 0



Anitra Steen

Born 1949
Member of the Board of SAS AB since 2001.
President of Systembolaget AB until April 30, 2009.
Directorships: Member of the Board of Södersjukhuset AB, Kungsträdgården Park & Evenemang AB, the Swedish Trade Federation and Lagena Distribution AB.
Education: Cand.phil. degree with a concentration in the behavioral and social sciences, Uppsala University.
Shareholding: 0



Employee representative

Ulla Gröntvedt

Born 1948
Employed at Scandinavian Airlines Sverige.
Member of the Board of SAS AB since 2001.
Shareholding: 300

Deputies:
Pär-Anders Gustafsson, first deputy.
Shareholding: 0
Bo Nilsson, second deputy.
Shareholding: 0



Employee representative

Carsten Bardrup Nielsen

Born 1957
Employed at SAS Tech in Denmark.
Member of the Board of SAS AB since 2008.
Shareholding: 1,481

Deputies:
Nicolas E. Fischer, first deputy.
Shareholding: 30,100
Brian Daugaard, second deputy.
Shareholding: 0



Employee representative

Asbjørn Wikestad

Born 1948
Employed at SAS Ground Services in Norway
Member of the Board of SAS AB since 2008.
Labor union leader since 1976.
Shareholding: 0

Deputies:
Tore Hansen, first deputy.
Shareholding: 0
Trygve Skogseide, second deputy.
Shareholding: 0

Group Management

The President and CEO is in charge of the day-to-day management of the Group. In addition to the President, SAS Group Management comprises four members named by the President in consultation with the Board. Members of Group Management have divided among themselves the responsibilities for the Group's business management.

Share convertibles and options
The SAS Group has not issued any share convertibles or options.

Secretary for Group Management
Mats Lönnkvist, General Counsel, SAS Group.



Mats Jansson

Born 1951
President & CEO
Assumed office on January 1, 2007. Formerly President and CEO of Axfood and President and CEO of Axel Johnson AB.
External directorships: Danske Bank, Indutrade.
Education: Studies in cultural geography, economic history and sociology at Örebro University.
Shareholding: 46,000



John S. Dueholm

Born 1951
Deputy CEO & COO
Member of SAS Group Management since September 1, 2002. Head of the business area SAS Scandinavian Airlines. Previously head of the business areas Airline Support Businesses and Airline Related Businesses, CEO of SAS Data and Senior Vice President of SAS Technical Division 1996-1998. Senior Vice President of Group4Falck 1998-2002.
No external directorships.
Education: Cand.merc. degree in Business Administration.
Shareholding: 0



Mats Lönnkvist

Born 1955
Senior Vice President & General Counsel SAS Group
Member of SAS Group Management since 2009. Head of Legal Affairs and Corporate Secretariat and serves as Corporate Secretary of SAS AB
Other engagements: Member of the Board of TeliaSonera Mobile Networks AB
Previous engagements/posts: Various legal posts in the SAS Group 1988-2005, Law firm of Mannheimer & Zetterlöf 1984-1988.
Education: Jur.kand. degree from Uppsala University.
Shareholding: 0



Mats Lönnqvist

Born 1954
Deputy President & CFO
Member of SAS Group Management since January 1, 2009. Head of corporate functions in the areas of accounting and finance, asset management, purchasing and Shared Service units for Accounting, Revenue Information and Facility Management. Formerly CFO of such listed companies as Eniro, Esselte and Biacore.
External directorships: Chairman of Intellecta AB. Member of the Board of Bordsjö Skogar AB, Camfil AB, Ledstiernan AB, Spendrups Bryggeri AB, Telge Kraft AB, Ovacon AB, A/S Det Østasiatiske Kompagni et al.
Education: M.Sc. Econ. and Business Administration from the Stockholm School of Economics and IT at Uppsala University.
Shareholding: 0



Benny Zakrisson

Born 1959
Executive Vice President, SAS Individual Holdings
Member of SAS Group Management since June 14, 2007. Responsible for structural and strategic issues as well as for SAS Ground Services and SAS Cargo. Previously Senior Vice President Corporate Advisory SAS Group, 2003-2007. Vice President Corporate Advisory/Finance SAS Group, 1993-2003, Director Corporate Taxes, SAS Group 1990-1993.
External directorships: Rezidor Hotel Group AB (publ).
Education: Jur.kand. degree from Stockholm University.
Shareholding: 0