

Corporate Governance Report



SAS AB is the Parent Company of the SAS Group and a Swedish public limited company headquartered in Stockholm, Sweden. Corporate governance in the SAS Group is based on Swedish legislation, 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 international organizations.

The SAS Group continues to follow developments in the area of corporate governance and adapts its principles for corporate governance with the aim of creating effective corporate governance and provision of information to shareholders and real owner influence. In accordance with the NASDAQ OMX Stockholm rules and regulations the SAS Group has developed an information/IR policy to ensure adequate disclosures to the capital market.

Application of the Code

SAS AB applies the Swedish Code of Corporate Governance, “the Code”, which has been included in the NASDAQ OMX Stockholm rules and regulations since July 1, 2005. This report constitutes the SAS Group’s corporate governance report for the 2009 financial year and has been prepared in accordance with the provisions of the Code. The report has not been examined by the company’s auditors.

Departure 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 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 and meeting materials are available 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 of SAS AB, one share is equal to one vote. 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 Shareholders’ Meeting is held in Stockholm or in Solna. According to a provision in the company’s Articles of Association, 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 or Solna.

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 e-mails notices to the shareholders whose e-mail addresses are known to the company.

Shareholders’ Meetings in 2009

In 2009 an Extraordinary Shareholders’ Meeting was held on March 13 in Stockholm and the Annual General Shareholders’ Meeting was held at the company’s headquarters in Solna.

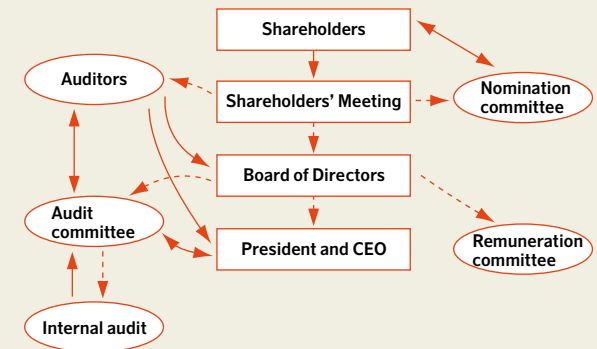
At the Extraordinary Shareholders’ Meeting, the Board’s proposal for a rights issue was approved. The rights issue was completed in April.

At the 2009 Annual General Shareholders’ Meeting, all Board members were reelected, and Fritz H. Schur was reelected the Chairman of the Board. The auditing firm Deloitte AB was reelected the company’s auditor for a four year-term of office. The meeting also decided certain technical and editorial changes to the Articles of Association, on directors’ and audit fees, remuneration for work on Board committees, remuneration policies and other employment terms for company management and elected members to the nomination committee to serve until the end of the 2010 Annual General Shareholders’ Meeting. The meeting approved the Board’s recommendation not to pay a dividend for 2008.

SAS AB follows the Swedish Code of Corporate Governance. Well-functioning corporate governance is vital for ensuring that shareholders know that the activities of the SAS Group are characterized by efficiency and reliability. The aim of corporate governance is for SAS to have effective management and control of its operations, in combination with adequate transparency, clarity and proper business ethics.

Corporate Governance, accountability and decision process

The SAS Group had 56,462 shareholders on December 31, 2009. 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 2009

The Board of Directors held 13 recorded meetings. The audit committee had four recorded meetings and the remuneration committee had two recorded meetings. The nomination committee has had four recorded meetings since the 2009 Annual General Shareholders’ Meeting.

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. Further information concerning the members of the Board and relationships to the company's owners, etc., appears on p. 7.

The average age of members is 58 years and two of the seven members elected by the Shareholders' Meeting are women. All members elected by the Shareholders' Meeting are regarded by the Nomination Committee as being independent of the company and company management, while one member is not regarded as being independent of the company's major shareholders. SAS AB meets 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. According to the Board's work plan:

- The Chairman, in close collaboration with the President, is to monitor the company's performance and plan and chair Board meetings.
- The Chairman shall 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 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.
- The Board shall decide on major investments and changes in the organization and activities of the SAS Group.

Board work in 2009

In 2009 the Board held 13 meetings, of which eight were ordinary and five extraordinary.

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.

Main issues considered at ordinary Board meetings in 2009

2/2	The SAS Group year-end report for 2008, Core SAS and notice of an Extraordinary Shareholders' Meeting with a motion to approve a rights issue.
12/3	SAS's annual report and approval of subscription terms and approval of the rights issue prospectus.
31/3	Reporting on flight safety work and review of internal control and compliance efforts.
28/4	First quarter report.
25/5	Strategy discussion and decision on a approach to outsourcing processes.
11/8	Second quarter report, sale of bmi and further cost reductions.
4/11	Third quarter report and the auditor's review of the "hard close" and evaluation of the work of the Board.
14/12	Budget for 2010 and Business Plan 2010-2014, financial issues and outsourcing of parts of call center operations.

The Board also discussed sustainability-related information of material importance and changes in sick leave.

Further information regarding the work of the Board in 2009 may be found in the Report by the Board of Directors in the Annual Report on p. 51.

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 p. 67 in the Annual Report. A compilation of the fees approved by the Annual General Shareholders' Meeting appears below. In September 2009, the members of the Board decided effective September 2009 to reduce by 25% their fees determined by the Annual General Shareholders' Meeting.

Fees decided at the 2009 Annual General Shareholders' Meeting

TSEK	Board	Aud.-comm.	Rem.-comm.	Total
Fritz H. Schur	585		70	655
Jacob Wallenberg	390		25	415
Jens Erik Christensen	295	45		340
Berit Kjöll	295	45		340
Dag Mejdell	295		25	320
Timo Peltola	295	95		390
Anitra Steen	295	45		340
Carsten Bardrup Nielsen	295			295
Ulla Grøntvedt	295			295
Asbjørn Wikestad	295			295
Total	3,335	230	120	3,685

Outcome 2009 recorded fees for employee representatives, TSEK

Pär Anders Gustafsson	11
Bo Nilsson	11
Tore Hansen	11
Trygve Skogseide	11
Nicolas Fischer	14.5
Brian Daugaard	11

Attendance at Board meetings in 2009

	14/1	29/1	2/2	12/3	31/3	15/4	28/4	25/5	11/8	7/9	20/10	4/11	14/12
Fritz H. Schur, <i>Chairman</i>	●	●	●	●	●	●	●	●	●	●	●	●	●
Jacob Wallenberg, <i>Vice Chairman</i>	●	●	●	○	●	●	●	●	●	●	●	●	●
Jens Erik Christensen, <i>member</i>	●	○	●	●	●	●	●	●	●	●	●	●	●
Berit Kjöll, <i>member</i>	●	●	●	●	●	●	●	●	●	●	●	●	●
Dag Mejdell, <i>member</i>	●	●	●	●	●	●	●	●	●	●	●	●	●
Timo Peltola, <i>member</i>	●	●	●	●	●	●	●	●	●	●	●	●	●
Anitra Steen, <i>member</i>	●	●	○	●	●	●	●	●	●	●	●	●	●
Ulla Grøntvedt, <i>employee rep.</i>	●	●	●	●	●	●	●	●	●	●	●	●	●
Carsten Bardrup Nielsen, <i>employee rep.</i>	●	●	●	●	●	●	●	●	●	●	●	●	●
Asbjørn Wikestad, <i>employee rep.</i>	●	●	●	●	●	●	●	●	●	●	●	●	●

● Present ○ Absent ● Replaced by deputy

Board committees and committee work

To streamline and enhance the work of the Board there are two committees, the remuneration committee and the audit committee, whose members are appointed by the Board. The main duty of the committees is to prepare issues for the Board's decision. These committees do not imply any delegation of the Board's or its members' legal responsibilities. 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 for work on Board committees is determined by the Annual General Shareholders' Meeting.

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 to date

Bjørn Mikkelsen, Ministry of Industry, Employment and Communications, for the Swedish government, chairman
 Peter Brixen, Danish Ministry of Finance
 Knut J. Utvik, Norwegian Ministry of Trade and Industry
 Peter Wallenberg Jr., Knut and Alice Wallenberg Foundation
 Karsten Bilotft, Danmarks Nationalbank
 Anders Rydin, SEB Funds

Motions to be decided by the 2010 Annual General Shareholders' Meeting:

- Chairman of the Meeting
- Number of Board members
- Election of Board members and Chairman
- Fees broken down among the Chairman, Vice Chairman and other Board members
- Any remuneration for work on Board committees
- Audit fee
- Nomination committee for 2011 Annual General Shareholders' Meeting

The nomination committee evaluates the Board's work, qualifications and composition. The Chairman shall have a close dialog with the nomination committee, and the result of the Board's evaluation shall be made available to the nomination committee. At least one meeting with the Chairman and Group CEO must be held before the nomination committee makes its recommendations to the Annual General Shareholders' Meeting. The nomination committee's recommendations will be published in the notice of the Annual General Shareholders' Meeting, on the company website, and at the 2010 Annual General Shareholders' Meeting. Members did not receive from SAS any fees or other remuneration for their work on the nomination committee. As needed, the nomination committee utilizes outside advisers and consultants, with the company defraying the cost.

Auditors

Auditors 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. There was an election of an auditor at the 2009 Annual General Shareholders' Meeting, when Deloitte AB, with Peter Gustafsson as principal auditor, was reelected for the period until the end of the 2013 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, Ledstiernan, Specialfastigheter, Semcon, Akademiska Hus, Göteborgs Hamn and Göteborgs kommunala Förvaltning AB. Peter Gustafsson was previously an auditor at Elanders, Connex Transport, Ports of Stockholm, Nexus, Song Networks,

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, two recorded meetings

	Number of meetings attended
Fritz H. Schur (chairman)	2
Jacob Wallenberg	2
Dag Mejdell	1

Fritz H. Schur and Jacob Wallenberg are independent in relation to the company, company management, and major shareholders. Owing to his position as President and CEO of Posten Norge AS, wholly owned by the Norwegian government, Dag Mejdell is not regarded as being independent in relation to major shareholders.

The remuneration committee is appointed by the Board. The committee discussed issues concerning profit-sharing systems and salary reductions in 2009 for Group Management and senior executives. The committee also discussed general issues regarding guidelines and policies for compensation for senior executives at SAS and approved certain changes to the terms of employment of one of the members of Group Management.

Prior to the 2010 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

Rezidor Hotel Group and Teleca. On three occasions during 2009, the principal auditor met with the Board, presenting the program for auditing work, reporting observations from the audit of the financial statements, 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 72, of which MSEK 26 pertains to 2009. Of the invoiced amount in 2009, around MSEK 13 pertains to extensive work in connection with the company's

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 (chairman)	4
Anitra Steen	2
Berit Kjøll	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 auditing attend meetings of the committee. The committee shall also scrutinize the auditor's independence vis-à-vis the company, including the extent of the auditor's nonaudit-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 2009, in addition to the yearly recurring business regarding quality assurance of financial reporting, detailed review of the financial statements and interim report as of September 30, the committee focused particularly on the company's financial position and the sale of airBaltic, Spanair and bmi. Furthermore, the committee worked on the prospectus for the rights issue and discussed the reporting of pensions, the work and function of the internal audit, special focus areas in audit work, risk analyses and internal control and the process for electing an auditor.


rights issue. 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 2009, see Note 38  p. 84 in the Annual Report.

President and Group Management

The Board appoints the President of SAS AB, who is also Group CEO. The President is responsible for the day-to-day management of company and Group operations. The members of Group Management as well as the heads of two corporate functions report to the President.

The Board's instructions to the President contain 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 the Group's operating activities, business management, 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. 8.

The President works closely and exchanges information with the Chairman and also meets regularly with the Chairman to discuss the Group's activities and performance and to plan Board meetings. 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, SAS Group Management comprises four members named by the President in consultation with the Board. The composition of Group Management appears on  p. 8.

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.





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 business units that are not separate legal entities, internal boards or similar management groups 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 op-

erations are based on a number of guidelines and policies regarding financial management and follow-up, communication issues, human resources, legal issues, the Group's brands, business ethics, and environmental matters.

Remuneration policies and other terms of employment for company management

For 2009, the following guidelines adopted by the Annual General Shareholders' Meeting for remuneration and other terms of employment for senior executives were applied.

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 (a total of five persons). The remuneration comprising an individual's total compensation shall consist of the following components:


-  fixed base salary, which is examined each year
-  variable salary
-  pension benefits
-  other benefits and severance terms

The size of the variable salary is to vary depending on position and agreement, and may be equal to at most 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.

Pension benefits are to be defined-contribution, with premiums not exceeding 35% of the base salary. 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 formulated and presented by the remuneration committee to the Board, which presents the proposal to the Annual General Shareholders' Meeting for approval.

The remuneration policies for 2009 remained unchanged compared with those that applied in 2008.

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. The President and Group Management took a 6% cut in their fixed base salaries for 2009 and decided to forgo their variable salaries for 2008. For detailed information about remuneration and benefits paid to the Board, President and senior executives in 2009, see Note 3  p. 67 in the Annual Report

Financial reporting

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.

The company's external auditor attends all meetings of the audit committee. The Board scrutinizes and approves the company's financial statements 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 financial statements. 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 published in 2008 with the requirement that all personnel complete the interactive training program on the Group intranet. The Code of Conduct is also described in the SAS Corporate Manual (see below).

The management of the Group has been described in various internal documents that outline management philosophy, management model, roles and responsibilities of subsidiary boards, shareholder requirements, overarching follow-up, intra-Group business relations and segregation of job tasks. Information regarding the management of the Group is available to all employees on the Group intranet.

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. In connection with the implementation of Core SAS, vital portions of management documents, description of the organization and Group-wide policies, defining mandates and authorizations were compiled in a manual, the SAS Corporate Manual (SAS CM). This manual governs all subordinate SAS manuals and is digitally distributed on the SAS Portal to facilitate easy revision and access.

Risk assessment

Every year, company management performs a risk assessment 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 approved by 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, *inter alia*, 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 financial officers, who are accountable for earnings and responsible for financial updates.

The corporate functions have a coordinating role regarding important subsidiary balance sheet items, 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. For most subsidiaries, 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 are prepared that are subject to follow-up.

The evaluation carried out in 2009 showed results in line with previous years. In addition to this, areas for in-depth study are focused on in the critical processes identified for most Group units and subsidiaries. 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, *inter alia*, on the cost culture in the SAS Group from an internal control standpoint and reviewed travel reimbursement routines, the process for global customer agreements and the process regarding purchasing management consulting services. In addition, settlement and follow-up with regard to commercial claims, in part regarding Singapore Technologies and in part regarding Spanair, were examined from an internal control standpoint. 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.

Information and communication

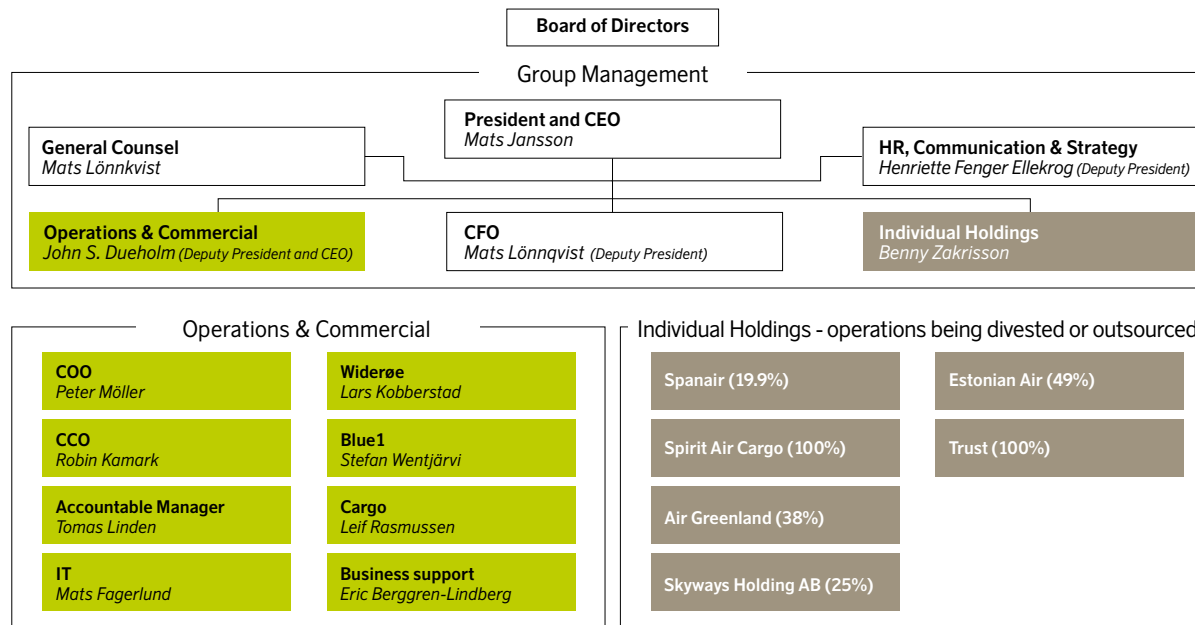
The SAS Group's ambition is for information and communication paths regarding internal control for financial reporting to be appropriate and known in the Group. Policies and guidelines regarding the financial process are communicated to all parties in the Group affected through direct distribution via 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 responsible for financial matters in the units and subsidiaries. Moreover, every month all units and subsidiaries submit a report on their activities, including their financial status and performance. 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 15, 2010



The SAS Group's labor union structure within Scandinavia

within Scandinavia

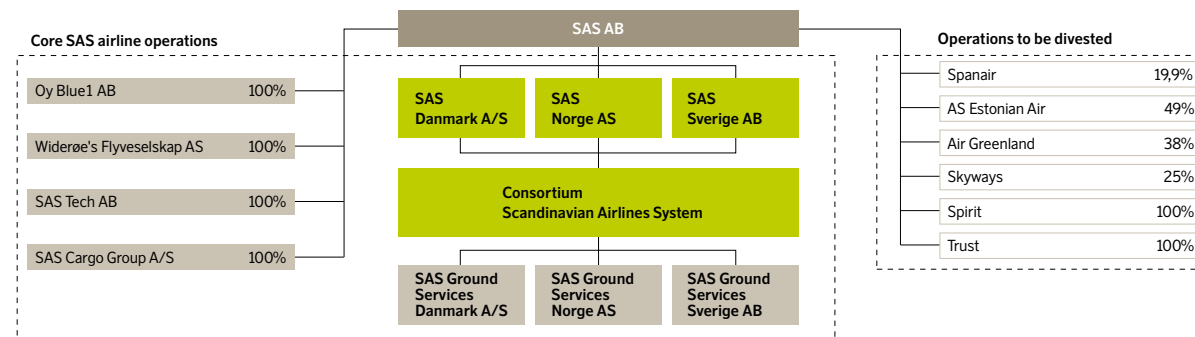
Denmark	
Dansk Pilotforening, DPF (pilots)	Office workers, United Fed. of Danish Workers
Danish Cabin Attendants Union, (CAU)	Aircraft workers, United Fed. of Danish Workers
HK Luftfart (white-collar employees)	United Federation of Danish Workers, Cargo
LH (white-collar employees)	SISAS (white-collar employees)
SALDA (white-collar employees)	Civing (white-collar employees)
Prosa (white-collar employees)	
Klub 537 (aircraft mechanics)	
Klub 222 (auto mechanics)	
Craftsmen	

Norway	
SAS Pilots Association, Norway, NSF	Norwegian Union of Commercial and Office Employees (white-collar employees)
Norsk Kabinforening, NKF (cabin)	SMF (white-collar employees)
SNF (former BU pilots)	Lederne (managers)
SNK (former BU cabin)	NITO
SPK (white-collar employees)	Tekna
PSP Parat (white-collar employees)	Widerøe: WFF, pilots
VKL, Verkstadsklubben (mechanics)	
NFO (aircraft engineers)	
FLT, Norwegian Engineers and Managers Association	

Sweden	
Swedish Airline Pilots Association, SweALPA	SAF (SAS Akademiker) (white-collar employees)
Scandinavian Cabin Crew Association, SCCA	Ledarna (managers)
Unionen (white-collar employees)	Transportarbetareförbundet (transportation workers)

SAS Group legal structure

March 15, 2010



The SAS Consortium is the SAS Group unit through which Scandinavian Airlines airline business operates and 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 Scandinavian Airlines and the Air Operator Certificate (AOC) for Scandinavian Airlines.

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.
- March/April 2009: The operations of the SAS Scandinavian Airlines companies were returned to the SAS Consortium.
- October 2009: The airline operations of SAS Scandinavian Airlines Norge AS were returned to the SAS Consortium.

Board of Directors

The Board is responsible for the company's organization and management and proper control of its accounting and financial situation in other respects and for appointing the President. All Shareholders' Meeting-elected members of the Board are independent of the company and company management. At the 2009 Annual General Shareholders' Meeting, the nomination committee deemed 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, Ledstierman, Specialfastigheter, Semcon, Akademiska Hus, Göteborgs Hamn and Göteborgs kommunala Förvaltning AB. Previously auditor at Elanders, Connex Transport, Ports of Stockholm, Nexus, Song Networks, Rezidor Hotel Group and Teleca, among others.

Corporate Secretary:

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

The current Board members Anitra Steen and Berit Kjøll have informed the nomination committee that they will not seek reelection. The nomination committee proposes Monica Caneman and Gry Malleskog as new Board members to the Annual General Shareholders' Meeting.



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 Posten Norden AB, DONG Energy A/S, F. Uhrenholt Holding A/S., Relationscore ApS and C.P. Dyvig & Co. A/S. Vice Chairman of Brd. Klee A/S.
Education: Handelshøjskolens Afgangs-eksamen (HA) business degree.
Shareholding: 300,000



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 and the Stockholm School of Economics.
Education: B.Sc. in Economics and MBA, Wharton School, University of Pennsylvania.
Shareholding: 75,000



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 Kontoforsikring AS, Copenhagen Multiarena A/S, EcsACT 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 and the executive board of the Danish Cancer Society.
Education: Cand. act, Univ. of Copenhagen.
Shareholding: 95,000



Berit Kjøll

Born 1955
Member of the Board of SAS AB since 2001.
Directorships: Member of the Boards of Interoil Exploration & Production ASA, Hurtigruten ASA, Student Association at BI in Oslo, DNT - the Norwegian Trekking Association, NRYF- Norwegian Equestrian Federation, Claus Helbergs Stiftelse, Corneliastiftelsen and The Liv Arnesen Foundation, C.LiDen Ringnes Stiftelse/Victorius Invest a.s.
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: Chairman of the employers' association Spekter. Member of the Board of International Post Corporation, IK Investment Partners, Orkla ASA (corporate assembly).
Education: MBA, Norwegian School of Economics and Business Administration.
Shareholding: 31,160



Timo Peltola

Born 1946
Member of the Board of SAS AB since 2005.
Directorships: Chairman of Neste Oil. Member of the Boards of Nordea, AW Energy Oy, TeliaSonera, CVC Capital Partners Advisory Board. Adviser in the CapMan public market fund.
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: 15,000



Anitra Steen

Born 1949
Member of the Board of SAS AB since 2001.
Directorships: Chairman of Telge Inköp AB, member of the Board of Svensk Handel, member of Lantmännen.
Education: Cand.phil. degree with a concentration in the behavioral and social sciences, Uppsala University.
Shareholding: 0



Employee representative
Ulla Grøntvedt

Born 1948
Employed at SAS Scandinavian Airlines System.
Member of the Board of SAS AB since 2001.
Shareholding: 4,500
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: 22,215
Deputies:
Nicolas Fischer, first deputy.
Shareholding: 78,500
Brian Daugaard, second deputy.
Shareholding: 0



Employee representative
Asbjørn Wikestad

Born 1948
Employed at SAS Ground Services Norge AS
Member of the Board of SAS AB since 2008.
Labor union leader since 1976.
Shareholding: 0
Deputies:
Tore Hansen, first deputy.
Shareholding: 0
Trygve Skogsseide, second deputy.
Shareholding: 0

Group Management



Group Management is responsible for the Group's business management, financial reporting, acquisitions/disposals, financing and communication with the stock market and other corporate matters. This is primarily tied to active work on the boards of subsidiaries and business units. The members of Group Management are appointed and supervised by the President in consultation with the Board of Directors. Only the President, Mats Jansson, reports to the Board, whereas the other members of Group Management report to the President. Group Management's responsibilities are divided among the members with regard to the managing the Group's business affairs, and it normally has recorded meetings on a weekly basis. Pictured from left: Mats Lönnqvist, Mats Lönnkvist, Mats Jansson, Henriette Fenger Ellekrog, John S. Dueholm and Benny Zakrisson.

Mats Jansson

Born 1951
President and CEO
Assumed office on January 1, 2007.
Formerly President and CEO of Axfood and President and CEO of Axel Johnson AB.
External directorships: Member of the Board of Danske Bank.
Education: Studies in cultural geography, economic history and sociology at Örebro University.
Shareholding: 252,000

John S. Dueholm

Born 1951
Deputy President and CEO
Member of SAS Group Management since September 1, 2002. Responsible for SAS Commercial SAS Operations, SAS Group IT, SAS Cargo, Widerøe, Blue1. Previously head of the business areas Scandinavian Airlines, 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.
External directorships: Chairman of Addici AB, member of the Board of Storebrand ASA.
Education: Cand. merc. Financing & Business Administration.
Shareholding: 223,320

Henriette Fenger Ellekrog

Born 1966
Executive Vice President and Deputy President, Human Resources, Communication and Strategy
Member of SAS Group Management since February 9, 2010. Since 2007 responsible for Human Resources, and since 2010 responsible for Communication and Strategy. Since 2000 executive positions in TDC A/C, most recently as HR & Chief of Staff Senior Executive Vice President and Tele Danmark A/S 1998-2000. Prior to that, various positions and supervisory posts at Mercuri Urval A/S and Peptech (Europe) A/S.
External directorships: Member of the Board of Fonden for Dansk-Norsk Samarbejde, Advisory Board for women in management positions and the boards of the Confederation of Danish Industry and member of the University of Copenhagen expertise panel.
Education: Cand.ling.merc. degree from Copenhagen Business School, 1992.
Shareholding: 91,500

Mats Lönnkvist

Born 1955
Senior Vice President and General Counsel
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: 20,000

Mats Lönnqvist

Born 1954
CFO and Deputy President
Member of SAS Group Management since January 1, 2009, and responsible for Corporate Functions in Group Control, Asset Management, Treasury Group Accounting, Taxes, Investor Relations. Formerly CFO of such listed companies as Eniro, Esselte and Biacore.
External directorships: Chairman of Intellecta AB. Member of the Boards of Bordsjö Skogar AB, Camfil AB, Spendrups Bryggeri AB, Ovacon AB, A/S Det Østasiatiske Kompagni et al.
Education: Civilekonom degree from the Stockholm School of Economics and IT from Uppsala University.
Shareholding: 270,000

Benny Zakrisson

Born 1959
Executive Vice President Individual Holdings
Member of SAS Group Management since June 14, 2007, and responsible for Individual Holdings 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: 100,000

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.



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