

# Corporate Governance

## Chairman's comments



The Group's income for 2010 was, as expected, very negative, largely due to major nonrecurring items and the ash cloud effects in April. Adjusted for these items, the results were positive, an indication that SAS is on the right track.

I am impressed by the way the cost-savings program of SEK 7.8 billion has been

implemented. The fact that we were also successful in achieving savings of SEK 2 billion in the form of revised salary and pension costs and increased productivity in 2009-2010 shows that there is a sense of responsibility for Core SAS throughout the Group. But it will not end here; the cost focus must become a permanent feature of the SAS culture.

### Financial stability

In 2010, SAS conducted a rights issue of SEK 5 billion to ensure that SAS would be able to cope with the financial crisis and the full implementation of Core SAS. The rights issue was oversubscribed by 50% and I would like to thank the shareholders for the confidence they have shown in SAS and the opportunity to complete Core SAS, thus consolidating the Group's position further.

With the rights issue of SEK 5 billion and SEK 3 billion in new long-term loans, SAS has a solid financial platform from which we can move the Group forward to a new phase of profitable growth.

### A competitive SAS

In 2010, rumors regularly emerged of a consolidation process involving SAS. For SAS, the key aim is to be competitive and increase cash flow. If we can achieve this, we will also enhance SAS's market capitalization and provide shareholders with a genuine choice, whether SAS opts to be independent or not in the future.

### Legal disputes

In 2010, SAS was hit by major nonrecurring items as a result of various legal cases, where the European Commission's fine imposed in the air cargo investigation was the most significant. We on the Board are very disappointed about the European Commission's decision, which we regard as incorrect.

SAS takes the rules of competition very seriously and accepts no breaches of these. We have a clear regulatory framework concerning compliance with competition regulations, which includes information, guidelines, training programs and control procedures. In connection with our own internal investigations, it unfortunately came to light that, during the period 1999-2006 SAS Cargo was involved in a few isolated incidents that constitute breaches of our internal regulations. This is unacceptable and the small number of employees at SAS Cargo who were involved are no longer employed by SAS. However, it is our firm conviction that these isolated incidents do not mean that SAS Cargo would have participated in any global cartel, and we have appealed against the decision.

### New President in place

I would like to thank Mats Jansson for his nearly four years as President, during what was probably the most turbulent period ever experienced by SAS. We have made many major decisions together and I am able to say that we have enjoyed fantastic cooperation in these challenging times. I also want to thank John S. Dueholm for the time he has been in charge. John has been a key person in developing and implementing the Core SAS strategy that has been vital for the survival of SAS.

I am also very pleased that SAS Group's new President and CEO Rickard Gustafson is now in place. His main task is to complete Core SAS and ensure profitable growth for the Group in the years ahead. A lot is already in place, and I am confident that Rickard will strongly facilitate all SAS efforts towards a common goal.

*Copenhagen, March 2011  
Fritz Schur  
Chairman*

## Annual General Shareholders' Meeting

*The SAS Group's Annual General Shareholders' Meeting will be held on April 11 at 2:00 pm. Venues:*

Copenhagen: Bella Center, Copenhagen Congress Center.

Stockholm: Berns Salonger, Berzelii Park.

Oslo: Radisson BLU Plaza Hotel, Sonja Henies Class 3.

### General Information

One share is equal to one vote. At the Annual General Shareholders' Meeting, shareholders have the right to attend, speak and vote.

At the Annual General Shareholders' Meeting, shareholders exercise their voting rights by adopting the Annual Report, disposition of earnings, composition of the Board, election of auditors, remuneration to Board members and auditors, and other important issues in accordance with the Swedish Companies Act and Articles of Association of SAS AB. The Annual General Shareholders' Meeting can take place in accordance with the Articles of Association in Stockholm or Solna.

To make it easier for shareholders in Denmark and Norway to participate in the meeting, they can attend the meeting from locations in Copenhagen and Oslo via remote audio-video connections. Shareholders who participate in this way have the same rights as the shareholders attending the meeting in Stockholm or Solna. They may participate, speak and vote on the same occasions as the shareholders on site in Stockholm or Solna. This means, in practice, that the meeting will be held in three locations simultaneously.

### Participation at the Annual General Shareholders' Meeting

Shareholders who wish to participate at the meeting must notify the company in advance. Details about the registration procedure will be published in the notice to the Annual General Shareholders' Meeting.

### Proposals or questions for the notice of the Annual General Shareholders' Meeting

Shareholders who wish to address a specific question or have a proposal for the notice of the meeting may do so. In order to prepare the notice of the meeting SAS AB must have received this in writing by February 20, 2011 at the following address:

SAS AB /STODL  
2011 Annual General Shareholders' Meeting  
SE-195 87 Stockholm  
Sweden

February 2011

March 2011

April 2011

*Deadline* for receiving business to be included in the notice: February 20

*The notice is sent out:* March  
Record date: April 5  
Access control cards: April 6

*Annual General Shareholders' Meeting:* April 11, 2011

*Application deadline*  
Denmark/Norway: April 4  
Sweden: April 5

# Corporate Governance Report

Corporate Governance describes the approach and regulations relating to ownership and control of the company.

SAS AB is a Swedish public limited company headquartered in Stockholm, and the Parent Company of the SAS Group. Since July 2001, SAS AB has been listed on the NASDAQ OMX Stockholm and secondarily listed in Copenhagen and Oslo. In 2005, the Stockholm Stock Exchange introduced the Swedish Code of Corporate Governance (the Code) as part of the listing agreement. Since then, SAS AB has followed the Code in its different versions. 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. This corporate governance report follows the Code's rules and application instructions. No significant changes were made to corporate governance compared with the preceding year.

## Highlights 2010

- In the spring, SAS carried out a rights issue with subscription rights for SAS shareholders, of approximately SEK 5 billion.
- SAS refinanced SEK 2 billion in bonds during the spring with a combination of loans, issue of a convertible bond loan and the issuing of a corporate bond.
- The Core SAS cost-saving program was expanded by an additional SEK 2.5 billion and now amounts to SEK 7.8 billion.
- In April, large parts of European air space were closed due to a volcanic eruption on Iceland. The total impact on earnings for SAS amounted to approximately MSEK -700.
- Mats Jansson, President and CEO, left his post on October 1, 2010.
- Rickard Gustafson assumed the position of President and CEO on February 1, 2011. Until then, Executive Vice President John S. Dueholm was acting President and CEO.
- In November, the European Commission fined SAS Cargo MSEK 660 in the air cargo investigation.
- SAS was denied an appeal in the Norwegian Supreme Court in the dispute with Norwegian, resulting in a negative effect of MSEK 218 on the Group's earnings.

## The Code

The Code is part of the Swedish business sector's self-regulation and builds on the principle "follow" or "explain". Companies may deviate from certain rules, but must then state and present the reasons.

The compilation below summarizes the Code's direct requirements where no assessment is needed. This list is not exhaustive, nor does it comprise items for variable salary as this is currently not applied for senior executives in the SAS Group.

Requirements according to the Code – summary	Fulfilled
<b>Shareholders' Meeting</b>	
Information about the time and venue of the Shareholders' Meeting shall be listed on the company's website no later than at the third quarterly report.	✓
At the Shareholders' Meeting, the Chairman and a minimum of other Board members must be present to constitute a quorum. The President must also be present.	✓
At least one member of the nomination committee and at least one of the company's auditors must be present.	✓
The nomination committee makes its recommendation to the Chairman of the Annual General Shareholders' Meeting in the notice.	✓
The language at the Shareholders' Meeting is Swedish.	–
Shareholders or their proxies that are not Board Members or employees in the company can be nominated to check the minutes.	✓
The minutes from the most recent Annual Meeting and all subsequent Shareholders' Meetings are available on the website.	✓
<b>Elections and remunerations of the Board and auditors</b>	
The company has a nomination committee, composed according to the Code's guidelines, which the Shareholders' Meeting elects or decides how it shall be elected.	✓
A majority of the nomination committee's members must be independent in relation to the company and the company management, at least one member must be independent of the major shareholders and the President or other member of the company management may not be a member of the nomination committee.	✓
The names of the members of the nomination committee must be listed on the company's website no later than six months before the Annual General Shareholders' Meeting.	✓
The nomination committee's recommendation follows the Code's guidelines, is entered in the notice and a motivation is available on the website.	✓
At Shareholder's Meetings where elections of the Board or auditors are held, the nomination committee presents its report.	✓
<b>The size and composition of the Board</b>	
No deputies are appointed for members elected by the Shareholders' meeting.	✓
No more than one of the Board members elected by the Shareholders' meeting may be a member of the management of the company or any subsidiary.	✓
The majority of Board members elected by the Shareholders' meeting must be independent of the company and the company management.	✓
At least two of the Members of the Board that are independent of the company and the management must be independent in relation to the company's major shareholders.	✓
Board Members are appointed for at most to the end of the next Annual General Shareholders' Meeting.	✓
The Chairman of the Board is elected by the Shareholders' Meeting.	✓

Requirements according to the Code – summary	Fulfilled
<b>The Board's work methods</b>	
At least once a year, the Board reviews the Board's work plan, instructions to the President and reporting instructions.	✓
Committees record their meetings and supply the minutes to the Board.	✓
The audit committee consists of at least three of the members of the Board and the majority are independent of the company and its management, of which at least one must be independent in relation to the company's major shareholders.	✓
The Board ensures that the company has solid internal control and formalized routines securing that reports comply with laws, financial reporting standards and listing requirements.	✓
The Board must hold at least one meeting per year with the company's auditor without the presence of the President or anyone else from company management.	✓
The company's six month or nine month report is subject to a limited review by the company's auditor.	✓
The Board annually evaluates the Board's work and reports relevant parts to the nomination committee.	✓
At least once a year, the Board evaluates the President's work without the presence of the management.	✓
<b>Remuneration to senior executives</b>	
A remuneration committee is to be set up.	✓
All members of the remuneration committee elected by the Shareholders' meeting must be independent of the company and company management.	✓
Fixed salary during the period of notice and severance pay may not, together, exceed a sum equivalent to the fixed salary for two years.	✓
<b>Information about the Swedish Code of Corporate Governance</b>	
The company reports any departures from the Code.	✓
The corporate governance report complies with the information requirements in the Code and the Annual Accounts Act.	✓
The three most recent corporate governance reports are available on the website.	✓
The Articles of Association are available on the company's website.	✓

This report constitutes the SAS Group's corporate governance report for the 2010 financial year and has been prepared in accordance with the Annual Accounts Act and the provisions of the Code based on the revision of the Code issued in February 2010.

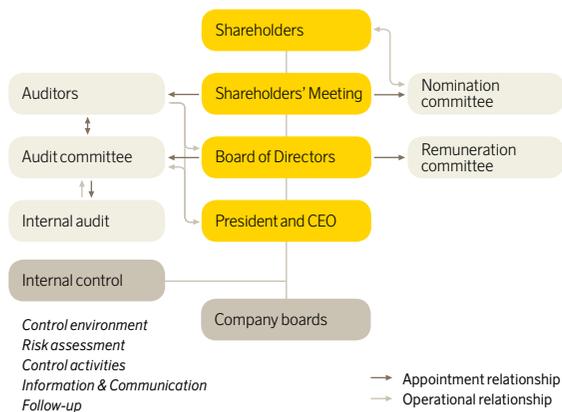
### Legal regulations for the SAS Group

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, updated in 2010, to ensure adequate disclosures to the capital market.

#### Corporate Governance, governance structure

The SAS Group had 69,004 shareholders on December 31, 2010. The major shareholders are the three Scandinavian governments. The largest private shareholders are the Knut and Alice Wallenberg Foundation, Unionen, Danmarks Nationalbank, the First Swedish National Pension Fund, the Second Swedish National Pension Fund and various bank mutual funds.



#### Meetings in 2010

The Board had 18 recorded meetings as well as five per capsulam decisions. The audit committee had five recorded meetings and the remuneration committee had seven recorded meetings. The nomination committee had three recorded meetings since the 2010 Annual General Shareholders' Meeting.

SAS did not breach stock-exchange rules or accepted practice in the stock market in accordance with the Stockholm Stock Exchange Disciplinary Committee or statements by the Stock Market Committee in 2010.

### Departure from the Code

The SAS Group followed the Code in 2010 apart from the following instance: The Shareholder's Meeting is to be conducted in Swedish, Norwegian and Danish, which departs from clause 1.5.

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

The shareholders' influence in the company is exercised at the Shareholders' Meeting, which is the company's supreme decision-making body. At the Shareholders' Meeting of SAS AB, one share is equal to one vote. There are no restrictions to the voting rights. Shareholders who are recorded in the share register as of the record date and have given notice of their attendance in due time have a right to attend the meeting and

vote for 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](http://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 connection. 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 the Shareholders' Meeting is published in daily newspapers in Sweden, Denmark and Norway and announced in press releases and published on the company's website. The company e-mails notices to the shareholders who have requested this.

Direct or indirect shareholding in the company, that represent at least one tenth of the voting rights of all shares in the company are listed on p. 62 in the Report by the Board of Directors in the Annual Report.

### Annual General Shareholders' Meeting in 2010

For 2009, the Annual General Shareholders' Meeting was held on April 7, 2010, in the company's head office in Solna. Information about the time and venue of the Annual General Shareholders' Meeting was available on the SAS Group's website well ahead of the third quarterly report 2009 in line with the guidelines of the Code. It also informed at which time a request from shareholders must be submitted to be heard at the Annual Meeting.

The Annual General Shareholders' Meeting 2010 adopted the Board's proposal for a rights issue with preferential rights for SAS shareholders, and also adopted the proposal for consolidation of shares (reverse split). In addition, the Board was authorized, on one or several

### Fees decided at the 2010 Annual General Shareholders' Meeting

Name	Nationality	Independent	Board	Audit committee	Remuneration committee	Total, TSEK
Fritz H. Schur	DK	Yes	585		70	655
Jacob Wallenberg	SE	Yes	390		25	415
Dag Mejdell	NO	No*	345		25	370
Monica Caneman	SE	Yes	295	45		340
Jens Erik Christensen	DK	Yes	295	45		340
Gry Mølleskog	NO	Yes	295			295
Timo Peltola	SF	Yes	295	95		390
Carsten Bardrup Nielsen	DK	Yes	295			295
Ulla Grøntvedt	SE	Yes	295			295
Asbjørn Wikestad	NO	Yes	295			295
<b>Total</b>			<b>3,385</b>	<b>185</b>	<b>120</b>	<b>3,690</b>

\* Dag Mejdell is not considered independent in relation to major shareholders (but is independent in relation to SAS and its management).

occasions, and no later than by the next meeting - with a departure from shareholders' preferential rights - to decide on issue of bond loans with conversion rights to new common shares in the company. Moreover, all Board members were reelected with the exception of Berit Kjöll and Anita Steen, who both declined reelection. Monica Caneman and Gry Mølleskog were elected as new Board members. Fritz H. Schur was re-elected Chairman of the Board. The meeting also decided on Board members' 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 2011 Annual General Shareholders' Meeting. The meeting approved the Board's recommendation not to pay a dividend for 2009.

### 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. By a special Board decision, a representative of the SAS pilots' organization is an observer to the Board, in addition to the employee representatives. Shareholders' Meeting-elected members are appointed for no longer than to the end of the next Annual General Shareholders' Meeting, in accordance with the Code. There is no rule about the longest time that a member can be part of the Board. Board members and any relationships to the company's owners, etc. appear on pp. 10

The average age of members is 57 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. The formal work plan 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 continuous information and financial reporting, 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 ensuring that the Board evaluates its work each year, scrutinizes its own work routines, and shall 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 2010*

In 2010, the Board held 18 meetings, of which ten were ordinary and eight extraordinary. Additionally, five minutes of meetings were prepared per capsulam. Each ordinary meeting followed an approved agenda, and proposed agendas and support documentation were sent to the 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 2010

8/2	The SAS Group's financial statements for 2009, decision on proposal for rights issue to the Annual Meeting and expansion of Core SAS cost program.
12/3	SAS Annual Report.
13/4	Review of SAS's commercial strategies and SAS's intercontinental operations.
21/4	The first quarter report and management of the impact of the flights stopped due to the volcanic eruption on Iceland.
16-17/6	Strategy discussion and internal audit annual report and audit plan for 2010.
17/8	The second quarter report and revised Financial policy for the SAS Group.
29/9	Decision on expansion of short and long-haul routes, including the new Oslo-New York route.
9/11	Third quarter report, the auditor's review of the "hard close", revision of the Board's work plan and instructions to the President.
15/12	Budget for 2011 and evaluation of Board work.

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

Further information regarding the work of the Board in 2010 may be found in the Report by the Board of Directors in the Annual Report on p. 62. 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. 78 in the Annual Report. A compilation of the fees approved by the Annual General Shareholders' Meeting appears on p. 3.

### Outcome 2010 recorded fees for employee representative deputies, TSEK

Pär Anders Gustafsson	8
Bo Nilsson	12
Tore Hansen	12
Trygve Skogseide	12
Nicolas Fischer	12
Brian Daugaard	10
Sven Cahier, joined June 14, 2010	4
Anna-Lena Gustafsson, joined September 7, 2010	2

### 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 shall be provided to all Board members. Remuneration for work on Board committees is determined by the Annual General Shareholders' Meeting.

### 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. There was an election of an auditor at the 2009 Annual General Shareholders' Meeting, when Deloitte AB was reelected for the period until the end of the 2013 Annual General Shareholders' Meeting. The principal auditor is Peter Gustafsson (born in 1956), who has headed audit services for Deloitte since 2003. Besides SAS AB he has audit engagements for SAAB Automobile, Ledstianan, Specialfastigheter, Semcon, Akademiska Hus, Göteborgs Hamn and Göteborgs Kommunala Förvaltning AB.

Peter Gustafsson was previously an auditor for Elanders, Connex Transport, Stockholms Hamnar, Nexus, Song Networks, Rezidor Hotel Group and Teleca, among others. On three occasions during 2010, the principal auditor met with the Board, presenting the program for auditing work, reporting observations from the audit of the financial statements, the examination (“hard close”) of the interim accounts as of September 30, the limited review of the six-month report 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 five years, in addition to its auditing work, Deloitte performed advisory 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 97, of which MSEK 25 pertains to 2010. Of the invoiced amount in 2010, around MSEK 11 pertains to extensive work in connection with the company’s 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 2010, see Note 39 p. 95 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 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, as well as other matters of a Group-wide nature.

President and CEO was Mats Jansson until September 30, 2010. John S. Dueholm assumed the position of President from October 1 until February 1, 2011, when the SAS Group’s new President Rickard Gustafson took over. Presentation of the President’s background, experience, positions, and shareholdings, see p. 9.

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 five members

named by the President in consultation with the Board. The composition of Group Management appears on p. 9.

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 second 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’ fully-owned subsidiaries 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 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

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 Meeting for approval. The remuneration policies for 2010 remained unchanged compared with those that applied in 2009, with the exception of guidelines for variable salary.

For 2010, the following guidelines adopted by the Annual Meeting for remuneration and other terms of employment for senior executives (Group Management at SAS) 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. The total remuneration must be market-based and competitive and must be in relation to responsibility and authority. Remuneration shall consist of fixed salary, other benefits and pension. As per decision by the Annual Meeting, no variable remuneration is paid to senior executives and the SAS Group has no share-related incentive program.

Remuneration to senior executives consists of a fixed annual base salary. The fixed salary reflects the position’s requirements pertaining to skills, responsibility, complexity and in which way it contributes to achieving the business objectives. The fixed salary also reflects the ex-



ecutive’s performance and can therefore be both individual and differentiated. Other benefits, including company car and health insurance, must be market-based and only constitute a limited part of the total remuneration. Pension benefits are to be defined-contribution, with premiums not exceeding 35% of the fixed annual salary. Agreements already concluded with some executives with partially deviating pension conditions and resignation and severance pay will be respected until they cease or are renegotiated.

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 detailed information about remuneration and benefits paid to the Board, President and senior executives in 2010, see Note 3 pp. 78-79 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 the 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 year-end and interim reports. To quality assure the Board’s work on financial reporting and ensure the Board’s access to and review and follow-up of auditing work, the Board normally meets the company’s principal auditor on at least three occasions a year.

## Nomination committee

The Code specifies that the nomination committee is the Annual General Shareholders' Meeting's body, whose only task it is to prepare the meeting's recommendation for nomination and remuneration issues, and where relevant, matters of procedure for the next nomination committee. Nomination committee members must address all the shareholders' interests, regardless of how they were appointed.

### Nomination committee, three recorded meetings

Marianne Förander, Ministry of Finance, 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 Biltoft, Danmarks Nationalbank  
 Anders Rydin, SEB Funds

Motions to be decided by the 2011 Annual General Shareholders' Meeting:

- Chairman of the Meeting.
- The number of Board members and the fee to the Board, broken down among the Chairman, Vice Chairman, other Board members and any remuneration for work in the committees.
- Election of Board members and Chairman of the Board.
- Audit fee.
- Nomination committee for 2012 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 2011 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 SAS Group defraying the cost.

## Attendance at Board meetings in 2010

	15/1	25/1	4/2	7/2	8/2	9/3	12/3	1/4	7/4 <i>Statutory</i>	13/4	21/4	5/5	16-17/6	17/8	15/9	29/9	9/11	15/12
Fritz H. Schur, <i>Chairman</i>	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Jacob Wallenberg, <i>Vice Chairman</i>	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Monica Caneman, <i>member</i>	–	–	–	–	–	–	–	–	–	●	●	○	●	●	●	●	●	●
Jens Erik Christensen, <i>member</i>	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	○
Berit Kjøll, <i>member</i>	●	●	●	●	●	●	●	●	●	–	–	–	–	–	–	–	–	–
Dag Mejdell, <i>member</i>	●	○	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Gry Mølleskog, <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 – Resigned / Not joined

## Remuneration committee

Remuneration and other employment terms for senior executives are designed with a view to securing the company's access to executives with the skills necessary for the company, adjusted for costs, and with the intended effects on operations.

### Remuneration committee, seven recorded meetings

	Number of meetings attended
Fritz H. Schur (chairman)	7
Jacob Wallenberg	7
Dag Mejdell	6

The Group's remuneration committee follows the Code's instructions. The Code specifies that members of the remuneration committee must be independent of the company or company management. Fritz H. Schur and Jacob Wallenberg are independent in relation to the company, company management, as well as 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 independent in relation to major shareholders.

The remuneration committee is appointed by the Board. The committee discussed matters of principle about variable remuneration for senior executives and general matters regarding guidelines and policies for compensation to senior executives in SAS as well as approved certain changes in corporate management members' employment terms. The committee also discussed the new President's salary and other employment terms.

Prior to the 2011 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

The audit committee supports the Board with monitoring and evaluation of the internal and external audit process, prepares the the Board's work in quality assuring financial reporting, continually meet the company's auditor and studies and evaluates reports from the external auditors.

### Audit committee, five recorded meetings

	Number of meetings attended
Timo Peltola (chairman)	5
Jens Erik Christensen	5
Monica Caneman (joined April 9)	4

All members of the audit committee are independent in relation to the SAS Group, the management and the shareholders in line with the Code. 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 auditors' independence vis-à-vis the company, including the extent of the auditor's nonaudit-related assignments for the company.

In 2010, 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 refinancing efforts. Moreover, the committee has worked with the conditions for the rights issue and the directed convertible bond issue, and handled matters of evaluation of the aircraft fleet, the internal audit work and function, special areas of focus in the auditing work, risk analyses and internal controls.

# 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.

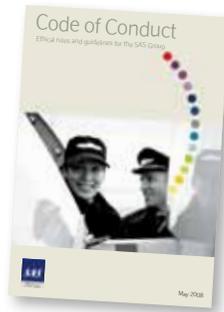
## Control environment

The control environment constitutes the base of the internal control and includes the culture that the SAS Group communicates and works within. The ambition of the Group is that its values, reliability, openness, care and value-creation 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 approaches in various situations, including a structure for reporting deviations from desired approaches (whistle blowing). 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 is described in various internal documents that outline management philosophy, management model, roles and responsibilities of the units and subsidiaries, 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.

SAS Group control environment



## Risk assessment

Every year, company management performs a risk assessment regarding financial reporting. The analysis of risks in various major balance sheet and income items is graded.

Critical processes regarding the Group's financial reporting



Moreover, company management has identified a number of critical areas, common to all units and companies in the SAS Group, where an analysis of internal control is to be performed, (see below). Beyond that, the SAS Group's internal audit function performs an ongoing overarching risk analysis, that 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 SAS Group's ambition is to have adequate control 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.

The SAS Group has financial officers, both centrally and locally, who are responsible for financial updates.

## Control targets and evaluations

SAS has prepared a relatively comprehensive form with defined control targets in the management process, accounting process, revenue process, procurement process, payroll process and asset management process. These control targets also include IT controls that safeguard change management, user administration and procedures and responsibilities. The management of all units and subsidiaries conduct their own annual assessment of internal control in relation to the fulfillment of control targets, including documentation of the processes used in the control activities. This control and assessment also comprise processes conducted by third parties. The assessment is also reviewed by external auditors, who provide an independent evaluation of status and improvement potential. In the event of evaluations not being approved, in which the assessment by the external auditor prevails, action plans are prepared, which are subject to follow-up.

The evaluation carried out in 2010 showed marginally improved results compared with the preceding year. 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. Over the year, the internal audit has focused on cost culture in the SAS Group from the viewpoint of internal control, follow-up pertaining to the process of travel reimbursement routines, the process for expense and revenue control in selected parts of the sales organization outside Scandinavia, selected parts of the marketing process, the general purchasing process, the process for management of government user fees and purchasing of jet fuel, as well as follow-up of the process for procurement of consulting services.

In addition, follow-up audits were conducted regarding commercial dealings including those pertaining to Singapore Technologies, Spanair and airBaltic.

## 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 affected parties in the Group 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.

Financial information reported regularly:

- Year-End and interim reports
- Annual Report
- Press releases
- Presentations and telephone conferences focused on financial analysts, investors and media when publishing important information.
- Meetings with the capital market in Sweden and abroad

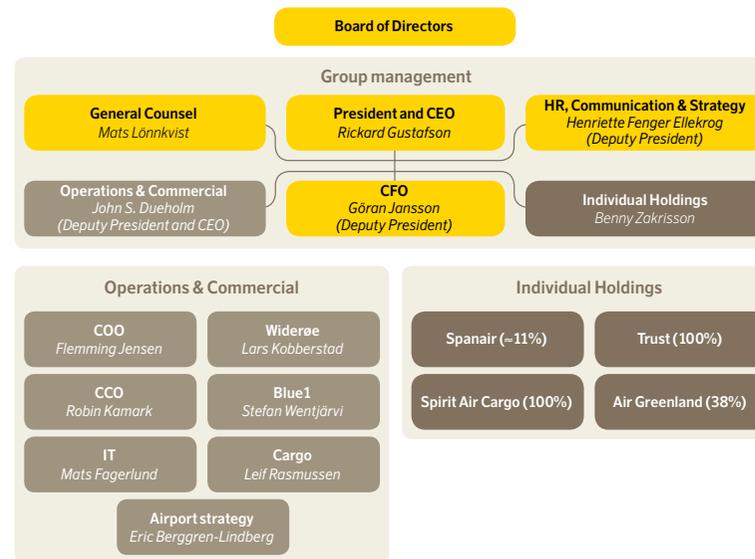
The above information is also available on the Group's website [www.sasgroup.net](http://www.sasgroup.net)

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, the SAS Group has an information policy regarding disclosures to the stock exchange and 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 conducted 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 Group 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, 2011



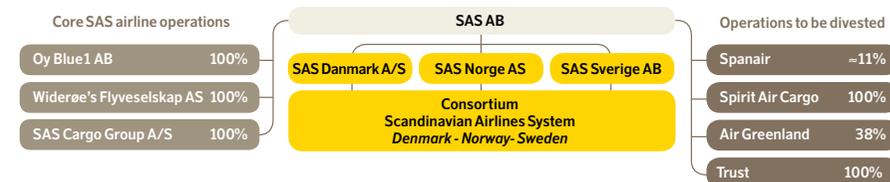
## SAS Group's labor union structure within Scandinavia

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

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

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

## SAS Group's legal structure March 15, 2011



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 established 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 established 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 in SAS Scandinavian Airlines were returned to the SAS Consortium.
- October 2009: The airline operations of SAS Scandinavian Airlines Norge AS were returned to the SAS Consortium.
- November 2009: British Midland was divested.
- September 2010: Skyways Holding AB was divested.
- November 2010: Estonian Air was sold.
- SAS Ground Services in Denmark and SAS Tech AB were no longer limited companies as of year-end 2010 and the operations are now included in the SAS Consortium.

# Group Management

Group Management is responsible for the Group's business management, financial reporting, acquisitions/disposals, financing and communication with the stock market as well as other corporate matters.

The members of Group Management are appointed and supervised by the President in consultation with the Board of Directors. Only the President 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 managing the Group's business affairs, and it normally has recorded meetings every second week.



**Rickard Gustafson** *Born 1964*

*President and CEO*

Member of SAS Group Management from February 1, 2011. Previous various executive positions at GE Capital, both in Europe and the US, and 2006-2011, President of Codan/ Trygg-Hansa.

*External directorships:* None

*Education:* Master of Science, Industrial economics

*Shareholding:* 40,000

*Parties closely related to the President have no shares or other financial instruments in the company or in companies with which the SAS Group has significant business relations.*



**John S. Dueholm** *Born 1951*

*Deputy President and Vice CEO*

Member of SAS Group Management since September 1, 2002. Responsible for SAS Commercial, SAS Operations, SAS Group IT, SAS Cargo, Widerøe and 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. degree Financing & Business Administration.

*Shareholding:* 29,776



**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 1998 executive positions in TDC A/C, most recently as HR & Chief of Staff Senior Executive Vice President. Prior to that, various positions and supervisory posts at Mercuri Urval A/S and Peptech (Europe) A/S.

*External directorships:* Chairman of Svenska Flygbranschen, Board member Daycatch A/S, 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.

*Shareholding:* 12,200



**Göran Jansson** *Born 1958*

*Deputy President and CFO*

Member of SAS Group Management since 2011.

From March 1, 2011 Göran Jansson succeeds former CFO Mats Lönnqvist, who left his post with SAS on April 1, 2011.

*External directorships:* Chairman of Bankit AB. Member of the Board of Human Care AB, Note AB, nWise AB, Stille AB and Axis Communication AB.

*Education:* Graduate in Business admin. from Stockholms Universitet.

*Shareholding:* -



**Mats Lönnqvist** *Born 1955*

*Senior Vice President and General Counsel*

Member of SAS Group Management since 2009.

Head of Legal, Insurance and Public Affairs and Board Secretary of SAS AB.

Previous engagements/posts: Various legal posts in the SAS Group 1988-2009.

Law firm of Mannheimer & Zetterlöf 1984-1988.

*External directorships:* None

*Education:* Law degree from Uppsala University.

*Shareholding:* 2,704



**Benny Zakrisson** *Born 1959*

*Executive Vice President Individual Holdings*

Member of SAS Group Management since June 14, 2007, and responsible for Individual Holdings. 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), icell, iTell.

*Education:* Law degree from Stockholm University.

*Share- and bond holding exists under other management.*

## Share convertibles and options

No share convertibles or options have been issued to the SAS Group Management.

## Secretary for Group Management

Mats Lönnqvist, General Counsel, SAS Group.

## Board of Directors

The Board is responsible for the Group's organization and management and proper control of its accounting and financial situation in other respects and for appointing the President. All members of the Board elected by the Shareholders' Meeting are independent of the company and company management. The Annual General Shareholders' Meeting 2010 adopted the nomination committee's recommendation for reelection of the following Board members in SAS AB: Fritz H. Schur, Jens Erik Christensen, Dag Mejdell, Timo Peltola and Jacob Wallenberg. Monica Caneman and Gry Mølleskog were elected as new Board members. Fritz H. Schur was reelected Chairman of the Board. No share convertibles or options have been issued to the Board of the SAS Group.

**Auditors:** Deloitte AB

**Principal auditor:**

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

**Other major engagements:** SAAB Automobile, Ledstjärnan, 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.



**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.

**Directorships:** Chairman of the companies in the Fritz Schur Group. Chairman of Posten Norden AB, DONG Energy A/S, F. Uhrenholt Holding A/S., Relationscore ApS and C.P. Dwyig & Co. A/S. Vice Chairman of Brd. Klee A/S.

**Education:** B.Sc. Economics and Business Administration.

**Earlier directorships/positions:** Chairman of Det Danske Klasselotteri A/S and Post Danmark A/S. Board member of ByrumLabflex A/S, De Post NV/La Poste SA, Belgium and A/S FH. President of F.L.B. International ApS. Universitetsbogbinder D.L. Clements EFTF.

**Shareholding:** 40,000



**Vice Chairman**

**Jacob Wallenberg** *Born 1956*

Vice Chairman of the Board of SAS AB since 2001.

**Directorships:** Chairman of Investor AB. 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. Economics and MBA Wharton School, University of Pennsylvania.

**Earlier directorships/positions:** Vice Chairman of Stockholms Handelskammares Service AB, Electrolux AB and Board member of the Confederation of Swedish Enterprise and the Nobel Foundation.

**Shareholding:** 10,000



**Second Vice Chairman**

**Dag Mejdell** *Born 1957*

Second Vice Chairman of the Board of SAS AB since 2008.

President and CEO of Posten Norge AS.

**Directorships:** Chairman of Arbeidsgiverforeningen Spekter and International Post Corporation. Vice Chairman in Orkla ASA (corporate assembly) and EDB Ergo Group's Board. Board member of IK Investment Partners.

**Education:** MBA, Norwegian School of Economics and Business Administration.

**Earlier directorships/positions:** President and CEO of Dyno Nobel ASA. Chairman of Svenska Handelsbanken, Region Norway. Board member of DWIDAG System International GmbH.

**Shareholding:** 4,214



**Monica Caneman** *Born 1954*

Member of the Board of SAS AB since 2010.

**Directorships:** Chairman of the Fourth Swedish Pension Fund, Linkmed AB, SOS International AS and Arion bank hf. Board member in Investment AB Öresund, Poolia AB, Orexo AB, Schibsted ASA, Securia AB, Intermail AS, Point International AB and SPP AB.

**Education:** MBA, Stockholm School of Economics.

**Earlier directorships/positions:** Chairman of EDT AS and Interverbum AB. Board member of Resco AB, Nocom AB, Akademikliniken AB, Nya Livförsäkrings AB SEB Trygg Liv, Xpon-Card Group AB, Lindorff Group AB, Citymail Group AB, EDB Business Partner ASA, Nordisk Energiförvaltning ASA and Svenska Dagbladet AB.

**Shareholding:** 4,000



**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 A/S, Tower Group A/S, Alpha Holding A/S, Core Strategy A/S, Ecsact A/S, Doctorservice Holding A/S. Vice chairm. in BankNordik A/S, Hugin Expert A/S, Lægernes Pensionsbank A/S. Board member of Andersen&Martini A/S, Lægernes Pensionskasse, Skandia Liv AB, TK Development A/S, Nordic Corporate Investment A/S, Your Pension Management S.A., member of the Danish Government's infrastructure commission.  
*Education:* Cand. act., Univ. of Copenhagen.  
*Earlier directorships/positions:* President of Codan A/S, President of Codan Försäkring A/S and President of TryggHansa AB, an member of the Executive Committee of the Royal & Sun Alliance plc 1999 – 2006; Prior to this directorships and business development in the financial sector.  
*Shareholding:* 12,666



**Gry Mølleskog** *Born 1962*

Member of the Board of SAS AB since 2010.  
Senior Client Partner in Korn/Ferry International.  
*Directorships:* Chairman of Norsk Folkemuseum. Board member of Norwegian Property ASA.  
*Education:* Studies at University of Oslo and Norwegian School of Management.  
*Earlier directorships/positions:* Senior Vice President SAS Airlines, head of the staff of the Norwegian Crown Prince and Princess. Board member of the Norsk Folkemuseum, Hurtigruten ASA, Oslotrikken AS, Posten Norge and Steen og Ström.  
*Shareholding:* 666



**Timo Peltola** *Born 1946*

Member of the Board of SAS AB since 2005.  
*Directorships:* Chairman of Neste Oil. Vice Chairman of TeliaSonera. Member of the Board of AW Energy Oy, CVC Capital Partners Advisory Board. Advisor i CapMan public market fund. Citigroup's Nordic Advisory Board member  
*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.  
*Earlier directorships/positions:* Chairman of pension insurance company Ilmarinen, Board member of Huhtamaki Oyj, CEO of Huhtamaki Oyj 1988-2004.  
*Shareholding:* 2,000



**Employee representative**  
**Carsten Bardrup Nielsen** *Born 1957*

Employed at SAS Tech in Denmark.  
Member of the Board of SAS AB since 2008.  
*Directorships:* None.  
*Earlier directorships/positions:* None.  
*Shareholding:* 2,962  
*Deputies:*  
Nicolas Fischer, first deputy.  
*Shareholding:* 5,927  
Anna-Lena Gustafsson, second deputy.  
*Shareholding:* 0



**Employee representative**  
**Ulla Gröntvedt** *Born 1948*

Employed at SAS Scandinavian Airlines System.  
Member of the Board of SAS AB since 2001.  
*Directorships:* None.  
*Earlier directorships/positions:* None.  
*Shareholding:* 600  
*Deputies:*  
Bo Nilsson, first deputy.  
*Shareholding:* 0  
Sven Cahier, 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.  
*Directorships:* Board member of Oslo Taxi BA  
*Earlier directorships/positions:* None.  
*Shareholding:* 0  
*Deputies:*  
Tore Hansen, first deputy.  
*Shareholding:* 0  
Trygve Skogseide, second deputy.  
*Shareholding:* 0

The Board of Directors and President hereby give their assurance that the annual financial statements have been prepared according to the Annual Accounts Act and RFR 2.1 Accounting for Legal Entities and provide a true and fair view of the company's financial position and earnings and that the Report of the Board of Directors provides a true and fair overview of the performance of the company's operations, financial position and earnings, and describes the significant risks and uncertainty factors to which the company is exposed.

The Board of Directors and President hereby give their assurance that the consolidated financial statements have been prepared according to International Financial Reporting Standards (IFRS) as adopted by the EU, and provide a true and fair view of the Group's financial position and earnings and that the Report by the Board of Directors for the Group provides a true and fair overview of the performance of the Group's operations, financial position and earnings, and describes the significant risks and uncertainty factors to which the companies in the Group are exposed.

Stockholm, March 17, 2011

**Fritz H. Schur**  
*Chairman of the Board*

**Jacob Wallenberg**  
*Vice Chairman*

**Dag Mejdell**  
*Second Vice Chairman*

**Monica Caneman**  
*Board Member*

**Jens Erik Christensen**  
*Board Member*

**Gry Mølleskog**  
*Board Member*

**Timo Peltola**  
*Board Member*

**Carsten Nielsen**  
*Board Member*

**Ulla Gröntvedt**  
*Board Member*

**Asbjørn Wikestad**  
*Board Member*

**Rickard Gustafson**  
*President and CEO*

As stated above, the annual financial statements and consolidated financial statements were approved for issuance by the Board of Directors on March 17, 2011. The Group's statement of income and balance sheet and the Parent Company's statement of income and balance sheet will be subject to adoption by the Annual General Shareholders' Meeting on April 11, 2011.

Our auditors' report was submitted on March 17, 2011

Deloitte AB

**Peter Gustafsson**  
*Authorized Public Accountant*

## Audit report

*To the annual meeting of the shareholders of SAS AB*  
*Corporate identity number 556606-8499*

We have audited the annual accounts, the consolidated accounts, except the corporate governance statement on pages 2-11, the accounting records and the administration of the Board of directors and the President of SAS AB for the year 2010. The annual accounts and the consolidated accounts of the company are included in the printed version of this document on pages 60-112. The Board of directors and the President are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of directors and the President and significant estimates made by the Board of directors and the President when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the President. We also examined whether any Board member or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. Our opinions do not cover the Corporate Governance statement on pages 2-11. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statement and balance sheet of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of directors and the President be discharged from liability for the financial year.

## Auditor's report on the Corporate Governance statement

It is the Board of directors and the President who is responsible for the Corporate Governance statement on pages 2-11 and that it has been prepared in accordance with the Annual Accounts Act.

As a basis for our opinion that the Corporate Governance statement has been prepared and is consistent with the other parts of the annual accounts and the consolidated accounts, we have read the Corporate Governance statement and assessed its statutory content based on our knowledge of the company.

A Corporate Governance statement has been prepared and its statutory content is consistent with the other parts of the annual accounts and the consolidated accounts.

Stockholm, March 17, 2011

**Peter Gustafsson**  
*Authorized Public Accountant*