

The Board of Directors' of SAS AB (publ) proposal for resolutions on (a) amendments of the Articles of Association, (b) reduction of the share capital, (c) additional amendments of the Articles of Association, (d), authorization for the Board to resolve on new issues of common shares and (e) bonus issue

Background

SAS AB (publ) (the “**Company**”) has, through press releases dated 30 June 2020 and 14 August 2020, announced that the Board has resolved on a recapitalization plan conditional upon, among other things, necessary general meeting approvals (the “**Recapitalization Plan**”). The Recapitalization Plan comprises several capital injections, including new issues of common shares (i) to the holders of outstanding unsecured bonds due 24 November 2022 (the “**Bonds**”) and to the holders of subordinated perpetual capital securities issued on 16 October 2019 (the “**Hybrid Notes**”) with payment by set-off (the “**Set-off Issues**”), (ii) a directed issue of common shares for cash to the Company’s two largest shareholders (the “**Directed Issue**”), i.e. to the Government of Sweden and the Government of Denmark (together the “**Major Shareholders**”), and (iii) a rights issue of common shares to existing shareholders (the “**Rights Issue**”). The Set-off Issues, the Directed Issue and the Rights Issue are in the below jointly referred to as the “**Share Issues**”. The Company announced the contemplated terms of the Share Issues in the abovementioned press releases dated 30 June 2020 and 14 August 2020. The Board proposes a share issue authorization below, intended to be exercised only for the purpose of carrying out the Share Issues in accordance with what the Company has announced by press release prior to the Extraordinary General Meeting. The Major Shareholders’ participation is conditional on inter alia conversion of the Bonds and the Hybrid Notes, on approval by the European Commission and on the mandatory bid exemptions granted by the Swedish Securities Council applying, as further set out in the press releases.

Further, the Board proposes by reason of the Share Issues, that the share capital shall be reduced in order to obtain a lower quota value. In order to increase the Company’s share capital following the proposed share capital reduction, the Board proposes that the Extraordinary General Meeting also resolves on a bonus issue. Resolutions on the share capital reduction, the Share Issues and the bonus issue require that the Articles of Association be amended concurrently.

The reasons for the authorization for the Board to resolve on the Set-off Issues and the Directed Issue, comprising new issues of common shares with disapplication of the shareholders’ preferential rights, are the following. The conversion of the Bonds and the Hybrid Notes as well as the Directed Issue constitute integral and central parts of the Recapitalization Plan that have been requested by the Major Shareholders as a condition for their participation in the Recapitalization Plan. In this regard, the Board has evaluated other options and has assessed that current market conditions, and the availability of subscription undertakings and underwriting commitments, would not enable a rights issue in the amount necessary to carry out the Recapitalization Plan. Following extensive negotiations to date, the Board presents the proposals below, on the basis of the Set-off Issues and the Directed Issue being necessary and required parts of the Recapitalization Plan that the Company from an overall perspective considers to strike a balance between various stakeholders, given the size of the recapitalization and the requirements from the Major Shareholders. If the Recapitalization Plan is not implemented and fails, SAS will not be able to recapitalize and remedy the liquidity shortage and the negative equity caused by the COVID-19 outbreak, which would have a material adverse effect on the Company’s financial condition.

7 a Proposal for resolution on amendments of the Articles of Association

In order to enable the proposed reduction of the Company’s share capital set out below, the Board proposes that the Extraordinary General Meeting resolves that the limitations with respect to the share capital in Article 5, first paragraph, of the Company’s Articles of Association be amended in such way that the lower limit shall be SEK 250,000,000 and the higher limit shall be SEK 1,000,000,000.

7 b Proposal for resolution on reduction of the share capital

In order to obtain a lower quota value, the Board proposes that the Company’s share capital, currently amounting to SEK 7,689,909,275.10, shall be reduced by SEK 7,402,972,361.85, without redemption of any shares, to be transferred to non-restricted equity. Following the reduction of the share capital, the Company’s share capital will amount to SEK 286,936,913.25, divided into a total of 382,582,551

shares, with a quota value of SEK 0.75 per share. The resolution on reduction of the share capital requires amendments of the Articles of Association.

7 c Proposal for resolution on additional amendments of the Articles of Association

In order to enable the below proposed authorization for the Board to resolve on new issues of common shares and the proposed bonus issue, the Board proposes that the Extraordinary General Meeting resolves that the limitations with respect to the share capital and number of shares in Article 5, first paragraph, of the Company's Articles of Association be amended in such way that:

- (i) as regards the limitations with respect to the share capital, the lower limit shall be SEK 6,000,000,000 and the higher limit shall be SEK 24,000,000,000; and
- (ii) as regards the limitations with respect to the number of shares, the lower limit shall be 4,500,000,000 shares and the higher limit shall be 18,000,000,000 shares.

7 d Proposal for resolution on authorization for the Board to resolve on new issues of common shares

The Board proposes the Extraordinary General Meeting to authorize the Board to resolve, on one or several occasions up until the next Annual General Meeting, to increase the Company's share capital through new issues of common shares with or without disapplication of the shareholders' preferential rights. The total number of shares that may be issued by virtue of the authorization shall, as a maximum, amount to such number of shares that is within the limits set forth in the Articles of Association. Payment shall be made by cash or, in respect of the Set-off Issues by set-off against claims on the Company. For technical reasons, the new share issues may be carried out as new issues by way of set-off after subscription. Other terms and conditions for the issuances shall be decided by the Board. In the event that the subscription price to be paid for each common share is lower than the quota value of the share, an amount corresponding to the difference between the subscription price and the quota value of the share, multiplied with the number of issued shares, shall be contributed to the share capital through a transfer from the Company's available non-restricted equity.

7 e Proposal for resolution on bonus issue

The Board proposes that the Extraordinary General Meeting resolves on a bonus issue of SEK 3,200,000,000, without the issuance of any new shares, in order to strengthen the Company's share capital. The increase of the share capital shall be carried out through a transfer of funds to the share capital from the Company's available non-restricted equity. The resolution on a bonus issue requires amendments of the Articles of Association.

Majority requirements etc.

All proposals under item 7 of the agenda are conditional on each other and the Board proposes that the Extraordinary General Meeting's resolutions under item 7 shall be adopted as a single and joint resolution. The resolution requires that shareholders representing at least two-thirds (2/3) of the votes cast as well as of the shares represented at the Extraordinary General Meeting approve the resolution.

Each of the Major Shareholders has, subject to the conditions set out above, expressed its support for the Recapitalization Plan and expressed its intention to (a) subscribe for the common shares to be issued in the Directed Issue, (b) subscribe for its pro rata share of the Rights Issue and (c) underwrite such additional number of common shares in the Rights Issue that the commitment by each Major Shareholder amounts to approximately MSEK 1,497 (i.e. in aggregate approximately MSEK 2,994, corresponding to approximately 75% of the Rights Issue). Following completion of the Directed Issue and the Rights Issue, each of the Major Shareholders will end up holding the same number of shares and votes in the Company. The third largest shareholder, Knut and Alice Wallenberg Foundation ("KAW"), has expressed its support for the Recapitalization Plan and has undertaken to subscribe for its pro rata share of the Rights Issue (KAW's current shareholding in the Company amounts to 6.50% of the shares and votes), corresponding to approximately MSEK 259, subject to among other things the fulfilment of the above described subscription and underwriting commitments by the Major Shareholders.

Each of the Major Shareholders has been granted an exemption by the Swedish Securities Council in

respect of the Swedish mandatory bid obligation in the event that, as a consequence of its respective participation in the Directed Issue and Rights Issue, its shareholding in the Company would equal or exceed 30% of the votes. The Government of Sweden's mandatory bid exemption is conditional upon that the shareholder resolution authorizing the Directed Issue and the Rights Issue is approved by the Extraordinary General Meeting with at least two-thirds (2/3) of the votes cast as well as of the shares represented at the Extraordinary General Meeting disregarding any shares represented by the Government of Sweden. The Government of Denmark's mandatory bid exemption is conditional upon that the shareholder resolution authorizing the Directed Issue and the Rights Issue is approved by the Extraordinary General Meeting with at least two-thirds (2/3) of the votes cast as well as of the shares represented at the Extraordinary General Meeting disregarding any shares represented by the Government of Denmark. The maximum number of shares and votes in the Company that can be held by each of the Government of Sweden and the Government of Denmark due to its respective undertakings has been announced by the Company by a press release on 14 August 2020.

Authorization for the CEO

The Board proposes that the CEO shall be authorized to make the minor adjustments to the above resolution in connection with the registration thereof with the Swedish Companies Registration Office and Euroclear Sweden AB.

Stockholm in August 2020
SAS AB (publ)
The Board of Directors