

The Board's proposal of resolution to authorize the Board to resolve to issue warrants with right to subscribe for subordinated shares (item 14)

Background

Due to reasons of civil aviation policy it has in the Company's Articles of Association been introduced a possibility to redeem shares through a reduction of the share capital and also – if such redemption is not possible or is deemed insufficient – a possibility to issue subordinated shares for subscription by virtue of already issued warrants. A precondition for both measures is that there is a direct threat to the Company's or its subsidiaries' air traffic rights as a result of a violation or potential violation by the Company or any of its subsidiaries of provisions concerning ownership and control contained in bilateral civil aviation agreements or in laws or regulations concerning conditions for air traffic within the EEA. To ensure that the Company remains substantially owned and effectively controlled by Scandinavian interests as long as this is required for reasons of civil aviation policy, the Board may under the aforementioned conditions resolve to redeem a sufficient number of shares held by shareholders domiciled outside Denmark, Norway or Sweden as well as shares held by legal entities domiciled in Scandinavia, but controlled, directly or indirectly, by persons or legal entities outside Denmark, Norway and Sweden.

In such circumstance, shares held or controlled by persons or legal entities outside the EEA would be redeemed before any shares held or controlled by persons or entities within the EEA. Before any redemption takes place, the shareholders concerned have the opportunity to reduce their holdings voluntarily within a prescribed period. Redemptions are subsequently made without refund to the relevant shareholders. The reduction amount will be transferred to the Company's statutory reserves.

Should it not be possible to redeem shares or should such redemption, in the judgment of the Board, be insufficient, subscription for a sufficient number of subordinated shares in order to ensure a sustained Scandinavian ownership and control, and may be made by virtue of warrants issued by the Company. The aforementioned would be subject to shareholder approval at a General Meeting by a resolution supported by at least half the votes cast at the meeting. For this purpose, an Extraordinary General Meeting on 8 May 2001 resolved to issue a promissory note with 75,000 detachable warrants for subscription of redeemable subordinated shares to one by the Company wholly-owned subsidiary. If deemed necessary for aviation policy reasons, the Board of the Company has the right to decide to transfer the warrants to one or more appropriate legal entities domiciled in Denmark, Norway or Sweden.

The warrants were exercisable until 31 December 2020 at a subscription price per subordinated share corresponding to the quota value of the Company's shares. If all of the warrants were exercised by 31 December 2020, the Company's share capital and number of shares would have been increased with approximately 46.36 percent (after recalculations due to *inter alia* issues of shares executed since 8 May 2001).

Proposal

For the purpose of replacing the warrants issued 8 May 2001 which were exercisable until 31 December 2020, the Board proposes that, for the period until the close of next Annual General Meeting, the Annual General Meeting resolves to authorize the Board to issue warrants with a right to subscribe for subordinated shares in SAS AB. With the authorization, not more than 300,000 warrants may be issued which in total correspond to not more than 3,633,019,647 subordinated shares (corresponding to approximately 50 percent of the outstanding number of shares and votes in SAS AB). The warrants shall be issued free of charge and may with disapplication of the shareholders'

preferential rights only be subscribed for by one of SAS AB wholly-owned subsidiary. The warrants may be exercised for new subscription of subordinated shares until 31 December 2041. The terms of the warrants shall state that not more than the quota value shall be paid for new subscription of a subordinated share and shall moreover be designed to protect against dilution of shares as well as votes during the term of the warrants.
