INFORMATION CONCERNING THE ISSUE OF PREFERENCE SHARES IN SAS

SAS has decided to announce an offer to subscribe for preference shares where the public in Sweden, Denmark and Norway may participate

This brochure is not and should not be considered a prospectus under prevailing legislation and rules. The Prospectus, which has been approved and registered by the Swedish Financial Authority, has been published and is available on SAS website (www.sasgroup.net under Investor Relations) and on Carnegie's website (www.carnegie.se), Nordea's website (www.nordea.se under Sparande/Handla och placera) and SEB's website (www.seb.se/prospekt). The Prospectus includes, among other items, a presentation of SAS, the Offering and the risks associated with an investment in SAS and participation in the Offering. The brochure is not intended to replace the prospectus as a basis for decisions to participate in the Offering nor does it constitute a recommendation to participate in the Offering of SAS.

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Important dates and other information

Important dates

Application period	10–19 February 2014
Notice of allotment	25 February 2014
Settlement day	28 February 2014
First day of trading on NASDAQ OMX Stockholm	7 March 2014

Other information

Market place	NASDAQ OMX Stockholm
Ticker name	SAS PREF
ISIN-code preference share	SE0005704053

Definitions

SAS (or the Company)	refers to SAS AB (corporate reg.no 556606-8499), or the group in which SAS AB is the parent company, as the context may require.
the Group	refers to SAS AB and its subsidiaries.
the Offering	refers to the invitation to subscribe for preference shares according to the Prospectus.
Prospectus	refers to the prospectus regarding the offering that SAS made public on 7 February, 2014.
Euroclear Sweden	refers to Euroclear Sweden AB.
NASDAQ OMX Stockholm	refers to NASDAQ OMX Stockholm AB.
SEK, EUR and USD	refers to the Swedish krona, the Euro, the United States Dollar. M refers to million.

IMPORTANT INFORMATION

This brochure is a simplified description of SAS offering and has not been approved by any supervisory authority. The brochure only includes summarized information and does not constitute a prospectus. Investors should not participate in the offering or acquire any of the securities mentioned in this brochure except on the basis of the information presented in the Prospectus. The Prospectus includes, among other items, a presentation of SAS, the Offering and the risks associated with an investment in SAS and participation in the Offering. The Prospectus is available on SAS website (www.sasgroup.net under Investor Relations) as well as on Carnegie's website (www.carnegie.se), Nordea's website (www.nordea.se under Sparande/Handla och placera) and SEB's website (www.seb.se/prospekt). The Prospectus can be ordered free-of-charge during business hours at +46 8-678 04 40.

This brochure is only intended for the public in Sweden, Denmark and Norway. SAS has not taken, and will not take any actions to allow a public offering in any jurisdiction other than Sweden, Denmark and Norway. The Offering is not made to persons resident in the United States, Canada, Japan, Australia or any other jurisdiction where participation would require additional prospectuses, registration or measures besides those required by Swedish law. Consequently, the prospectus, the subscription form or any other documents in respect of the Offering may not be distributed in or into the mentioned countries or any other country or any other jurisdiction in which distribution or the Offering in accordance with this prospectus require such measures or otherwise would be in conflict with applicable regulation. Subscription for preference shares and other acquisitions of securities in violation of the restrictions described above may be void. Recipients of this brochure are required to inform themselves about, and comply with, such restrictions. Any failure to comply with the restrictions described may result in a violation of applicable securities regulations. No paid subscribed shares or preference shares issued by SAS have been, or will be, registered under the United States Securities Act of 1933, as amended ("Securities Act") or the securities legislation of any state or other jurisdiction in the United States and may not be offered, sold or otherwise transferred, directly or indirectly, in the United States or to *U.S. Persons* as defined in regulation S of the Securities Act ("Regulation S"). The Securities are being offered outside the United States in compliance with Regulation S. No offer of Securities will be made in the United States or to U.S. persons.

This document is a translation of the Swedish original. In the event of any discrepancy between the original Swedish document and the English translation, the Swedish original shall prevail.

Background and reasons

SAS operates in a highly competitive industry characterized by price pressure and fluctuating demand, while operations are capital-intensive due to recurring investments in the aircraft fleet. In order to meet the increasingly intense competition, manage the effects of the revised accounting policies related to pensions, which threatened to dilute SAS book equity, and to create the conditions necessary for long-term financing SAS initiated, in the autumn of 2012, the restructuring program 4Excellence Next Generation ("4XNG").

4XNG focuses on three subareas – costs, flexibility and liquidity/equity. Under 4XNG, SAS has implemented a renegotiation of employee collective agreements that has led to market adjustment of salary working and pension benefits as well as centralized administrative operations. Furthermore, SAS has carried out substantial savings within IT operations through new procurement of IT-services and through the reduction of applications. SAS has increased the flexibility of its cost base through outsourcing of certain customer service and administrative operations and the commenced outsourcing of ground handling services. The flexibility has been increased further through increased possibility of using so called wet-lease production as a complement to own production. SAS's liquidity was strengthened through disposal of assets. In order to accomplish 4XNG, SAS also gained access to a revolving and reducing credit facility of SEK 3,500 million (the "Credit facility").

The ambition with 4XNG is to lower the operating expenses by approximately SEK 3 billion over three years, of which SEK 1.5 billion was realized in 2012/2013. 4XNG has resulted in significant improvements in SAS competitive position in 2012/2013. Labor costs, excluding restructuring costs, have been reduced by approximately SEK 1,200 million (9.5%), compared with the previous year. Flight crew costs have been reduced through lower compensation and increased productivity. Significant headcount reductions have been completed within administration as well as through centralization to Sweden. SAS production (ASK) has during 2012/2013, increased by more than 6% while the currency adjusted unit cost, excluding jet fuel costs, has decreased by 5.9%.The productivity gains made possible by the new collective agreements have created the opportunity to increase production and expand the network in a cost-efficient manner. The increased possibility of wet-lease production has enabled SAS to increase production on low density routes where profitability would otherwise not be achievable and made it possible to increase traffic during the summer months. In 2012/2013, SAS increased production by launching 52 new routes and plan to launch another 43 new routes in the current year. Sales of assets, among them spare engines and 80% of the shares in Widerøe, in 2012/2013 reduced SAS's net debt by about SEK 2.8 billion. At 31 October, the financial net debt totaled slightly more than SEK 4.6 billion.

New financial targets were adopted by SAS in conjunction with the launch of 4XNG. These new targets aim to reflect an operation that has reduced its fixed costs, improved its profitability and strengthened its cash flow. The financial targets are to reach an operating margin of a minimum of 8%, an equity/assets ratio in excess of 35% and a financial preparedness of over 20%. At the end of the 2012/2013 fiscal year, the market was characterized by reduced growth and significantly increased capacity in parallel with a decline in the NOK against the SEK. These conditions are expected to continue and, accordingly, SAS now expects that the financial targets that were originally intended to be reached in 2014/2015 will now not be reached until the end of 2015/2016.

Since SAS's operations are very capital-intensive, SAS works continuously with optimizing its capital structure to maintain and create the requisite conditions for the recurring investments in line with maintaining a modern aircraft fleet. SAS has over the past years completed the fastest modernization of the aircraft fleet in its history. SAS has phased out aircraft models such as the MD80 and B737 Classic and phased in Airbus A320 and B737NG, which has led to that SAS aircraft fleet have increased from 80% to 100% so called next generation aircraft. SAS has also entered into agreement to purchase additional new aircraft. Over the next seven years, SAS will invest in a total of 42 new aircraft comprising 12 long-haul aircraft and 30 short-haul aircraft. SAS intends to finance these investments through a combination of, either, operational leasing contracts or own funds in combination with various forms of loans, including export credit financing, EETC (*enhanced equipment trust certificates*), bank loans and bank facilities.

In addition to creating the conditions necessary for future investments, the capital structure must be able to manage the credit maturity structure. In 2012/2013, two bond loans were issued of SEK 1,500 million and EUR 35 million respectively or about SEK 1,800 million in total, to finance the repayment of the two bond loans that matured in 2014 corresponding to a total of about SEK 1,867 million. This means that SAS does not have any major unfinanced credit facilities falling due prior to 2015 when the convertible bond loan of SEK 1,600 million matures. The SAS Board of Directors has proposed that the Annual General Meeting authorize the Board of Directors to resolve on the issue of a new convertible bond intended to refinance the existing convertible bond. SAS's unutilized credit facility, which is being reduced according to plan and currently amounts to SEK 1,800 million, is being reduced by another SEK 600 million in June 2014 and falls due in March 2015. Following the completion of the Offering, SAS aims to terminate the credit facility in advance. SAS has entered into agreement for a new facility of EUR 150 million which will be available as of 28 February 2014.

The revised IAS 19 will be applied for fiscal years starting from 1 January 2013 and onwards. As a result of the changes to the Group's fiscal year, the Group applies the amended standard for the fiscal year starting 1 November 2013. The consequences of this mean, amongst other things, that it is no longer permitted to defer recognition of certain deviations in estimates (the "corridor" approach has been eliminated) and all deviations in estimates are to be immediately recognized in other comprehensive income. Pursuant to the amended standard, accumulated unrecognized deviations are recognized in their entirety in shareholders' equity, which will have a material negative impact on the Group's shareholders' equity. The Parent Company SAS AB's recognized shareholders' equity will not be affected by this amendment. The negative effect is reduced by the changed accounting rules from the agreement reached between SAS and flight crew in Scandinavia pertaining to new collective agreements in 2012 which entail substantial changes in pension terms. The majority of defined-benefit pension plans were replaced with defined-contribution pension plans. The previous right to early retirement has also been eliminated. This has in total reduced SAS's pension obligations by SEK 18 billion. As certain employees already have early and part-time retirement, the obligation will be reduced in the coming five years and by the end of fiscal year 2017/2018 it is expected that the pension obligations will amount to approximately SEK 14 billion, resulting in a total reduction of approximately SEK 19.5 billion, corresponding to approximately 60% of the original pension obligation.

Accordingly, the carrying amount of the Group's book equity at 1 November 2013 declined, in total, by about SEK 7 billion, from about SEK 11 billion to slightly more than SEK 4 billion. After adjustment for the above, the equity/assets ratio would have amounted to approximately 15% at 31 October 2013, which can be compared with the reported equity/assets ratio for the same date of slightly more than 31%. This nonrecurring effect – which has been long known – will however not have any significant impact on liquidity.

In order to improve the conditions to meet SAS's financial targets, the Board of Directors of SAS on 16 January 2014, decided to propose to the Annual General Meeting on 18 February 2014 that the Board of Directors be authorized, on one or several occasions, to decide on the new issue of preference shares, with or without deviation from the shareholders' preferential rights, and that the requisite amendments to allow this be made in the Articles of Association. Furthermore, the Board resolved on 6 February 2014 to make an offer to subscribe for preference shares, conditional on the Annual General Meeting resolving in line with the Board of Directors proposal. Of SAS' four largest shareholders, the Swedish government, the Danish government and the Knut and Alice Wallenberg Foundation have expressed a positive stance to vote in favor for the Board of Directors' proposals to the AGM. The Norwegian government has declared that it is positive to SAS getting an increased flexibility to raise hybrid capital (in the form of preference shares and convertible bonds), and have petitioned the necessary authorizations from the Norwegian parliament in order to allow for voting in favor of the proposals at the AGM on 18 February. Together, these four shareholders hold approximately 57.6% of the outstanding shares and votes in the company. The new issue of preference shares will strengthen shareholders' equity and financial preparedness. Thereby, the requisite conditions will be created for reaching the financial targets ahead of what would otherwise have been the case, in conjunction with providing capital for the modernization of the aircraft fleet and reducing the company's dependence on bank facilities.

The Annual General Meeting may also authorize the Board of Directors to resolve on an issuance of convertible bonds with deviation from the shareholders' preferential rights, aimed at refinancing the outstanding convertible bond amounting to SEK 1,600 million. Provided that the authorization is obtained, the Board of Directors intends to carry out an issue of five year unsecured convertible bonds in close connection with or shortly after the Offering, at a rate of interest and conversion premium to be set at market terms and determined through a book-building carried out at launch, the final decision to launch such a bond being subject to market conditions being deemed favourable at the time.

Based on the accounts as of 31 October 2013, after adjustment for the negative nonrecurring effect on the Group's shareholders' equity from the unrecognized pension deviations described above and after adjustment for the capital injection of SEK 2 billion, the equity/assets ratio would be strengthened by about 7 percentage points.

With the prerequisite that the Offering is completed and that approximately 4,000,000 preference shares are subscribed for and paid-up, SAS will be provided with proceeds from the new share issue of approximately SEK 2 billion before issue costs and other costs[1] arising from the Offering. Should the Board of Directors decide to increase the Offering by a maximum of 3,000,000 additional preference shares (up to no more than 7,000,000 preference shares), the company will receive an additional amount of approximately SEK 1.5 billion within the framework of the Offering. The capital injected will essentially be used to strengthen SAS financial conditions for continued renewal of the aircraft fleet with the aim of creating an optimized fleet for more profitable production, but also to strengthen SAS financial preparedness and to reduce its dependence on bank financing.

Stockholm 7 February 2014

SAS AB (publ)

1) The total costs with respect to the Offering are estimated to SEK 50 million. The new issue is estimated to provide SAS approximately net SEK 1.95 billion.

The preference share in brief

In accordance with the proposal for the amendment to the company's Articles of Association that the Annual General Meeting held on 18 February 2014 is to resolve on, preference shares will have preferential rights, ahead of common shares (and any subordinated shares), to an annual dividend of SEK 50 per preference share from the issue date. After five years, the annual preference share dividend will increase by an equivalent 1% of the subscription price per preference share and year until the annual preferential right to a preference share dividend will total an amount corresponding to SEK 50 plus an additional amount equivalent to 5% of the subscription price. The dividend is paid quarterly with SEK 12.5 per preference share. The record dates for payment are 5 May, 5 August, 5 November and 5 February.

For a complete list of terms and conditions, see the proposed Articles of Association of SAS AB, which the shareholders' meeting is to consider on 18 February 2014.

Summary of the terms and conditions for the preference shares in the Offering

Subscription price	SEK 500 per preference share.
Dividend	SEK 50 per year, with a quarterly payment of SEK 12.50 per preference share until the payment date for the preference share dividend immediately following the record date of 5 February 2019, whereafter the annual preferential right to a dividend increases by an amount corresponding to 1% of the subscription price per preference share and year until the payment date for preference share dividends immediately after the record date of 5 February 2023. Thereafter, the annual preferential right to a preference share dividend totals an amount corresponding to SEK 50 plus an additional amount equivalent to 5% of the subscription price. In all cases, dividend payments are evenly allocated over the year in the form of quarterly payments. Preference shares issued within the framework of the Offering entitle the holder to receive dividends from the record date for preference share dividends on 5 May 2014.
Initial dividend yield	10% in annual dividend yield during the first five years based on a subscription price of SEK 500 per preference share, provided that an annual dividend of SEK 50 per preference share is distributed during the entire five year period.
Voting rights	Each preference share entitles the holder to one-tenth of a vote.
Non-payment of dividends	If, in a specific quarter, SAS does not pay any preference share dividends or pays preference share dividends that are less than the dividend amount according to the Articles of Association, the amount that is less than the dividend amount (the shortfall) will be added to the amount outstanding ("Amount Outstanding" according to the definition in the proposed amendment to the Articles of Association), which is to be indexed by a factor corresponding to an annual interest rate of 20% until the dividends are paid in full. No value distributions may take place to holders of common shares (or any subordinated shares) prior to the preference shareholders having received full dividends, including the Amount Outstanding.
Redemption	Redemption may take place at the company's request following a Board Board of Directors' decision at an amount per preference share corresponding to 120% of the subscription price until the payment date immediately following 5 February 2018 and 105% of the subscription price thereafter, in both cases with the addition of any Amount Outstanding per preference share (the "Redemption Price") and the accrued portion of preference share dividends.
Liquidation of the company	In the event of a liquidation of the company, the preference shares will carry preferential rights ahead of common shares (and any subordinated shares) to receive an amount from the company's assets per preference share corresponding to the Redemption Price on the date of the liquidation, prior to any distribution to owners of common shares (or any subordinated shares). Preference shares will not carry any other rights to additional compensation in the event of the liquidation of the company (share of distribution).
Limitations to dividends on common shares and issue of preference shares	Decisions on value distributions to holders of common shares and subordinated shares and/or issues of new preference shares may not be made if the preference share capital exceeds 50% of the Group's book equity (adjusted for any proposed but undecided or unimplemented value distributions or issues of preference shares), unless such decisions are made by the shareholders' meeting at which at least two thirds of all shares of each class are represented and the decision is supported by at least two thirds of the votes cast by each share class.
Market place	The preference shares will be listed on the NASDAQ OMX Stockholm on or about 7 March 2014.
Other terms and conditions	The terms and conditions for the preference shares are regulated in the company's Articles of Association. Decisions concerning amendments to the Articles of Association that affect some aspect of the rights associated with preference shares are only valid on the basis of a decision by the shareholders' meeting supported by (i) at least two thirds of the votes and the number of shares represented at the meeting and (ii) shareholders representing at least two thirds of the preference shares represented at the meeting (unless applicable laws require a higher majority).

Record date for payment of dividends 2014/2015

5 May 2014	5 August 2014	5 November 2014	5 February 2015
SEK 12.50	SEK 12.50	SEK 12.50	SEK 12.50

The Offering in brief

This brochure has primarily been produced to inform the public in Sweden, Denmark and Norway of the Offering and how to participate in the Offering. The complete Offering encompasses an offering to institutions and an offering to the public in Sweden, Denmark and Norway. The Offering to the public in Sweden, Denmark and Norway is described only briefly in the brochure. For the complete Offering, see the Prospectus.

The Offering to subscribe for preference shares

The Offering is directed, in deviation from the preferential rights of shareholders, to institutional investors and to the public in Sweden, Denmark and Norway (which includes SAS's existing shareholders in these countries). The Offering to subscribe for preference shares is comprised of approximately 4,000,000 preference shares and is comprised of two categories: One Public offering to the public in Sweden, Denmark and Norway, including the current shareholders in these countries, and is intended to comprise approximately 800,000 preference shares and an Institutional offering intended to comprise approximately 3,200,000 preference shares. Final distribution of preference shares between the two categories may deviate from this intended distribution. The Board of Directors reserves the right to increase the Offering by up to approximately 3,000,000 preference shares.

Subscription price

If the conditions of the completion of the Offering are reached, the preference shares will be issued at a subscription price SEK 500 per preference share. The subscription price in the Offering has been determined by the Company's Board of Directors, in consultation with and by recommendation from Carnegie, Nordea and SEB, based on the assessed demand from institutional investors after a form of book-building carried out during the period from 27 January to 4 February 2014. Payment can only be effected in SEK. Brokerage commission will not be charged.

Important information regarding Investeringssparkonto etc.

Those who wish to use securities accounts/depository accounts with specific rules for security transactions, for example *Investeringssparkonto* or *Kapitalförsäkring* for subscription of preference shares in the Offering must check with the bank or the financial institution managing the account or offering the insurance if this is possible and in such case application and subscription shall be done through such bank or financial institution. Those who wish to use Investeringssparkonto managed by Nordea can, however, apply in accordance with instructions stated in the prospectus under section *Application, The offering to the public*.

Applications from the public

Application for subscription of preference shares from the public in Sweden, Denmark and Norway shall relate to a minimum of 20 preference shares and thereafter in even lots of 10 preference shares. Application shall in Sweden be made using the special application form for the Offering. Application for subscription of preference shares in the Offering can be submitted during 10–19 February 2014.

Applications must be received by Nordea no later than 5.00 p.m. CET on 19 February 2014. Application forms that are delivered by mail must be sent in due time in order to be received by Nordea before the end of the application period. Note that certain bank offices close before 5.00 p.m. CET.

Note that subscribers in Denmark and Norway must apply through their bank or other custodian in the respective country.

Applications from current SAS shareholders

Directly registered Scandinavian shareholders with a known address for SAS based on the shareholders' register kept by Euroclear Sweden as of 6 February 2014 will receive an information brochure together with an application form that shall be used for subscription. Nominees will be informed in order to notify their clients who are also shareholders in SAS about their possibility to participate in the Offering. In case of oversubscription, shareholders in SAS who participate in the Offering may receive preferential treatment in the allocation of preference shares. In this case, a minimum allotment of 20 preference shares will be made to existing shareholders in SAS.

Applications must be received by Nordea no later than 5.00 p.m. CET on 19 February 2014. Application forms that are delivered by mail must be sent in due time in order to be received by Nordea before the end of the application period. Note that certain bank offices close before 5.00 p.m. CET.

Allotment

The allotment of preference shares will be based on demand and will be determined by the Board of Directors of SAS and does not depend on when the application is submitted during the application period. In case of over-subscription, shareholders in SAS may receive preferential treatment in the allocation of preference shares.

Conditions regarding completion and right to withdraw the Offering

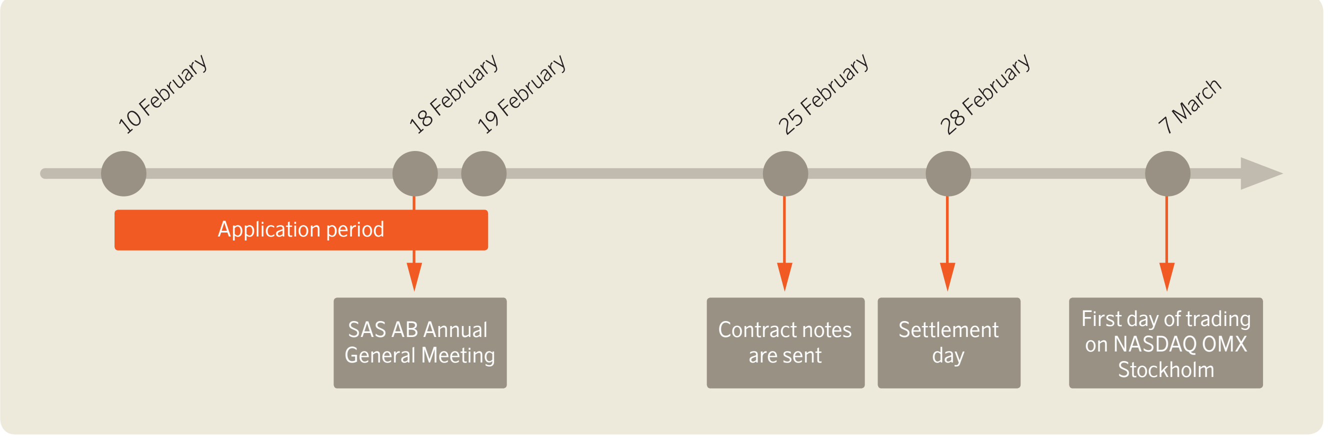
The Offering is conditional upon the Annual General Meeting in SAS 18 February 2014 to resolve on amendment of the Articles of Association in order to enable the issue of preference shares and that the Board of Directors is authorized until the Annual General Meeting 2015 to resolve upon an issue of up to 7,000,000 preference shares.

The Board of Directors of SAS can withdraw the Offering in case any significant negative events occur which makes it inappropriate or impossible to execute the Offering. The Offering will not be executed in the case that it is deemed that an appropriate trading in the preference shares will not be achievable.

Important dates and events

- Correctly completed application forms must be received by Nordea no later than 5.00 pm CET on 19 February 2014. Accordingly, applications sent by mail must be disptached well in advance of this date. Note that certain bank offices close before 5.00 pm CET. Incomplete or incorrect application forms may be disregarded. No additions or amenedments may be made to the preprinted text on the application form.
- Note that the application is binding and only one application form per subscriber will be accepted.
- SAS will hold its Annual General Meeting on 18 February 2014 where shareholders are expected to resolve on amendments of the Articles of Association and authorize the Board of Directors to resolve on a new share issue of preference shares.
- Preference shares are expected to be allotted around 24 February 2014. Contract notes will be sent as soon as possible thereafter to those who have been granted an allotment in the Offering. Applicants who have not been allotted preference shares will not be notified.
- Payment for subscribed and allotted preference shares is to be made in cash in accordance with the instructions on the contract note, however no later than on the settlement day 28 February 2014.
- If full payment is not received in time or if necessary funds are not available at the stated bank account, allotted shares may be transferred to another party. Should the price in the event of such a transfer be less than the price set by the Offering, those who originally received allotment of preference shares will bear the difference.

Indicative time table




SAS
Scandinavian
Airlines
OY-KBL

Frequently asked questions

Why is SAS pursuing the Offering?

By issuing preference shares, SAS' equity position will be strengthened. The capital injected will primarily be used to strengthen SAS financial ability for continued renewal of the aircraft fleet with the aim of creating an optimized fleet for more profitable production, but also to strengthen SAS financial preparedness and to reduce its dependence on bank financing.

How will existing shareholders be affected by the Offering?

The Offering is carried out with deviation from the preferential rights of shareholders, but existing shareholders in Sweden, Denmark and Norway may participate in the Offering as part of the general public in these countries. If the Offering is oversubscribed, existing shareholders of SAS who participate in the Offering may be given priority at allotment. In such case, a minimum allotment of 20 preference shares will be made to existing shareholders. However, the dilution for existing shareholders who do not subscribe for or receive preference shares will be very limited; not more than approximately 1.20% of the total number of shares approximately 0.12% of the total number of votes in the company after the new share issue (or not more than 2.08% and 0.21%, respectively, if the Board of Directors resolves to increase the Offering).

Do I as a shareholder receive any subscription rights?

No, the issue is not being conducted as a rights issue to SAS shareholders, which means that SAS shareholders will not be receive any subscription rights.

What type of share is offered in the Offering?

The Offering encompasses preference shares that are a class of shares that has not previously been issued by SAS. The preference shares have priority rights ahead of ordinary shares to an annual dividend of SEK 50 per preference share. Payments of the decided dividend will take place every quarter at SEK 12.5 per preference share up until the payment date for the preference share dividend immediately following the record date of 5 February 2019, whereafter the annual preferential right to a dividend increases by an amount corresponding to 1% of the subscription price per preference share and year until the payment date for preference share dividends immediately after the record date of 5 February 2023. Thereafter, the annual preferential right to a preference share dividend totals an amount corresponding to SEK 50 plus an additional amount equivalent to 5% of the subscription price. In all cases, dividend payments are evenly allocated over the year in the form of quarterly payments to the preference shareholders that own the preference shares at the respective record dates.

When can I subscribe for preference shares in the Offering?

You can subscribe for preference shares during the application period 10 February – 19 February 2014. Subscriptions in Sweden should be completed on the application forms of the Offering. Customers of Nordea's internet banking services are able to apply via Nordea's internet bank. The application should relate to a minimum of 20 preference shares and thereafter in even lots of 10 preference shares thereafter.

Note that subscribers in Denmark and Norway must apply through their bank or other custodian in the respective country.

What is the subscription price?

The subscription price is SEK 500 per preference share. Brokerage commission will not be charged.

When will I receive the first dividend?

The first record date for payment of dividends of the new preference shares is 5 May 2014 (providing that the conditions of the completion of the Offering are met and resolution on payment of dividends regarding the preference shares are passed by the general meeting on 18 February 2014).

Can I cancel my application?

You cannot cancel an application. A subscription application is binding.

How will I know if I have been allotted any preference shares?

Contract notes will be sent around the 25 February 2014, once allotment of preference shares has been completed. Those who have not been allotted any shares will not receive any message. As of 9.00 CET am February 25 2014 you can also call Nordea Issuer Services on telephone number +46 8 534 921 50 to receive information about allotment.

When do I have to pay for my allotted preference shares?

Subscribed and allotted preference shares are to be paid for in cash in accordance with the instructions on the contract note, but not later than 28 February 2014.

When will trading the preference shares being?

Trading in the preference shares is expected to commence on NASDAQ OMX Stockholm around 7 March 2014.

I have not received any application form despite being a SAS shareholder?

Shareholders who have not received an application form can download or order an application form and are encouraged to tick the box for existing SAS shareholders. Application forms are available on SAS website (www.sasgroup.net under Investor Relations) and on Carnegie's website (www.carnegie.se), Nordea's website (www.nordea.se under Sparande/Handla och placera) and SEB's website (www.seb.se/prospekt).

My shares are nominee-registered with a bank or other nominee and I want to participate in the Offering.

Shareholders whose holdings of SAS shares are nominee-registered in a securities account with a bank or other nominee and who want to participate in the Offering can apply via their nominees or directly to Nordea.

Persons with accounts/depository accounts with specific rules for security transactions, for example *Investeringssparkonto* or *Kapitalförsäkring*, for subscription of preference shares in the Offering must check with the bank or the financial institution managing the account or offering the insurance if subscription is possible. If this is possible, applications to subscribe for preference shares must be sent to the bank or the institution that manages the account.

Note that subscribers in Denmark and Norway must apply through their bank or other custodian in the respective country.

Where can I find more information and application forms?

For more information and the complete terms and conditions, see the Prospectus that is available on www.sasgroup.net under Investor Relations as well as www.carnegie.se, www.nordea.se under Sparande/Handla och placera and www.seb.se/prospekt and can also be ordered free-of-charge during business hours at +46 8-678 04 40. Application forms are available on the above mentioned websites and can be ordered from the above mentioned phone number. Questions regarding the Offering can also be directed to the above mentioned phone number.

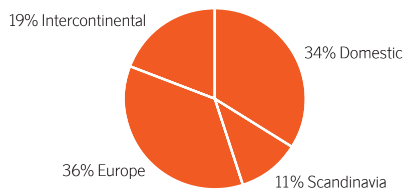
SAS' operations in brief

SAS is the Nordic region's largest airline offering passenger flights in an extensive Nordic, European and intercontinental network. The hub airports Kastrup, Arlanda and Gardermoen constitute the backbone of SAS' proprietary network with their corresponding strategic locations in the vicinity of Copenhagen, Stockholm and Oslo. The network is designed to connect the extensive regional network in the Nordics to important destinations in North America and Asia. SAS maintains strong market positions within business traveling in particular, as transits at the hub airports limits time passengers spend waiting in transfer and European business travelers are able to make their roundtrips in one day.

SAS' customer offering revolves around value creation through focusing on simplicity, accessibility and time savings for SAS' target customers. The frequent travellers are therefore also the ones who value SAS' offering the most.

During 2012/2013, the average number of employees in the SAS Group was 14,127. Scandinavian Airlines and the production unit Blue1, together constituting SAS' carrier operations, transported 27.7 million passengers, including Widerøe and charter, during 2012/2013. Scandinavian Airlines completed on average 791 flights per day to 120 destinations. Scandinavian Airlines also includes SAS Cargo, SAS Ground Handling (90%) and the production unit Blue1

Geographical distribution, passenger revenue 2012/2013



Source: SAS annual report 2012/2013

The Nordic airline market is characterized by its short-haul routes which demand cost efficiency to a greater extent than for airlines in other regions. SAS has made great advances through the restructuring programs 4Excellence and 4XNG and is continuously optimizing the operations to be able to offer the passengers the best solution. These reforms allow SAS to create the necessary operational conditions to competitively contest the traditional network companies as well as LCC companies. The goal is for SAS to always be the natural choice for the frequent travelers.

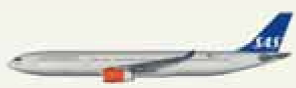
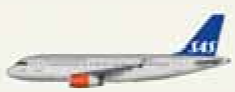
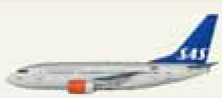
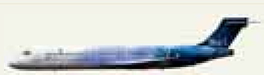
In 2013, SAS maintained market shares for international flights of approximately 20% in the Norway and Sweden, while the share in Denmark was closer to 30% for international flights. Market shares for domestic flights in Norway, Sweden and Denmark, amounted to 45%, 48% and 40% correspondingly.

Airline operations

Scandinavian Airlines includes the Group's passenger transport operations under the SAS and Scandinavian Airlines brands, mainly flying to, from and within Norway, Denmark and Sweden. Scandinavian Airlines continuously adjusts its routes and timetable to meet the changed requirements pertinent to the markets that SAS operates in. Scandinavian Airlines is the largest airline on the Scandinavian market with a market share of approximately one-third.

Aircraft fleet

SAS operates a proprietary network of destinations with varying passengers volumes, traveling different distance which requires a fleet with various aircraft sizes and various range for the product offering to be attractive to the frequent traveler. SAS' medium and short haul fleet strategy is based on having aircrafts of various sizes, ranging from 50 to about 200 seats, and is thereby adapted to meet customer demand in Scandinavia. By the end of October 2013 SAS' fleet, including Blue1, comprised 139 aircraft in operation. The average age of the operational fleet was 10.9 years, which was a reduction of around two years compared to October 2012.

Model		No.	Range (km)	Capacity (seats)
Long-haul				
	Airbus A330/A340	11	10,100–12,800	245–264
Short/medium-haul				
	Airbus A321/A320/A319	24	3,800–5,100	141–198
	Boeing 737–600/700/800	83	2,400–4,200	123–186
Regional jets				
	Bombardier CRJ900	12	2,100	88
	Boeing 717	9	2,800	115

Financial targets

In conjunction with the launch of the realignment programme 4XNG, SAS introduced new financial targets to reflect a business with decreasing fixed costs, improved profitability and cash flow, and a reduced balance sheet.

Financial targets	Level
Profitability: Operating margin (EBIT)	>8%
Equity/assets ratio	>35%
Financial preparedness: Cash and cash equivalents and unutilized credit facilities/fixed costs	>20%

4Excellence Next Generation

4Excellence was launched in September 2011. The program generated positive results but three main challenges remained, above all costs and flexibility, financial preparedness and shareholders' equity.

To meet the challenges SAS launched the realignment program 4Excellence Next Generation (4XNG), with the purpose of addressing the structural and financial limitations in SAS' operations. The restructuring program comprises a number of structural efficiency measures such as new collective agreements and pension terms, centralization and outsourcing of the administration, IT restructuring, and asset sales, to reduce the dependency on credit facilities. Going forward, the program aims to enable SAS, to efficiently compete in the growing leisure market while also maintaining competitiveness in the important business travel market.

The measures taken within the framework of the realignment programme 4XNG are summarized in the following table:

Measures	Area		
	Costs	Flexibility	Liquidity
New collective agreements	✔	✔	
Outsourcing ground handling, customer service and administrative functions		✔	
Centralisation and reduction of administration	✔		
New defined contribution pension terms	✔		✔
IT restructuring and savings	✔	✔	
Asset sales			✔

4EXCELLENCE
NEXT GENERATION

Overall, the aim is to implement cost reductions of about SEK 3 billion in the period from 2013 to 2015, and to divest assets and implement a funding plan comprising a total of approximately SEK 3 billion. Widerøe, a Norway-based airline offering regional flights, was until 30 September 2013 a wholly owned subsidiary of SAS, when 80% was sold in a first step. During the year SAS also entered a letter of intent to divest SAS Ground Handling to Swissport. In a first step 10% of the business was divested to Swissport in October 2013.

Selected financial information

The following information comprises a summary of SAS financial statements and position. The following summary of SAS accounts should be read in conjunction with the SAS's audited consolidated accounts and accompanying notes for the fiscal years: 1 January – 31 December 2010 and 2011, 1 January – 31 October 2012 and the annual report for the fiscal year 1 November 2012 – 31 October 2013, by reference. SAS consolidated financial statements have been prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). Significant accounting policies are stated on pages 50–56 of the 2012/13 Annual Report. The following financial information pertaining to the periods: 1 January – 31 December 2010 and 2011, 1 January – 31 October 2012 and 1 November 2012 – 31 October 2013, has been collated from SAS annual reports for the respective periods, which were prepared in accordance with IFRS.

At the SAS Annual General Meeting on 19 April 2012 a resolution was passed to change the fiscal year to comprise the period 1 November – 31 October instead of the calendar year. The 2012 fiscal year comprised the January – October 2012 period, that is, a period of ten months, and the 2011 fiscal year comprised the period January – December 2011, that is, a twelve-month period. The 2012 Annual General Meeting resolved that the 2012 fiscal year should be shortened to comprise the period 1 January 2012 – 31 October 2012. The aim of this change was to match the fiscal year to the Group's operations, which are conducted in two distinct periods; a winter and a summer program.

Detailed information about the accounting policies is available in Note 1 in the audited annual accounts for SAS.

The Group's condensed consolidated statement of income

MSEK	1 Nov 2012 – 31 Oct 2013	1Jan – 31 Oct 2012	1 Jan – 31 Dec 2011	1 Jan – 31 Dec 2010
Revenue	42,182	35,986	41,412	41,070
Payroll expenses	–11,451	–11,584	–13,092	–13,894
Other operating expenses	–25,442	–22,105	–23,741	–25,115
Leasing costs for aircraft	–1,786	–1,342	–1,560	–1,815
Depreciation, amortization and impairment	–1,658	–1,426	–2,413	–1,885
Share of income in affiliated companies	25	32	28	12
Income from the sale of shares in subsidiaries and affiliated companies	–371	400	–	–73
Income from sale of aircraft and buildings	–118	–247	12	–239
Operating income	**1,381**	**–286**	**646**	**–1,939**
Income from other securities holdings	1	0	–1,469	–263
Financial revenue	50	96	224	174
Financial expenses	–999	–1,055	–1,030	–1,041
Income before tax	**433**	**–1,245**	**–1,629**	**–3,069**
Tax	–254	260	–58	851
Net income for the period	**179**	**–985**	**–1,687**	**–2,218**
Other comprehensive income				
Exchange-rate differences on translation of foreign operations, net after tax	–224	–29	127	–121
Cash-flow hedges – hedging reserve, net after tax	–23	–263	–445	469
Change in holdings in subsidiaries	1	–	–	–
Total other comprehensive income, net after tax	**–246**	**–292**	**–318**	**348**
Total comprehensive income	**–67**	**–1,277**	**–2,005**	**–1,870**

The Group's condensed consolidated balance sheet

MSEK	31 Oct 2013	31 Oct 2012	31 Dec 2011	31 Dec 2010
Intangible fixed assets	1,802	1,922	1,693	1,414
Aircraft	8,795	11,220	11,866	12,652
Spare engines and spare parts	147	1,349	1,367	1,393
Other tangible fixed assets	735	774	911	737
Pension funds, net	12,507	12,232	11,355	10,512
Other financial fixed assets	3,429	2,195	2,691	3,883
Total fixed assets	**27,415**	**29,692**	**29,883**	**30,591**
Expendable spare parts and inventories	361	687	705	678
Current receivables	3,101	3,586	4,789	5,020
Cash and cash equivalents	4,751	2,789	3,808	5,043
Assets held for sale	–	–	–	493
Total current assets	**8,213**	**7,062**	**9,302**	**11,234**
Total assets	**35,628**	**36,754**	**39,185**	**41,825**
Share capital	6,613	6,613	6,612	6,612
Other contributed capital	337	337	337	337
Reserves	–230	17	309	627
Retained earnings	4,367	4,189	5,175	6,862
Total equity attributed to Parent Company owners	**11,087**	**11,156**	**12,433**	**14,438**
Non-controlling interests	16	–	–	–
Total shareholders' equity	**11,103**	**11,156**	**12,433**	**14,438**
Subordinated loans	956	978	1,019	974
Bond loans	2,641	2,763	2,809	1,503
Other loans	5,054	5,260	6,179	6,866
Deferred tax liability	938	1,013	2,154	2,303
Other provisions	1,361	1,967	1,673	2,143
Other liabilities	161	130	55	143
Total long-term liabilities	**11,111**	**12,111**	**13,889**	**13,932**
Current portion of long-term loans	2,517	1,403	2,309	1,383
Short-term loans	231	411	997	1,073
Prepayments from customers	16	–	24	16
Accounts payable	1,689	1,929	1,540	1,749
Unearned transportation revenue	3,932	4,292	3,453	3,598
Current portion of other provisions	855	1,186	428	657
Accrued expenses and prepaid income	3,416	3,201	2,934	2,755
Tax liabilities	36	32	18	22
Other liabilities	722	1,033	1,160	2,070
Liabilities attributable to assets held for sale	–	–	–	132
Total current liabilities	**13,414**	**13,487**	**12,863**	**13,455**
Total shareholders' equity and liabilities	**35,628**	**36,754**	**39,185**	**41,825**

The Group's condensed cash flow statement

MSEK	1 Nov 2012 – 31 Oct 2013	1 Jan – 31 Oct 2012	1 Jan – 31 Dec 2011	1 Jan – 31 Dec 2010
Cash flow from operating activities	1,028	2,562	–482	–155
Cash flow from investing activities	–233	–619	–1,524	–1,796
Cash flow from financing activities	1,171	–2,961	763	2,819
Total cash flow for the period	**1,966**	**–1,018**	**–1,243**	**868**

Financial key figures and per share data

MSEK	1 Nov 2012 – 31 Oct 2013	1Jan – 31 Oct 2012	1 Jan – 31 Dec 2011	1 Jan – 31 Dec 2010
Gross profit margin, %	8.3	2.7	7.3	0.6
EBIT margin, %	3.3	–0.8	1.6	–4.7
EBT margin before nonrecurring items in continuing operations, %	1.8	0.1	0.2	–1.1
Adjusted equity/assets ratio, %[1]	23	24	26	28
Financial net debt	4,567	6,549	7,017	2,862
Debt/equity ratio[2]	0.41	0.59	0.56	0.20
Adjusted debt/equity ratio	1.49	1.54	1.33	0.89
Interest-coverage ratio	1.4	–1.6	–0.6	–1.9
Share data				
Number of shares (millions)	329	329	329	329
Income after tax, SEK per share	0.54	–2.99	–5.13	–6.74
Cash flow from operating activities, SEK per share	3.12	7.79	–1.47	–0.47
Shareholders' equity, SEK per share	33.70	33.91	37.79	43.88

1) Calculated including the leasing costs of continuing operations
2) Calculated based on the financial net debt

Financial position

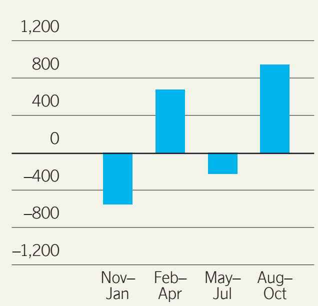
The financial position of the SAS improved in 2012/2013 due to increased profitability, positive cash flow and the sale of assets. A healthy financial position is crucial for managing future repayments and deliveries of new aircraft ordered from 2015.

Cash flow and seasonal variations

SAS works continuously with analysis of balance-sheet items and trends for operations to optimize cash flow with the aim of attaining the lowest possible total funding cost. Since SAS operating liabilities exceed current assets, SAS had a working capital of about SEK 9 billion at 31 October 2013. Cash flow from operating activities in 2012/2013 amounted to SEK 1,028 million.

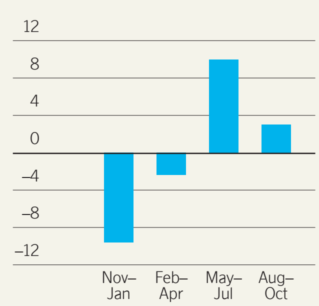
Cash flow from operating activities follows clear seasonal trends. Cash flow is strongest in periods with a high proportion of bookings and advance bookings. The proportion of advance bookings is highest in the January to May period ahead of the holiday period and in the September to October period. Since passenger revenue is recognized when SAS or another airline provides the transportation, this means that seasonal variations impact cash flow and earnings differently. In terms of earnings, the third and fourth quarters are the strongest while cash flow from operating activities is strongest in the second and fourth quarters.

Cash flow from operations after changes in working capital[1]



1) Pertains to the period Q2, 2010 to Q4, 2013

EBIT margin[1]



1) Pertains to the period Q2, 2010 to Q4, 2013

New pension agreements

In November 2012, new collective agreements were signed with flight crew in Scandinavia. Among other things, the new agreements mean that the defined-benefit pension plans have, largely, been replaced with defined-contribution pension plans with effect from the first quarter of 2013/2014. When the above changes are reported in the first quarter of 2013/2014, the pension commitment will be reduced by about SEK 12.9 billion and in addition, the change in terms will give rise to an improvement in earnings of about SEK 1 billion.

Annual cost savings generated by the new pension terms are expected to amount to about SEK 500 million and reach their full effect from the 2013/2014 fiscal year.

In addition to the transition to defined-contribution pension plans, other measures included the removal of early retirement and part-time pensions, the lowering of pensionable income and raising the retirement age for cabin crew under the Alecta plan from 60 to 65. These changes have brought about an improvement in earnings of SEK 450 million in the 2012/2013 fiscal year and reduced pension commitments and actuarial gains and losses by about SEK 1.7 billion. In addition, the sale of 80% of the shares in Widerøe in September 2013 further reduced pension commitments by about SEK 2.8 billion and actuarial gains and losses by about SEK 1.1 billion.

At 31 October 2012, pension commitments totaled SEK 33.5 billion. In the 2012/2013 fiscal year, pension commitments were reduced by about SEK 5 billion and following recognition of the transition to defined-contribution pension plans, the total reduction will be about SEK 18 billion. Since some employees already have early retirement and part-time pensions in place, this commitment will decrease over the next five years and, at the end of the 2017/2018 fiscal year, pension commitments are therefore expected to amount to approximately SEK 14 billion, which means a reduction of about SEK 19.5 billion, or about 60% of the original pension commitments.

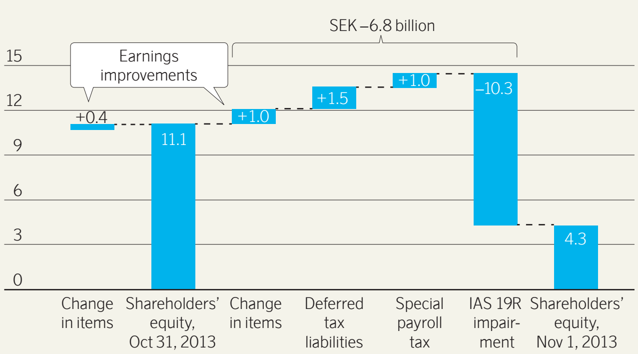
The reversal of deferred tax liabilities related to pensions will be performed in the first quarter of 2013/2014, which means that the temporary difference between the accounting and tax values will disappear. This will have a positive impact on shareholders' equity of about SEK 1.5 billion.

The remaining pension plans in Sweden (the Alecta plan and Euroben) reported a surplus of about SEK 5 billion as of 1 November 2013. This surplus may benefit SAS in the form of future reductions in premiums and, accordingly, special payroll tax will be recognized for the surplus. This will result in a net increase in pension funds of about SEK 1.2 billion, deferred tax liabilities of about SEK 0.2 billion and shareholders' equity of about SEK 1 billion.

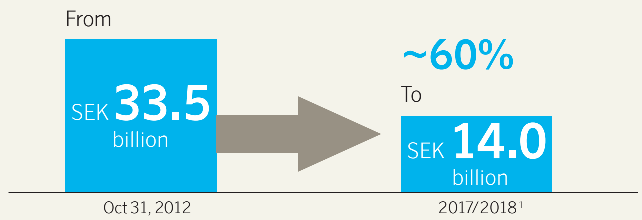
Taken together, the above means that shareholders' equity will be impaired by about SEK 7 billion on the introduction of the revised IAS 19 on 1 November 2013 and the reporting of the changed terms and conditions in the first quarter 2013/2014.

Effects of the revised IAS 19 and new pension terms

SEK billion



Defined-benefit pension commitments



1) Expected to be reached in 2017/2018. On 1 November 2013, defined-benefit pension commitments amounted to about SEK 15.6 billion.

Funding

The SAS Group uses commercial papers, bank loans, bond loans, convertible bonds, subordinated loans and leasing as sources of funding. At 31 October 2013, SAS had contracted credit facilities of SEK 4,155 million, of which SEK 1,986 million was unutilized. At the same time, SAS interest-bearing liabilities amounted to SEK 11,510 million, up SEK 623 million compared with the year earlier. New loans raised during the year amounted to SEK 3,115 million and repayments amounted to SEK 1,580 million. In addition, SAS interest-bearing liabilities decreased by almost SEK 700 million due to the sale of Widerøe.

New loans raised principally, comprised a bond of SEK 1,500 million and the renewal of existing aircraft financing. SAS also issued a EUR 35 million bond under the framework of the EMTN program.

Contracted credit facilities, MSEK

Committed credit facilities, 31 Oct 2013	Total	Utilized	Unutilized	Maturity
Revolving credit facility, MSEK 1,800	1,800	–	1,800	Mar 2015
Credit facility, MUSD 125	803	631	172	Jan 2016
Credit facility, MUSD 59	380	380	–	Oct 2017
Credit facility, MUSD 66	426	426	–	Sep 2021
Credit facility, MUSD 114	732	732	–	Feb 2020
Other facilities, MEUR 2	14	–	14	Dec 2013
Total	**4,155**	**2,169**	**1,986**	

In November 2012, as part of securing the financial stability, SAS reached an agreement to renegotiate the existing credit facility of MEUR 366 to an amortized facility of SEK 3.5 billion and, in parallel, extend the term to 31 March 2015. The credit facilities are provided by seven banks, the three Scandinavian states and Knut och Alice Wallenbergs Stiftelse. As a consequence of the sales conducted under the SAS restructuring program, SAS renegotiated the facility during the year. As of 31 October 2013, the credit facility was 1.8 billion. The facility consists of two parts with separate covenants, with one falling due on 1 June 2014 and the other falling due on 31 March 2015. Following the completion of the Offering, SAS aims to terminate the credit facility in advance. SAS has entered into agreement for a new facility of EUR 150 million which will be available 28 February 2014.

Preference share issue

The Board of Directors of SAS has proposed to the 2014 Annual General Meeting that the Articles of Association be amended to allow the issue of preference shares, on one or several occasions, and that the Board of Directors be authorized to decide on new issue of a maximum of 7,000,000 preference shares up to the 2015 Annual General Meeting. The Board of Directors of SAS therefore decided on 6 February 2014 to make the present Offering for subscription of approximately 4,000,000 preference shares at a price of SEK 500 per preference share. See sections *Invitation to subscribe for preference shares* and *Background and motive in the prospectus for further information*.

Convertible bond

In addition to the proposals aimed at facilitating the Offering, the Board of Directors has proposed that the Annual General Meeting authorize the Board of Directors to decide on a convertible bond issue with deviation from shareholders' preferential rights for a maximum amount of SEK 2,000 million, relating to a number of common shares upon conversion which may not exceed 130 million common shares. The authorization shall be exercisable on one or more occasions, however not later than the date of the following Annual General Meeting. The proposed authorization regarding convertibles pertains to the issue of convertible bonds with the right for conversion into new common shares in the company. The primary purpose of a potential issue of convertible bonds is to refinance the outstanding convertible bonds of SAS amounting to SEK 1,600 million which mature in 2015. Provided that the authorization is obtained, the Board of Directors intends to carry out an issue of five year unsecured convertible bonds in close connection with or shortly after the Offering, at a rate of interest and conversion premium to be set at market terms and determined through a book-building carried out at launch, the final decision to launch such a bond being subject to market conditions being deemed favorable at the time.

Fixed rate period

During the year, the SAS financial net debt declined by SEK 1,982 million and amounted to SEK 4,567 million at the closing date. The average fixed-rate period for financial net debt is governed by SAS financial policy and has a target value of 3.5 years. The average fixed-rate period was 3.5 years as of October 2013.

Creditworthiness

SAS is rated by three credit-rating agencies: Moody's, Standard & Poor's and the Japanese agency, Rating and Investment Information Inc (R&I). In November 2012, Standard & Poor's lowered their rating for SAS from B– to CCC+. Subsequent to the significant successes from implementation of the SAS restructuring program, Standard & Poor's raised their rating for SAS back to B- in August 2013. R&I lowered their rating in July 2013 to B from BB- with reference to continued strong competition from LCC's and a high debt to equity ratio. Moody's changed their outlook for SAS credit rating from stable to positive in September 2013 prompted by SAS increased earnings in recent quarters, actions taken to increase the liquidity and an expectation that 4XNG will continue to positively impact SAS's result.

SAS cash and cash equivalents are placed in instruments with good liquidity or short maturity with credit ratings not lower than A3/P1 according to Moody's, or A-/A-1 according to Standard & Poor's.

Investments

Implementation of the SAS change program allowed renewal of the SAS aircraft fleet and the order of 12 new long-haul aircraft in 2013. During the 2013–2014 period, SAS is phasing in 26 aircraft through operating leases. In addition, SAS has placed orders for 30 Airbus A320neo, four Airbus A330 Enhanced and eight Airbus A350 with delivery from 2015 to 2021. The total list price of the order amounts to about USD 5.8 billion.

Since these aircraft are significantly more efficient than existing aircraft, they are attractive from a financing perspective. SAS plans to both lease and own aircraft as this provides increased flexibility and a differentiated risk profile. SAS intends to utilize a mix of export credit financing, enhanced equipment trust certificates (EETCs), bank loans and bank facilities to finance directly owned aircraft. When leasing, which means sale and leaseback agreements, aircraft are sold on delivery and leased back over a 10–12 year period.

At 31 October 2013, the SAS aircraft fleet represented 25% of SAS assets. SAS depreciates directly-owned aircraft over twenty years utilizing a residual value of 10%. Passenger aircraft are generally used for 20 years in commercial passenger traffic but aircraft that are well maintained can operate for substantially longer periods. However, technical developments mean that newer aircraft are more economical compared with older aircraft. There are still items of value in an aircraft after it has been removed from service, for example engines.

Ownership structure

As of 31 December 2013, SAS had approximately 61,000 shareholders. The largest shareholder was the Swedish government, with approximately 21.4% of the total number of shares and votes in the company. The table below shows the largest shareholders of the company, as per the 31 December 2013.

Shareholder/custodian	Number of ordinary shares[1]	Number of shares and votes, %
The Swedish government	70,500,000	21.4
The Danish government	47,000,000	14.3
The Norwegian government	47,000,000	14.3
Knut och Alice Wallenbergs Stiftelse	24,855,960	7.6
JPM Chase	5,035,009	1.5
Försäkringsaktiebolaget Avanza Pension	4,627,053	1.4
Unionen	4,150,359	1.3
Robur Försäkring	2,854,923	0.9
SEB	2,743,624	0.8
CBNY-DFA-Int Sml Cap	1,974,186	0.6
Total, the ten largest shareholders	**210,741,114**	**64.1**
Other shareholders	118,258,886	35.9
Total	**329,000,000**	**100.0**

1) Danish law allows publication only at ownership over 5 %.

Source: Euroclear Sweden, VP Investor Services and VPS.

Risk factors

An investment in securities is associated with risk. Prior to any investment decision, it is important to carefully analyse the risk factors considered to be of importance in relation to SAS and the future performance of the preference share. ***The summary below is a list of the risk factors that are more fully described in the section Risk factors in the Prospectus (pages 9–15), which potential investors should consider closely.*** *There are risks both regarding circumstances linked to SAS or the industry and those that are of a more general nature as well as risks associated with the preference shares and the Offering. Some risks are beyond SAS' control. The presentation below does not purport to be complete and, for natural reasons, all risk factors cannot be predicted or described in detail. Therefore, an overall assessment must also include other information in the prospectus, as well as a general assessment of extraneous factors. The below risks and uncertainty factors may have a material adverse effect on SAS' business, financial condition and/or results of operation. They may also cause the preference shares in SAS to decrease in value, which could result in holders in SAS losing all or part of their invested capital. Additional risks that are not currently known to SAS, or that currently are considered to be insignificant, may also have a corresponding negative impact.*

SAS operations, the Offering and the ownership of preference shares are affected by, among others, the following risk factors:

Market and operational risks

Market risks
- Macroeconomic development
- Seasonal variation
- Competition and price development
- Capacity development
- Dependence on airports and other infrastructure

Operational risks
- Implementation of restructuring program
- Historical losses
- Labor turnover, absence due to illness etc.
- Strikes
- Incidents and wreckages
- Operational disruptions
- IT security
- Crime and fraud
- Investments
- Alliances and strategic cooperations
- Dependence on external service providers
- Scandinavian ownership conditions under air transport agreement

Environmental risks
- Environmental directives and requirements

Legal and political risks
- Laws regulations and political decisions
- Tax related risks etc.
- Litigation

Financial risks
- Financing and liquidity risk
- Counterparty losses
- Fuel price
- Interest rates
- Currency exchange rate risks
- Currency exchange rate risk in aircraft investments
- Pension liabilities

Other risks
- Natural disasters, terrorist attacks, conflicts and epidemics

Risks relating to the preference share and the Offering

- Terms and Conditions for the completion of the Offering
- Development and liquidity of the preference share
- Future dividend on the preference shares
- The size of the issue proceeds and dividend restrictions in the revolving credit facility
- Currency exchange rate risk etc. for holders of preference shares
- Owners with significant influence, change of owners in control etc.

Definitions

Adjusted debt/equity ratio Financial net debt plus capitalized leasing costs (x7) in relation to equity and non-controlling interest.

Adjusted equity assets ratio Equity divided by total assets plus seven times annual operating leasing cost.

ASK, Available seat kilometers The total number of seats available for passengers multiplied wit by the number of kilometers which they are flown.

CAPEX (Capital Expenditure) Future payments for aircraft on firm order.

Cash flow from operations Cash flow from operating activities before changes in working capital.

Debt/equity ratio Financial net debt in relation to equity and non-controlling interests.

Finance leasing Based on leasing agreement where the risks and rewards of ownership of the leased assets remain with the lessee. The asset is reported as a fixed asset in the balance sheet because the lessee has an obligation to purchase the asset at the end of the lease. The commitment to pay future leasing charges is entered as a liability.

Financial net debt Interest bearing liabilities less interest bearing assets excluding net pension funds.

Gross profit margin Operating income before depreciation (EBITDA) in relation to revenue.

Interest-coverage ratio Operating income plus financial income in relation to financial expenses.

LCC Low Cost Carrier.

Net debt Interest-bearing liabilities less interest-bearing assets.

Sale and leaseback Sale of an asset (aircraft, building, etc.) that is then leased back.

Unit cost (CASK), total The airline's total operating costs including aircraft leasing and depreciation adjusted for currency and restructuring costs less non-traffic-related revenue per total ASK (scheduled+charter).

Wet lease agreement Leasing in of aircraft including crew.

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