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SAS argues for single share in its response to departments concerned

SAS's Board of Directors and Management believe that a new legal structure involving a single publicly listed share would improve the Company's long-term competitiveness, and thus its profitability and growth.

SAS has today submitted a response to the identical letters that the Group's three parent companies had received from the ministers in Sweden, Norway and Denmark who exercise the 50% ownership interest in SAS held by the governments of these countries. In the letters, SAS was requested to describe the problems that would be solved and the operational advantages for SAS's business that would result from introduction of a single share rather than, as is the case today, three separate shares. SAS was also requested to evaluate the causes for the currently low valuation of SAS shares in relation to the shares of comparable European aviation companies.

A new structure with a single share rather than three would boost SAS's potential to participate actively in transactions involving acquisitions and mergers of companies, while increasing access to risk capital and reducing costs. A changed structure would also offer better opportunities to rationalize operations, by simplifying the decision-making process, increasing exposure to the stock market's demands for efficient operations, improving opportunities to communicate necessary measures to employees and creating better conditions for the introduction of incentive programs. Accordingly, the introduction of a single SAS share would make the conditions under which SAS operates more equal to those of the Company's principal competitors.

SAS has commissioned an international investment bank to analyze the reasons underlying the adverse valuation of the Company's shares. In this analysis, it is noted that SAS's profitability has been equal to, or better than, that of comparable competitors since the mid-1990s, and that the market's estimates of future earnings are on a par with those for competitors. Despite this, SAS shares have been subjected to a 20% to 25% lower market valuation. This is considered to be primarily due to the complex legal structure and the lack of trading liquidity in SAS shares. The analysis also shows that a change to a single SAS share would boost the stock's liquidity, since access would be provided to larger volumes of trade and interest in the stock would increase, and that the essential reasons for the current undervaluation would be eliminated.

Jan Stenberg, President and Chief Executive Officer of SAS, comments as follows: "In addition to the written response to the letters, the chairmen of SAS's parent companies have declared that they are willing to meet with representatives of the government departments involved for a continuing constructive dialog, with the objective of creating the conditions required for the favorable development of SAS as a leading European aviation company."

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