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Operational transfer to be implemented

In a protracted process, SAS and the pilots' trade unions have discussed several issues regarding how the airlines (Scandinavian Airlines Denmark, SAS Braathens, Scandinavian Airlines Sverige and Scandinavian Airlines International) can achieve profitability and competitiveness. A decisive requirement is completion of the incorporation process that commenced in 2004.

Today, it is only the pilots in Scandinavian Airlines Denmark and Scandinavian Airlines Sverige that are not employed in the operation in which they work. The reason for incorporation is that each airline must be in a position to assume full responsibility for organizing, managing and assigning work for all of its employee groups. Organizing the employees in the operations in which they work is necessary for creating distinct management and earnings-based responsibility.

SAS and the pilots' unions met again on February 13 and 14, 2006, to continue the talks on how the intended operational transfer can be implemented jointly.

SAS offered a partnership agreement to strengthen the cooperation between SAS and the pilots' unions to ensure transformation into competitive and profitable airlines, which is decisive for expansion, employment, career opportunities and motivated employees.

Since SAS and the pilots' trade unions have completely different views of how operations are to be conducted and organized, SAS, in reference to its responsibility for conducting operations, decided to implement central section 11 codetermination negotiations in accordance with the Swedish Act on Codetermination. In this context, SAS again described the background to its intended operational transfer and the codetermination negotiations were then suspended without agreement.

The pilots' unions have stated that SAS is not entitled to make decisions of this type unilaterally. SAS evaluated the objections presented by the pilots' unions and found that there were no legal barriers to making and implementing such decisions.

SAS has subsequently decided to implement the operational transfer of short-haul pilots from Scandinavian Airlines Denmark and Scandinavian Airlines Sverige to SAS Scandinavian Denmark A/S and SAS Scandinavian Sverige AB effective March 1, 2006. From the same date, the negotiation mandate for the pilots' collective agreements will be transferred from the SAS Consortium to Scandinavian Airlines Denmark, SAS Braathens, Scandinavian Airlines Sverige and Scandinavian Airlines International.

The current collective agreements will be transferred unaltered to the airlines, based on the Act on Employees Rights in the Event of Transfers or Undertakings in Denmark and the Acts on Codetermination and Employment Protection in Sweden.

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