SAS Group

SAS Group

Year-end Report January-December 2009

Key ratios 2009

- **Operating revenue: MSEK 44,918 (52,870) (-15.0%)**
- **Number of passengers: 24.9 million (-14.1%)**
- **Passenger traffic capacity (ASK) was reduced by 15.3%**
- **Earnings before nonrecurring items in continuing operations: MSEK -1,754 (-339)**
- **EBT margin before nonrecurring items in continuing operations: -3.9% (-0.6%)**
- **Income before tax: MSEK -3,423 (-969)**
- **Net income for the year: MSEK -2,947 (-6,360)**
- **Earnings per share: SEK -1.55 (-6.26)**

Major events in 2010

- **SAS launches new cost measures amounting to SEK 2.0 billion and that expand its current cost program to a total of SEK 7.3 billion, which is expected to have a remaining earnings impact of about SEK 5 billion, with the majority of the effects expected in 2010. In addition, a letter of intent, with a clearly defined commitment, has been signed with the flight deck and cabin unions for a further cost saving of MSEK 500 during the first quarter of 2010.**
- **SAS announces a rights issue amounting to approximately SEK 5 billion to strengthen SAS's liquidity position and to provide support for the implementation of the remaining parts of Core SAS. The rights issue has support from the three government owners and the largest private shareholder, the Knut and Alice Wallenberg Foundation through FAM. The participation of the three states and FAM in the rights issue is subject to, amongst other things, all four shareholders deciding to subscribe on a pro rata basis, refinancing of the bonds maturing in 2010, final agreement with the flight deck and cabin unions and parliamentary approval (where necessary). A consortium of banks has confirmed its expectation, subject to certain conditions, to enter into an underwriting agreement on a several basis for the remaining 42.4% of the shares to be issued in the rights offering.**

Income and key ratios

	October-December		January-December	
(MSEK)	**2009**	2008	**2009**	2008
Revenue	**10,323**	12,823	**44,918**	52,870
EBITDAR before nonrecurring items	**213**	905	**2,626**	3,901
Income before nonrecurring items in continuing operations	**-940**	-289	**-1,754**	-339
EBT margin before nonrecurring items in continuing operations	**-9.1%**	-2.3%	**-3.9%**	-0.6%
Income before tax, EBT	**-1,519**	-360	**-3,423**	-969
Net income for the period	**-1,304**	-2,789	**-2,947**	-6,360
Earnings per share (SEK)	**-0.53**	-2.77	**-1.44**	-6.26

Comments by the CEO

Fiscal 2009 was probably the most challenging year that the entire aviation industry has experienced, due to the deep recession that has affected the global economy since the beginning of the financial crisis. In February 2009, we launched a renewed strategic approach, Core SAS, in a bid to address this and our internal challenges. The sharp downturn in the economy led to an extremely large decline in business travel, which had a significant impact on the entire aviation industry. Market conditions deteriorated far more extensively than originally expected when the Core SAS strategy was initiated a year ago. The weak economic trend in 2009 had a serious effect on SAS's passenger volumes and yield and, accordingly, revenue, which consequently had a very adverse impact on SAS's liquidity.

The Group's earnings before nonrecurring items in continuing operations amounted to MSEK -940 for the fourth quarter and to MSEK -1,754 for the full-year 2009. In addition, nonrecurring items totaled MSEK -1,669, which resulted in income before tax of MSEK -3,423. The Group's largest operation, SAS Scandinavian Airlines, reported a loss of MSEK -1,522, although the loss was limited due to the extensive cost program implemented during the year. The implementation of this program has proceeded according to plan and an earnings effect corresponding to SEK 2.2 billion was generated in 2009. We are now noting that the unit cost is falling on a quarterly basis. Core SAS also includes capacity reductions corresponding to a total of 21 aircraft, of which 18 aircraft had been withdrawn from service by the end of the fourth quarter. The divestment of non-core operations is progressing according to plan, for example, through the sales of SAS's shareholding in bmi, and operations in SGS and Cargo. Furthermore, we can see signs of more stable demand. The load factor improved substantially during the final quarter of the year and increased for the sixth consecutive month, which is primarily a result of the implemented capacity reductions and also the initial signs of stabilizing demand.

To further improve SAS's long-term cost position, the Core SAS cost program will be strengthened by an additional SEK 2.0 billion. The cost program will now total SEK 7.3 billion, of which about SEK 5 billion remains to have an earnings impact, with the majority of the effects expected in 2010. The Core SAS program has been expanded by a total of SEK 3.3 billion since its launch in February 2009. One of the new measures under the program is to further centralize and enhance the efficiency of the organization. Moreover, a letter of intent, with a clearly defined commitment, was signed with the flight deck and cabin trade unions under which they expect to contribute further cost savings of MSEK 500 in 2010. It is imperative that a final agreement is reached quickly. A strong balance sheet is necessary to enable the implementation of the remaining parts of Core SAS, including the new measures, and to be able to capitalize fully on the improved market situation when the air-travel market recovers. Accordingly, the SAS Board has decided to propose to an Extraordinary General Meeting a rights issue amounting to SEK 5 billion. The rights issue is subject to the three states and the Knut and Alice Wallenberg Foundation through FAM deciding to subscribe on a pro rata basis. This requires that SAS refinances the majority of the bonds maturing in 2010, and succeeds in reaching a final agreement with the flight deck and cabin unions corresponding to SEK 0.5 billion in cost savings.

A new commercial concept – Service And Simplicity – was launched as part of the implementation of Core SAS, and the concept has been well received by our customers. SAS has retained its strong market position and we further improved our punctuality and regularity during the year. We are now the most punctual airline in Europe, which naturally is extremely gratifying and is confirmation that our work on quality has already yielded results. We also remain a leader in innovation, for example, we introduced the option of fully automated biometric check-in services on domestic routes in Scandinavia and mobile boarding passes. As a result customer satisfaction has improved significantly in both 2008 and 2009.

With Core SAS, we have a stable foundation to build on and, with new cost-saving measures that will have anticipated earnings effects totaling more than SEK 5 billion, a more efficient and centralized organization, refinancing approved by the banks, a letter of intent from the trade unions with a clearly defined commitment, and a strong balance sheet, we are well-equipped for the expected economic recovery.

Mats Jansson
President and CEO

Financial overview

Condensed statement of income

(MSEK)	October-December 2009	October-December 2008	January-December 2009	January-December 2008
Revenue	**10,323**	12,823	**44,918**	52,870
Payroll expenses	**-4,126** [1]	-4,397	**-17,998** [1]	-17,632
Other operating expenses	**-6,375** [2]	-7,572	**-25,912** [2]	-31,959
Leasing costs for aircraft	**-476** [3]	-673	**-2,319** [3]	-2,282
Depreciation and impairment	**-484** [4]	-444	**-1,845** [4]	-1,550
Share of income in affiliated companies	**-229**	-11	**-258**	-147
Income from sale of shares in subsidiaries and affiliated companies	**-1**	0	**429**	0
Income from sale of aircraft and buildings	**-47**	-8	**-97**	4
Operating income	**-1,415**	-282	**-3,082**	-696
Net financial income	**-104**	-78	**-341**	-273
Income before tax	**-1,519**	-360	**-3,423**	-969
Tax	**384**	-104	**803**	4
Net income from continuing operations	**-1,135**	-464	**-2,620**	-965
Income from discontinued operations	**-169**	-2,325	**-327**	-5,395
Net income for the period	**-1,304**	-2,789	**-2,947**	-6,360
Attributable to:				
Parent Company shareholders	**-1,304**	-2,789	**-2,947**	-6,303
Minority interests	**0**	0	**0**	-57
Earnings per share (SEK)	**-0.53** [5]	-2.77 [7]	**-1.44** [6]	-6.26 [7]
Earnings per share (SEK) from continuing operations	**-0.46** [5]	-0.46 [7]	**-1.28** [6]	-0.96 [7]
Earnings per share (SEK) from discontinued operations	**-0.07** [5]	-2.31 [7]	**-0.16** [6]	-5.30 [7]

1) Including restructuring costs of MSEK 246 for the fourth quarter and MSEK 1,444 for the period January-December
2) Including restructuring costs of MSEK 92 for the fourth quarter and MSEK 103 for the period January-December
3) Including restructuring costs of MSEK 20 for the fourth quarter and MSEK 141 for the period January-December
4) Including restructuring costs of MSEK -43 for the fourth quarter and MSEK 79 for the period January-December
5) Earnings per share is calculated based on the average number of outstanding shares, 2,467,500,000
6) Earnings per share is calculated based on the average number of outstanding shares, 2,041,588,938
7) Earnings per share is calculated on the basis of 164,500,000 outstanding shares until April 15, 2009, adjusted for a bonus element in the rights issue to existing shareholders of 6,123, or 1,007,233,500 shares.
Since the SAS Group has no option, convertibles or share programs, no dilution occurs

A detailed statement of income and terms and definitions are available at www.sasgroup.net

EBITDAR before nonrecurring items

(MSEK)	October-December 2009	October-December 2008	January- December 2009	January- December 2008
Revenue	**10,323**	12,823	**44,918**	52,870
Payroll expenses	**-4,126**	-4,397	**-17,998**	-17,632
Other operating expenses	**-6,375**	-7,572	**-25,912**	-31,959
EBITDAR	**-178**	854	**1,008**	3,279
Restructuring costs	**338**	43	**1,547**	265
Other nonrecurring items	**53**	8	**71**	357
EBITDAR before nonrecurring items in continuing operations	**213**	905	**2,626**	3,901

Income before nonrecurring items

(MSEK)	October-December 2009	October-December 2008	January- December 2009	January- December 2008
Income before tax in continuing operations	**-1,519**	-360	**-3,423**	-969
Impairment losses	**215**	12	**215**	12
Restructuring costs	**315**	43	**1,767**	265
Capital gains	**48**	8	**-332**	-4
Other nonrecurring items	**1**	8	**19**	357 [1]
Income before tax and nonrecurring items in continuing operations	**-940**	-289	**-1,754**	-339

1) Includes fines of MUSD 52 from the US Department of Justice pertaining to SAS Cargo.

SAS Group

Market and earnings trend

The market trend in the aviation industry during the fourth quarter remained very weak with low passenger figures and historically large pressure on yield. For the SAS Group, the number of passengers fell 8.4% compared with the preceding year as a result of capacity reductions and the weak demand ensuing from the financial recession and implemented capacity reductions. Similar to other network companies, the SAS Group adjusted its capacity to changed market conditions. In 2009, a total of 18 of 21 aircraft were withdrawn from service according to plan under Core SAS.

The historically large pressure on yield which affected the entire industry in 2009 eased slightly during the fourth quarter and trends were particularly positive for long-haul routes. The yield level for the SAS Group remained weak during the fourth quarter. The load factor for most network airlines is now rising slightly and for the SAS Group increased by 3.4 percentage units during the quarter compared with the same period in 2008, and the trend in January 2010 is continuing to progress in a positive direction compared with the first six months of 2009.

January-December 2009

The sale of the Group's stake in airBaltic was finalized during the first quarter with payment in respect of the shares received in January. The sale of Spanair was completed on March 31 in accordance with the conditions described in the 2008 Annual Report.

Spirit, which is a sub-group of SAS Cargo and provides freight handling services, is reported as an asset held for sale from the second quarter. A sales process has commenced and the transaction is expected to be completed within six months.

Continuing operations:
The SAS Group's earnings before nonrecurring items in continuing operations amounted to MSEK -1,754 (-339).

Income was affected by the continued weak economy with increasing pressure on currency-adjusted yield, which fell 5.2% during the full year. The Group continued to reduce capacity in accordance with the Core SAS strategy, which had an adverse impact on passenger volumes. The Group's passenger traffic (RPK) declined 15.7%, primarily due to these reductions. Consequently, the SAS Group's revenue fell MSEK 7,952 or 15.0% to MSEK 44,918 (52,870). Adjusted for currency effects, revenue declined 20.4%.

The net effect of currency fluctuations between the January-December periods of 2008 and 2009 was negative in the amount of MSEK -1,259. The effect was MSEK 3,569 on revenue, MSEK -4,978 on operating expenses and MSEK 150 on net financial items.

The Group's costs for jet fuel amounted to MSEK 7,685 (9,637). Adjusted for currency effects, fuel costs fell MSEK 4,004 as a result of lower prices and volumes.

Accumulated restructuring costs related to the implementation of Core SAS totaled MSEK 1,767, of which MSEK 220 pertained to leasing costs and non-recurring impairment losses for aircraft withdrawn from service under the Core SAS strategy. In addition to restructuring costs, other nonrecurring items were posted totaling MSEK 234, of which MSEK 163 pertains to the impairment of consolidated goodwill in Estonian Air, MSEK 52 to impairment of receivables from Cresco (part-owner of Estonian) and MSEK 19 to other items.

Nonrecurring expenses for the preceding year amounted to MSEK 634. Of this amount, MSEK 357 related to the Cargo case. Operating expenses otherwise decreased due to both reduced capacity and the cost-saving measures implemented. Excluding the effect of lower jet-fuel prices, the unit cost for the period fell 1.5%.

Operating income before depreciation, impairment losses and leasing costs, EBITDAR, was MSEK 2,626 (3,901) before nonrecurring items.

Leasing costs include a provision totaling MSEK 141 pertaining to leasing costs for aircraft withdrawn from operation. In addition, a nonrecurring impairment loss of MSEK 79 was posted pertaining to company-owned aircraft that have been withdrawn from operation.

Shares of income in affiliated companies amounted to MSEK -258 (-147), which included impairment of the Group's goodwill in Estonian by MSEK -163.

Cubic Air Cargo was divested in February, generating a capital gain of MSEK 3.

Six Q400 aircraft were sold in June. Furthermore, 20 MD-80s and three Boeing 737s were divested through sale and leaseback agreements. The total sales price for the aircraft amounted to MSEK 1,628. The total capital loss from the aircraft sales was MSEK -101.

Discontinued operations:
Income from discontinued operations totaled MSEK -327 (-5,395). The January-December 2009 period includes Spirit's earnings after tax of MSEK -108 and a correction of the capital gain from the sale of airBaltic in 2008 amounting to MSEK -86. It also includes a write-down relating to the sale of Aerolineas de Baleares amounting to MSEK -133. The corresponding period in 2008 includes earnings after tax in divested operations amounting to MSEK -1,876, nonrecurring items in Spanair of MSEK -914 and losses pertaining to divestments of MSEK -2,605.

Fourth quarter

Continuing operations:
The SAS Group's earnings before nonrecurring items in continuing operations amounted to MSEK -940 (-289).

The quarter was characterized by increased pressure on revenue as a result of a 9.4% decline in currency-adjusted yield, at the same time as the Group reduced capacity by 16.3%. Passenger traffic fell a total of 12.1%, while the Group's operating revenue amounted to MSEK 10,323 (12,823), down 19.5%. Taking into account currency effects, revenue declined MSEK 2,760 or 21.1%.

Operating expenses including payroll expenses amounted to MSEK 10,501 (11,969). Adjusted for currency effects and nonrecurring items, operating expenses declined 19.9% compared with the year-earlier period due to the cost-saving measures under Core SAS, lower fuel costs and reduced volumes. Despite the lower volumes, the total currency-adjusted unit cost for Scandinavian Airlines fell 9.2% and adjusted for lower fuel costs, fell 2.0%.

Taking into account currency effects, jet-fuel costs declined MSEK 666 compared with the fourth quarter of 2008, due to lower volumes and lower prices.

EBITDAR before nonrecurring items amounted to MSEK 213 (905) for the fourth quarter. The Group's net financial items amounted to MSEK -104 (-78).

Discontinued operations:
Income from discontinued operations amounted to MSEK -169 (-2,325). The fourth quarter of 2009 includes net income for the period in Spirit totaling MSEK -36. It also includes a write-down relating to Aerolineas de Baleares in 2008 amounting to MSEK -133.

In 2008, income for the period from Spirit, Aerolineas de Baleares and Spanair was included. Also included were the capital gains from the divestment of airBaltic and Aerolineas de Baleares, and a provision for the effect of the divestment of Spanair.

Core SAS

Core SAS, launched in February 2009, is the SAS Group's renewed strategic approach and is based on five pillars that will facilitate an efficient and more profitable SAS.

Focus on Nordic home market:
Core SAS involves a strengthened focus on the Nordic home market. SAS has divested Spanair and completed the divestment of its stakes in airBaltic, SGS Finland, some of its line stations in Europe and the cargo agent Cubic, and its holding in bmi. In addition, divestments of Air Greenland, Spirit, Trust, Estonian Air and Skyways are being planned. SAS Cargo will focus exclusively on selling belly capacity for the Group's airlines. Part of the restructuring will also entail that units in SAS Tech and SGS, as well as certain central functions, are expected be outsourced.

Focus on business travelers and a strengthened commercial offering:
To facilitate profitability, Core SAS's focus on profitable business routes will be intensified. Core SAS entails extensive cutbacks in the number of routes and in capacity (ASK, approx. 20% compared with 2008). Most of the discontinued routes are leisure routes. During the year, the fleet was reduced by a total of 18 aircraft. Once completed, this reduction comprises 19 short-haul aircraft and two long-haul aircraft. The final three aircraft will be phased out and withdrawn from operation at the beginning of 2010.

A new commercial offering has been launched – Service And Simplicity. The SAS Group is working on further enhancing its customer offering by making the travel experience smoother, while simultaneously maximizing perceived value for the individual customer. Examples of this work include the option of fully automated biometric check-in services on domestic routes in Scandinavia and the introduction of mobile boarding passes.

Improved cost base:
Cost-reduction measures corresponding to a total of SEK 4.0 billion were presented when Core SAS was launched. New savings opportunities amounting to MSEK 500 were identified from the second quarter of 2009, primarily relating to procurement-related projects in the technical operations and measures found in SGS, Blue1 and Widerøe.

Additional measures totaling about MSEK 800 were indentified during the third quarter, with savings derived from SAS Tech, administration and collective agreements, and are now being implemented.

To further strengthen SAS's cost position, the Core SAS cost program will be substantially strengthened from February 2010 with new cost initiatives totaling SEK 2.0 billion. These measures focus on seven key areas: administration, production, the SGS Lean/efficency program, technical maintenance procurement, Blue1/Widerøe/Cargo, and productivity enhancements under the collective agreements. The implementation of this initiative will commence in the first quarter of 2010, with most of the earnings effects generated during the same year.

From 2010, the Core SAS cost program will amount to a total of SEK 7.3 billion. For further details, see "Core SAS's cost program" below on page 6.

Streamlined organization and intensified customer focus:
The SAS organization has been simplified within the framework of Core SAS. The most significant adjustment was changing the incorporation of the national companies, which previously had full responsibility for the operations in their respective countries. The long-haul operation, SAS International, has ceased to be a separate business unit. Three new base organizations have been established in Copenhagen, Stockholm and Oslo, to assume responsibility for both short and long-haul services within Core SAS. SGS's operations are integrated with these organizations. The earnings of SAS Tech and the remaining parts of SAS Cargo have been consolidated in Scandinavian Airlines. The subsidiaries Widerøe and Blue1 remain independent companies within the Group.

Strengthened capital structure:
To facilitate the implementation of Core SAS, SAS implemented a rights issue of approximately SEK 6 billion in spring 2009, with subscription rights for the shareholders to subscribe for new ordinary shares. SAS's rights issue was oversubscribed by 24.2%.

The macroeconomic environment has deteriorated considerably more during 2009 than anticipated by the market at the beginning of the year and as estimated in the original Core SAS strategy. The airline industry has been severely affected, resulting in a substantial decrease in the number of passengers and passenger yields, leading to significantly lower revenues for the airline industry. As a consequence of these effects, the pre-tax profit for 2009 before non-recurring items for SAS was substantially lower than anticipated when the original Core SAS strategy was launched in February 2009. To further enhance the Group's liquidity position and to provide support for the implementation of the remaining parts of the Core SAS strategy, the Board of Directors has resolved, subject to approval by the Extraordinary General Meeting, to undertake a rights issue of SEK 5 billion of new shares with preferential rights for the Group's shareholders.

In addition, SAS has entered into an agreement with certain lending banks to extend four credit facilities by one year until 2013. There are also plans to secure refinancing and the extension of maturity dates for the majority of 2010 bonds (about SEK 2 billion) in the public and private lending market in the next few months.

The Swedish, Danish and Norwegian governments have each expressed to the Board of Directors their support for the process and stated that they will propose that their respective parliaments approve subscription for their pro rata shares of the rights issue, subject to certain conditions. The Knut and Alice Wallenberg Foundation, through Foundation Asset Management (FAM), has expressed to the Board of Directors its support for the process and confirmed its intention, subject to certain conditions, to subscribe for its pro rata share of the rights issue. The conditions that must be met are that the cost savings, corresponding to SEK 0.5 billion, agreed with the flight deck and cabin unions are realized according to plan and that a refinancing or extension of the majority of the maturing bonds is secured.

In total, the four shareholders named above hold 57.6% of all outstanding shares and votes in SAS.

J.P. Morgan, Nordea and SEB Enskilda, acting as Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners, DnB Markets and The Royal Bank of Scotland, acting as Joint Lead Managers and Joint Bookrunners, and Danske Markets, acting as Co-lead manager, have confirmed their expectation, subject to certain conditions, to enter into an underwriting agreement on a several basis for the remaining 42.4% of the shares to be issued in the rights offering.

Status of Core SAS's cost program

One of the five main pillars of the new Core SAS strategy when it was launched in February 2009 was an extensive cost-saving program corresponding to savings totaling SEK 4.0 billion. Of this amount, SEK 1.3 billion comprised savings within the framework of collective agreements and SEK 2.7 billion derived from other measures. In the second quarter of 2009, additional measures totaling MSEK 500 were identified attributable to savings from technical procurement and measures involving SGS, Widerøe and Blue1.

The implementation of the cost program has progressed as planned and 72% of the SEK 4.5 billion total has already been implemented. The earnings effect generated in 2009 amounted to SEK 2.1 billion. The remaining earnings effect in 2010 is estimated at a further SEK 1.9 billion and in 2011 SEK 0.4 billion.

Effects of measures totaling SEK 4.5, identified by Q4 ((Amounts in parenthesis correspond to figures for the third quarter)

	Annual effect total 2009-2011	*Implemented Q4 2009*
Flight operations	~900 (900)	~650 (500)
Ground	~450 (450)	~350 (350)
Other production	~700 (650)	~600 (450)
Technical maintenance	~950 (950)	~650 (500)
Procurement	~450 (500)	~300 (300)
Sales and marketing	~400 (400)	~250 (150)
Cargo	~150 (150)	~100 (50)
Other	~500 (500)	~350 (200)
Total	**MSEK ~4,500 (4,500)**	**MSEK ~3,250 (2,500)**

Cost measures totaling about MSEK 800 identified in Q3 2009

As reported in the third quarter, additional cost-saving measures are being implemented. The largest savings are found in SAS Tech (primarily procurement-related), administration and other procurement, and correspond to a total of approximately MSEK 700. In addition, savings were identified in collective agreements, primarily for flight deck and cabin personnel, amounting to about MSEK 100. During the fourth quarter, about 30% of the approximately MSEK 800 in cost saving measures had been implemented, and a smaller sum, MSEK 75, had already generated an earnings effect in 2009. A total of 66% of the cost measures amounting to SEK 5.3 billion identified in 2009 had been implemented.

New measures in February 2010 totaling SEK 2.0 billion

To further improve profitability, the Core SAS cost-savings program will be considerably strengthened by measures totaling SEK 2.0 billion. These measures will be implemented continuously and generate earnings effects in 2010 and 2011, with the majority of the measures already having effect in 2010. The savings are found in seven key areas: administration (a further centralization and efficiency enhancements entailing personnel reductions corresponding to approximately MSEK 550), permanent personnel reductions in production of about MSEK 100, the SGS Lean/efficiency program (efficiency improvements in process and planning corresponding to approximately MSEK 250), efficiency enhancements within SAS Tech (structural changes such as in the maintenance programs and set-up of line stations, and additional FTE reductions of about MSEK 300) and additional procurement-related savings (stop-buying initiative, transportation and procurement process improvements, etc., of approximately MSEK 250), Blue1/Widerøe/Cargo (for example, salary freeze of about MSEK 50) and efficiency measures dependent on changes in certain collective agreements of about MSEK 500.

New cost measures to be implemented 2010-2011 (MSEK)

Administration	~550
Production	~100
SGS Lean program	~250
Technical maintenance	~300
Procurement	~250
Blue1/Widerøe/Cargo	~50
Collective agreements	~500
Total	~**2,000**

In addition to these savings, SAS and the trade unions signed a letter of intent with a clearly defined commitment regarding further flight deck and cabin cost savings under collective agreements totaling MSEK 500.

Personnel reductions under Core SAS
Given the expanded Core SAS cost-savings program, personnel reductions in 2009-2011 will increase to approximately 4,300 FTEs. Of the original cuts of 3,000 people, 2,800 left SAS in 2009. The savings measures identified during the third quarter of 2009 include a reduction of an additional 600 FTEs. A total of 100 of the new 600 FTE reduction was already implemented in 2009. The new cost initiatives are expected to lead to a reduction of a about a further 700 FTEs in 2010 and 2011.

Target development for FTE reductions under Core SAS in 2009

	Original Plan 09-11	From Q3 2009	From Feb 2010	Total
Planned FTE reduction	3,000	+~600	+~700	~4,300
Number implemented in 2009	2,800	100	-	2,900
Percentage	93%	17%	-	67%

Total cost program of SEK 7.3 billion from February 2010
The Core SAS cost-savings program now amounts to a total of SEK 7.3 billion, which includes personnel reductions of approximately 4,300 FTEs. The earnings effect for the entire cost program in 2009 totaled SEK 2.2 billion. The total remaining earnings effect is estimated at about SEK 5 billion. Of these, between SEK 2.2 and 2.6 billion will have an earnings effect in 2010, and between SEK 1.7 and 2.1 billion will have an earnings effect in 2011, with a minor effect in 2012. Including the SEK 0.5 billion cost saving from the flight deck and cabin unions, the total remaining result effect is SEK 5.5 billion.

Target development for Core SAS cost program, 2009-2010

	Original plan	From Q2	From Q3	From Feb 2010
Savings in SEK billion 2009-2011	4.0	4.5	5.3	7.3

Restructuring costs in 2009 for Core SAS were MSEK 1,767 and MSEK 315 for the fourth quarter, which were significantly higher than expected, primarily due to the unexpected severe decline in air travel demand which forced SAS to ground aircraft faster than anticipated. Lease expenses for parked aircraft, which qualify as restructuring costs, increased further as the weak market made it more difficult to sublease leased aircraft. In addition, more pilots than expected accepted early retirement offers. The lower than expected revenues also led to higher net working capital outflow due to lower prepayments for tickets. These factors, together with lower than expected proceeds from asset disposals, have had a significant negative impact on the Group's cash flow and liquidity position. Restructuring costs for the entire cost savings program in 2010 and 2011 are expected to amount to a total of SEK 1 billion.

Core SAS includes making significant reductions in existing capacity corresponding to a total of 21 aircraft. During the fourth quarter, 18 of these 21 aircraft had been withdrawn from service. Under the framework of the planned reductions, 20 MD-80s were divested to the US airline Allegiant Air in December 2009.

Commencing with the first quarter of 2010, the entire cost program, totaling SEK 7.3 billion, will be reported as one single program.

The cost program is being continuously monitored by a program office, which has dedicated resources.

Defined-benefit pensions

Defined-benefit pension plans are reported in accordance with IAS 19. Defined-benefit pension plans in Sweden are insured with Alecta for salaried employees and cabin personnel and with Euroben for pilots. All SAS personnel in Norway have defined-benefit pensions insured with Vital. There are also unfunded pension plans relating to early retirement pensions in Sweden and Norway. Only pilots have defined-benefit pension plans in Denmark, which are insured with Danica.

A number of parameters for the discount rate, expected return on assets, inflation, future salary increases and life expectancy assumptions are utilized in the pension calculations.

The discount rate in the annual accounts for 2009 was set at 4.5% in Sweden, 5.5% in Norway and 5.0% in Denmark. The expected return is 6.0% in Sweden and Norway and 5.5% in Denmark. Inflation is estimated at 1.5-2.0% and the expected future salary adjustment is set at 2.0-2.5%.

Pension funds, net were reported in the amount of SEK 10.3 billion as an asset at December 31, 2009. This item comprises pension fund assets totaling SEK 32.8 billion, liabilities amounting to SEK 33.6 billion (of which SEK 3.1 billion is unfunded) and actuarial losses including plan amendments totaling SEK 11 billion.

At the beginning of 2009, the accumulated, unrecognized actuarial gains and losses amounted to SEK 11.6 billion. The deviation fell in comparison with 2008 as a result of lower assumptions regarding salary adjustments in all countries and a higher discount rate in Norway, but increased as a result of the actuarial loss on assets in the pension schemes and of exchange-rate differences. Amortization of the deviation for the year amounted to about SEK 0.8 billion. At year-end 2009, the accumulated unrecognized actuarial gains and losses amounted to approximately SEK 10.8 billion, to be amortized in later years. The deviation will be amortized in future years at about SEK 0.6-0.7 billion per year. Any improvements in returns on assets in the pension schemes will reduce the actuarial gains and losses.

Sensitivity to changes in various parameters separately can be estimated as follows. A one percentage-unit change in the discount rate of interest has an impact on the commitment of approximately SEK 4 billion. A one percentage-unit change in the inflation assumption has an impact on the commitment of approximately SEK 2 billion and a one percentage-unit change in the parameter for payroll adjustment impacts the commitment in an amount of approximately SEK 3 billion.

IAS 19 is being revised and a discussion paper has been released by the IASB. The proposed changes, which mean that actuarial gains and losses may no longer be amortized over the remaining average period of service, but continuously recognized directly against equity or recognized in the income statement, will probably come into effect on January 1, 2013 at the earliest. As a result of this change, accumulated actuarial gains and losses existing on the effective date of the revised IAS must then be recognized in their entirety against shareholders' equity.

Legal issues

On February 14, 2006, the European Commission and the U.S. Department of Justice each announced investigations into possible price fixing in the air cargo industry. SAS Cargo was one of several air cargo carriers involved in the investigations. On July 21, 2008, SAS Cargo entered a plea of guilty to violation of U.S. antitrust laws and accepted payment of a fine of MUSD 52 in installments over four years from that date as a settlement following the Department of Justice's investigation. This concludes the investigation of SAS by the U.S. authorities and resolves all liability in connection with the U.S. investigation.

A decision resulting from the investigation being conducted by the European Commission is expected in 2010 and may be published as early as in the first quarter. It is the opinion of Group Management that SAS will probably be fined by the Commission. The final amount of the fine could be impacted by a variety of factors, including the arguments the SAS Group has made in its defense. Taking the nature of the allegations into account, an adverse outcome is likely to have a substantial negative financial impact on SAS. However, it is impossible to quantify such a potential liability and for this reason, no provisions have been made in the SAS Group's financial statements with respect to the European Commission investigation.

SAS is cooperating with the authorities in other jurisdictions, such as Switzerland and South Korea, in conjunction with the investigations of these authorities into possible price fixing in the air cargo market. A formal investigation was launched by the South Korean authorities against several airlines, including SAS, but in relation to SAS, the investigation is not of any material importance. It cannot be ruled out that other authorities may launch formal investigations or bring charges against SAS in the future.

Moreover, a number of class-action civil lawsuits brought against SAS Cargo and other air cargo carriers in the United States are pending in a consolidated civil case in New York. The plaintiffs claim to have suffered damage and are suing for financial compensation. SAS continues to be engaged in settlement negotiations relating to this civil case. Furthermore, a related lawsuit is pending in Canada. SAS and certain other European airlines have been added as defendants to a pending class-action lawsuit in California alleging price-fixing of air passenger fares on Trans-Pacific routes. SAS, which does not operate on any such routes, is vigorously defending this action on the basis, among other things, that it does not compete in the market at issue in the case. The risk of further claims for damages in other jurisdictions and relating to other markets cannot be ruled out. Since it is impossible to quantify the potential liability of the lawsuits in New York, California and Canada or predict the outcomes of any other suits in other jurisdictions, no provisions have been made in SAS's financial statements with respect to the litigation. Unfavorable outcomes in these disputes or other potential claims could have a significantly negative effect on SAS's operations, financial position and earnings.

On 11 March 2008, the European Commission (the "Commission") carried out unannounced inspections ("dawn raids") at the premises of a number of international airlines to gather information as part of an investigation into potential anti-competitive behavior relating to air passenger services between Japan and the EU.

SAS was not subject to a dawn raid, but on September 28, 2009, it received a formal request for information from the Commission referring to this investigation. The Commission's questions to SAS, which the company answered on October 21, 2009, did not give SAS any additional information on the nature of the possibly unlawful conduct that the Commission is investigating.

No accusations have been made against SAS in the case, and it is impossible at this stage of the Commission's investigation to assess the risk that SAS would be charged with any unlawful conduct.

In connection with Quantum Air's (Quantum) breaches of its obligations under lease agreements entered into with SAS as lessor or guarantor, SAS has initiated different legal measures against Quantum. Moreover, SAS has instigated an arbitration proceeding against Proturin, the owner of Quantum and also the guarantor for some obligations under a loan of approximately MEUR 5.7 which is due to SAS. Quantum and Proturin have made various claims for damages against SAS, and threatened to take legal action concerning damage and loss as a result of terminated lease agreements, and also alleged breach of contract with respect to the sale of the shares in Quantum to Proturin. The development in the different matters and their financial impact for SAS are hard to assess. SAS has made reservations for possible losses and costs.

Norwegian Air Shuttle has brought a claim against the Group regarding the alleged use of inappropriate information, which Norwegian Air Shuttle regarded as business secrets, for such purposes as price-cutting. On May 19, 2008, Norwegian Air Shuttle was awarded damages of MNOK 132 plus compensation of MNOK 7 for legal costs. The Group has appealed this ruling and judgment in the case is expected to be rendered during the first quarter of 2010. The Group has not made any provisions for this in its consolidated balance sheet.

Preliminary schedule for the rights issue

The Board of Directors' decision on a rights issue of about SEK 5 billion has been taken which is conditioned upon the approval of the General Meeting and the Board of Directors intend to distribute a notification of an extraordinary General Meeting to be held on April 7, 2010 (the notice will be published separately). The record date for participation in the rights issue will be April 12, 2010 and the subscription period runs from April 15, 2010 through April 29, 2010, or such later date that the Board of Directors decide. The amount with which the share capital will be increased, the amount of shares to be issued and the subscription price will be determined by the Board of Directors or a member of the Board of Directors appointed by the Board of Directors not later than April 6, 2010.

Currency and fuel hedging

In December 2009, the SAS Group hedged 56% of its anticipated fuel consumption for 2010. Hedging was achieved primarily through swaps supplemented with capped options. Under current plans for flight capacity, the cost of jet fuel in 2010 is expected to be in line with the table on page 16, assuming different prices and USD exchange rates. The SAS Group's policy is to handle changes in jet-fuel costs primarily through price adjustments and yield management.

In December 2009, the SAS Group had hedged 60.9% of its anticipated USD deficit for the next twelve months. A specification of hedging on a quarterly basis is provided below. The SAS Group has hedged its USD deficit using a combination of forward contracts, purchased call options and issued put options in zero-cost solutions, and independently purchased call options. Other currencies are to be hedged at a rate of 60-90% in accordance with the financial policy.

	Q1 2010	Q2 2010	Q3 2010	Q4 2010
USD hedging (upside)	61%	61%	61%	60%

SAS Group

Segment information

January-December (MSEK)	Scandinavian Airlines 2009	2008	Blue1 2009	2008	Widerøe 2009	2008	Other Core SAS 2009	2008	Eliminations Core SAS 2009	2008	Core SAS 2009	2008
External revenue	**38,895**	45,549	**1,781**	1,924	**3,320**	3,444	**544**	448	**0**	0	**44,540**	51,365
Sales between segments	**801**	1,987	**38**	76	**9**	58	**1,163**	1,284	**-1,740**	-1,883	**271**	1,522
Revenue	**39,696**	47,536	**1,819**	2,000	**3,329**	3,502	**1,707**	1,732	**-1,740**	-1,883	**44,811**	52,887
Payroll expenses *)	**-15,226**	-14,804	**-371**	-352	**-1,260**	-1,284	**-385**	-276	**0**	0	**-17,242**	-16,716
Other expenses	**-23,349**	-29,868	**-1,532**	-1,546	**-1,746**	-1,919	**-928**	-699	**1,651**	1,804	**-25,904**	-32,228
EBITDAR	**1,121**	2,864	**-84**	102	**323**	299	**394**	757	**-89**	-79	**1,665**	3,943
Leasing costs for aircraft	**-2,149**	-2,132	**-115**	-110	**-143**	-120	**0**	0	**89**	79	**-2,318**	-2,283
EBITDA	**-1,028**	732	**-199**	-8	**180**	179	**394**	757	**0**	0	**-653**	1,660
Depreciation and impairment	**-1,640**	-1,343	**-5**	-5	**-147**	-160	**-46**	-42	**6**	6	**-1,832**	-1,544
Share of income in affiliated companies	**-93**	-4	**0**	0	**0**	0	**0**	0	**0**	0	**-93**	-4
Capital gains	**-99**	-10	**0**	0	**1**	14	**1**	0	**1**	0	**-96**	4
EBIT	**-2,860**	-625	**-204**	-13	**34**	33	**349**	715	**7**	6	**-2,674**	116
Unallocated income items:												
Net financial income												
Tax												
Net income for the year from continuing operations												
Income before nonrecurring items in continuing operations	**-1,522**	-188	**-200**	-10	**57**	1	**590**	912	**6**	6	**-1,069**	721

January-December (MSEK)	Other operations 2009	2008	Eliminations 2009	2008	SAS Group 2009	2008
External revenue	**378**	1,505	**0**	0	**44,918**	52,870
Sales between segments	**768**	1,165	**-1,039**	-2,687	**0**	0
Revenue	**1,146**	2,670	**-1,039**	-2,687	**44,918**	52,870
Payroll expenses *)	**-756**	-916	**0**	0	**-17,998**	-17,632
Other expenses	**-1,047**	-2,454	**1,039**	2,723	**-25,912**	-31,959
EBITDAR	**-657**	-700	**0**	36	**1,008**	3,279
Leasing costs for aircraft	**-1**	1	**0**	0	**-2,319**	-2,282
EBITDA	**-658**	-699	**0**	36	**-1,311**	997
Depreciation and impairment	**-13**	-6	**0**	0	**-1,845**	-1,550
Share of income in affiliated companies	**-165**	-143	**0**	0	**-258**	-147
Capital gains	**428**	0	**0**	0	**332**	4
EBIT	**-408**	-848	**0**	36	**-3,082**	-696
Unallocated income items:						
Net financial income					**-341**	-273
Tax					**803**	4
Net income for the period from continuing operations					**-2,620**	-965
Income before nonrecurring items in continuing operations	**-685**	-1,096	**0**	36	**-1,754**	-339

*) Restructuring expenses of MSEK 1,444 are included in the Group's payroll expenses for 2009.

The Group's operations are governed and reported by business segment according to the following:

Scandinavian Airlines, which includes airline operations in the consortium of Scandinavian Airlines System, SAS Ground Services in Sweden, Norway and Denmark, SAS Tech and the remaining parts of SAS Cargo.

Blue1 as an independent airline based in Finland.

Widerøe as an independent airline based in Norway.

The three segments above jointly comprise Core SAS, along with certain shared services and management functions.

Other operations include SAS Individual Holdings, the Parent Company SAS AB (Group functions) and other non-reportable segments.

The operations in SAS Individual Holdings are being successively discontinued through divestment and outsourcing.

Core SAS

Scandinavian Airlines, Blue1, Widerøe and other operations directly related to airline operations are reported in the Core SAS segment. SGS, SAS Tech and SAS Cargo are integrated in the airline Scandinavian Airlines. In total, Core SAS comprises more than 95% of operating revenue in the Group.

The fourth quarter remained dominated by a weak market with strong pressure on yield. The number of passengers continued to decline due to the weak economy. During the quarter, capacity reductions continued at Scandinavian Airlines under the Core SAS plan. The load factor rose 3.5 percentage units compared with the year-earlier period as a result of more stable demand and implemented capacity reductions.

Scandinavian Airlines posted income before nonrecurring items of MSEK -459 (-50) for the fourth quarter of 2009. Widerøe's operating income (EBIT) before nonrecurring items was MSEK 41 (17) and Blue1's operating income (EBIT) before nonrecurring items amounted to MSEK -69 (-33) for the fourth quarter.

Statement of income Scandinavian Airlines

(MSEK)	Oct-Dec 2009	Oct-Dec 2008	Jan-Dec 2009	Jan-Dec 2008
Passenger revenue	**6,646**	8,257	**28,613**	34,099
Charter revenue	**368**	341	**2,164**	1,653
Other traffic revenue	**605**	805	**2,737**	3,479
Other revenue	**1,480**	2,078	**6,182**	8,305
Revenue	**9,099**	11,481	**39,696**	47,536
Payroll expenses	**-3,472**	-3,644	**-15,226**	-14,804
Selling costs	**-98**	-139	**-462**	-549
Jet fuel	**-1,355**	-2,082	**-7,021**	-8,847
Government user fees	**-812**	-973	**-3,708**	-4,024
Catering costs	**-214**	-288	**-1,104**	-1,239
Handling costs	**-398**	-482	**-1,839**	-1,981
Technical aircraft maintenance	**-671**	-945	**-2,689**	-3,013
Computer and telecommunications costs	**-420**	-430	**-1,801**	-1,918
Other operating costs	**-1,329**	-1,566	**-4,724**	-8,297
Operating expenses	**-8,769**	-10,549	**-38,574**	-44,672
Income before depreciation and leasing costs, EBITDAR	**330**	932	**1,121**	2,864
Leasing costs for aircraft	**-447**	-620	**-2,149**	-2,132
Income before depreciation, EBITDA	**-117**	312	**-1,028**	732
Depreciation	**-432**	-390	**-1,640**	-1,343
Share of income in affiliated companies	**-46**	5	**-93**	-4
Capital gains	**-47**	-4	**-99**	-10
Operating income, EBIT	**-641**	-78	**-2,860**	-625
Net financial items	**-103**	-26	**-428**	-170
SAS Scandinavian Airlines - Income before tax	**-745**	-104	**-3,288**	-794
Income before nonrecurring items	**-459**	-50	**-1,522**	-188

Scandinavian Airlines reported a loss for the fourth quarter greater than the loss reported for the year-earlier period. The earnings trend toward the end of the year was also characterized by the prevailing harsh market conditions in the airline industry. Demand from business travelers remained particularly weak. Accordingly, Scandinavian Airlines continued to reduce capacity so as to adjust the operations to the demand levels in the market. Scheduled capacity (ASK) in the final quarter of 2009 was reduced by 17.3% compared with the year-earlier period, and by 16.3% for the full-year 2009. Capacity adjustments are being implemented in accordance with Core SAS.

Generally, both Scandinavian Airlines' revenue and expenses were clearly affected by low production. The reason attributable to passenger revenue, apart from lower volumes, is primarily the lower yield, which applies for the quarter and the full-year. In the fourth quarter, currency-adjusted yield fell 9.4%. However, the load factor, which for the final three months of the year amounted to 71.5%, up 3.5 percentage units compared with 2008, was not sufficient to offset the decline in yield. Freight revenue was adversely impacted by the weak freight market and the capacity reductions implemented on intercontinental routes.

Payroll expenses were impacted by restructuring costs in the quarter and for the full-year. Taking into account currency effects, costs in the underlying operations fell in line with the number of FTEs. Jet fuel expenses declined mainly as a result of lower jet fuel prices and lower volumes. Other operating expenses were positively affected by such items as lower costs for leasing replacement capacity (Q400), lower volumes and the effects on the ongoing cost program.

Despite extensive capacity reductions, the currency-adjusted unit cost excluding fuel was at the same level as the quarter and the full-year, which is largely the result of the cost program.

As a result of its successful focus on quality, Scandinavian Airlines was the most punctual airline in Europe in 2009.

Statement of income Blue1 and Widerøe

Blue1

(MSEK)	Oct-Dec 2009	Oct-Dec 2008	Jan-Dec 2009	Jan-Dec 2008
Passenger revenue	**410**	432	**1,658**	1,753
Other revenue	**22**	57	**161**	246
Revenue	**432**	489	**1,819**	2,000
EBITDAR	**-40**	-2	**-85**	102
EBIT before nonrecurring items	**-69**	-33	**-198**	-13
EBIT margin before nonrecurring items	**-15.9%**	-6.7%	**-10.9%**	-0.7%
Average number of employees	**409**	452	**430**	460

Blue1 reported EBIT before nonrecurring items for 2009 of MSEK -198, down MSEK 185 compared with the year-earlier period. The trend for Blue1 remains unsatisfactory and the airline's EBIT margin is significantly weaker than in 2008. The main reason for this trend is the weak market conditions which led to lower business travel and primarily affected the company's traffic between Finland and Scandinavia. Consequently, Blue1 has transferred capacity to its European routes. The load factor (65.1%) maintained the same level as the year-earlier period, while a lower yield put pressure on revenue. Capacity (ASK) for the full-year was 4.5% lower compared with the year-earlier period. The unit cost excluding fuel (in local currency) rose in 2009, although earnings were mainly affected by the decline in unit revenue (RASK).

Widerøe

(MSEK)	Oct-Dec 2009	Oct-Dec 2008	Jan-Dec 2009	Jan-Dec 2008
Passenger revenue	[illegible]	583	2,403	2,200
Other revenue	232	327	926	1,302
Revenue	[illegible]	910	3,329	3,502
EBITDAR	183	112	324	298
EBIT before nonrecurring items	41	17	34	33
EBIT margin before nonrecurring items	4.9%	1.9%	1.0%	1.0%
Average number of employees	1,185	1,216	1,283	1,329

Widerøe reported EBIT before nonrecurring items for 2009 of MSEK 34, up MSEK 1 on the year-earlier period. For the full-year, the trend for Widerøe was relatively stable and despite the challenging market conditions, the airline was again able to generate a profit in 2009. Capacity was 0.8% higher compared with the year-earlier period and passenger traffic rose 2.1%, resulting in a load factor of 60.5%. Unit revenue RASK (in local currency) was 4% higher compared with the preceding year, due to an improved yield. However, yield for the fourth quarter was 4.4% lower compared with the year-earlier period. Other revenue and the number of employees fell partly as a result of ground services no longer being performed by the company itself to the same extent as previously. The unit cost excluding fuel for 2009 rose 6%, one of the reasons being the higher costs for technical maintenance. Nevertheless, the unit cost excluding fuel declined 6% in the fourth quarter.

SAS Individual Holdings

Divestments in progress and outsourcing

One of the five pillars of Core SAS is a focus on the Nordic home market. As part of this strategy, several divestments were made during the year and those companies that have not been divested were placed in the SAS Individual Holdings business segment. This segment includes the affiliated companies Estonian Air, Skyways and Air Greenland. Spirit Air Cargo and Trust are also included as wholly owned subsidiaries within the cargo operations.

The SAS Group's ownership share in airBaltic was divested in December 2008 and Cubic was divested in 2009. SAS also divested a majority share corresponding to 80.1% in Spanair to Consorci de Turisme de Barcelona and Catalana d'Inciatives and outsourced SGS Finland to ISS A/S. SAS's 20% share of bmi was divested to LHBD Holding Ltd. during the third quarter of 2009. In accordance with the agreement, LHBD will purchase all of SAS's shares in bmi for approximately MGBP 19. In addition, Lufthansa will pay an additional MGBP 19 to SAS for the cancellation of its rights resulting from the shareholder agreement dated 1999. In total, SAS will receive a cash consideration of MGBP 38 resulting in a capital gain of approximately MSEK 426. SAS will receive an additional payment from Lufthansa if further value in bmi can be realized within a period limited to two years. Following the transactions, SAS will have a maximum exposure of MGBP 19 within a period limited to two years, in case of the materially adverse financial development of bmi and absence of financial support from Lufthansa.

The SAS Group also has an interest-bearing receivable from Spanair of MEUR 129, which will be amortized depending on Spanair's future cash flow and a receivable of MEUR 30 from IEASA. SAS is also leasing out a total of 19 aircraft to Spanair on market conditions and remains as guarantor of certain operational measures within Spanair's operations of MEUR 24 for a limited period. In addition, there are loan commitments of MEUR 20 to Spanair. SAS also has a cash receivable from airBaltic that will be repaid in 2010. Ae Bal/Air Quantum was divested in 2008. The company suspended its flights in January 2010 and, for this reason, SAS established a provision of MSEK 133 to cover any losses on outstanding guarantees and aircraft leases.

The subsidiary Air Maintenance Estonia was divested to the private equity and venture capital investor BaltCap in January 2010. The SAS Group also intends to divest Air Greenland, Skyways and Trust. A process aimed at divesting Spirit is underway. SAS's intention regarding the divestment of Estonian Air remains and a dialogue is being pursued with investors, including the principal owners. Other sales/outsourcing within such units as SAS Tech and SAS Ground Services are proceeding according to plan.

SAS Group

Condensed cash-flow statement

(MSEK)	October-December 2009	2008	January-December 2009	2008
Income before tax	**-1,519**	-360	**-3,423**	-969
Depreciation and impairment	**484**	444	**1,845**	1,550
Income from sale of fixed assets	**48**	8	**-332**	-4
Discontinued operations	**-4**	-1,557	**-473**	-2,382
Adjustment for items not included in cash flow, etc.	**310**	404	**44**	-25
Tax paid	**0**	-2	**-3**	-19
Cash flow from operations	**-681**	-1,063	**-2,342**	-1,849
Change in working capital	**-385**	-732	**-1,072**	-802
Cash flow from operating activities	**-1,066**	-1,795	**-3,414**	-2,651
Investments, including prepayments to aircraft manufacturers	**-1,022**	-1,044	**-4,661**	-4,455
Acquisition of subsidiaries	**0**	0	**0**	7
Sale of subsidiaries and affiliated companies	**417**	-74	**605**	103
Sale of fixed assets, etc.	**200**	2	**1,445**	1,432
Cash flow before financing activities	**-1,471**	-2,911	**-6,025**	-5,564
Rights issue, including issue costs	**0**	0	**5,808**	0
External financing, net	**180**	1,339	**-1,524**	2,480
Cash flow for the period	**-1,291**	-1,572	**-1,741**	-3,084
Translation difference in cash and cash equivalents	**9**	-14	**49**	-18
Cash and cash equivalents transferred from/to assets held for sale	**-10**	-86	**98**	-6
Change in cash and cash equivalents according to the balance sheet	**-1,292**	-1,672	**-1,594**	-3,108

Comments on the cash-flow statement

Cash flow from operating activities for the year amounted to MSEK -3,414 (-2,651). The decline compared with the year-earlier period was primarily attributable to weaker earnings and the portion of restructuring costs that affected the cash flow, while a smaller amount was attributable to working capital. However, taking into account the Group's lower operating revenue, the proportion of working capital was unchanged.

Investments amounted to MSEK 4,661 (4,455), of which MSEK 4,047 (3,787) pertained to aircraft that were previously contracted, other flight equipment and prepayments. This figure included delivery payments for ten new CRJ-900s, two Boeing 737s and three Q400 NGs, as well as the repurchase of five Q400s, which were then sold onward as part of the discontinuation of the fleet. In addition, a used McDonald Douglas MD87, an Airbus A321 and a Q100 were purchased. Prepayments totaled MSEK 81 (665).

In January, MSEK 216 was received as payment for airBaltic, which was sold in December 2008. Operations within Cubic Air Cargo were divested in February for MSEK 7. In November, purchase consideration of MSEK 428 was received for the holdings in bmi that were sold to Lufthansa. In addition, sales costs amounting to MSEK -46 were paid.

In June, six Q400 aircraft were sold and in December, 20 McDonnell Douglas MD-80 aircraft were divested. In addition, during the year three Boeing 737s were divested as a sale and leaseback transaction. The total sales price for these aircraft amounted to MSEK 1,628, of which MSEK 1,067 had been paid at year-end.

Cash flow before financing activities thus amounted to MSEK -6,025 (-5,564).

Since the beginning of the year, net borrowing declined by approximately SEK 1.5 billion, compared with an increase of about SEK 2.5 billion in the year-earlier period.

Cash and cash equivalents according to the balance sheet amounted to MSEK 4,189 (5,783).

The SAS Group has approximately MSEK 8,000 in unutilized tax loss carryforwards in continuing operations. This will have a positive impact on cash flow in future periods because the SAS Group will not have tax payable until these loss carryforwards have been utilized. Deferred tax assets are valued at approximately 90% of their full value.

Financial key ratios

(MSEK)	December 31, 2009	December 31, 2008	December 31, 2007
CFROI	**1%**	5%	14%
Equity/assets ratio	**27%**	17%	35%
Adjusted equity/assets ratio	**21%**	13%	27%
Financial net debt, MSEK	**6,504**	8,912	1,231
Debt/equity ratio	**0.57**	1.22	0.07
Adjusted debt/equity ratio	**1.70**	3.08	0.92
Interest-coverage ratio	**-4.4**	-5.3	1.8

SAS Group

Condensed balance sheet

(MSEK)	December 31, 2009	December 31, 2008	December 31, 2007
Intangible assets	**1,296**	1,092	1,226
Tangible fixed assets	**15,574**	14,132	13,436
Financial fixed assets	**12,766**	11,616	12,001
Total fixed assets	**29,636**	26,840	26,663
Current assets	**758**	820	850
Current receivables	**7,511**	6,000	6,168
Cash and cash equivalents	**4,189**	5,783	8,891
Assets held for sale	**401**	3,921	6,198
Total current assets	**12,859**	16,524	22,107
Total assets	**42,495**	43,364	48,770
Shareholders' equity 1)	**11,389**	7,312	17,149
Long-term liabilities	**13,069**	19,160	11,274
Current liabilities	**17,880**	14,427	15,024
Liabilities relating to assets held for sale	**157**	2,465	5,323
Total shareholders' equity and liabilities	**42,495**	43,364	48,770
Shareholders' equity per share 2)	**4.62**	44,45	104,13
Interest-bearing assets	**18,488**	16,863	20,307
Interest-bearing liabilities	**14,660**	16,117	12,042

1) Including minority interests.
2) Calculated on 164,500,000 outstanding shares up to and including December 31, 2008. On December 31, 2009, shareholders' equity is calculated on the basis of the total number of shares after the rights issue, 2,467,500,000 shares. The SAS Group has not carried out any buyback programs.

Change in shareholders' equity

	Shareholders' equity attributable to Parent Company shareholders							
(MSEK)	Share-capital 1)	Other contributed capital 2)	Hedge reserves	Trans-lation reserve	Retained earnings 3)	Total equity attributable to Parent Company owners	Minority interests	Total equity
Opening shareholders' equity in accordance with approved balance sheet, January 1, 2008	**1,645**	**170**	**1,105**	**361**	**13,849**	**17,130**	**19**	**17,149**
Effect of change of accounting policy to IFRIC 13					-1,331	-1,331		-1,331
Opening shareholders' equity in accordance with new accounting policy, January 1, 2008	**1,645**	**170**	**1,105**	**361**	**12,518**	**15,799**	**19**	**15,818**
Total comprehensive income			-1,848	-336	-6,303	-8,487	-19	-8,506
Closing balance, December 31, 2008	**1,645**	**170**	**-743**	**25**	**6,215**	**7,312**	**0**	**7,312**
Reduction of share capital	-1,234				1,234	0		0
Rights issue	5,757				300	6,057		6,057
Net issue costs					-184	-184		-184
Tax effect attributable to change of accounting policy					154	154		154
Comprehensive income			970	27	-2,947	-1,950		-1,950
Closing balance, December 31, 2009	**6,168**	**170**	**227**	**52**	**4,772**	**11,389**	**0**	**11,389**

1) The share capital in SAS AB is distributed as follows: an opening balance of 164,500,000 shares, with a quotient value of SEK 10 per share and a closing balance of 2,467,500,000 shares, with a quotient value of SEK 2.5. per share.
2) The entire amount comprises share premium reserves.
3) No dividends were paid in 2008 and 2009.

Statement of other comprehensive income

(MSEK)	January-December 2009	2008
Profit/loss for the period	**-2,947**	-6,360
Other comprehensive income:		
Exchange-rate differences in translation of foreign operations	**27**	-251
Change in minority interests	**-**	57
Cash-flow hedges – hedging reserve	**1,317**	-2,543
Tax attributable to components relating to other income	**-347**	610
Net total comprehensive income for the year after tax	**-997**	-2,127
Total comprehensive income	**-1,950**	-8,487

Parent Company SAS AB

Income before tax for the period amounted to MSEK -1,558 (-7,292).

Available liquidity for SAS AB at December 31, 2009 amounted to MSEK 2, compared with MSEK 90 at the beginning of the year.

The number of shareholders in SAS AB totaled 56,462 at December 31, 2009. The average number of employees in SAS AB was 221 (259).

Condensed statement of income

(MSEK)	January-December 2009	2008
Revenue	**289**	353
Payroll expenses	**-332**	-379
Other operating expenses	**-327**	-349
Operating income before depreciation	**-370**	-375
Depreciation	**0**	0
Operating income	**-370**	-375
Income from divested shares	**-406**	-186
Dividend from subsidiaries	**-**	-2,528
Impairment of shares	**-804**	-4,131
Net financial income	**22**	-72
Income before tax	**-1,558**	-7,292
Tax	**193**	-21
Net loss for the year	**-1,365**	-7,313

Condensed balance sheet

(MSEK)	Dec. 31, 2009	Dec. 31, 2008
Fixed assets	**6,541**	6,812
Current assets	**4,937**	4,507
Total assets	**11,478**	11,319
Shareholders' equity	**8,773**	4,265
Long-term liabilities	**2,448**	6,399
Current liabilities	**257**	655
Total shareholders' equity and liabilities	**11,478**	11,319

Change in shareholders' equity

(MSEK)	Share capital	Restricted reserves	Unrestricted equity	Total equity
Opening balance, Jan. 1, 2008	1,645	306	9,589	11,54 00
Group contribution rec'd,			38	38
Net loss for the year			-7,313	-7,313
Equity, Dec. 31, 2008	1,645	306	2,314	4,265
Reduction of share capital	-1,234		1,234	0
Rights issue	5,757		300	6,057
Net costs in conjunction with rights issue*			-184	-184
Loss for the year			-1,365	-1,365
Equity, Dec. 31, 2009	6,168	306	2,299	8,773

* Costs in conjunction with the rights issue include a positive tax effect of MSEK 65.

Accounting policies and financial reports

This interim report was prepared in accordance with IAS 34 Interim Financial Reporting. A number of amendments of standards, new interpretations and a new standard (IFRS 8) took effect as of January 1, 2009. For the SAS Group, the following changes in standards and interpretations were deemed relevant for the preparation of this financial report.

IAS 1 Presentation of Financial Statements. The amendment of this standard entails a change in how the financial reports must be presented. In accordance with IAS 1, the SAS Group elected to present the Group's comprehensive income in two statements, a statement of income and a statement of other comprehensive income. In addition, the statement of changes in consolidated shareholders' equity only reflects transactions with the owners.

IFRIC 13 Customer Loyalty Programs. According to IFRIC 13, awarding of loyalty points is to be considered as a separately identifiable portion of tickets for air travel. The portion of the ticket price allocated to the loyalty points must be measured at fair value and recognized as revenue during the period in which the obligation is fulfilled. The fair value of future travel is based on the lowest price offered to paying passengers. The effect of the revaluation of the EuroBonus liability in accordance with IFRIC 13 was charged against shareholders' equity at January 1, 2008 in an amount of MSEK 1,331. For comparability, earnings for the January-December 2008 period were charged in an amount of MSEK -39.

IFRS 8 Operating segments. This standard takes the view that segment information must be presented from the perspective of company management. Up until December 31, 2008, the SAS Group's segment information was based on the Group's three business areas. Against the background of the implementation of Core SAS, a new segmentation was implemented in accordance with IFRS 8.

In other respects, the SAS Group continues to apply the same accounting policies as in the 2008 Annual Report.

The Group's other formal financial statements appear on pages 2,9,12 and 13.

Financial position

On December 31, 2009, the SAS Group's cash and cash equivalents amounted to MSEK 4,189 (5,783). Since the beginning of the year, cash and cash equivalents decreased by MSEK 1,594. In addition to cash and cash equivalents, the SAS Group has unutilized contract loan commitments amounting to MSEK 3,629 (3,042). The SAS Group has total financial preparedness corresponding to MSEK 7,818 (8,825) or 17% (17) of Group's annual revenues.

The SAS Group's interest-bearing liabilities decreased during 2009 by approximately MSEK 1,457 to MSEK 14,660. After adjustment for a stronger SEK, the decline totals MSEK 980. Amortization for the year was MSEK 3,060, with amortization of the revolving credit facility in EUR amounting to MSEK 1,480. Long-term borrowing related to aircraft acquisitions amounted to MSEK 2,080 for the year.

As of the end of December, the financial net debt was MSEK 6,504, down MSEK 2,408 since year-end. The decline was primarily due to the implementation of the rights issue during the first half of the year, investments for the year and the year's divestments.

Two CRJ aircraft and a Q400NG were delivered in the fourth quarter. Financing was arranged through EDC Export Development Canada. A Boeing 737-700 was also delivered in December 2009 that was financed on the basis of a sale and leaseback transaction. Four of the five aircraft that SAS had on firm order on December 31, 2009 will be delivered during the first quarter of 2010. The final Q400 NG is scheduled for delivery in November 2010.

In the fourth quarter, 20 MD-80 aircraft were sold to North American carrier Allegiant.

As of December 31, 2009, the adjusted equity/assets ratio was 21% (13%). The adjusted debt/equity ratio was 1.70 (3.08).

The SAS Group's targets are specified below:

Targets for financial position

Adjusted equity/assets ratio >35%

Adjusted debt/equity <100%

Financial preparedness 20% of operating revenue

SAS Group Management and areas of responsibility

Mats Jansson, President and CEO.

John S. Dueholm, Deputy CEO and Executive Vice President. Responsible for the Core SAS business area.

Mats Lönnqvist, CFO and Deputy President.

Benny Zakrisson, Executive Vice President, responsible for SAS Individual Holdings.

Mats Lönnkvist, Executive Vice President and Chief Legal Officer

Proposed dividends for the 2009 fiscal year

The Board of Directors proposes to the Annual General Meeting that no dividends be paid to SAS AB's shareholders for the 2009 fiscal year. The reasoning behind this proposal is the weak financial position and cash flow of the SAS Group, which is why it is essential to have financial scope at our disposal to manage future restructuring and investments.

Full-year 2010

The financial trend remained very weak during the fourth quarter, yet small signs of the beginnings of a recovery in the Nordic region could be discerned. The decline in GDP in the Nordic region in 2009 was significant but a slight recovery is expected in 2010, although a high level of uncertainty remains. As a result of the financial downturn and consequent capacity adjustments, passenger figures fell sharply in 2009, particularly among business travelers. The significant decline in business travel led to historically large pressure on yield and revenue for the entire industry. The falling trend in demand leveled out during the fourth quarter and started to stabilize slightly, and such a scenario is usually followed by a more stable yield trend. However, uncertainty remains regarding the competitive situation, the USD exchange-rate trend and the price of jet fuel.

In February 2009, the SAS Group launched Core SAS, which included a cost-saving program of SEK 4.0 billion. New cost saving initiatives were identified and implemented during the year and at year-end 2009, the program corresponded to SEK 5.3 billion. The program was further strengthened in the amount of SEK 2.0 billion in February 2010 and now totals SEK 7.3 billion SEK. In addition to this, a letter of intent was signed with the trade unions in which they agreed to contribute a further MSEK 500 in cost savings. In 2009, the cost program had a positive earnings effect of SEK 2.2 billion and the remaining earnings impact is estimated at SEK 5 billion, with the majority of the effects expected in 2010. Including the SEK 0.5 billion cost saving from the flight deck and cabin unions, the total remaining result effect is SEK 5.5 billion. Restructuring costs for 2009 totaled MSEK 1,767 and in 2010 and 2011 the effects are expected to total approximately SEK 1 billion, with the majority of effects generated in 2010.

Mats Jansson

President and CEO

This Year-end Report is unaudited.

Traffic data information

SAS Group's passenger traffic

		October-December			January-December		
		2009	2008	Change	**2009**	2008	Change
Number of passengers	(000)	**6,055**	6,612	-8.4%	**24,898**	29,000	-14.1%
Passenger km	(mill.)	**5,764**	6,559	-12.1%	**25,228**	29,916	-15.7%
Seat km	(mill.)	**8,160**	9,750	-16.3%	**35,571**	41,993	-15.3%
Load factor		**70.6%**	67.3%	+3.4 p.u.	**70.9%**	71.2%	-0.3 p.u.

SAS Group's charter traffic

		October-December			January-December		
		2009	2008	Change	**2009**	2008	Change
Number of passengers	(000)	**221**	206	7.7%	**1,390**	1,165	19.4%
Passenger km	(mill.)	**713**	668	6.7%	**3,797**	3,180	19.4%
Seat km	(mill.)	**849**	816	4.0%	**4,364**	3,771	15.7%
Load factor		**84.0%**	81.9%	+2.1 p.u.	**87.0%**	84.3%	+2.7 p.u.

SAS Group's traffic-related key ratios

	January-March		April-June		July-September		October-December		January-December	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
Number of passengers (000)	**5,748**	6,803	**6,850**	8,260	**6,245**	7,325	**6,055**	6,612	**24,898**	29,000
RPK (mill.)	**5,541**	6,700	**7,055**	8,479	**6,868**	8,180	**5,764**	6,559	**25,228**	29,916
ASK (mill.)	**8,870**	9,696	**9,584**	11,564	**8,958**	10,984	**8,160**	9,750	**35,571**	41,993
Load factor	**62.5%**	69.1%	**73.6%**	73.3%	**76.7%**	74.5%	**70.6%**	67.3%	**70.9%**	71.2%

SAS Group's traffic operation by route sector

	October-December 09 vs. October-December 08		January-December 09 vs. January-December 08	
	Traffic (RPK)	Capacity (ASK)	**Traffic (RPK)**	Capacity (ASK)
Intercontinental	**-15.7%**	-20.1%	**-18.1%**	-14.9%
Europe	**-13.4%**	-18.8%	**-15.0%**	-16.5%
Intra-Scandinavia	**-8.9%**	-15.7%	**-13.7%**	-17.2%
Denmark (domestic)	**-11.4%**	-6.5%	**-25.5%**	-21.4%
Norway (domestic)	**-2.0%**	-8.5%	**-12.1%**	-11.6%
Sweden (domestic)	**-8.5%**	-1.5%	**-16.4%**	-14.0%

Passenger traffic for Scandinavian Airlines, Widerøe and Blue1.

Scandinavian Airlines traffic-related key ratios

		October-December		January-December	
		2009	Change	**2009**	Change
Number of passengers	(000)	**5,167**	-9.7%	**21,383**	-15.7%
Passenger km, RPK	(mill.)	**5,294**	-13.0%	**23,241**	-16.7%
Seat km, ASK	(mill.)	**7,407**	-17.3%	**32,440**	-16.3%
Load factor		**71.5%**	+3.5 p.u.	**71.6%**	-0.3 p.u.
Yield, currency-adjusted			-9.4%		-5,2%
Total traffic revenue/total ASK (currency-adjusted)			-6.1%		-7,3%
Total unit cost, incl. charter (currency-adjusted)			-5.8% [1]		-8.1% [2]
Operational unit cost, incl. charter (currency-adjusted)			-5.0% [1]		-7.7% [2]

1) Lower jet fuel costs had a positive effect on unit costs of 3.8 percentage units.

2) Lower jet fuel costs had a positive effect on unit costs of 6.6 percentage units

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

Unit cost, operations – The airline's operational operating costs adjusted for currency and restructuring costs less non-traffic-related revenue per total ASK (scheduled and charter).

Other traffic and production

	Widerøe				Blue1			
	Oct-Dec		Jan-Dec		Oct-Dec		Jan-Dec	
	2009	Change	**2009**	Change	**2009**	Change	**2009**	Change
Scheduled traffic								
Number of passengers (000)	**522**	3.5%	**2,053**	0.9%	**365**	-5.5%	**1,463**	-9.2%
RPK (mill.)	**165**	3.7%	**666**	2.1%	**304**	-2.6%	**1,321**	-3.9%
ASK (mill.)	**274**	-1.0%	**1,102**	0.8%	**479**	-7.4%	**2,029**	-4.5%
Load factor	**60.4%**	+2.8 p.u.	**60.5%**	+0.8 p.u.	**63.6%**	+3.1 p.u.	**65.1%**	+0.4 p.u.
Yield, currency-adjusted		-4.4%		4.0%		-6.2%		-12.0%
Unit cost, total incl. charter (local currency)		-8.3%		3.0%		3.5%		-2.7%

Statement of income

Statement of income – quarterly breakdown

(MSEK)	2007 OCT-DEC	2007 FULL-YEAR JAN-DEC	2008 JAN-MAR	2008 APR-JUN	2008 JUL-SEP	2008 OCT-DEC	2008 FULL-YEAR JAN-DEC	**2009 JAN-MAR**	**2009 APR-JUN**	**2009 JUL-SEP**	**2009 OCT-DEC**	**2009 FULL-YEAR JAN-DEC**
Revenue	12,933	50,338	12,348	14,412	13,287	12,823	52,870	**11,296**	**12,223**	**11,076**	**10,323**	**44,918**
Payroll expenses	-4,369	-16,371	-4,497	-4,485	-4,253	-4,397	-17,632	**-4,609**	**-5,269**	**-3,994**	**-4,126**	**-17,998**
Other operating expenses	-7,592	-28,942	-7,642	-8,826	-7,919	-7,572	-31,959	**-6,501**	**-6,779**	**-6,257**	**-6,375**	**-25,912**
Leasing costs for aircraft	-567	-2,342	-547	-519	-543	-673	-2,282	**-741**	**-626**	**-476**	**-476**	**-2,319**
Depreciation and impairment	-352	-1,416	-348	-360	-398	-444	-1,550	**-401**	**-463**	**-497**	**-484**	**-1,845**
Share of income in affiliated companies	-23	32	-65	-78	7	-11	-147	**-33**	**19**	**-15**	**-229**	**-258**
Income from sale of shares in subsidiaries and affiliated companies	0	0	0	0	0	0	0	**5**	**2**	**423**	**-1**	**429**
Income from sale of aircraft and buildings	67	41	0	6	6	-8	4	**0**	**-49**	**-1**	**-47**	**-97**
Operating income	97	1,340	-751	150	187	-282	-696	**-984**	**-942**	**259**	**-1,415**	**-3,082**
Income from other shares and participations	0	5	0	0	0	0	0	**0**	**0**	**0**	**0**	**0**
Net financial income	-27	-241	-99	-19	-77	-78	-273	**5**	**-97**	**-145**	**-104**	**-341**
Income before tax	70	1,104	-850	131	110	-360	-969	**-979**	**-1,039**	**114**	**-1,519**	**-3,423**
Tax	-53	-286	200	-124	32	-104	4	**264**	**13**	**142**	**384**	**803**
Net income from continuing operations	17	818	-650	7	142	-464	-965	**-715**	**-1,026**	**256**	**-1,135**	**-2,620**
Income from discontinued operations	-642	-182	-513	-429	-2,128	-2,325	-5,395	**-33**	**-21**	**-104**	**-169**	**-327**
Net income for the period	-625	636	-1,163	-422	-1,986	-,2,789	-6,360	**-748**	**-1,047**	**152**	**-1,304**	**-2,947**
Attributable to:												
Parent Company shareholders	-596	637	-1,106	-422	-1,986	-2,789	-6,303	**-748**	**-1,047**	**152**	**-1,304**	**-2,947**
Minority interests	-29	-1	-57	0	0	0	-57	**0**	**0**	**0**	**0**	**0**

Earnings overview

(MSEK)	January-March **2009**	January-March 2008	April-June **2009**	April-June 2008	July-September **2009**	July-September 2008	October-December **2009**	October-December 2008	January-December **2009**	January-December 2008
Revenue	**11,296**	12,348	**12,223**	14,412	**11,076**	13,287	**10,323**	12,823	**44,918**	52,870
EBITDAR	**186**	209	**175**	1,101	**825**	1,115	**-178**	854	**1,008**	3,279
EBITDAR margin	**1.6%**	1.7%	**1.4%**	7.6%	**7.4%**	8.4%	**-1.7%**	6.7%	**2.2%**	6.2%
EBIT	**-984**	-751	**-942**	150	**259**	187	**-1,415**	-282	**-3,082**	-696
EBIT margin	**-8.7%**	-6.1%	**-7.7%**	1.0%	**2.3%**	1.4%	**-13.7%**	-2.2%	**-6.9%**	-1.3%
Income before nonrecurring items	**-889**	-850	**38**	499	**37**	301	**-940**	-289	**-1,754**	-339
Income before tax	**-979**	-850	**-1,039**	131	**114**	110	**-1,519**	-360	**-3,423**	-969
Net income for the period	**-748**	-1,163	**-1,047**	-422	**152**	-1,986	**-1,304**	-2,789	**-2,947**	-6,360
Earnings per share (SEK)	**-0.74**	-1.10	**-0.47**	-0.42	**0.06**	-1.97	**-0.53**	-2.77	**-1.44**	-6.26
Cash flow before financing activities	**-877**	-576	**-1,170**	814	**-2,507**	-2,891	**-1,471**	-2,911	**-6,025**	-5,564

SAS Group's average number of employees (FTE)

	October-December **2009**	October-December 2008	January-December **2009**	January-December 2008
Scandinavian Airlines	**13,236**	15,878	**14,438**	16,286
Blue1	**409**	452	**430**	460
Widerøe	**1,184**	1,216	**1,203**	1,329
Other Core SAS	**520**	469	**479**	482
Total Core SAS	**15,349**	18,015	**16,550**	18,557
Other operations	**503**	1,028	**821**	1,079
Continuing operations	**15,852**	19,043	**17,371**	19,636
Discontinued operations	**658**	4,040	**1,415**	4,999
SAS Group	**16,510**	23,083	**18,786**	24,635

Investments, aircraft fleet, fuel and financial position

SAS Group's investments

	October-December		January-December	
	2009	2008	**2009**	2008
Core SAS	**1,002**	1,028	**4,478**	4,143
Other operations and eliminations	**0**	0	**43**	7
Continuing operations	**1,002**	1,028	**4,521**	4,150
Discontinued operations	**20**	16	**140**	305
SAS Group	**1,022**	1,044	**4,661**	4,455

SAS Group's aircraft under firm order

	Total	2010
Boeing 737-700	**1**	1
CRJ900	**1**	1
Q400	**3**	3
Number of aircraft	**5**	5
CAPEX (MUSD)	**98**	98

SAS Group's aircraft fleet December 31, 2009

	Age	Owned	Leased	Wet-leased	**Total**	Leased out	Order	Parked
Airbus A330/A340	7.6	5	6	0	**11**	0		2
Airbus A319/A320/A321	6,6	5	10	0	**15**	3		
Boeing 737 Classic	16.8	0	15	0	**15**	0		2
Boeing 737 NG	8.8	22	46	0	**68**	4	1	
Boeing 717	9.4	0	5	0	**5**	5		
McDonnell Douglas MD-80 series	20.2	28	17	0	**45**	6		13
McDonnell Douglas MD-90 series	12.9	8	0	0	**8**	3		
Avro RJ-85/-100	8.8	0	7	0	**7**	0		
Fokker 50	19.8	0	5	0	**5**	0		
deHavilland Q series	12.4	25	16	0	**41**	4	3	7
ATR42/72	16.8	0	0	2	**2**	0		
Bombardier CRJ200	9.5	0	0	7	**7**	0		
Bombardier CRJ900NG	0.6	11	0	0	**11**	0	1	
Total	12.0	104	127	9	**240**	25	5	24
Distributed by airline:								
SAS Scandinavian Airlines	11.6				**172**	25	2	
Widerøe	13.5				**30**		3	
Blue 1	11.2				**13**			
Leased aircraft	12.6				**25**			
Total	12.0				**240**	25	5	24

Facts and vulnerability – jet fuel

	Q1 2010	**Q2 2010**	**Q3 2010**	**Q4 2010**
Options	17%	11%	3%	6%
Redemption price (USD/ton)	626	647	682	779
Swaps	49%	47%	49%	42%
price (USD/ton)	683	691	712	753

Estimated jet-fuel expenses 2010 *

Market price, USD Jet fuel	**SEK 6.00/USD**	**SEK 7.00/USD**	**SEK 8.00/USD**
USD 400/ton	4,320	5,040	5,760
USD 600/ton	5,046	5,887	6,728
USD 800/ton	5,712	6,664	7,616
USD 1,000/ton	6,345	7,402	8,460

* Pertains to full-year values for SEK/USD and the price per ton for jet fuel. The SAS Group's hedging of jet fuel per December 31, 2009 was taken into consideration.

Important events

First quarter 2009

- The SAS Group signed an agreement with Statoil/Hydro regarding air travel.
- SAS completed the sale of its holding, amounting to 47.2% in airBaltic, to airBaltic's management.
- As part of the Core SAS Strategy, the SAS Group implemented new collective agreements with its trade unions.
- The SAS Group completed the sale of Spanair to a group of investors in Catalonia in Spain.
- The SAS Group launched Core SAS, a renewed strategic approach.
- The SAS Group's Board of Directors resolved on a rights issue, with subscription rights for the Group's shareholders, of approximately SEK 6 billion.
- An SAS Extraordinary General Meeting approved the rights issue.
- The SAS Credits loyalty program was launched.
- At the SAS Annual General Meeting, the entire Board of Directors was re-elected, with Fritz H. Schur as Chairman. The Meeting resolved not to issue any dividend for the 2008 fiscal year.
- SAS's punctuality remained among the best in Europe, and customer satisfaction showed substantial improvement.

Second quarter 2009

- SAS signed a ten-year full technical content agreement with Amadeus.
- The SAS rights issue of approximately SEK 6 billion was oversubscribed by 24.2%.
- SAS signed an extensive procurement contract with the Swedish government for international travel.
- SAS launched mobile telephone boarding passes.
- As part of Core SAS, SGS Finland was outsourced to ISS.

Third quarter 2009

- SAS launched its campaign "the biggest sale ever."
- The SAS Group divested its holdings in bmi. The sales price totaled MGBP 38, which generated a capital gain of MSEK 427.
- As part of the ongoing savings program in the SAS Group, the Board of Directors of SAS decided, with retroactive effect from September 1, 2009, to reduce Board remuneration by 25%.

Fourth quarter 2009

- SAS reached an agreement regarding changes to collective agreements corresponding to MSEK 130 in savings for cabin crews in Norway and Sweden and ground personnel in Denmark.
- SAS is the most punctual airline in Europe according to the "FlightStats" website.
- SAS's long-term credit rating was downgraded one step from B3 to Caa1 by the rating agency Moody's. The outlook for the company is negative, which reflects the negative trends in the industry. The downgrade does not affect the SAS Group's loans or credit facilities.
- SAS introduced mobile telephone boarding passes to further enhance travel efficiency.
- It was proposed that Skyways Express, which is a subsidiary of Skyways Holding AB, be divested to the company's President. However, the transaction has not been implemented and SAS remains as a 25% shareholder in Skyways Holding AB.
- The SAS Group divested 20 MD-80 aircraft (18 aircraft plus and an additional two aircraft in a separate agreement) to the North American airline Allegiant, with delivery scheduled for the first six months of 2010. The divestment is part of reducing surplus aircraft caused by the capacity reductions implemented under Core SAS.

Events after December 31, 2009

- SAS was the most punctual airline in Europe in terms of arrival in the "major airline" category in 2009 according to the "FlightStats" website.
- The SAS Group's Board of Directors resolved to implement a rights issue with subscription rights for the Group's shareholders, of approximately SEK 5 billion.
- The Core SAS cost-saving program was strengthened by an additional SEK 2.0 billion and now totals SEK 7.3 billion. In addition, a letter of intent, with a clearly defined commitment, has been signed with the flight deck and cabin trade unions for a further cost saving of MSEK 500 during the first quarter of 2010.
- SAS is pursuing a dialogue with investors, including the principal owners of Estonian, to facilitate the divestment of SAS's participation in the company.
- SAS divested the subsidiary Air Maintenance Estonia to the private equity and venture capital investor BaltCap.

Financial Calendar

Annual Report & Sustainability Report 2009	March 12, 2010
Extraordinary General Meeting	April 7, 2010
Annual General Meeting 2010	April 13, 2010
Interim report 1, January-March 2010	April 22, 2010
Interim report 2, April-June 2010	August 18, 2010
Interim report 3, July-September 2010	November 10, 2010
Interim report 4, October-December 2010	

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All reports are available in English and Swedish and can be ordered on the Internet: www.sasgroup.net or from: investor.relations@sas.se

The SAS Group's monthly traffic data information is normally issued on the fifth business day of the following month. A continuously updated financial calendar can be found at: www.sasgroup.net

For definitions, refer to the SAS Group website, www.sasgroup.net, or contact investor.relations@sas.se

Press/Investor Relations activities

Press conference, Frösundavik	10:30 a.m., February 9, 2010
Telephone conference, investors/analysts	2:00 p.m., February 9, 2010
Analysts' meeting, Copenhagen	8:00 a.m., February 10, 2010

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