



SAS Group

SAS Group

Interim Report January-September 2010

July-September 2010

- Operating revenue: MSEK 10,690 (11,076)
- Earnings before non-recurring items in continuing operations: MSEK 387 (37)
- EBT margin before non-recurring items in continuing operations: 3.6% (0.3%)
- Non-recurring effects: MSEK -1,411, of which restructuring costs MSEK -146, legal disputes MSEK -982, impairment charges MSEK -229 and capital losses MSEK -54
- Income before tax: MSEK -1,024 (114)
- Net income for the period: MSEK -1,051 (152)
- Earnings per share: SEK -3.19 (0.78)
- Cash flow from operating activities: MSEK -470 (-1,744)

January-September 2010

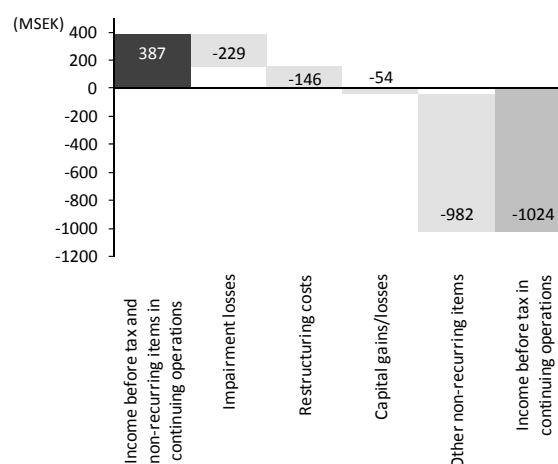
- Operating revenue: MSEK 30,164 (34,595)
- Earnings before non-recurring items in continuing operations: MSEK -693 (-814) MSEK. Adjusted for the effects of the ash cloud, earnings amounted to MSEK 7
- EBT margin before non-recurring items in continuing operations: -2.3% (-2.4%)
- Non-recurring effects: MSEK -1,903
- Income before tax: MSEK -2,596 (-1,904)
- Net income for the period: MSEK -2,265 (-1,643)
- Earnings per share: SEK -8.40 (-10.91)
- Cash flow from operating activities: MSEK 63 (-2,348)

Important events during the quarter

- Mats Jansson, President and CEO, left his position on October 1, 2010
- Rickard Gustafson will assume his position as new President and CEO not later than March 2011. Until this date, Deputy CEO John Dueholm will function as acting President and CEO
- On November 9, the European Commission fined SAS Cargo MSEK 660 in the air-cargo investigation. Earnings in the third quarter were affected by the corresponding amount.
- SAS Cargo entered a settlement agreement concerning disputes in the US, which had a negative impact of MSEK 104 on Group earnings for the third quarter
- SAS was denied leave to appeal to Norway's Supreme Court in its dispute with Norwegian, which resulted in a negative effect of MSEK 218 on the Group's earnings in the third quarter
- SAS deployed an additional long-haul aircraft to meet the rising demand for intercontinental travel
- During the quarter, SAS was the world's most punctual major airline

For information on additional events that took place in the January-September period, see page 19

Positive earnings during the quarter adjusted for non-recurring items



Income and key ratios

| Earnings-related key ratios (MSEK) | Jul-Sep | | Jan-Sep | | Oct-Sep | |
|--|---------|--------|---------|--------|---------|---------|
| | 2010 | 2009 | 2010 | 2009 | 2009-10 | 2008-09 |
| Operating revenue | 10,690 | 11,076 | 30,164 | 34,595 | 40,487 | 47,418 |
| EBITDAR before non-recurring items | 1,486 | 1,071 | 2,626 | 2,413 | 2,839 | 3,318 |
| Income before non-recurring items in continuing operations | 387 | 37 | -693 | -814 | -1,633 | -1,103 |
| Income before tax, EBT | -1,024 | 114 | -2,596 | -1,904 | -4,115 | -2,264 |
| Net income for the period | -1,051 | 152 | -2,265 | -1,643 | -3,569 | -4,432 |
| EBT margin before non-recurring items (target 7%) | 3.6% | 0.3% | -2.3% | -2.4% | -4.0% | -2.3% |
| Cash flow from operating activities | -470 | -1,744 | 63 | -2,348 | -1,103 | -4,143 |

| Financial key ratios | Sep 30 2010 | Dec 31 2009 | Sep 30 2009 | Sep 30 2008 |
|--|----------------|----------------|----------------|----------------|
| CFROI 12-month rolling (Target 25%) | 2% | 1% | 1% | 9% |
| Financial preparedness (Target >20% of annual revenue) | 27% | 17% | 21% | 21% |
| Shareholders' equity per share, SEK | 42.67 | 4.62 | 5.00 | 71.09 |

Comments by the CEO

“Sharp improvement in underlying earnings, but quarter negatively affected by substantial non-recurring items in the period.”

Income before tax for the period amounted to MSEK -1,024 and was charged with several significant non-recurring items due to events and decisions that were not directly attributable to the quarter. The effects were largely anticipated and the Group's financial preparedness has been adapted to manage these. By now putting these events behind us, we can channel our energy on looking to the future and fully focusing on our core operations. The Group's reported income in continuing operations (before non-recurring items) in the third quarter amounted to MSEK 387. Compared with the year-earlier period, the underlying improvement for the first nine months of the year is MSEK 821, adjusted for non-recurring items and earnings effects in conjunction with the volcanic ash in April.

The recovery in the airline industry is continuing and this is particularly evident in the growth reported in intercontinental travel and the general trend in business travel. The positive market trend is expected to continue and this is therefore a favorable time to launch initiatives aimed at profitable growth, which include higher frequency on existing routes and the opening of the intercontinental routes Oslo-New York and Copenhagen-Shanghai.

Improved ratio between revenues and expenses

The Group's profitability has improved primarily as a result of reduced unit costs, which were lowered by 8.7% compared with the third quarter in the preceding year. Despite the recovery in the market, the price level declined in several of the Group's markets due to overcapacity. However, SAS successfully managed to offset the effects of the fall in yield by improving the passenger load factor. The underlying average currency-adjusted unit revenue, RASK, for the quarter remains on a par with the year-earlier period. Although this underlying positive trend in the airline operation is obscured in earnings by non-recurring items, it is a signal that the core operation is proceeding in the right direction. SAS expects the unit cost to continue to decline during the remainder of the year, while the RASK is expected to be stable.

Core SAS strategy remains in focus

The focus is now shifting toward completing the implementation of the Core SAS strategy. We must continue to reduce the cost level to improve earnings and to grow profitably in pace with the market. This provides us with the opportunity to manage the fierce competitive situation, in the shape of overcapacity and downward pressure on prices in several markets. SAS's prerequisites to successfully address this situation are as follows:

- The cost savings program is proceeding according to plan and the remaining activities have been identified and secured at a local level in the organization. Group management is giving the activities its full attention and they are being followed up centrally by a dedicated program office. The remaining earnings effect from the program is SEK 2.9 billion.
- Our innovative product offering that is specifically directed toward business travelers sets us apart from our competitors. Now, as one of the world's first airlines, we are launching Internet onboard and we already offer the Nordic region's largest route network with the highest frequency flight schedule and a range of time-saving services.
- Our customer satisfaction and brand continues to gain in strength as a result of such factors as our professional staff – who receive high marks for their interaction with customers and their service – and our punctuality, which is the highest in the world.

By following through on our Core SAS strategy with the same vigor as we have to date, SAS's profitability will continue to improve.

John S. Dueholm
Acting President and CEO



Market and earnings

Market and traffic trend

Aviation market in Europe

The general market situation for the aviation industry is characterized by economic recovery. Capacity for AEA (Association of European Airlines) airlines has increased every month since May. During the same period, however, travel has increased at a higher pace, resulting in improved load factors. During the third quarter, the offering of seats was about 2% higher than in the year-earlier period, while demand increased by nearly 4%. The growth in demand resulted in higher load factors and an improved balance between supply and demand, which had a stabilizing effect on yield in some markets, primarily for intercontinental traffic. As more and more capacity is added to the market, there is a risk that these positive effects could diminish.

For further industry statistics, see page 16.

Scandinavian Airlines' traffic trend

Scandinavian Airlines' passenger yield declined 4.3% compared with the third quarter in the preceding year, mainly as a result of downward pressure on prices and overcapacity in Norwegian and Danish European traffic. The decline was offset somewhat by strong demand for intercontinental travel and growth in Business and Economy extra travel. Since the load factor continued to develop positively – rising 2.3 percentage units during the same period – the reported underlying average currency-adjusted unit revenue, RASK, was on a par with the year-earlier period. In September, RASK was also positively impacted by accrual-accounting effects partly due to improved forecasts in the accounting system. Adjusted for these revenues, RASK was 0.7% higher in September than in the corresponding month in the preceding year. Despite the continued downward pressure on prices in several markets, the RASK trend is expected to remain stable for the remainder of the year.

Yield and RASK figures relate to the currency-adjusted change for the Scandinavian Airlines business area.

Traffic trend for Scandinavian Airlines

| Changes in relation to year-earlier period | Jul-Sep |
|--|-------------------------|
| Load factor (p.u.) | +2.3 |
| Yield (currency-adjusted, %) | -4.3 |
| Unit revenue, RASK (currency-adjusted, %) | +0.4¹ |
| Unit cost (currency-adjusted, %) | -8.7 |

¹ Adjusted for accrual-accounting effects. Reported RASK was 3.2% in the third quarter.

For detailed traffic data information, see page 16

For definitions, see www.sasgroup.net

Analysis of third-quarter 2010 earnings

The SAS Group's income before non-recurring items and capital gains in continuing operations amounted to MSEK 387 (37) and net income for the period totaled MSEK -1,051 (152). Earnings were negatively impacted by non-recurring items and capital losses in the combined amount of MSEK -1,411.

The SAS Group's revenue amounted to MSEK 10,690 (11,076), a currency-adjusted decline of 1.0% compared with the corresponding period in 2009. The reduction is primarily related to the item Other revenue.

Operating expenses, including payroll expenses, amounted to MSEK -10,341 (-10,251). Adjusted for exchange-rate effects and non-recurring items of MSEK -1,137 (-246), operating expenses were 10.4% lower than in the corresponding period in 2009. The reduction in operating expenses was due primarily to effects of the cost savings program in the Core SAS strategy. Payroll expenses amounted to MSEK -3,193, a currency-adjusted reduction of 16.2%, and jet-fuel costs totaled MSEK -1,824, a currency-adjusted reduction of 14.8%. Catering and communications costs also decreased significantly.

EBITDAR before non-recurring items amounted to MSEK 1,486 (1,071) in the third quarter. The Group's net financial items totaled MSEK -267 (-145), of which net interest expense accounted for -201 (-123) and exchange-

rate differences for MSEK -42 (-8). The increase in net interest expenses was primarily due to increased borrowing costs.

Leasing costs and depreciation amounted to MSEK -860 (-973), representing a currency-adjusted decline of 11.8% compared with the corresponding period in the preceding year.

Restructuring costs related to the implementation of Core SAS amounted to MSEK -146 (-330), of which MSEK -152 (-226) was accounted for by payroll expenses, MSEK 9 (-99) by leasing and depreciation costs and MSEK -3 (-5) by other restructuring costs. Other non-recurring costs totaled MSEK -1,211 (-18) and related to an MSEK -229 impairment of the shareholding in Spanair, a settlement agreement entered into by SAS Cargo in the US amounting to MSEK -104, a provision for a fine by the European Commission totaling MSEK -660 and an order to pay compensation to Norwegian in the amount of MSEK -218. Impairment of the shareholding in Spanair was due to weakened earnings during the quarter.

Earnings analysis, January-September 2010

The SAS Group's income before capital gains/losses and nonrecurring items in continuing operations amounted to MSEK -693 (-814) and net income for the period to MSEK -2,265 (-1,643). The result was negatively impacted by non-recurring items and capital losses in a combined amount of MSEK -1,903.

The net effect of exchange-rate movements during the period totaled MSEK -1,372 compared with the corresponding year-earlier period, which is primarily attributable to a weaker USD/SEK exchange rate, which impacted operating revenues by MSEK -1,091, fuel costs by MSEK 357 and net financial items by MSEK -205.

The SAS Group's revenue totaled MSEK 30,164 (34,595), representing a currency-adjusted decrease of 10.0% compared with the year-earlier period. The decrease was mainly attributable to reduced volumes.

Operating expenses, including payroll expenses, totaled MSEK -29,098 (-33,409). Adjusted for exchange-rate effects and non-recurring items of MSEK -1,560 (-1,227), operating expenses were 15.0% lower than in the corresponding period in the preceding year. The reduction in operating expenses was primarily related to effects of the cost savings program in the Core SAS strategy.

EBITDAR before non-recurring items amounted to MSEK 2,626 (2,413).

The Group's net financial items totaled MSEK -728 (-237), of which net interest expense accounted for MSEK -635 (-377) and exchange-rate differences for MSEK -32 (173). The rise in net interest expense was primarily due to increased borrowing costs.

Leasing costs and depreciation also declined as a result of capacity reductions and the currency-adjusted reduction was MSEK 413, or 13.5%.

Restructuring costs related to the implementation of Core SAS were MSEK -619 (-1,452), of which MSEK -385 (-1,198) MSEK were accounted for by payroll expenses, MSEK -41 (-243) by leasing and depreciation costs, MSEK -175 (-5) by rent costs and MSEK -18 (-6) by other restructuring costs.

The sale of Air Maintenance Estonia was finalized in the first quarter, which generated a capital loss of MSEK -1. During the second quarter, the Group sold its shareholding in SAS Ground Services UK, generating a capital loss of MSEK -26. During the third quarter, the Group sold its remaining shareholding in Skyways, generating a capital loss of MSEK -40, and a provision for selling expenses related to SAS Flight Academy was reversed, resulting in an increase of MSEK 16 in the capital gain from the sale. Capital losses from aircraft transactions totaled MSEK -23 MSEK and capital gains from property transactions amounted to MSEK 31.

The SAS Group's income from discontinued operations included earnings after tax in Spirit Air Cargo, which totaled MSEK -10 (-158).

For the income statement, see page 9.

Financial position

- SAS's financial preparedness is SEK 11 billion

On September 30, 2010, the SAS Group's cash and cash equivalents amounted to MSEK 5,427 (5,481). Since the beginning of the year, cash and cash equivalents have increased by MSEK 1,238. In addition to cash and cash equivalents, the SAS Group has unutilized credit facilities amounting to MSEK 5,507 (4,314). The SAS Group has total financial preparedness (cash and cash equivalents and unutilized contract loan commitments) corresponding to MSEK 10,934 (9,795), or 27% (21%) of the Group's annual revenues (October 2009 to September 2010).

During 2010, the SAS Group's interest-bearing liabilities declined by MSEK 2,487 to MSEK 12,173. New loans raised in 2010 amounted to MSEK 3,720 and repayments for the year totaled MSEK 5,600. New loans primarily comprise a convertible bond, new bonds totaling MEUR 60 (corresponding to approximately MSEK 560) and SEK 1 billion, respectively, and long-term borrowing related to aircraft acquisitions. Amortization includes the repayment of expiring bond loans and lower utilization of revolving credit facilities.

At September 30, the value of the debt and equity share (conversion option and repurchase right) relating to the convertible bond loan was set at MSEK 1,397 and MSEK 226, respectively. At the date of issue, these amounts were MSEK 1,374 and MSEK 226, respectively, and, at June 30, 2010, they were MSEK 1,385 and MSEK 226. The value of the equity share was included in shareholders' equity, following a deduction for deferred tax.

At the end of September, financial net debt was MSEK 2,783, a reduction of MSEK 3,721 since the beginning of the year. The reduction was primarily due to the rights issue, which generated net proceeds of SEK 4.7 billion, investments during the year of SEK 1.9 billion and sales during the year of SEK 0.5 billion. Operating activities also had a positive impact of SEK 0.1 billion on cash flow.

Four new aircraft were delivered in the first quarter, two Q400NGs for operation in Widerøe, a CRJ900 and a Boeing 737-700. During the second quarter, the 737-700 aircraft delivered in the first quarter was financed on the basis of a sale and leaseback transaction. No aircraft-related transactions impacted the third quarter of the year.

The final Q400NG on firm order is scheduled for delivery in November 2010.

As of September 30, 2010, the adjusted equity/assets ratio was 27% (21%). The adjusted debt/equity ratio was 0.90 (1.57). The adjusted figures have taken leasing costs into account.

For the balance sheet, see page 10.

Cash-flow statement

- SAS's accumulated cash flow from operating activities amounts to MSEK 63

Cash flow from operating activities for the first nine months of the year amounted to MSEK 63 (-2,348) and for the third quarter to MSEK -470 (-1,744). The year-on-year improvement was mainly attributable to better operating cash flow and improved working capital.

Investments amounted to MSEK 1,857 (3,639), of which MSEK 1,472 (3,176) related to aircraft that were previously contracted, other flight equipment and prepayments. This figure includes delivery payments for one CRJ900, one Boeing 737 and two Q400NGs, as well as the repurchase of one leased Q400, which was subsequently sold as part of the discontinuation of the Q400 fleet.

In January, the wholly owned subsidiary Air Maintenance Estonia was divested and, in June, SAS Ground Services UK was sold. After taking selling expenses and the divested companies' liquid assets into account, the Group's cash and cash equivalents increased by MSEK 65 as a result of the sales.

One Airbus A321 was sold in March for MSEK 131 and in April, one Boeing 737 was sold for MSEK 264 through a sale and leaseback scheme.

Cash flow before financing activities thus amounted to MSEK -1,276 (-4,554). Cash flow after financing activities includes the proceeds from the rights issues in the second quarters of 2009 and 2010.

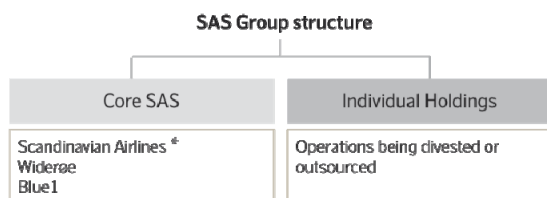
Cash and cash equivalents amounted to MSEK 5,427 according to the balance sheet, compared with MSEK 4,189 as of December 31, 2009.

As of September 30, 2010, the SAS Group had approximately MSEK 8,000 in unutilized tax loss carryforwards in continuing operations. This may improve cash flow in future periods since 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.

For the cash-flow statement, see page 11.

SAS's business concept and strategies

SAS is the leading airline in Northern Europe. Some 25 million passengers flew with SAS in 2009 to more than 134 destinations and, through its membership in Star Alliance, SAS offers a global network. In 2009, SAS was Europe's most punctual major airline, with a total arrival punctuality of 89.11%, which has continued to improve in 2010. Airline operations encompass the three business segments Scandinavian Airlines, Widerøe and Blue1. Individual Holdings includes operations in the process of being divested.



* Covers airline operations in the consortium Scandinavian Airlines System, SAS Ground Services, SAS Tech and continuing portions of SAS Cargo.

Business concept

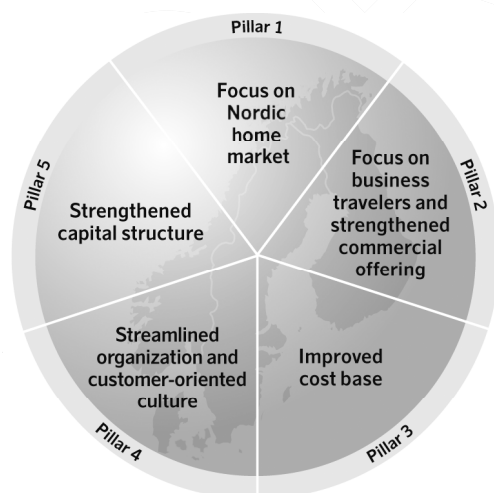
Through cooperating airlines, the SAS Group offers flexible and value-for-money air travel with a focus on products and services that meet the needs of business travelers in the Nordic region.

SAS Group's commercial focus:

- Maximized customer value with new services
- Competitive fares with more bonus programs
- Flexible and cost-effective business travel
- Taking environmental responsibilities seriously
- The Nordic region's largest route network, the highest frequencies and best punctuality.

Strategic focus – Core SAS

Core SAS, launched in February 2009, is the SAS Group's renewed strategic approach and is based on five pillars aimed at facilitating an efficient and more profitable SAS. SAS's strategy is proceeding according to plan and is expected to be fully implemented by the end of 2011.



Status of the Core SAS cost savings program

The Core SAS cost savings program was originally launched in February 2009. In September 2010, the program encompassed cost-reducing activities totaling SEK 7.8 billion.

The implementation of cost savings under Core SAS proceeded as planned during the third quarter and an additional MSEK 550 in cost savings were implemented. A total of SEK 2.6 billion was implemented in the first nine months of 2010. The largest savings were made in collective agreements for flight deck and cabin personnel, reductions in the number of administrative employees, new agreements within SAS Tech and strengthened cost awareness within the Group.

The earnings effect generated in the third quarter for the total cost program is anticipated to amount to approximately MSEK 900 compared with the same period in 2009. This can be seen in the lowered operating expenses and is particularly evident in the reduction of the unit cost.

Of the total cost savings program amounting to SEK 7.8 billion, 81% or SEK 6.3 billion has been implemented. The achieved earnings effect during the first nine months of 2010 was SEK 2.7 billion in excess of the earnings effect of SEK 2.2 billion realized in 2009. The remaining earnings effect from the total cost program is thus estimated to amount to approximately SEK 2.9 billion during 2010-2012. This estimate includes a reduction in operating expenses, such as payroll expenses and maintenance costs, resulting from savings programs.

Implementation of the Core SAS cost savings program:

| (MSEK) | Implemented Sep 30, 2010 | Implemented Jun 30, 2010 | Potential 2009-2012 |
|--------------------------------|-----------------------------|-----------------------------|------------------------|
| Cabin crew/Flight deck | 1,900 | 1,600 | 1,900 |
| Ground services | 450 | 450 | 900 |
| SAS Tech | 1,300 | 1,000 | 1,800 |
| Sales marketing and commercial | 600 | 600 | 700 |
| Purchasing | 400 | 300 | 400 |
| Blue1/Widerøe/Cargo | 550 | 500 | 600 |
| Administration | 1,050 | 1,050 | 1,400 |
| Other | 50 | 50 | 100 |
| Total | 6,300 | 5,550 | 7,800 |

Personnel reductions under Core SAS

Personnel reductions in 2009-2011 will amount to about 4,600 FTEs based on forecast production volumes.

In 2009, FTEs were reduced by 2,900. In the first nine months of 2010, FTEs were reduced by an additional 900, meaning that 3,800 FTEs, or 83% of the total reduction target of 4,600 FTEs, has been completed.

| (FTE) | Sep 30, 2010 |
|-----------------------|--------------|
| Planned FTE reduction | ~4,600 |
| Implemented | ~3,800 |
| Implemented % | 83% |

Airline operations (Core SAS)

Core SAS comprises the segments Scandinavian Airlines, Blue1 and Widerøe. The units SGS, SAS Tech and SAS Cargo are integrated with Scandinavian Airlines. In total, these segments comprise more than 95% of the Group's operating revenue.

Scandinavian Airlines' EBT before non-recurring items was MSEK 726 (-336) for the third quarter of 2010. Widerøe's EBT before non-recurring items was MSEK 44 (13) and Blue1's amounted to MSEK -46 (-57) for the third quarter of 2010.

Scandinavian Airlines

| (MSEK) | Jul-Sep | | Jan-Sep | |
|--|---------|-------|---------|--------|
| | 2010 | 2009 | 2010 | 2009 |
| Passenger revenue | 6,715 | 6,886 | 19,378 | 21,968 |
| Other revenue | 2,748 | 2,912 | 7,109 | 8,629 |
| Revenue | 9,463 | 9,798 | 26,488 | 30,597 |
| EBITDAR | 568 | 408 | 1,792 | 791 |
| EBIT before non-recurring items | 907 | -213 | 790 | -738 |
| EBIT margin before non-recurring items | 9.6% | -2.2% | 3.0% | -2.4% |
| EBT before non-recurring items | 726 | -336 | 285 | -1,063 |



Scandinavian Airlines' underlying earnings for the third quarter were positive and considerably better than in the year-earlier period. However, earnings were charged with non-recurring items primarily attributable to SAS Cargo, which was fined by the European Commission. The underlying earnings trend for the third quarter was primarily impacted by reduced costs and a distinct recovery in the market compared with 2009. There was a positive trend for business travel, particularly on intercontinental routes and key business destinations in Europe.

The capacity reduction aimed at adapting to reduced demand is now complete. The capacity offering (ASK) grew by 1.5% in the third quarter compared with the year-earlier period. This can be compared with a decline of 10.4% during the first six months. Traffic (RPK) increased by 4.5% during the quarter. Capacity utilization improved 2.3 percentage units and amounted to 79.9%. The increase was mainly attributable to intercontinental routes and domestic.

Passenger revenues remained lower than in the preceding year, which was largely attributable to price pressure and negative currency effects. The currency-adjusted yield fell by 4.3% during the third quarter. The decline was partly offset by increased capacity utilization and higher volume. Cargo revenues performed strongly during the quarter due to a stronger freight market, but the result was also positively impacted by accrual-accounting effects.

The cost program continued to have a major impact, the result of which can be seen in such areas as payroll expenses that were 18% lower than in the year-earlier period. During the quarter, fuel costs were reduced mainly as a result of the year-earlier period being charged with costs for fuel hedging, which were, however, partially offset by a higher spot price this year. Other operating expenses showed a negative deviation due to two non-recurring items in the form of compensation awarded to Norwegian and settlement expenses related to SAS Cargo.

The currency-adjusted unit cost developed positively and was 8.7% lower than in the same quarter in 2009. Approximately 2.5 percentage units were attributable to jet fuel and the remainder largely to the cost program.

Scandinavian Airlines was the world's most punctual airline for each individual month in the "Majors" category, according to independent research company Flightstats.

For Scandinavian Airlines' statement of income, see page 13

Blue1

| (MSEK) | Jul-Sep | | Jan-Sep | |
|--|---------|--------|---------|-------|
| | 2010 | 2009 | 2010 | 2009 |
| Passenger revenue | 379 | 368 | 1,163 | 1,247 |
| Other revenue | 52 | 43 | 139 | 139 |
| Revenue | 431 | 410 | 1,302 | 1,386 |
| EBITDAR | -15 | -34 | -62 | -45 |
| EBIT before non-recurring items | -44 | -56 | -144 | -130 |
| EBIT margin before non-recurring items | -10.3% | -13.6% | -11.0% | -9.4% |
| EBT before non-recurring items | -46 | -57 | -145 | -131 |



In the third quarter, the total Finnish air travel market grew more than 10% compared with the year-earlier period, which is a recovery following the recession. Blue1's traffic (RPK) increased during the same period by 20.7%, offsetting the fall in unit revenue and leading to increased passenger revenue. For the third quarter, Blue1 recognized an EBIT of MSEK -44, which is MSEK 12 better than in the year-earlier period.

During the third quarter, the load factor amounted to 73%, which was 3.3 percentage units higher than during the same period in 2009. Passenger revenues of MSEK 379 increased by 3% compared with the year-earlier period, but the yield remains under pressure and fell by 5.8%. The unit cost improved by 6.3% compared with the year-earlier period due to cost reductions.

In the third quarter, the transition to a single-aircraft fleet of Boeing 717s commenced. One Avro and one MD90 were taken out of service and replaced by two Boeing 717s. A total of nine Boeing 717s will be in service at the end of March 2011. Earnings for the quarter include MSEK -10 in introductory costs for the fleet renewal in progress. Planned payroll and cost reductions, as part of the cost savings program, were implemented as scheduled.

Widerøe

| (MSEK) | Jul-Sep | | Jan-Sep | |
|--|---------|------|---------|-------|
| | 2010 | 2009 | 2010 | 2009 |
| Passenger revenue | 591 | 559 | 1,781 | 1,795 |
| Other revenue | 257 | 250 | 742 | 695 |
| Revenue | 848 | 809 | 2,522 | 2,490 |
| EBITDAR | 116 | 74 | 331 | 221 |
| EBIT before non-recurring items | 50 | 6 | 131 | -8 |
| EBIT margin before non-recurring items | 5.9% | 0.7% | 5.2% | -0.3% |
| EBT before non-recurring items | 44 | 13 | 120 | 22 |



Widerøe's positive earnings trend continued. For the third quarter, EBIT amounted to MSEK 50 compared with MSEK 6 in the year-earlier period. The accumulated improvement is MSEK 138. This improvement was mainly achieved through reduced costs.

Overall, Widerøe's market is stable and the yield marginally positive compared with the year-earlier period. During the third quarter, capacity (ASK) increased by 7.6% and traffic (RPK) by 6.1% compared with the year-earlier period. The load factor declined by 0.9 percentage units. The increase in capacity and traffic was attributable to Widerøe taking over certain routes previously operated by Scandinavian Airlines. From November 2010, these routes are entirely operated by Widerøe. This production transfer results in Widerøe's fleet being extended by three modern Q400NGs, while Scandinavian Airlines is phasing out the older Fokker 50 that formerly served these routes.

For four of the months of this year, Widerøe was Europe's most punctual airline. When Scandinavian Airlines was the world's most punctual major airline in August, Widerøe was the most punctual airline overall, according to independent research company Flightstats.

SAS Individual Holdings

One of the five pillars of Core SAS is a focus on the Nordic home market, and, as part of this strategy, several divestments have been made. Units that are not a part of SAS's core operations and have not yet been divested or outsourced are managed by SAS Individual Holdings.

Divestments in 2010

During 2010, Air Maintenance Estonia was divested. SGS UK was outsourced (by divesting the company and establishing a service agreement). The SAS Group also sold its participating interest in Skyways Holding. In the third quarter, an agreement was signed with an external supplier for the takeover of part of SAS Call Center's operations. The participating interest in Estonian Air was reduced to 10% by way of an agreement with the Estonian government. The transaction, which was conditional upon Estonian parliamentary approval, was finalized on November 5, 2010.

SAS intends to continue to divest non-core operations, such as the wholly owned subsidiaries in the cargo operations, Spirit Air Cargo and Trust, Air Greenland, as well as other non-core operations.

Remaining commitments

Following divestment of the SAS Group's 20% participating interest in bmi to LHBD Holdings Ltd. in the third quarter of 2009, SAS can now obtain a further payment from Lufthansa if further value is realized in bmi during the period through to the end of the third quarter of 2011. SAS also has a maximum exposure of MGBP 19, for the same period of time, should bmi become insolvent.

Following the divestment of 80.1% of Spanair at the beginning of 2009, SAS had an interest-bearing receivable from Spanair of MEUR 149 at September 30, 2010, which falls due on January 30, 2014. In addition, SAS has leased out a total of eleven aircraft to Spanair on market terms and remains as a guarantor of certain operational commitments within Spanair's operation amounting to a maximum of MEUR 24 for a period extending no longer than to January 30, 2014. SAS also has an outstanding bridging loan of MEUR 27 to the buyers of Spanair, which falls due on December 31, 2010. The SAS Group's shareholding in Spanair was impaired by MSEK 229 in the third quarter.

SAS has receivables due from airBaltic, which was divested in 2008. At September 30, 2010, these receivables amounted to MUSD 28, which are due, and MUSD 9 which fall due on October 31, 2012.

SAS has two receivables due from Estonian Air. At September 30, 2010, these amounted to MUSD 9 and MEUR 2.

Risk and uncertainties

The SAS Group works strategically to refine and improve its risk management. Risk management includes identifying both new risks and known risks, such as changes in oil prices or exchange rates. The Group monitors the comprehensive risks centrally, while portions of risk management are situated out in operations and include identifying, action plans and policies. For further information about risk management in the SAS Group, refer to the most recently published annual report.

Currency and fuel hedging

The SAS Group hedged 63% of its anticipated fuel consumption for the fourth quarter of 2010 and 55% for January-September 2011. Hedging is primarily achieved using swaps supplemented with call options. Under current plans for seat capacity, the cost of jet fuel in 2010 is expected to be in line with the table below, assuming different prices and USD exchange rates. The SAS Group's financial policy is to handle changes in jet fuel costs primarily through hedging of jet fuel, price adjustments and yield management. In the third quarter of 2010, the policy was amended slightly by extending the hedging period from 12 to 18 months and

increasing the interval for the 12-month hedging level from the earlier figure of 40-60% to 40-70%.

In September 2010, the SAS Group had hedged 79% of its anticipated USD deficit for the next 12 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 and call options. Other currencies have been hedged at a rate of 60-90% in accordance with the financial policy.

Currency hedging

| | Q4 2010 | Q1 2011 | Q2 2011 | Q3 2011 |
|---------------------------|---------|---------|---------|---------|
| Hedging of USD (coverage) | 95% | 80% | 70% | 70% |

Hedging of jet fuel

| | Q4 2010 | Q1 2011 | Q2 2011 | Q3 2011 |
|--------------------------|---------|---------|---------|---------|
| Options | 12% | 10% | 5% | 9% |
| Exercise price (USD/ton) | 746 | 745 | 793 | 759 |
| Swaps | 52% | 41% | 51% | 49% |
| Prices (USD/ton) | 738 | 759 | 772 | 759 |

Vulnerability matrix, jet-fuel expense 2010, SEK billions

| | Exchange rate SEK/USD | | | |
|---------------|-----------------------|------|------|------|
| Market price | 5.00 | 6.00 | 7.00 | 8.00 |
| 600 USD/ton | 5.9 | 6.0 | 6.2 | 6.5 |
| 800 USD/ton | 6.0 | 6.3 | 6.5 | 6.7 |
| 1,000 USD/ton | 6.2 | 6.5 | 6.7 | 7.0 |
| 1,200 USD/ton | 6.3 | 6.6 | 6.9 | 7.2 |

The SAS Group's current hedging contracts for jet fuel and jet-fuel expense at September 30, 2010 were taken into consideration.

Legal issues

On February 14, 2006, the European Commission and the U.S. Department of Justice announced the initiation of their 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 agreed to pay a fine of MUSD 52 in installments over four years in settlement. This concluded and resolved all liability in connection with the investigation by the U.S. authorities.

On November 9, the European Commission announced its decision ordering SAS Cargo to pay fines totaling MEUR 70.2. The fines will be charged to Group earnings for the third quarter in the amount of MSEK 660. This is expected to impact the Group's liquidity in the first quarter of 2011. SAS intends to appeal the ruling to the EU Court of First Instance. An appeal may take several years.

SAS is cooperating with authorities in other jurisdictions. A formal investigation against several airlines including SAS by the South Korean authorities has been closed, but the official decision has not been issued yet. The South Korean authorities have indicated that SAS Cargo will receive a warning, but no fine. SAS is also subject to class-action civil lawsuits in the United States and Canada. In September 2010, SAS Cargo agreed to a settlement of a legal dispute in the US. As a result of the agreement, SAS Cargo paid a settlement amount of MUSD 13.93, corresponding to MSEK 104.

SAS and several other airlines have been pulled into an ongoing legal dispute in the UK courts by British Airways, with two buyers of cargo services claiming damages from British Airways for alleged price-fixing in breach of competition regulations. SAS is contesting the claim.

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 these routes, disputes the claim.

Since it is impossible to quantify the potential liability of the lawsuits or outcome of the investigations above, no provisions have been made in SAS's financial statements with respect to such lawsuits and investigations. An unfavorable outcome in any of these disputes could have a significantly negative effect on SAS's operations, financial position and earnings.

In March 2010, the Court of Appeal (Lagmansretten) in Oslo reached a decision in the appeal by SAS and Norwegian Air Shuttle related to the ruling in a dispute from 2008. The Court ruled in favor of Norwegian Air Shuttle, but the decision was not unanimous. SAS applied to the Norwegian Supreme Court for leave to appeal. In a decision issued in September 2010, SAS's application was rejected. The decision means that the ruling by the Court of Appeal was ratified, resulting in a negative effect of MSEK 218 on the SAS Group's earnings.

On January 27, 2010, the Norwegian Tax Appeal Board (Skatteklagenemnda) rejected an appeal lodged by SAS against the Norwegian Tax Authority's decision dated February 13, 2009. According to the decision, depreciation charges amounting to approximately MNOK 180 had been reversed resulting in an increase in taxable income. SAS has appealed the decision of the Norwegian Tax Appeal Board. Should SAS be successful in its appeal, it would result in an increase in loss carryforwards.

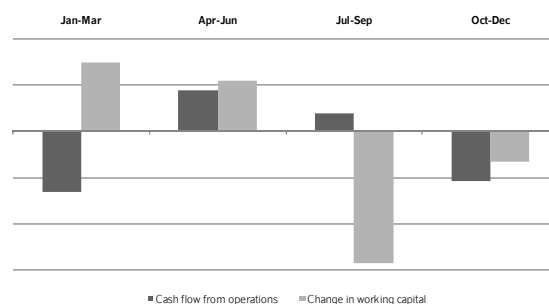
In connection with the legal action initiated by Proturin, Air Quantum and their staff against SAS in conjunction with Quantum Air (formerly AeBal, with operations in Spain) ceasing operations, various legal bodies have ruled in favor of SAS. Air Quantum did not meet its obligations as a lessee in accordance with the signed agreements and SAS made a provision in 2009 for losses relating to such measures as the takeover and restoration of the aircraft. Due to a changed assessment of the costs of restoring the aircraft prior to continued operations, SAS increased the provision for future losses from MSEK 133 to MSEK 163 during the quarter.

On April 15, 2010, 33 SAS pilots jointly submitted an application for a summons against SAS at the Stockholm District Court. In the application, the claimants seek to have certain terms of employment rendered invalid and adjusted, and also seek a declaratory claim for damages. The claimants are former employees of the Swedish airline company Linjeflyg which, in connection with the SAS acquisition of Linjeflyg in 1993, were employed by SAS. The claimants allege that the terms of employment are discriminatory and are in breach of EU law regarding free movement. SAS disputes the claims in their entirety. At present, the claim does not include a monetary value, but based on an initial and preliminary review, SAS considers the risk for a negative outcome to be limited and no provisions have been made.

Seasonal effects

In the SAS Group's markets, demand is seasonally low in December-February and high in April-June and September-November, mainly due to variations in demand in the business market. In recent years, the SAS Group has enhanced the efficiency of its seasonal adaptation through product adaptation. Demand may deviate from the normal seasonal pattern and develop differently in the Group's markets. SAS has gradually developed sophisticated methods for dynamically adapting capacity to demand on a monthly and weekly basis, such as in conjunction with major holidays.

Seasonal fluctuations in operating cash flow



Based on reported cash flow 2007 - 2009

Events after the reporting period

SAS expanded its long and short-haul services by opening Oslo-New York and Copenhagen-Shanghai services, as well as adding 150 new frequencies in Europe.

The divestment of Estonian Air was finalized on November 5, 2010.

On November 9, the European Commission announced its decision ordering SAS Cargo to pay fines totaling MEUR 70.2 for price-fixing practices. The fines will be charged to Group earnings for the third quarter in the amount of MSEK 660. This is expected to impact the Group liquidity in the first quarter of 2011. SAS intends to appeal the ruling to the EU Court of First Instance. An appeal may take several years.

Full-year 2010

The aviation industry's recovery continues, although several industry organizations assess that the pace of recovery is now slowing.

In September, IATA (International Air Transport Association) again raised its forecast for Europe's airlines and forecasts a loss of USD 1.3 billion compared with an earlier assessment of USD -2.8 billion. The assessment that 2010 will be another difficult year for the aviation industry remains valid.

For SAS, an improved market trend was noted, particularly on intercontinental routes, but also on certain European and intra-Scandinavian routes, while price pressure and surplus capacity remain in Norwegian domestic and Danish European markets. The positive trend of increased business travel is expected to continue, but the overall yield trend remains uncertain. Total market growth is estimated at 4-6% annually, which is also SAS's target commencing in the fourth quarter of 2010.

Core SAS is proceeding according to plan and most targets have been achieved. The cost savings program, which has been 81% implemented, had a positive earnings effect of approximately SEK 4.9 billion at September 30, 2010 and the remaining earnings impact is expected to be about SEK 2.9 billion. Restructuring costs for the implementation of the Core SAS strategy in 2010 and 2011 are expected to total approximately SEK 1 billion, of which about MSEK 700-800 in 2010.

In terms of costs, there is continued uncertainty regarding the price trend for jet fuel, which has shown a rising trend in 2010. Earnings will also be impacted by the USD exchange-rate trend, whereby a continued weakening of the USD will be favorable for SAS, although hedging means that the earnings effects will be delayed.

SAS Group

Income statement including statement of other comprehensive income

| (MSEK) | Jul-Sep | | Jan-Sep | | Oct-Sep | |
|---|---------------|------------|---------------|---------------|---------------|---------------|
| | 2010 | 2009 | 2010 | 2009 | 2009-10 | 2008-09 |
| Revenue | 10,690 | 11,076 | 30,164 | 34,595 | 40,487 | 47,418 |
| Payroll expenses ¹ | -3,193 | -3,994 | -10,210 | -13,872 | -14,336 | -18,269 |
| Other operating expenses ² | -7,148 | -6,257 | -18,888 | -19,537 | -25,263 | -27,109 |
| Leasing costs for aircraft ³ | -435 | -476 | -1,384 | -1,843 | -1,860 | -2,516 |
| Depreciation and impairment ⁴ | -425 | -497 | -1,259 | -1,361 | -1,743 | -1,805 |
| Share of income in affiliated companies | 37 | -15 | 11 | -29 | -218 | -40 |
| Income from sale of shares in subsidiaries and affiliated companies | -14 | 423 | -40 | 430 | -41 | 430 |
| Income from sale of aircraft and buildings | 0 | -1 | 7 | -50 | -40 | -58 |
| Operating income | -488 | 259 | -1,599 | -1,667 | -3,014 | -1,949 |
| Income from other securities holdings | -269 | 0 | -269 | 0 | -269 | 0 |
| Net financial items | -267 | -145 | -728 | -237 | -832 | -315 |
| Income before tax | -1,024 | 114 | -2,596 | -1,904 | -4,115 | -2,264 |
| Tax | -24 | 142 | 341 | 419 | 725 | 315 |
| Net income from continuing operations | -1,048 | 256 | -2,255 | -1,485 | -3,390 | -1,949 |
| Income from discontinued operations | -3 | -104 | -10 | -158 | -179 | -2,483 |
| Net income for the period | -1,051 | 152 | -2,265 | -1,643 | -3,569 | -4,432 |
| Other comprehensive income: | | | | | | |
| Exchange-rate differences in translation of foreign operations | -27 | -165 | -40 | -17 | 4 | -214 |
| Cash-flow hedges – hedging reserve | 481 | 524 | 47 | 1,110 | 254 | -690 |
| Non-controlling interests | - | - | - | - | - | 19 |
| Tax attributable to components relating to other comprehensive income | -126 | -138 | -12 | -292 | -67 | 111 |
| Net total comprehensive income after tax | 328 | 221 | -5 | 801 | 191 | -774 |
| Total comprehensive income | -723 | 373 | -2,270 | -842 | -3,378 | -5,206 |
| Net income for the period attributable to: | | | | | | |
| Parent company shareholders | -1,051 | 152 | -2,265 | -1,643 | -3,569 | -4,432 |
| Earnings per share (SEK) ⁵ | -3.19 | 0.78 | -8.40 | -10.91 | -14.21 | -33.34 |
| Earnings per share (SEK) from continuing operations ⁵ | -3.18 | 1.31 | -8.36 | -9.86 | -13.50 | -14.66 |
| Earnings per share (SEK) from discontinued operations ⁵ | -0.01 | -0.53 | -0.04 | -1.05 | -0.71 | -18.68 |

¹ Includes restructuring costs of MSEK 152 (226) during the period July-September, MSEK 385 (1,198) during the period January-September and MSEK 631 (1,241) during the period October-September.

² Includes restructuring costs of MSEK 3 (5) during the period July-September, MSEK 193 (11) during the period January-September and MSEK 285 (11) during the period October-September.

³ Includes restructuring costs of MSEK -9 (11) during the period July-September, MSEK 41 (121) during the period January-September and MSEK 61 (121) during the period October-September.

⁴ Includes restructuring costs of MSEK - (88) during the period July-September, MSEK - (122) during the period January-September and MSEK -43 (122) during the period October-September.

⁵ Earnings per share is based on 329,000,000 (195,672,750) outstanding shares for the period July-September, 269,743,444 (150,639,754) outstanding shares for the period January-September and 251,225,771 (132,948,219) outstanding shares for the period October-September. The number of outstanding shares until April 15, 2009 and May 1, 2010 has been adjusted for a bonus element in the rights issue to existing shareholders of 6,123 and 2,379, respectively, in addition to a reverse 1:30 split.

The SAS Group has no option or share program. The convertible bond totaling approximately MSEK 1,600 comprising 34,408,602 shares does not entail any dilution effect, since the interest on the ordinary share that may be received in connection with conversion exceeds earnings per share before the dilution effect.

EBITDAR before non-recurring items

| (MSEK) | Jul-Sep | | Jan-Sep | | Oct-Sep | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2010 | 2009 | 2010 | 2009 | 2009-10 | 2008-09 |
| Revenue | 10,690 | 11,076 | 30,164 | 34,595 | 40,487 | 47,418 |
| Payroll expenses | -3,193 | -3,994 | -10,210 | -13,872 | -14,336 | -18,269 |
| Other operating expenses | -7,148 | -6,257 | -18,888 | -19,537 | -25,263 | -27,109 |
| EBITDAR | 349 | 825 | 1,066 | 1,186 | 888 | 2,040 |
| Restructuring costs | 155 | 231 | 578 | 1,209 | 916 | 1,252 |
| Other non-recurring items | 982 | 15 | 982 | 18 | 1,035 | 26 |
| EBITDAR before non-recurring items in continuing operations | 1,486 | 1,071 | 2,626 | 2,413 | 2,839 | 3,318 |

Income before non-recurring items

| (MSEK) | Jul-Sep | | Jan-Sep | | Oct-Sep | |
|---|------------|-----------|-------------|-------------|---------------|---------------|
| | 2010 | 2009 | 2010 | 2009 | 2009-10 | 2008-09 |
| Income before tax in continuing operations | -1,024 | 114 | -2,596 | -1,904 | -4,115 | -2,264 |
| Impairment losses | 229 | 0 | 229 | 0 | 444 | 12 |
| Restructuring costs | 146 | 330 | 619 | 1,452 | 934 | 1,495 |
| Capital gains/losses | 54 | -422 | 73 | -380 | 121 | -372 |
| Other non-recurring items | 982 | 15 | 982 | 18 | 983 | 26 |
| Income before tax and non-recurring items in continuing operations | 387 | 37 | -693 | -814 | -1,633 | -1,103 |

Income before non-recurring items adjusted for ash-cloud effects

| (MSEK) | Jul-Sep | | Jan-Sep | | Oct-Sep | |
|--|------------|-----------|----------|-------------|-------------|---------------|
| | 2010 | 2009 | 2010 | 2009 | 2009-10 | 2008-09 |
| Income before tax and non-recurring items in continuing operations | 387 | 37 | -693 | -814 | -1,633 | -1,103 |
| Income effect due to closed air space resulting from volcanic ash | - | - | 700 | - | 700 | - |
| Adjusted income | 387 | 37 | 7 | -814 | -933 | -1,103 |

Condensed balance sheet

| | Sep 30 2010 | Dec 31 2009 | Sep 30 2009 | Sep 30 2008 |
|---|----------------|----------------|----------------|----------------|
| (MSEK) | | | | |
| Intangible assets | 1,353 | 1,296 | 1,217 | 1,223 |
| Tangible fixed assets | 15,316 | 15,574 | 15,767 | 14,239 |
| Financial fixed assets | 14,502 | 12,766 | 12,557 | 12,818 |
| Total fixed assets | 31,171 | 29,636 | 29,541 | 28,280 |
| Current assets | 620 | 758 | 726 | 1,058 |
| Current receivables | 5,727 | 7,511 | 7,254 | 10,194 |
| Cash and cash equivalents | 5,427 | 4,189 | 5,481 | 7,455 |
| Assets held for sale | 435 | 401 | 382 | 145 |
| Total current assets | 12,209 | 12,859 | 13,843 | 18,852 |
| Total assets | 43,380 | 42,495 | 43,384 | 47,132 |
| Shareholders' equity ¹ | 14,037 | 11,389 | 12,343 | 11,695 |
| Long-term liabilities | 14,777 | 13,069 | 15,450 | 17,512 |
| Current liabilities | 14,430 | 17,880 | 15,137 | 17,851 |
| Liabilities related to assets held for sale | 136 | 157 | 454 | 74 |
| Total shareholders' equity and liabilities | 43,380 | 42,495 | 43,384 | 47,132 |
| Shareholders' equity per share ² | 42.67 | 4.62 | 5.00 | 71.09 |
| Interest-bearing assets | 19,808 | 18,488 | 18,830 | 19,364 |
| Interest-bearing liabilities | 12,173 | 14,660 | 14,003 | 13,826 |

¹ Including non-controlling interests

² Calculated on 329,000,000 outstanding shares as per September 30, 2010. In September and December 2009, the number of outstanding shares was 2,467,500,000. In September 2008, the corresponding figure was 164,500,000. The SAS Group has not carried out any buyback programs.

Condensed change in shareholders' equity

| | Share capital ¹ | Other contributed capital ² | Hedge reserve | Translation reserve | Retained earnings ³ | Total equity attributable to Parent Company owners | Total equity |
|--|-------------------------------|--|------------------|------------------------|-----------------------------------|--|-----------------|
| Opening shareholders' equity in accordance with approved balance sheet, January 1, 2009 | 1,645 | 170 | -743 | 25 | 6,215 | 7,312 | 7,312 |
| Reduction in share capital | -1,234 | | | | 1,234 | 0 | 0 |
| Rights issue | 5,757 | | | | 300 | 6,057 | 6,057 |
| Net costs for rights issue | | | | | -184 | -184 | -184 |
| Comprehensive income | | | 818 | -17 | -1,643 | -842 | -842 |
| Closing balance, September 30, 2009 | 6,168 | 170 | 75 | 8 | 5,922 | 12,343 | 12,343 |
| Tax effect attributable to change of accounting policy | | | | | 154 | 154 | 154 |
| Comprehensive income | | | 152 | 44 | -1,304 | -1,108 | -1,108 |
| Closing balance, December 31, 2009 | 6,168 | 170 | 227 | 52 | 4,772 | 11,389 | 11,389 |
| Reduction in share capital | -4,516 | | | | 4,516 | 0 | 0 |
| Rights issue | 4,960 | | | | | 4,960 | 4,960 |
| Net costs for rights issue | | | | | -209 | -209 | -209 |
| Other contributed capital, net | | 167 | | | | 167 | 167 |
| Comprehensive income | | | 35 | -40 | -2,265 | -2,270 | -2,270 |
| Closing balance, September 30, 2010 | 6,612 | 337 | 262 | 12 | 6,814 | 14,037 | 14,037 |

¹ The share capital in SAS AB is distributed as follows: an opening balance on January 1, 2009 of 164,500,000 shares with a quota value of SEK 10 per share. An opening balance on January 1, 2010 of 2,467,500,000 shares with a quota value of SEK 2.5 per share and a closing balance at June 30, 2010 of 329,000,000 shares with a quota value of SEK 20.1 per share.

² The entire amount comprises share premium reserves and the equity share of convertible loans.

³ No dividends were paid in 2008 and 2009.

Financial key ratios

| | Sep 30 2010 | Dec 31 2009 | Sep 30 2009 | Sep 30 2008 |
|--|----------------|----------------|----------------|----------------|
| CFROI (12-month rolling) | 2% | 1% | 1% | 9% |
| Financial preparedness (target >20% of annual revenue) | 27% | 17% | 21% | 21% |
| Equity/assets ratio | 32% | 27% | 28% | 25% |
| Adjusted equity/assets ratio (target > 35%) | 26% | 21% | 21% | 19% |
| Financial net debt, MSEK | 2,783 | 6,504 | 5,219 | 4,172 |
| Debt/equity ratio | 0.20 | 0.57 | 0.42 | 0.36 |
| Adjusted debt/equity ratio (target <1.00) | 0.94 | 1.70 | 1.57 | 1.47 |
| Interest ratio (12-month rolling) | -3.2 | -4.4 | -5.0 | -3.1 |

Condensed cash-flow statement

| (MSEK) | Jul-Sep | | Jan-Sep | | Oct-Sep | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2010 | 2009 | 2010 | 2009 | 2009-10 | 2008-09 |
| Income before tax | -1,024 | 114 | -2,596 | -1,904 | -4,115 | -2,264 |
| Depreciation and impairment | 425 | 497 | 1,259 | 1,361 | 1,743 | 1,805 |
| Income from sale of fixed assets | 54 | -422 | 73 | -380 | 121 | -372 |
| Discontinued operations | 1 | -21 | 4 | -469 | 0 | -2,026 |
| Adjustment for items not included in cash flow, etc. | 181 | -316 | 321 | -266 | 631 | 138 |
| Tax paid | -1 | -1 | -2 | -3 | -2 | -5 |
| Cash flow from operations | -364 | -149 | -941 | -1,661 | -1,622 | -2,724 |
| Change in working capital | -106 | -1,595 | 1,004 | -687 | 619 | -1,419 |
| Cash flow from operating activities | -470 | -1,744 | 63 | -2,348 | -1,003 | -4,143 |
| Investments, including prepayments to aircraft manufacturers | -221 | -1,229 | -1,857 | -3,639 | -2,879 | -4,683 |
| Sale of subsidiaries and affiliated companies | 0 | -35 | 65 | 188 | 482 | 114 |
| Sale of fixed assets, etc. | 32 | 501 | 453 | 1,245 | 653 | 1,247 |
| Cash flow before financing activities | -659 | -2,507 | -1,276 | -4,554 | -2,747 | -7,465 |
| Rights issue, including issue costs | -53 | 0 | 4,677 | 5,808 | 4,677 | 5,808 |
| External financing, net | -1,004 | 1,404 | -2,108 | -1,704 | -1,928 | -365 |
| Cash flow for the period | -1,716 | -1,103 | 1,293 | -450 | 2 | -2,022 |
| Translation difference in cash and cash equivalents | -4 | -3 | -12 | 40 | -3 | 26 |
| Cash and cash equivalents transferred from/to assets held for sale | -4 | 28 | -43 | 108 | -53 | 22 |
| Change in cash and cash equivalents according to the balance sheet | -1,724 | -1,078 | 1,238 | -302 | -54 | -1,974 |

SAS Group investments

| (MSEK) | Jul-Sep | | Jan-Sep | | Oct-Sep | |
|-----------------------------------|-------------|---------------|---------------|---------------|---------------|---------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Core SAS | -215 | -1,217 | -1,825 | -3,476 | -2,827 | -4,504 |
| Other operations and eliminations | -0 | -3 | -4 | -43 | -4 | -43 |
| Continuing operations | -215 | -1,220 | -1,829 | -3,519 | -2,831 | -4,547 |
| Discontinued operations | -6 | -9 | -28 | -120 | -48 | -136 |
| SAS Group | -221 | -1,229 | -1,857 | -3,639 | -2,879 | -4,683 |

Parent Company SAS AB

Income before tax for the period amounted to MSEK -436 (-1,136).

Available liquidity for SAS AB at September 30, 2010 amounted to MSEK 0, compared with MSEK 2 at the beginning of the year.

The number of shareholders in SAS AB totaled 71,816 at September 30, 2010. The average number of employees in SAS AB was 56 (275).

Condensed income statement

| (MSEK) | Jan-Sep | |
|---|-------------|---------------|
| | 2010 | 2009 |
| Revenue | 8 | 163 |
| Payroll expenses | -108 | -281 |
| Other operating expenses | -68 | -224 |
| Operating income before depreciation | -168 | -342 |
| Depreciation | 0 | 0 |
| Operating income | -168 | -342 |
| Income from divested shares | -58 | -33 |
| Impairment of shares | -229 | -813 |
| Net financial items | 19 | 52 |
| Income before tax | -436 | -1 136 |
| Tax | 39 | 76 |
| Net income for the year | -397 | -1 060 |

Condensed balance sheet

| (MSEK) | Sep 30 | Dec 31 | Sep 30 |
|---|---------------|---------------|---------------|
| | 2010 | 2009 | 2009 |
| Fixed assets | 7,707 | 6,541 | 6,709 |
| Current assets | 9,500 | 4,937 | 5,629 |
| Total assets | 17,207 | 11,478 | 12,338 |
| Shareholders' equity | 13,294 | 8,773 | 9,078 |
| Long-term liabilities | 3,739 | 2,448 | 1,896 |
| Current liabilities | 174 | 257 | 1,364 |
| Total shareholders' equity and liabilities | 17,207 | 11,478 | 12,338 |

Change in shareholders' equity

| (MSEK) | Share capital | Restricted reserves | Unrestricted equity | Total equity |
|---|---------------|---------------------|---------------------|---------------|
| Opening balance, January 1, 2009 | 6,168 | 306 | 2,299 | 8,773 |
| Reduction in share capital | -4,516 | | 4,516 | |
| Rights issue | 4,960 | | | 4,960 |
| Net costs for rights issue ¹ | | | -209 | -209 |
| Other contributed capital, net | | 167 | | 167 |
| Loss for the period | | | -397 | -397 |
| Equity, Sep 30, 2010 | 6,612 | 473 | 6,209 | 13,294 |

¹ Costs in conjunction with the rights issue include a positive tax effect of MSEK 74.

Notes

Note 1 – Accounting policies

In this report, the SAS Group has changed the format for presenting the income statement and statement of other comprehensive income. The income statement and the statement of other comprehensive income are now reported in the table “Income statement including statement of other comprehensive income” on page 9.

This interim report was prepared in accordance with IAS 34 Interim Financial Reporting. A number of amendments of standards, new interpretations and new standards took effect as of January 1, 2010. For the SAS Group, none of the changes in standards and interpretations are deemed to have material relevance in the preparation of this financial report. In other respects, the SAS Group continued to apply the same accounting policies as in its Annual Report for 2009.

Note 2 – Segment information

The Group's operations are governed and reported by business segment according to table below. 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 regional 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.

| Jan-Sep (MSEK) | Scandinavian Airlines ¹ | | Blue1 | | Widerøe | | Reconciliation | | | | Core SAS | | Reconciliation | | | | SAS Group | |
|---|---------------------------------------|---------------|--------------|--------------|--------------|--------------|----------------|--------------|---------------|---------------|---------------|---------------|----------------|-------------|--------------|-------------|---------------|---------------|
| | | | | | | | Other | | Eliminations | | | | Other | | Eliminations | | | |
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| External revenue | 25,947 | 30,019 | 1,283 | 1,352 | 2,519 | 2,486 | 304 | 409 | 0 | 0 | 30,053 | 34,266 | 111 | 329 | 0 | 0 | 30,164 | 34,595 |
| Sales between segments | 541 | 578 | 19 | 34 | 3 | 4 | 557 | 902 | -1,039 | -1,275 | 81 | 243 | 262 | 625 | -343 | -868 | 0 | 0 |
| Revenue | 26,488 | 30,597 | 1,302 | 1,386 | 2,522 | 2,490 | 861 | 1,311 | -1,039 | -1,275 | 30,134 | 34,509 | 373 | 954 | -343 | -868 | 30,164 | 34,595 |
| Payroll expenses | -8,803 | -11,754 | -248 | -274 | -915 | -971 | -24 | -252 | 0 | 0 | -9,990 | -13,251 | -220 | -621 | 0 | 0 | -10,210 | -13,872 |
| Other expenses | -15,893 | -18,052 | -1,116 | -1,157 | -1,276 | -1,298 | -1,334 | -320 | 938 | 1,215 | -18,681 | -19,612 | -550 | -793 | 343 | 868 | -18,888 | -19,537 |
| Operating income before depreciation and leasing costs | 1,792 | 791 | -62 | -45 | 331 | 221 | -497 | 739 | -101 | -60 | 1,463 | 1,646 | -397 | -460 | 0 | 0 | 1,066 | 1,186 |
| Leasing costs for aircraft | -1,312 | -1,702 | -81 | -81 | -92 | -120 | 0 | 0 | 101 | 60 | -1,384 | -1,843 | 0 | 0 | 0 | 0 | -1,384 | -1,843 |
| Depreciation and impairment | -1,116 | -1,209 | -3 | -4 | -107 | -109 | -26 | -34 | 1 | 5 | -1,251 | -1,351 | -8 | -10 | 0 | 0 | -1,259 | -1,361 |
| Share of income in affiliated companies | 1 | -47 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | -47 | 10 | 18 | 0 | 0 | 11 | -29 |
| Capital gains/losses | -25 | -52 | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 1 | -25 | -49 | -8 | 429 | 0 | 0 | -33 | 380 |
| Operating income | -660 | -2,219 | -146 | -130 | 132 | -7 | -523 | 706 | 1 | 6 | -1,196 | -1,644 | -403 | -23 | 0 | 0 | -1,599 | -1,667 |
| Unallocated income items: | | | | | | | | | | | | | | | | | | |
| Income from other securities holdings | | | | | | | | | | | | | | | | | -269 | 0 |
| Net financial items | | | | | | | | | | | | | | | | | -728 | -237 |
| Tax | | | | | | | | | | | | | | | | | 341 | 419 |
| Net income for the period from continuing operations | | | | | | | | | | | | | | | | | -1,595 | -1,485 |
| Income before non-recurring items in continuing operations | 285 | -1,063 | -145 | -131 | 120 | 22 | -396 | 814 | 1 | 5 | -135 | -353 | -558 | -461 | 0 | 0 | -693 | -814 |

1 A detailed statement of income for Scandinavian Airlines is presented on the following page.

Statement of income Scandinavian Airlines

| (MSEK) | Jul-Sep | | Jan-Sep | |
|--|---------------|---------------|----------------|----------------|
| | 2010 | 2009 | 2010 | 2009 |
| Passenger revenue | 6,715 | 6,886 | 19,378 | 21,968 |
| Charter revenue | 695 | 812 | 1,521 | 1,795 |
| Other traffic revenue | 918 | 560 | 2,177 | 2,131 |
| Other revenue | 1,136 | 1,540 | 3,411 | 4,702 |
| Revenue | 9,463 | 9,798 | 26,488 | 30,597 |
| Payroll expenses | -2,744 | -3,350 | -8,803 | -11,754 |
| Selling costs | -117 | -115 | -299 | -365 |
| Jet fuel | -1,636 | -1,946 | -4,368 | -5,667 |
| Government user fees | -899 | -931 | -2,620 | -2,896 |
| Catering costs | -217 | -308 | -589 | -890 |
| Handling costs | -391 | -438 | -1,182 | -1,441 |
| Technical aircraft maintenance | -553 | -553 | -1,633 | -2,018 |
| Computer and telecommunications costs | -396 | -451 | -1,202 | -1,381 |
| Other operating costs | -1,942 | -1,297 | -3,999 | -3,394 |
| Operating expenses | -8,895 | -9,390 | -24,695 | -29,805 |
| Income before depreciation and leasing costs, EBITDAR | 568 | 408 | 1,792 | 791 |
| Leasing costs for aircraft | -410 | -435 | -1,312 | -1,702 |
| Income before depreciation, EBITDA | 158 | -27 | 480 | -911 |
| Depreciation | -380 | -447 | -1,116 | -1,209 |
| Share of income in affiliated companies | 1 | -50 | 1 | -47 |
| Capital gains | 0 | -6 | -25 | -52 |
| Operating income, EBIT | -221 | -531 | -660 | -2,219 |
| EBIT before non-recurring items | 907 | -213 | 790 | -738 |
| EBT before non-recurring items | 726 | -336 | 285 | -1,063 |

Note 3 – Quarterly breakdown

Statement of income

| | 2008 | | | 2009 | | | 2010 | | | | |
|---|---------------|---------------|---------------|-------------|---------------|------------|---------------|---------------|-------------|-------------|---------------|
| (MSEK) | Jul-Sep | Oct-Dec | Jan-Dec | Jan-Mar | Apr-Jun | Jul-Sep | Oct-Dec | Jan-Dec | Jan-Mar | Apr-Jun | Jul-Sep |
| Revenue | 13,287 | 12,823 | 52,870 | 11,296 | 12,223 | 11,076 | 10,323 | 44,918 | 9,495 | 9,979 | 10,690 |
| Payroll expenses | -4,253 | -4,397 | -17,632 | -4,609 | -5,269 | -3,994 | -4,126 | -17,998 | -3,544 | -3,473 | -3,193 |
| Other operating expenses | -7,919 | -7,572 | -31,959 | -6,501 | -6,779 | -6,257 | -6,375 | -25,912 | -5,793 | -5,947 | -7,148 |
| Leasing costs for aircraft | -543 | -673 | -2,282 | -741 | -626 | -476 | -476 | -2,319 | -462 | -487 | -435 |
| Depreciation and impairment | -398 | -444 | -1,550 | -401 | -463 | -497 | -484 | -1,845 | -408 | -426 | -425 |
| Share of income in affiliated companies | 7 | -11 | -147 | -33 | 19 | -15 | -229 | -258 | -30 | 4 | 37 |
| Income from sale of shares in subsidiaries and affiliated companies | 0 | 0 | 0 | 5 | 2 | 423 | -1 | 429 | -1 | -25 | -14 |
| Income from sale of aircraft and buildings | 6 | -8 | 4 | 0 | -49 | -1 | -47 | -97 | -19 | 26 | 0 |
| Operating income | 187 | -282 | -696 | -984 | -942 | 259 | -1,415 | -3,082 | -762 | -349 | -488 |
| Income from other securities holdings | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -269 |
| Net financial items | -77 | -78 | -273 | 5 | -97 | -145 | -104 | -341 | -210 | -251 | -267 |
| Income before tax | 110 | -360 | -969 | -979 | -1,039 | 114 | -1,519 | -3,423 | -972 | -600 | -1,024 |
| Tax | 32 | -104 | 4 | 264 | 13 | 142 | 384 | 803 | 267 | 98 | -24 |
| Net income from continuing operations | 142 | -464 | -965 | -715 | -1,026 | 256 | -1,135 | -2,620 | -705 | -502 | -1,048 |
| Income from discontinued operations | -2,128 | -2,325 | -5,395 | -33 | -21 | -104 | -169 | -327 | -7 | 0 | -3 |
| Net income for the period | -1,986 | -2,789 | -6,360 | -748 | -1,047 | 152 | -1,304 | -2,947 | -712 | -502 | -1,051 |
| Attributable to: | | | | | | | | | | | |
| Parent Company shareholders | -1,986 | -2,789 | -6,303 | -748 | -1,047 | 152 | -1,304 | -2,947 | -712 | -502 | -1,051 |
| Non-controlling interests | 0 | 0 | -57 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Earnings-related key ratios

| | Jan-Mar | | Apr-Jun | | Jul-Sep | | Oct-Dec | | Oct-Sep | |
|---------------------------------------|---------|--------|---------|--------|---------|--------|---------|--------|---------|---------|
| (MSEK) | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2009 | 2008 | 2009-10 | 2008-09 |
| Revenue | 9,495 | 11,296 | 9,979 | 12,223 | 10,690 | 11,076 | 10,323 | 12,823 | 40,487 | 47,418 |
| EBITDAR | 158 | 186 | 559 | 175 | 349 | 825 | -178 | 854 | 888 | 2,040 |
| EBITDAR margin | 1.7% | 1.6% | 5.6% | 1.4% | 3.3% | 7.4% | -1.7% | 6.7% | 2.2% | 4.3% |
| EBIT | -762 | -984 | -349 | -942 | -488 | 259 | -1,415 | -282 | -3,014 | -1,949 |
| EBIT margin | -8.0% | -8.7% | -3.5% | -7.7% | -4.6% | 2.3% | -13.7% | -2.2% | -7.4% | -4.1% |
| Income before non-recurring items | -844 | -889 | -236 | 38 | 387 | 37 | -940 | -289 | -1,633 | -1,103 |
| Income before tax | -972 | -979 | -600 | -1,039 | -1,024 | 114 | -1,519 | -360 | -4,155 | -2,264 |
| Net income for the period | -712 | -748 | -502 | -1,047 | -1,051 | 152 | -1,304 | -2,789 | -3,569 | -4,432 |
| Earnings per share (SEK) | -3.64 | -9.36 | -1.76 | -5.94 | -3.19 | 0.78 | -6.66 | -34.92 | -14.21 | -33.34 |
| Cash flow before financing activities | -1,025 | -877 | 408 | -1,170 | -659 | -2,507 | -1,471 | -2,911 | -2,747 | -7,465 |

Note 4 - SAS Group's number of employees

| | Jul-Sep | | Jan-Sep | | Oct-Sep | |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| (FTE) | 2010 | 2009 | 2010 | 2009 | 2009-10 | 2008-09 |
| Scandinavian Airlines | 13,071 | 14,343 | 12,960 | 14,839 | 13,029 | 15,099 |
| Blue1 | 430 | 431 | 419 | 437 | 416 | 441 |
| Widerøe | 1,190 | 1,180 | 1,183 | 1,209 | 1,183 | 1,211 |
| Other Core SAS | 107 | 472 | 156 | 465 | 248 | 466 |
| Total Core SAS | 14,798 | 16,426 | 14,718 | 16,950 | 14,876 | 17,217 |
| Other operations | 54 | 692 | 294 | 927 | 346 | 952 |
| Continuing operations | 14,852 | 17,118 | 15,012 | 17,877 | 15,222 | 18,169 |
| Discontinued operations | 718 | 707 | 693 | 1,668 | 684 | 2,261 |
| SAS Group | 15,570 | 17,825 | 15,705 | 19,545 | 15,906 | 20,430 |

The Board of Directors and President hereby assure that this interim report provides a true and fair overview of the performance of the Parent Company's and the Group's operations, financial position and earnings, and describes the significant risks and uncertainty factors to which the Parent Company and the companies included in the Group are exposed.

Stockholm, November 10, 2010

Fritz H. Schur
Chairman of the Board

Jacob Wallenberg
First Vice Chairman

Dag Mejdell
Second Vice Chairman

Monica Caneman
Board Member

Jens Erik Christensen
Board Member

Timo Peltola
Board Member

Gry Mølleskog
Board Member

Ulla Gröntvedt
Board Member

Asbjørn Wikestad
Board Member

Carsten Nielsen
Board Member

John Dueholm
Acting President and CEO

REVIEW REPORT

Introduction

We have conducted a review of the interim report for SAS AB (publ) at September 30, 2010 and of the nine-month period ending on that date. The Board of Directors and the President are responsible for correctly preparing and presenting this financial interim information in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express an opinion on this financial interim information based on our review.

Focus and scope of the review

We have conducted our review in accordance with the Standard on Review Engagements SÖG 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially more limited in scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the opinion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects, the accompanying financial interim information for the Group has not been prepared in accordance with IAS 34 and the Annual Accounts Act, and the interim report for the Parent Company has not been prepared in accordance with the Annual Accounts Act.

Stockholm, November 10, 2010
Deloitte AB

Peter Gustafsson
Authorized Public Accountant

Traffic data information

SAS Group's scheduled passenger traffic¹

| | Jul-Sep | | | Jan-Sep | | |
|---------------------------------------|---------|-------|-----------|---------|--------|-----------|
| | 2010 | 2009 | Change | 2010 | 2009 | Change |
| Number of passenger (000) | 6,655 | 6,245 | 6.6% | 18,671 | 18,843 | -0.9% |
| RPK (mill) | 7,239 | 6,868 | 5.4% | 19,322 | 19,464 | -0.7% |
| ASK (mill) | 9,180 | 8,958 | 2.5% | 25,900 | 27,411 | -5.5% |
| Load factor, % | 78.9 | 76.7 | +2.2 p.u. | 74.6 | 71.0 | +3.6 p.u. |
| Number of destinations | 88 | 91 | -3 | 90 | 100 | -10 |
| Number of flights per day | 660 | 667 | -7 | 668 | 716 | -48 |
| Number of flights/destination per day | 7.5 | 7.3 | +0.2 | 7.4 | 7.2 | +0.2 |

¹ Passenger traffic for Scandinavian Airlines, Widerøe and Blue1

SAS Group's quarterly traffic data¹

| | Jan-Mar | | Apr-Jun | | Jul-Sep | | Oct-Dec | | Oct-Sep | |
|----------------------------|---------|-------|---------|-------|---------|-------|---------|-------|---------|---------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2009 | 2008 | 2009-10 | 2008-09 |
| Number of passengers (000) | 5,735 | 5,748 | 6,282 | 6,850 | 6,655 | 6,245 | 6,055 | 6,612 | 24,726 | 25,456 |
| RPK (mill) | 5,471 | 5,541 | 6,612 | 7,055 | 7,239 | 6,868 | 5,764 | 6,559 | 25,086 | 26,023 |
| ASK (mill) | 7,951 | 8,870 | 8,769 | 9,584 | 9,180 | 8,958 | 8,160 | 9,750 | 34,059 | 37,161 |
| Load factor, % | 68.8 | 62.5 | 75.4 | 73.6 | 78.9 | 76.7 | 70.6 | 67.3 | 73.7 | 70.0 |

¹ Passenger traffic for Scandinavian Airlines, Widerøe and Blue1

SAS Group's traffic operation by route sector¹

| | Jul-Sep 2010 | | Jan-Sep 2010 | |
|-------------------------------------|--------------|-------|--------------|--------|
| | RPK | ASK | RPK | ASK |
| (compared with year-earlier period) | | | | |
| Intercontinental | 7.9% | 0.6% | 3.1% | -6.6% |
| Europe | 2.9% | 3.4% | -3.7% | -6.5% |
| Intra-Scandinavia | 11.0% | 8.1% | 3.2% | -2.3% |
| Denmark (domestic) | 8.9% | -8.5% | -0.6% | -12.0% |
| Norway (domestic) | 1.5% | 1.3% | -4.4% | -3.2% |
| Sweden (domestic) | 16.9% | 2.6% | 5.4% | -1.6% |

¹ Passenger traffic for Scandinavian Airlines, Widerøe and Blue1

Traffic operation for European airlines¹

| | Jan-Sep 2010 | |
|-------------------------------------|--------------|--------------|
| | RPK | ASK |
| (compared with year-earlier period) | | |
| Europe (excluding domestic) | 1.6% | -1.3% |
| North America | -0.6% | -3.9% |
| Asia | 1.6% | -3.2% |
| Total | 1.7% | -1.6% |

¹ AEA (Association of European Airlines)

Scandinavian Airlines' traffic-related key ratios

| | Jul-Sep | | Jan-Sep | |
|--|---------|--------------------|---------|--------------------|
| | 2010 | Change | 2010 | Change |
| Number of passengers (000) | 5,702 | +6.0% | 16,015 | -1.2% |
| RPK (mill) | 6,598 | +4.5% | 17,673 | -1.5% |
| ASK (mil) | 8,259 | +1.5% | 23,403 | -6.5% |
| Load factor, % | 79.9 | +2.3 p.u. | 75.5 | +3.8 p.u. |
| Currency-adjusted yield trend | | -4.3% | | -7.6% |
| Total unit revenue, RASK (currency-adjusted) | | 3.2% ¹ | | -1.6% |
| Total unit cost, incl. charter (currency-adjusted) | | -8.7% ² | | -7.6% ³ |

¹ During the quarter, RASK was positively impacted by 2.8 p.u. due to accrual-accounting effects mainly from earlier quarters. Underlying RASK was 0.4% better than in the corresponding period in 2009.

² Lower fuel costs had a positive impact of 4.2% on unit cost in July-September 2010.

³ Lower fuel costs had a positive impact of 2.5% on unit cost in January-September 2010.

SAS Group's charter traffic

| | Jul-Sep | | | Jan-Sep | | |
|----------------------------|---------|-------|-----------|---------|-------|-----------|
| | 2010 | 2009 | Change | 2010 | 2009 | Change |
| Number of passengers (000) | 509 | 559 | -8.9% | 1,057 | 1,170 | -9.6% |
| RPK (mill) | 1,341 | 1,384 | -3.1% | 2,934 | 3,084 | -4.9% |
| ASK (mill) | 1,470 | 1,532 | -4.1% | 3,326 | 3,515 | -5.4% |
| Load factor, % | 91.2 | 90.3 | +0.9 p.u. | 88.2 | 87.7 | +0.5 p.u. |

Other traffic and production

| | Widerøe | | | | Blue1 | | | |
|---|-----------------|-----------|-----------------|-----------|-----------------|-----------|-----------------|-----------|
| | Jul-Sep 2010 | Change | Jan-Sep 2010 | Change | Jul-Sep 2010 | Change | Jan-Sep 2010 | Change |
| Scheduled traffic | | | | | | | | |
| Number of passengers (000) | 559 | 6.9% | 1,526 | -0.3% | 394 | 14.1% | 1,130 | 3.0% |
| RPK (mill) | 193 | 6.1% | 501 | 0.1% | 448 | 20.7% | 1,147 | 12.9% |
| ASK (mill) | 308 | 7.6% | 840 | 1.5% | 614 | 15.2% | 1,656 | 6.9% |
| Load factor (%) | 62.7 | -0.9 p.u. | 59.7 | -0.8 p.u. | 73.0 | +3.3 p.u. | 69.3 | +3.7 p.u. |
| Yield (local currency) | | +0.1% | | -1.4% | | -5.8% | | -8.5% |
| Unit cost, total incl. charter (local currency) | | -9.7% | | -10.8% | | -6.3% | | -2.5% |

Detailed unit cost analysis – Scandinavian Airlines

| Currency/volume adjusted (MSEK) | Jan-Sep 2010 | Jan-Sep 2009 currency/volume adjusted | Change % | Share of adjusted total change % |
|------------------------------------|----------------|---|--------------|-------------------------------------|
| Payroll expenses | -8,420 | -9,542 | -11.8% | -4.6% |
| Jet fuel | -4,368 | -4,962 | -12.0% | -2.5% |
| Government user fees | -2,620 | -2,537 | 3.3% | 0.3% |
| Selling costs | -299 | -333 | -10.3% | -0.1% |
| Handling costs | -1,182 | -1,281 | -7.8% | -0.4% |
| Technical aircraft maintenance | -1,617 | -1,886 | -14.2% | -1.1% |
| Other operating expenses (net) | -1,429 | -1,256 | 13.8% | 0.7% |
| Total operating expenses | -19,935 | -21,797 | -8.5% | -7.7% |
| Leasing costs for aircraft | -1,271 | -1,349 | -5.7% | -0.3% |
| Depreciation | -1,116 | -1,016 | 9.9% | 0.4% |
| Adjusted EBIT | -22,322 | -24,161 | -7.6% | -7.6% |

Aircraft fleet

SAS Group's aircraft fleet September 30, 2010

| | Age | Owned | Leased | Wetleased | Total | Leased out | Order |
|--------------------------------|-------------|------------|------------|-----------|------------|------------|----------|
| Airbus A330/A340 | 8.3 | 5 | 6 | | 11 | 1 | |
| Airbus A319/A320/A321 | 7.2 | 4 | 10 | | 14 | 2 | |
| Boeing 737 Classic | 17.5 | | 14 | | 14 | | |
| Boeing 737 NG | 9.3 | 22 | 45 | | 67 | 2 | |
| Boeing 717 | 10.1 | | 9 | | 9 | 4 | |
| McDonnell Douglas MD-80 series | 20.6 | 27 | 14 | | 41 | 8 | |
| McDonnell Douglas MD-90 series | 13.7 | 8 | | | 8 | 3 | |
| Avro RJ-85/-100 | 9.6 | | 7 | | 7 | | |
| ATR42/72 | 1.0 | | | 2 | 2 | | |
| Fokker 50 | 20.5 | | 5 | | 5 | | |
| deHavilland Q series | 12.7 | 27 | 14 | | 41 | 3 | 1 |
| SAAB2000 | 13.6 | | | 2 | 2 | | |
| Bombardier CRJ200 | 12.6 | | | 4 | 4 | | |
| Bombardier CRJ900NG | 1.3 | 12 | | | 12 | | |
| Total | 12.2 | 105 | 124 | 8 | 237 | 23 | 1 |

Aircraft in service distributed by airline

| | Age | Total |
|---------------------------|------|-------|
| SAS Scandinavian Airlines | 11.5 | 145 |
| Widerøe | 13.4 | 32 |
| Blue 1 | 10.0 | 16 |

SAS Group's aircraft on firm order

| | Total | 2010 |
|--------------------|-------|------|
| deHavilland Q400NG | 1 | 1 |
| Number of aircraft | 1 | 1 |
| CAPEX (MUSD) | <20 | <20 |



Airbus A340-300
Scandinavian Airlines



Airbus A330-300
Scandinavian Airlines



Airbus A321-200
Scandinavian Airlines



Airbus A319
Scandinavian Airlines



MD-81/82/87
Scandinavian Airlines



Boeing 737-400/500
Scandinavian Airlines



Boeing 737-600/700/800
Scandinavian Airlines



Bombardier CRJ900
Scandinavian Airlines



deHavilland Q100/300
Widerøe



Boeing 717
Blue1



MD-90
Blue1



Avro RJ-85/100
Blue1

For further information on each model of aircraft, refer to www.sasgroup.net

Important events during the year

Third quarter 2010

- Mats Jansson, President and CEO, left his position on October 1, 2010
- Rickard Gustafson will assume his position as new President and CEO not later than March 2011. Until this date, Deputy CEO John Dueholm will function as acting President and CEO.
- On November 9, the European Commission fined SAS Cargo MSEK 660 in the air-cargo investigation. Earnings in the third quarter were affected by the corresponding amount.
- SAS Cargo entered a settlement agreement concerning disputes in the US, which had a negative impact of MSEK 104 on Group earnings for the third quarter
- SAS deployed an additional long-haul aircraft to meet the increased demand for intercontinental travel.
- SAS was denied leave to appeal to Norway's Supreme Court, which involved a negative effect of MSEK 218 on the Group's earnings in the third quarter.
- During the quarter, SAS was the world's most punctual major airline
- The Danish National Audit Office issues a report relating to the Civil Aviation Administration's review of SAS. The report criticizes SAS for overdue ADs. The National Audit Office is of the opinion that the initiatives taken by SAS to avoid future infringements are satisfactory.
- On August 18, SAS launches its biggest ever low-fare campaign.
- SAS becomes the first airline in the world to obtain ISO14001 and EMAS environmental certification.
- The SAS Group enters a leasing agreement relating to its eight MD-90s and, as a result, the aircraft model will be phased out of SAS's operational fleet in early 2011
- The SAS Group simplifies its company structure by divesting its remaining shareholding of 19.9% in the regional airline Skyways Holding AB

For events after September 30, refer to the section "Events after the reporting period" on page 8.

Second quarter 2010

- On April 15, Scandinavian airspace closed due to the ash from the Eyjafjallajökull volcano in Iceland. The total negative earnings effect for SAS was approximately MSEK -700.
- SAS's Annual General Meeting was held on April 7.
 - Two new Board members, Monica Caneman and Gry Mølleskog, were elected after Berit Kjöll and Anitra Steen announced their resignation from the Board.
 - The rights issue, reverse split and convertible bonds were approved
 - The Meeting decided that no dividend would be paid for the 2009 fiscal year.
- SAS's rights issue valued at approximately SEK 5 billion was oversubscribed by 50%.
- SAS implemented a 1:30 reverse split of shares.
- The conversion price of the Group's convertible bonds was adjusted to SEK 46.50 following the rights issue and reverse split.
- On April 15, 2010, 33 SAS pilots jointly submitted an application for a summons against SAS at the Stockholm District Court. In the claim, the claimants seek to have certain terms of employment rendered invalid and adjusted, and also seek a declaratory claim against SAS for damages. SAS considers the risk of a negative outcome to be limited and no provisions have been made.
- The subsidiary SGS UK was outsourced.
- On June 9, SAS pilots participated in an eight-hour sympathy strike linked to a conflict between the Swedish regional airline AVIA and its pilots.

First quarter 2010

- SAS was the most punctual airline in Europe in 2009 in terms of arrivals in the "major airline" category according to the "FlightStats" website.
- The SAS Group's Board of Directors resolved to implement a rights issue of approximately SEK 5 billion, with preferential rights for the Group's shareholders, which was approved by the Annual General Meeting held on April 7, 2010.
- The Core SAS cost savings program was strengthened by an additional SEK 2.5 billion and now totals SEK 7.8 billion.
- The two main conditions for the participation of the four principal owners in the rights issue were satisfied:
 - Agreements signed on March 12, 2010 with pilot and cabin crew unions covering annual cost savings of MSEK 500, with effect from the second quarter of 2010.
 - Refinancing of SEK 2 billion through issue of bonds in the EMTN market with an aggregate principal amount of MEUR 60 (approximately MSEK 580), SEK 1.6 billion in convertible bonds and received commitments for bonds with an aggregate principal amount of a further SEK 1 billion, which is subject to completion of the rights issue.
- The Court of Appeal in Oslo (Lagmansretten) ruled on March 16, 2010 that SAS is to pay damages totaling MNOK 160 plus legal costs to Norwegian Air Shuttle. The court ruling was not unanimous and SAS will appeal to the Norwegian Supreme Court.
- SAS's stake in Skyways Holding AB was diluted to 19.9% after not utilizing its pro rata share in Skyways Holding AB's rights issue.
- SAS divested the subsidiary Air Maintenance Estonia to the private equity and venture capital investor BaltCap.

Financial calendar

SAS financial calendar

Year-end report 2010
Annual Report & Sustainability Report 2010
Annual General Meeting 2011
Interim report 1, 2011
Interim report 2, 2011
Interim report 3, 2011

February 9, 2011
March 14, 2011
April 11, 2011
May 10, 2011
August 17, 2011
November 8, 2011

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 complete financial calendar can be found at: www.sasgroup.net.

For definitions, refer to the 2009 Annual Report, pages 124-125, or www.sasgroup.net.

Press/Investor Relations

Webcast/Telephone conference, press/media
Telephone conference, investors/analysts

8:30 a.m. November 10, 2010
2:00 p.m. November 10, 2010

To participate in the above events, contact Investor Relations.

Direct questions to Investor Relations SAS Group:
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SAS discloses this information pursuant to the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. The information was provided for publication on November 10, 2010 at 8:00 a.m.

SAS Group's route network

