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A STAR ALLIANCE MEMBER 

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SAS won Terminal 2 dispute with Swedish Civil Aviation Administration

The Swedish Supreme Court today informed SAS of its decision not to grant a hearing on the dispute between the Swedish Civil Aviation Administration and SAS pertaining to payment liability for Terminal 2 at Arlanda Airport.

The Supreme Court's decision means that the Court of Appeal's ruling is sustained and that SAS has won the dispute. Consequently, the Civil Aviation Administration is liable to repay SAS an amount of about SEK 600 M, including repayment of SEK 400 M in fees and interest charges of about SEK 200 M. The amount relates to payments made by SAS between 1993 and 1996.

The amount will be reported in SAS' operating income, but was not included in the earnings announced in conjunction with the interim report for the third quarter on November 12 and, accordingly, will affect SAS' full-year earnings positively.

The decision not to hear the case in the Supreme Court also means that SAS is released from payment liability for Terminal 2 for the period 1996-2005.

Background

Terminal 2 was constructed in 1990 for domestic traffic in Sweden. At that time the market was regulated and SAS and Linjeflyg were the only domestic carriers at Arlanda. Subsequently domestic traffic in Sweden was deregulated and SAS acquired Linjeflyg. In conjunction with deregulation, the Civil Aviation Administration switched from contracted fees to tariff-based fees. In addition to paying in accordance with the new tariff-based fee system, SAS also had to continue to pay a major share of the costs for Terminal 2. SAS contended that the Civil Aviation Administration burdened SAS with excessively high fees. Instead, the fees should have been calculated based on the tariff model used at other flight terminals in Sweden. In 1996, SAS took legal action to resolve the issue in a court of law.

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