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Agreement results in in-house direct sales

Scandinavian Airlines in Sweden has signed a new agreement with the appropriate trade unions regarding SAS direct sales in Sweden (Sales Center operations). The agreement means that SAS direct sales can continue to be operated in-house in Örnköldsvik, Östersund and Luleå. Direct sales in Sundbyberg will be discontinued effective June 30, 2004. About 100 employees will be affected and discussions about terms for these persons are continuing with the HTF (Salaried Employees' Union) section in Stockholm. As a result of the agreement, the majority of sales can be retained in-house and it ensures Scandinavian Airlines competitive and market-level terms and efficiency.

The savings are being made as part of the SAS Group's Turnaround 2005 improvement program and the new agreement means that Scandinavian Airlines will reduce its annual costs by about SEK 60 M. Implementation will produce a full effect in 2005.

Despite difficult conditions, the work has been conducted in close cooperation and with strong mutual understanding with the trade union representatives.

"Thanks to our union organizations' understanding of the situation, we now have an agreement that makes us competitive in the direct-sales market," says Lennart Johansson, Sales Director in Sweden. "The agreement generates nearly a halving of handling costs, which is a prerequisite for providing a competitively priced customer offering in the Swedish market."

"We are satisfied that we have been able to secure the retention of direct sales under SAS management," says Tony Skopac, HTF Section Chairman in Örnköldsvik. "This is when the work begins and we will cooperate to conduct the activities required by the cost savings."

Background:

Competition is intensifying and the customer trend remains cautious for business travel.

Despite the major savings measures already implemented, further activities are required to help SAS become competitive and able to continue offering competitively priced travel. The basis for this agreement is a joint union and company effort to compare competing direct-sales operations (benchmarking) in terms of conditions and service levels. Scandinavian Airlines in Sweden has approximately 3,500 employees, of which 380 work in direct sales.

For further information, please contact:

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