



SAS Group

A close-up, low-angle shot of the tail fin of an airplane. The fin is dark blue and features the 'SAS' logo in large, white, italicized letters. The background is a soft, warm gradient of light blue and orange, suggesting a sky at dawn or dusk. The tail fin is the central focus, with the fuselage and engine nacelle visible in the foreground and background.

CORPORATE GOVERNANCE REPORT

Corporate governance

Corporate Governance Report

SAS AB is the Parent Company of the SAS Group and a Swedish public limited company headquartered in Stockholm, Sweden. Since July 2001, SAS AB has been listed on the NASDAQ OMX Stockholm with secondary listings in Copenhagen and Oslo. In 2005, the Stockholm Stock Exchange introduced the Swedish Corporate Governance Code (the Code) as part of the listing agreement. Since then, SAS AB has complied with the Code in its various versions. The objective of corporate governance is to govern the company in such a manner that it meets owners' requirements regarding return on invested capital and thereby contribute to economic efficiency and growth. The objective of corporate governance is to provide SAS with effective management and control of its operations in combination with adequate transparency, clarity and proper business ethics.

This report constitutes the SAS Group's corporate governance report for the 2012 fiscal year and has been prepared pursuant to the Swedish Annual Accounts Act and the provisions of the Code based on the revision of the Code issued in February 2010.

No significant changes were made to corporate governance compared with the preceding year.

Legal framework governing the SAS Group

Corporate governance in the SAS Group is based on Swedish legislation, the Articles of Association, the Swedish Corporate Governance Code (the Code), and the NASDAQ OMX Stockholm Rules for Issuers, as well as other applicable rules and recommendations issued by relevant Swedish and international organizations.

In accordance with NASDAQ OMX Stockholm rules and regulations the SAS Group has produced an information/investor relations policy to ensure adequate disclosure to the capital market. The information/investor relations policy was updated in 2012 with the aim of clarifying and enhancing the management of rumors in the media.

Departure from the Code

Since the implementation of the Code, the SAS Group has followed the Code with the exception of the following instance: SAS conducts shareholder's meetings in Swedish, Norwegian and Danish, which departs from clause 1.5 of the Code.

Reason for the departure: the Articles of Association for SAS AB specify that the language used at shareholders' meetings is to be Swedish, Danish or Norwegian, and, if the Board so decides, other languages as well. The reason all three Scandinavian languages are used at shareholders' meetings is due to the strong Scandinavian nature of the SAS Group with the largest number of shareholders in Denmark, a management and Board comprising citizens of all three Scandinavian countries, and a system for remote attendance of shareholders' meetings from Copenhagen and Oslo. Meeting deliberations in SAS AB are held primarily in Swedish and meeting materials are available in Swedish. In view of the above, the Board believes that any one of the Scandinavian languages may be freely used at shareholders' meetings in the company in view of the similarity of the three Scandinavian languages.

In 2012, Deloitte did not review the interim report dated September 30 (hard-close). Reason for departure from clause 7.6 of the Code: In accordance with the resolution of the 2012 Annual General Shareholders' Meeting, SAS has changed its fiscal year to November 1–October 31, which has entailed a shortened fiscal year in 2012 (January–October).

Shareholders' meeting

At the Shareholders' Meeting of SAS AB, which is the company's highest decision-making body, one share is equal to one vote with no restrictions on the number of votes any one shareholder is entitled to.

The shareholders' meeting may be held in Stockholm or in Sigtuna. According to a provision in the company's Articles of Association, shareholders may also attend the meeting from locations in Copenhagen and Oslo via telecommunications links. Irrespective of the where shareholders attend the meeting, they have the same rights, including voting rights.

Notice convening the Annual General Shareholders' Meeting is issued no earlier than six and no later than four weeks prior to the meeting. Notice is published in daily newspapers in Sweden, Denmark and Norway and announced in press releases as well as published on the company's website. The company e-mails notices to shareholders who have requested this service via Shareholder Service on the company website; www.sasgroup.net.

A table of the major shareholders in SAS AB can be found on page 90 of the Annual Report. The Articles of Association contain no special provisions regarding the election and discharge of Board members or regarding changes to the Articles of Association. Currently, no authority has been provided by the shareholders' meeting to the Board empowering the Board to issue new shares or buy back treasury shares.

Nomination Committee

The Nomination Committee is appointed by the Annual General Shareholders' Meeting and tasked with preparing the meeting's resolutions on nomination and remuneration issues, as well as matters of procedure for the next nomination committee. Members of the Nomination Committee, irrespective of how they were appointed, must address the interests of all shareholders. In conjunction with the 2012 Annual General Shareholders' Meeting, an instruction for the Nomination Committee was adopted. Ahead of the 2013 Annual General Shareholders' Meeting, the Nomination Committee is tasked with making proposals for the election of the Chairman of the Annual General Shareholders' Meeting, the number of Board members and Board fees, broken down among the Chairman, Vice Chairman, other Board members and any remuneration for work on Board committees, election of Board members and Chairman of the Board, election of auditors, auditors' fees and the Nomination Committee ahead of the 2014 Annual General Shareholders' Meeting.

Nomination Committee, six minuted meetings

Jonas Iversen, Ministry of Finance, for the Swedish Government
Peter Brixen, Danish Ministry of Finance
Knut J. Utvik, Norwegian Ministry of Trade and Industry
Peter Wallenberg Jr, Knut and Alice Wallenberg Foundation
Karsten Billoft, Danmarks Nationalbank
Anders Rydin, SEB Funds (until December 2012)¹⁾

¹⁾ In December 2012, Anders Rydin resigned his position on the grounds of the significant reduction in the shareholding of SEB Funds in SAS AB. The Nomination Committee made the assessment that it could complete its assignment pursuant to its instruction even without the participation of Anders Rydin.

The Nomination Committee has evaluated the Board's work, qualifications and composition. The Chairman liaises closely with the Committee, and the result of the evaluation of the Board is made available to the Committee. At least one meeting with the Chairman and Group CEO must be held before the Nomination Committee submits its recommendations to the Annual General Shareholders' Meeting. The Nomination Committee's recommendations will be published in the notice convening the Annual General Shareholders' Meeting, on the company website, and at the Annual General Shareholders' Meeting. Committee members received no fees or other remuneration from SAS for their work on the Nomination Committee. When required, the Nomination Committee utilizes outside advisers and consultants, with the SAS Group defraying the cost.

Board of Directors

The Articles of Association stipulate that the Board of Directors consist of six to eight members elected by the shareholders' meeting. During the year, the Board comprised seven duly elected members, no deputies and three employee representatives, each with two personal deputies. Fees to employee members are listed in the following table. The employee members are appointed by the SAS Group's employee groups in Denmark, Norway and Sweden in line with governing legislation and special agreements. Deputies attend Board meetings only in the absence of an ordinary member. Except for employee representatives, no Board member is employed by SAS AB or any other company in the SAS Group. By a special Board deci-

sion, a representative of the SAS pilots' organization participates as an observer to the Board, in addition to the employee representatives.

The elected Board members are appointed for the period until the end of the next Annual General Shareholders' Meeting in compliance with the Code. No regulation exists that limits the period of time a Board member can serve as a member of the Board. The experience of the Board members and their independence in relation to the owners of the company are disclosed on pages 84–85.

The average age of members is 59 years and two of the seven members elected by the shareholders' meeting are women. All members elected by the shareholders' meeting are regarded by the Nomination Committee as being independent of the company and company management, while one member is not regarded as being independent of the company's major shareholders. SAS AB meets the requirements of the Code regarding Board independence vis-à-vis the company, company management, and the company's major shareholders.

The Board's work

The Board's work is governed by the Swedish Companies Act, the Articles of Association, the Code and the formal work plan adopted by the Board each year. The Board's work follows a plan intended, among other things, to ensure the Board receives all necessary information. The formal work plan regulates the division of the Board's work between the Board and its committees and among the Board, its Chairman and the President. The work plan also contains provisions for meeting the Board's needs for information and financial reporting on an ongoing basis as well as instructions for the President and the company's Board committees.

In January–October 2012, the Board of Directors held 12 scheduled meetings.

Senior executives in the company attended Board meetings to make presentations and the General Counsel of the SAS Group served as the Board's secretary. At its meetings, the Board discussed the regular business items presented at the respective meetings including business and market conditions, financial reporting and follow-up, the company's financial position, and investments. The Board also discussed any sustainability-related information of material importance.

To streamline and enhance the work of the Board, there are two committees the Remuneration Committee and the Audit Committee whose members are appointed by the Board. The main duty of the committees is to prepare issues for decision by the Board. These committees do not imply any delegation of the Board's or its members' legal responsibilities. Reports to the Board on issues discussed at committee meetings are either in writing or given verbally at the following Board meeting. The work on each committee follows written instructions and a work plan stipulated by the Board. The General Counsel of the SAS Group serves as the secretary to the committees and minutes of committee meetings are provided to all Board members. Remuneration for work on Board committees is determined by the Annual General Shareholders' Meeting.

Outcome January–October 2012, recorded fees for employee representatives

Christian Anderström	SEK 6,000
Sven Cahier	SEK 6,000
Bo Nielsen	SEK 6,000
Trygve Skogseide	SEK 4,000
Rune Thuv	-
Per Weile	SEK 6,000 ¹
Asbjörn Wikestad	SEK 6,000

¹) A further SEK 3,000 was paid for 2011.

Remuneration Committee

Remuneration and other terms of employment for senior executives are designed with a view to ensuring the company's access to executives possessing the requisite skills for the company at a cost appropriate to the company and so that they have the intended effects for the company's operations.

Remuneration Committee, two minuted meetings

	Number of meetings attended
Fritz H. Schur (Chairman)	2
Jacob Wallenberg	2
Dag Mejdell	2

The Group's Remuneration Committee complies with the Code's instructions. The Code specifies that members of the Remuneration Committee must be independent of the company or company management. Fritz H. Schur and Jacob Wallenberg are independent in relation to the company, company management, as well as major shareholders. Owing to his position as President and CEO of Posten Norge AS, wholly owned by the Norwegian government, Dag Mejdell is not regarded as independent in relation to major shareholders.

The Committee prepares proposals for remuneration policies and other employment terms for resolution at the Annual General Shareholders' Meeting.

Audit Committee and financial reporting

The Audit Committee is responsible for preparing the Board's quality assurance work regarding financial reporting. The Committee performs quality assurance through the discussion of critical auditing issues and the financial reports that the company submits. Issues discussed by the Committee include internal control, compliance, uncertainty in reported values, events after the closing date, changes in estimates and assessments, financial and legal risks, suspected and verified irregularities, and other matters affecting the company's financial reporting. The company's external auditor attends all meetings of the audit committee. The Board scrutinizes and approves the company's year-end and interim reports.

Without otherwise impacting the responsibilities and obligations of the Board, the Audit Committee is tasked with monitoring the company's financial reporting, including, the audit of the annual report and consolidated financial statements, scrutinizing and monitoring the impartiality and independence of

Attendance at Board meetings, January–October 2012

	Jan 24	Feb 1	Feb 7	Mar 14 ¹	Apr 19	May 2 ²	Jun 7–8	Aug 7	Sep 20	Oct 12	Oct 23	Oct 28
Fritz H. Schur, Chairman	●	●	●	●	●	●	●	●	●	●	●	●
Jacob Wallenberg, Vice Chairman	●	●	●	●	○	●	●	●	●	●	●	●
Monica Caneman, member	●	●	●	●	●	●	●	●	●	●	○	●
Jens Erik Christensen, member	●	●	●	●	●	●	●	●	●	●	●	●
Dag Mejdell, member	●	●	●	●	●	●	●	●	●	●	●	●
Gry Mølleskog, member	●	●	●	○	●	●	●	●	●	●	○	●
Timo Peltola, member	●	●	●	●	●	●	●	●	●	●	●	●
Ulla Gröntvedt, employee member	●	●	●	●	●	●	●	●	●	●	●	●
Anna-Lena Gustafsson, employee member	●	●	●	●	●	●	●	●	●	●	●	●
Elisabeth Goffeng, employee member	●	●	●	●	●	●	●	●	●	●	●	●

● Present ○ Absent

¹) One meeting was held by correspondence on March 14, 2012. ²) The meeting of May 2, 2012 was a statutory meeting.

the auditor including paying particular attention to any non-audit-related assignments provided to the company by the auditor as well as assisting in the preparation of proposals regarding the election of auditors and auditors' fees for resolution at the General Shareholders' Meetings.

Audit Committee, three minuted meetings

	Number of meetings attended
Timo Peltola (Chairman)	3
Jens Erik Christensen	3
Monica Caneman	3

All members of the Audit Committee are independent in relation to the SAS Group, the management and the shareholders in line with the Code. Besides the Committee Secretary, the SAS Group CEO and CFO, the company's external auditor, and the Head of Internal Auditing attend meetings of the Committee.

Auditors

Auditors are elected by the Annual General Shareholders' Meeting and tasked with scrutinizing the company's financial reporting and management of the company by the Board and the President. An election was conducted to appoint an auditor at the 2009 Annual General Shareholders' Meeting, whereby Deloitte AB was reelected for the period until the end of the 2013 Annual General Shareholders' Meeting. The principal auditor is Jan Palmqvist (born in 1962), who assumed responsibility for the audit engagement at Deloitte in 2011. In addition to SAS AB, he has audit engagements for AFA Försäkring, Nordisk Renting and Länsförsäkringar Stockholm. On three occasions during the 2012 fiscal year, the principal auditor met with the Board, presenting the program for auditing work and reporting observations from the audit of the financial statements and the evaluation of internal control.

Since SAS had a shortened fiscal year in 2012, no "hard close" examination was performed of the interim accounts at September 30.

On one occasion during the year, the Board met with the company's auditor without the presence of the President or any other representative of the company management. Deloitte submits an audit report regarding SAS AB, the Group, and an overwhelming majority of the subsidiaries. In the past seven years, in addition to its auditing work, Deloitte has performed advisory services for SAS Group companies in auditing-related areas for a total invoiced amount of MSEK 117, of which MSEK 10 pertains to the 2012 fiscal year. Auditors' fees for work performed are in line with the resolution of the Annual General Shareholders' Meeting. For more information about the auditors' fees in 2012, see Note 39.

President and Group Management

The Board appoints the President of SAS AB, who is also Group CEO. The Board has delegated responsibility for the day-to-day management of company and Group operations to the President. Each year, an instruction defining the division of duties between the Board and the President is determined by the Board who also evaluate the work performed by the President. The Board's instructions to the President contain detailed rules governing the President's authority and obligations. Group Management comprised eight members, including the President, for the majority of 2012. The composition of members of Group Management is shown on page 86.

The President liaises and works closely with the Chairman while meeting regularly with the Chairman to discuss the Group's activities and performance and to plan Board meetings. To enable the Board to monitor the Group's financial position on an ongoing basis, the President makes monthly reports to the Board.

Group Management is not a corporate body in the sense of Swedish limited company law and as a collegial management body has no legal liability vis-à-vis the Board and shareholders. Only the President reports to the Board. Group Management normally has minuted meetings every week. These meetings are chaired by the President, who reaches decisions after consulting with the other members of Group Management.

Those of the Group's main business areas that are not themselves a separate legal entity are led by Group Management through representatives for the respective business area. Group Management's management and control of operations are based on a number of guidelines and policies regarding financial management and follow-up, communication issues, human resources, legal issues, the Group's brands, business ethics and environmental matters.

Remuneration policies and other terms of employment for company management

Remuneration policies for company management are to be formulated and presented by the Remuneration Committee to the Board, which submits the proposal to the Annual General Shareholders' Meeting for adoption. The 2012 Annual General Shareholders' Meeting adopted the remuneration policies and other terms of employment for senior executives. The remuneration policies for 2012 remained unchanged compared with those that applied in 2011, with the exception of the lowering of the maximum pension premium payable from 35% to 30%. Pursuant to the resolution of the Annual General Shareholders' Meeting, no variable remuneration is payable to senior executives and no share-related incentive programs exist in the SAS Group. The Board deems that particular circumstances exist for deviation from the remuneration policies with regard to the Board's decision to allow variable remuneration to the member of Group Management responsible for Sales & Marketing, see Note 3 on page 55.

Agreements concluded previously with some executives that contain partially deviating conditions governing pensions, notice periods and severance pay will be respected until they cease or are renegotiated.

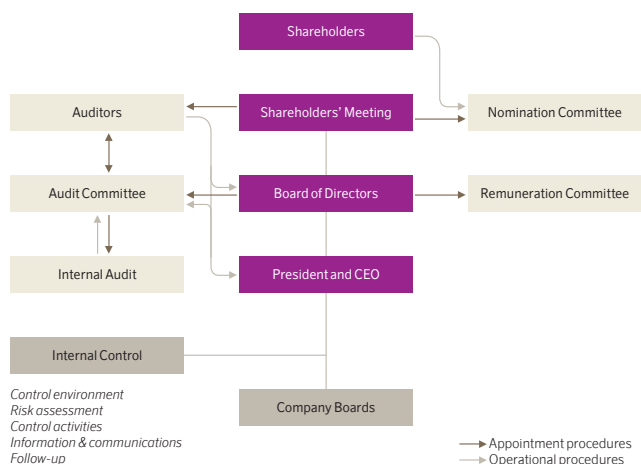
Total remuneration must be market-based and competitive and must be in relation to responsibility and authority. Remuneration consists of fixed salary, other benefits and pension.

Remuneration of senior executives is to consist of a fixed annual base salary. The fixed salary is to reflect the position's requirements pertaining to skills, responsibility, complexity and the manner in which it contributes to achieving the business objectives. The fixed salary is to also reflect the executive's performance and can therefore be both individual and differentiated. Other benefits, including company car and health insurance, must be market-based and only constitute a limited part of the total remuneration. Pension benefits are to be defined-contribution, with premiums not exceeding 30% of the fixed annual salary.

Remuneration of the President is to be decided within the framework of policies approved by the Board of SAS AB and on the recommendation of the Remuneration Committee established by the Board. Remuneration of other members of Group Management is to be decided by the President within the framework of approved remuneration policies after consultation with the Remuneration Committee. The detailed guidelines are available on the company's website. For detailed information about remuneration and benefits for the Board, President and senior executives in 2012 see Note 3, page 56.

Corporate governance, governance structure

The SAS Group had 64,268 shareholders on October 31, 2012. The major shareholders are the three Scandinavian governments. The largest private shareholders are the Knut and Alice Wallenberg Foundation, Försäkringsbolaget Avanza Pension, A.H. Värdepapper AB, Unionen and the funds of various banks.



Fees decided at the 2012 Annual General Shareholders' Meeting

Name	Nationality	Independent	Board	Audit Committee	Remuneration Committee	Total, TSEK
Fritz H. Schur	DK	Yes	585		70	655
Jacob Wallenberg	SE	Yes	390		25	415
Dag Mejdell	NO	No ¹	345		25	370
Monica Caneman	SE	Yes	295	45		340
Jens Erik Christensen	DK	Yes	295	45		340
Gry Mølleskog	NO	Yes	295			295
Timo Peltola	FI	Yes	295	95		390
Elisabeth Goffeng	NO	–	295			295
Ulla Grøntvedt	SV	–	295			295
Anna-Lena Gustafsson	SV	–	295			295
Total			3,385	185	120	3,690

1) Dag Mejdell is not considered independent in relation to major shareholders (but is independent in relation to SAS and its management).

On their own initiative, as part of the SAS Group's 4Excellence Next Generation plan, all Board members reduced their Board fees decided by the Annual General Shareholders' Meeting by 30%, as of November 5, 2012.



Annual General Shareholders' Meeting

The Annual General Shareholders' Meeting of the SAS Group is to be held on March 20, 2013 at 2:00 p.m. at the following venues:

Copenhagen: Park Inn by Radisson Copenhagen Airport, Engvej 171

Stockholm-Arlanda: Clarion Hotel, Arlanda Airport

Oslo: Radisson Blu Nydalen, Nydalsveien 33

General information

To facilitate participation by shareholders in Denmark and Norway in general shareholders' meetings, the meeting can be attended from locations in Copenhagen and Oslo via telecommunications links. Shareholders par-

ticipating in this manner have the same rights as shareholders attending the meeting in Stockholm or Sigtuna.

Shareholders may participate, address the meeting and vote on matters at the same moment as shareholders present in Stockholm or Sigtuna. This procedure means that, in practice, the meeting is held in three locations simultaneously.

Attending the Annual General Shareholders' Meeting

Shareholders who wish to attend the Annual General Shareholders' Meeting must notify the company in advance. Details about notification will be published in the notice convening the Annual General Shareholders' Meeting.

Proposals or questions for inclusion in the notice of the Annual General Shareholders' Meeting

Shareholders who wish to address a specific question or who have a proposal for inclusion in the notice convening the Annual General Shareholders' Meeting may do so.

Items in the notice

- The deadline for receiving business to be included in the notice is January 30, 2013.

Sending of the notice and notification of attendance

- The notice is to be sent in February 2013.

- Deadline for notification of attendance: March 14, 2013 in Sweden and March 13, 2013 in Norway and Denmark.

Record day

- March 14, 2013

Admission cards to the AGM will be sent on

- March 14 and 15, 2013

Annual General Shareholders' Meeting

- March 20, 2013

Internal control – financial reporting

The SAS Group applies COSO, the internationally recognized framework for internal control, to describe and evaluate the Group's control structure. COSO's guidance contains a total of 20 principles, which are divided into five areas and described below. Adaptations have been carried out on the basis of assessed need in various operations of the SAS Group.

Internal control of financial reporting is a process involving the Board of Directors, executive management and employees, and is designed to provide reasonable assurance regarding the reliability of external reporting.

Internal control of financial reporting is described below in five areas that jointly form the basis of a sound control structure.

Control environment

The Group's ambition is that its values – reliability, openness, care and value-creation – will permeate the organization and the internal control environment. All actions, internal as well as external, are to reflect these basic values. The SAS Group has produced a Code of Conduct, which describes the desired approach in various situations, including a structure for reporting deviations from the desired approach. Employees have received training in the Group's Code of Conduct.

Information concerning governance of the Group is available for all employees on the Group's intranet and in the SAS Corporate Manual. For the SAS Group's Board and each subsidiary, there are instructions for the Board and CEO that clearly describe responsibilities and authorizations.

Risk assessment

Every year, company management performs a risk assessment regarding financial reporting. The assessment of risks in various major balance sheet and income items is graded where critical areas have been identified. The

SAS Group's internal audit function performs an ongoing overarching risk assessment that results in an annual audit plan. The audits performed by the internal audit are primarily aimed at operational auditing, but also focus on processes that impact financial reporting and risk of irregularities, improper favoritism of another party at company expense, and the risk of loss or embezzlement. The audit plan is approved by the Audit Committee and the SAS Group's Board.

Control activities

Control activities cover, inter alia, internal control in each Group company. Beyond this, there are control activities to ensure updating in accordance with IFRS using specific forms for reporting in the Group's corporate reporting system. The SAS Group has financial officers, both centrally and locally, who are responsible for financial updates.

The total assessment of the audit performed in 2012 was that the internal control of financial reporting was satisfactory and the rating was 97%.

SAS has prepared a form with defined control targets in the management process, accounting process, revenue process, purchasing process, payroll process and asset management process. These control targets also include IT controls that safeguard change management, user administration and procedures and responsibilities. The management of all units and subsidiaries conduct their own annual assessment of the internal control in relation to the fulfillment of control targets, including documentation of the processes used in the control activities. This control and evaluation also comprises processes conducted by third parties. The evaluation is also reviewed by the external auditors who make an independent assessment of status and improvement potential. In the event of evaluations not being approved, whereby the assessment by the external auditor prevails, action plans are prepared, which are subject to monitoring.

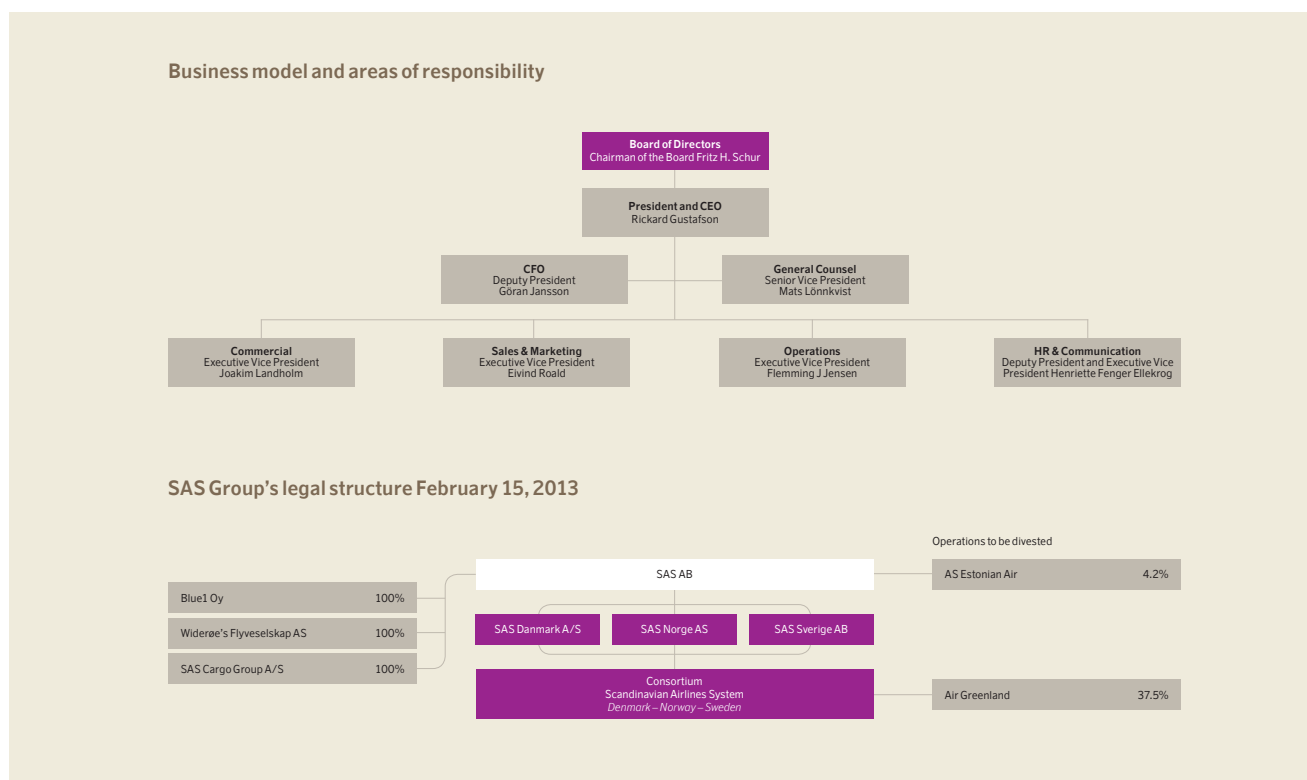
Information and communication

Policies and guidelines regarding the financial process are communicated to all affected parties in the Group. All policies and guidelines in the financial areas are on the intranet, under "SAS Group Financial Guide." The SAS Group's published external reports are based on reporting from all legal entities in accordance with a standardized reporting procedure. Financial information reported regularly includes the annual report, interim reports, press releases, presentations and telephone conferences focused on financial analysts, investors and meetings with the capital market in Sweden and abroad. The above information is also available on the Group's website www.sasgroup.net

The SAS Group's accounting policies as well as any changes are always communicated by direct dispatch and at regular meetings with those responsible for financial matters in the units and subsidiaries. All units and subsidiaries submit a report on their activities every month, including their financial status and performance. To ensure that the external information is correct and complete, the SAS Group pursues an information policy regarding disclosures to the stock exchange and an Investor Relations policy that has been laid down by the SAS Group's Board. This policy is available on the SAS Group website under Investor Relations.

Monitoring

Monitoring and continuous evaluation of compliance with policies and guidelines as well as monitoring reported deficiencies are conducted regularly. In connection with monitoring action plans for noted deficiencies in the "self assessment," the new or modified controls are tested. Recommendations from the external and internal audits and the status of ongoing measures are compiled and presented to Group Management and Audit Committee. Financial reporting is discussed at each Board meeting and at meetings of the Audit Committee.



Board of Directors

The Board is responsible for the organization and administration of the Group and for ensuring proper control of its accounting and other financial circumstances as well as for appointing the President. All members of the Board elected by the Shareholders' Meeting are independent of the company and company management. The Annual General Shareholders' Meeting 2012 adopted the Nomination Committee's recommendation for reelection of all Board members of SAS AB: Fritz H. Schur, Jens Erik Christensen, Dag Mejdell, Timo Peltola, Jacob Wallenberg, Monica Caneman and Gry Mølleskog. Fritz H. Schur was reelected Chairman of the Board. No share convertibles or options have been issued to the Board of the SAS Group.



Chairman Fritz H. Schur, born 1951

Chairman of the Board of SAS AB since April 2008. Member of the Board of SAS AB since 2001. *Directorships:* Chairman of the companies in the Fritz Schur Group. Chairman of PostNord AB, DONG Energy A/S, F. Uhrenholt Holding A/S, Relationscore ApS and C.P. Dyvig & Co. A/S. Vice Chairman of the Board of Brd. Klee A/S. Board member of WEPA Industrieholding SE. *Education:* B. Sc. Economics and Business Administration. *Earlier directorships/positions:* Chairman of Det Danske Klasselotteri A/S, SN Holding A/S, CVI A/S and Post Danmark A/S. Vice Chairman of Interbank A/S and Board member of De Post NV/La Poste SA, Belgium, and others. *Shareholding:* 40,000.



Vice Chairman Jacob Wallenberg, born 1956

Vice Chairman of the Board of SAS AB since 2001. *Directorships:* Chairman of Investor AB. Vice Chairman of Ericsson AB and SEB and Board member of ABB Ltd, The Coca-Cola Company, the Knut and Alice Wallenberg Foundation and the Stockholm School of Economics. *Education:* B.Sc. Economics and MBA Wharton School, University of Pennsylvania. *Earlier directorships/positions:* Vice Chairman of Stockholms Handelskammarens Service AB, Electrolux AB and Atlas Copco, as well as Board member of the Confederation of Swedish Enterprise and the Nobel Foundation. *Shareholding:* 10,000.



Second Vice Chairman Dag Mejdell, born 1957

Second Vice Chairman of the Board of SAS AB since 2008. President and CEO of Posten Norge AS. *Directorships:* Chairman of Arbeidsgiverforeningen Spekter and International Post Corporation. Vice Chairman of the Board of EVRY ASA and Board member of Norsk Hydro ASA and IK investment. *Educations:* MBA, Norwegian School of Economics and Business Administration. *Earlier directorships/positions:* President and CEO of Dyno Nobel ASA. Chairman of Svenska Handelsbanken, Region Norway. Board member of DYWIDAG System International GmbH. *Shareholding:* 4,214.



Monica Caneman, born 1954

Member of the Board of SAS AB since 2010. *Directorships:* Chairman of the Fourth Swedish Pension Fund, Arion bank hf and Big Bag AB. Board member of Storebrand ASA, Poolia AB, My Safety AB, Intermail A/S, SOS Children's Villages and Schibsted Sverige AB. *Education:* MBA, Stockholm School of Economics. *Earlier directorships/positions:* Board member of EDT AS, Allenex AB, Frösunda LSS AB and Intervendum AB. Board member of Schibsted ASA, Resco AB, Nocom AB, Akademikliniken AB, Nya Livförsäkrings AB, SEB Trygg Liv, XponCard Group AB, Lindorff Group AB, Citymail Group AB, EDB Business Partner ASA, Nordisk Energiförvaltning ASA and Svenska Dagbladet AB. *Shareholding:* 4,000.



Jens Erik Christensen, born 1950
Member of the Board of SAS AB since 2006.
Directorships: Chairman of Scandinavian Private Equity A/S, Dansk Merchant Capital A/S, Alpha Holding A/S and Vördur Tryggingar hf. Vice chairman of BankNordik A/S. Board member of Nemi Forsikring A/S, Andersen&Martini A/S, TK Development A/S, Nordic Corporate Investment A/S as well as member of the Danish Government's infrastructure commission. Chairman of the Board of Skandia A/S Denmark. *Education:* Cand. Act. University of Copenhagen. *Earlier directorships/positions:* President of Codan A/S, President of Codan Försäkring A/S and President of Trygg-Hansa AB as well as member of the Executive Committee of the Royal & Sun Alliance plc. 1999–2006; prior to this, directorships and business development in the financial sector. *Shareholding:* 12,666.



Gry Mølleskog, born 1962
Member of the Board of SAS AB since 2010. Took up her position as Chief of Staff of the Royal Secretariat at the Norwegian Royal Court on September 1, 2012. *Directorships:* Chairman of Norsk Folkemuseum. Board member of Norwegian Property ASA and Quartz+Co. *Education:* Master of Management from the Norwegian School of Management BI and studies at the University of Oslo. *Earlier directorships/positions:* Five years as Senior Client Partner in Korn/Ferry International and experience as Head of Staff for the Norwegian Royal Court. In addition, Ms. Mølleskog has held several positions in the SAS Group, most recently as Senior Vice President at the head office in Stockholm. Board member of Hurtigruten ASA, Oslotrikken AS, DnBNOR Finans, Posten Norge and Steen og Ström. *Shareholding:* 666.



Timo Peltola, born 1946
Member of the Board of SAS AB since 2005. *Directorships:* Vice Chairman of TeliaSonera. Member of the Board of AW Energy Oy and CVC Capital Partners Advisory Board. Member of Citigroup's Nordic Advisory Board. *Education:* MBA, Turku School of Economics and Business Administration. Studies at IMI, Geneva. Honorary doctorate in economics, Swedish School of Economics and Business Administration in Helsinki and Turku School of Economics and Business Administration. *Earlier directorships/positions:* Chairman of Ilmarinen, Merita Bank, Amer-group, Instrumentarium, Neste oil as well as Vice Chairman of Nordea. Board member of Huhtamaki Oyj and CEO of Huhtamaki Oyj 1988–2004. *Shareholding:* 2,000.



Employee representative
Elisabeth Goffeng, born 1957
Employed at Scandinavian Airlines in Norway. Member of the Board of SAS AB since May 2011. *Shareholding:* 0.
Deputies: Trygve Skogseide, First Deputy. *Shareholding:* 0.
Asbjörn Wikestad, Second Deputy. *Shareholding:* 0.



Employee representative
Ulla Gröntvedt, born 1948
Employed at Scandinavian Airlines Sweden. Member of the Board of SAS AB since 2001. *Shareholding:* 2,000.
Deputies: Sven Cahier, First Deputy. *Shareholding:* 0.
Christian Anderström, Second Deputy. *Shareholding:* 400.



Employee representative
Anna-Lena Gustafsson, born 1959
Employed at Scandinavian Airlines Denmark. Member of the Board of SAS AB since September 2011. *Shareholding:* 0.
Deputies: Bo Nielsen, First Deputy. *Shareholding:* 392.
Per Weile, Second Deputy. *Shareholding:* 200.

Auditors Deloitte AB

Principal auditor Jan Palmqvist, born 1962, Authorized Public Accountant. Elected in 2011.

Other major engagements AFA Försäkring, Nordisk Renting and Länsförsäkringar Stockholm.

Corporate Secretary Mats Lönnkvist, General Counsel, SAS Group and Member of SAS Group Management.

Group Management

Group Management is responsible for the Group's business management, financial reporting, acquisitions/disposals, financing and communication and other corporate matters. The members of Group Management are appointed by the President in consultation with the Board of Directors. Only the President reports to the Board, although the other members of Group Management report to the President. Group Management's responsibilities are divided among its members with regard to managing the Group's business affairs, and minuted meetings are normally held every second week.



**Rickard Gustafson, born 1964
President and CEO**

Member of SAS Group Management from February 1, 2011. Previously, various executive positions in GE Capital, both in Europe and the US, and President of Codan/Trygg-Hansa from 2006–2011. *External directorships:* none. *Education:* Master of Science, Industrial Economics. *Shareholding:* 40,000.



**Henriette Fenger Ellekrog, born 1966
Deputy President and Executive Vice President, Human Resources and Communication**

Member of SAS Group Management from October 1, 2007. Since 2007, responsible for Human Resources, and since 2010 responsible for Communication. *Previous positions include:* 1998–2007 various executive positions in TDC A/C, most recently as Senior Executive Vice President, Corporate HR and Chief of Staff. Prior to that, various positions and management posts at Mercuri Urval A/S and Peptech (Europe) A/S. *External directorships:* Chairperson of the Swedish Aviation Industry Group, Board member of Svenskt Flyg, Daycatch A/S, Fonden for Dansk-Norsk Samarbejde, Advisory Board for women in management positions and the Boards of the Confederation of Danish Industry and the University of Copenhagen expertise panel. *Education:* Cand. ling. merc. degree from the Copenhagen Business School. *Shareholding:* 12,200.



**Göran Jansson, born 1958
Deputy President and CFO**

Member of SAS Group Management since 2011. Previously CFO and Deputy CEO of Assa Abloy. *External directorships:* Board member of Axis Communication AB and SPP. *Education:* Graduate in Business Administration from Stockholm University. *Shareholding:* 0.



**Flemming J. Jensen, born 1959
Executive Vice President Operations**

Member of SAS Group Management since September 14, 2011. Flemming J. Jensen joined SAS in 1989 and, since 2008, has held a number of executive positions in SAS production including Chief Operating Officer Production Unit CPH. During the period 2002–2008, he was Chief Pilot and before that, a pilot. *External directorships:* Board member of Industrial Employers in Copenhagen (IAK) and a member of the Board and Executive Committee of the Confederation of Danish Industry. *Education:* Pilot in the Danish Air Force. *Shareholding:* 14,100.



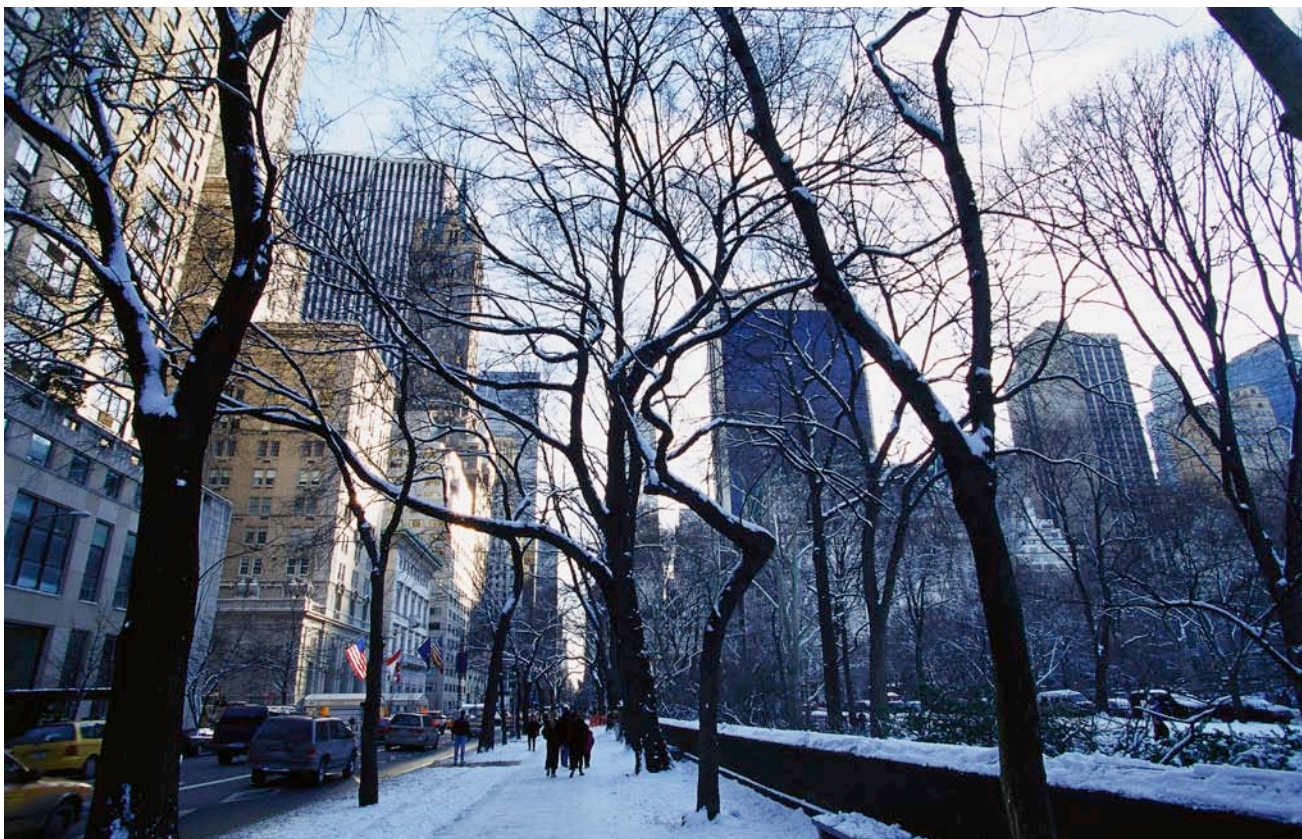
Joakim Landholm, born 1969
Executive Vice President Commercial
Member of SAS Group Management since January 16, 2012. Joakim Landholm joins SAS from a position as Chief Operating Officer at RSA Scandinavia, which comprises Trygg-Hansa and Codan. He has an extensive background in management, strategy and analysis from GE Money Bank, Accenture and Swedbank. *External directorships:* none. *Education:* Master of Business Administration from the Stockholm School of Economics. *Shareholding:* 0.



Mats Lönnkvist, born 1955
Senior Vice President, General Counsel
Member of SAS Group Management since 2009. Head of Legal, Insurance and Public Affairs, and is the Board secretary at SAS AB. *Previous engagements/posts:* Various legal posts in the SAS Group 1988–2009, the law firm of Mannheimer & Zetterlöf 1984–1988. *External directorships:* none. *Education:* Law degree from Uppsala University. *Shareholding:* 2,704.



Eivind Roald, born 1966
Executive Vice President Sales & Marketing
Member of SAS Group Management since April 1, 2012. Eivind Roald joined SAS after seven years as the President of Hewlett Packard in Norway. He also has 16 years' experience from such companies as Accenture and Willi Railo Consulting, where he focused on the restructuring of sales and marketing functions. *External directorships:* None. *Education:* Bachelor's degree from the Norwegian School of Management BI. *Shareholding:* 0.



The Board of Directors and the President hereby give their assurance that the Annual Report has been prepared pursuant to the Swedish Annual Accounts Act and RFR 2, Accounting for Legal Entities, and provides a true and fair view of the company's financial position and earnings and that the Report by the Board of Directors provides a true and fair overview of the company's operations, financial position and earnings, and describes the significant risks and uncertainty factors to which the company is exposed.

The Board of Directors and President hereby give their assurance that the consolidated financial statements have been prepared pursuant to the International Financial Reporting Standards (IFRS) as adopted by the EU, and provide a true and fair view of the Group's financial position and earnings, and that the Report by the Board of Directors for the Group provides a true and fair overview of the performance of the Group's operations, financial position and earnings, and describes the significant risks and uncertainty factors to which the companies in the Group are exposed.

Stockholm, February 15, 2013

Fritz H. Schur

Chairman of the Board

Jacob Wallenberg

Vice Chairman

Dag Mejdell

Second Vice Chairman

Monica Caneman

Board Member

Jens Erik Christensen

Board Member

Gry Mølleskog

Board Member

Timo Peltola

Board Member

Elisabeth Goffeng

Board Member

Ulla Gröntvedt

Board Member

Anna-Lena Gustafsson

Board Member

Rickard Gustafson

President and CEO

As stated above, the annual accounts and consolidated financial statements were approved for issuance by the Board of Directors on February 15, 2013. The Group's statement of income and balance sheet and the Parent Company's statement of income and balance sheet will be subject to adoption by the Annual General Shareholders' Meeting on March 20, 2013.

Our auditors' report was submitted on February 15, 2013

Deloitte AB

Jan Palmqvist

Authorized Public Accountant

Auditors' report

To the annual meeting of the shareholders of SAS AB,
Corporate Registration Number 556606-8499

Report on the annual accounts and consolidated financial statements

We have audited the annual accounts and the consolidated financial statements of SAS AB for the January 1, 2012 to October 31, 2012 fiscal year, except for the corporate governance statement on pages 79–87. The company's annual accounts and consolidated financial statements are included in the printed version of this document on pages 36–88.

Responsibilities of the Board of Directors and the President for the annual accounts and consolidated financial statements

The Board of Directors and the President are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated financial statements in accordance with the International Financial Reporting Standards, as adopted by the EU, and for such internal control as the Board of Directors and the President determine is necessary to enable the preparation of annual accounts and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the annual accounts and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual accounts and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of October 31, 2012 and its financial performance and cash flows for the year in accordance with the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of October 31, 2012 and its financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinion does not include the corporate governance report on pages 79–87. The

statutory administration report is consistent with the other parts of the annual accounts and consolidated financial statements.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the Group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and the consolidated financial statements, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of SAS AB for the January 1, 2012 to October 31, 2012 fiscal year. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the President

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President are responsible for administration under the Companies Act and that the corporate governance statement on pages 79–87 has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President is liable to the company. We also examined whether any member of the Board of Directors or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the Group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President be discharged from liability for the fiscal year.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and consolidated financial statements.

Stockholm, February 15, 2013
Deloitte AB

Jan Palmqvist
Authorized Public Accountant