

ICAO

CIRCULAR

CIRCULAR 30-AT/5



1953

REPORT ON THE SCANDINAVIAN AIRLINES SYSTEM (SAS)

**INTERNATIONAL
CIVIL AVIATION
ORGANIZATION
MONTREAL • CANADA**

This publication is issued in English, French and Spanish.

Published in Montreal, Canada, by the
International Civil Aviation Organization.
Correspondence concerning publications
should be addressed to the Secretary General
of ICAO, International Aviation Building,
1080 University Street, Montreal, Canada.

Orders for ICAO publications should be sent, on payment:

In Canadian currency (\$), to

Secretary General, ICAO,
International Aviation Building,
1080 University Street,
Montreal, Canada.

(Cable address: ICAO MONTREAL);

In Sterling or Irish currency (s d), to

Her Majesty's Stationery Office,
P.O. Box 569,
London, S. E. 1,
England.

(Cable address:

WHOLECORN, SEDIST, LONDON);

In French currency (fr), to

ICAO Representative,
European and African Office,
60bis, avenue d'Iéna,
Paris (16e), France.

(Cable address: ICAOREP PARIS);

In Egyptian currency (L.E.), to

ICAO Representative,
Middle East Office,
Wadie Saad Building,
Sharia Salah el Dine,
Zamalek, Cairo, Egypt.

(Cable address: ICAOREP CAIRO);

In Peruvian currency (soles), to

ICAO Representative,
South American Office,
Apartado 680,
Lima, Peru.

(Cable address: ICAOREP LIMA);

In Australian currency (s d), to

ICAO Representative,
Far East and Pacific Office,
10 Weybridge Street,
Surrey Hills, E.10,
Melbourne, Australia.

(Cable address: ICAOREP MELBOURNE).

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	3
PART I - HISTORY OF THE FORMATION OF THE SAS CONSORTIUM	4
PART II - THE PRESENT CONSORTIUM AGREEMENT AND OPERATIONS THEREUNDER	6
Analysis of the Agreement	6
The Nature of the Enterprise Created by the Consortium Agreement	8
The Consortium as a Holder of Commercial Rights	8
Organization and Operation under the Consortium Agreement...	9
The Constituent National Companies	10
Internal Services	11
PART III - GOVERNMENTAL MEASURES TO IMPLEMENT THE SAS AGREEMENT	11
Agreement Regarding Cooperation in the Field of Civil Aviation between the Governments of Sweden, Norway and Denmark, Dated 20 December 1951	12
Regulations Regarding the Cooperation of the Civil Aviation Authorities	12
The Concessions to the Constituent Companies	12
Guaranty Agreement, Dated 20 December 1951	13
FINAL OBSERVATIONS	13
APPENDIX 1. - SAS Revenue Traffic Statistics (Scheduled operations)	15

TABLE OF CONTENTS (cont'd)

	Page
APPENDIX 2.- Consortium Agreement	16
APPENDIX 3.- SAS Head Office Organization Chart	29

Acknowledgements: Most of the material for the preparation of this report was obtained by a visit to SAS headquarters in Stockholm and from conversations then and subsequently with representatives of the interested airlines and Governments. A good deal of the historical portion is based on an article by Burnett Anderson in the 1951-1952 issue of "Industria International".

REPORT ON THE SCANDINAVIAN AIRLINES SYSTEM

INTRODUCTION

1. Among the aims and objectives of ICAO is to foster the planning and development of international air transport so as to meet the needs of the peoples of the world for safe, regular, efficient and economical air transport, to prevent economic waste caused by unreasonable competition, and to avoid discrimination between Contracting States. To that end the Council is authorized to conduct research into all aspects of air transport which are of international importance and to study any matters affecting the organization and operation of international air transport, including the international ownership and operation of international air services on trunk routes. The Convention specifically authorizes Member States to participate in joint operating organizations or in pooling arrangements, and the Council is even authorized to suggest to Contracting States the formation of such organizations.

2. In the light of these provisions, the Council has conducted a considerable amount of research into the various forms of cooperation in international air transport that exist or that might be undertaken. This research has dealt with matters ranging from the possibility of forming international operating organizations in the broadest sense to the various cooperative and pooling arrangements that are now in effect between individual airlines in various parts of the world; it has also touched on the questions of aircraft registration that appeared to be involved. Besides a number of Secretariat studies and internal working papers, the Organization has published Circular No. 28-AT/4, entitled, "Existing Forms of Commercial and Technical Cooperation between European Airlines in Regional Air Service", a study actually prepared for the Organization by the Institut français du Transport aérien (IFTA). The present Circular represents another facet of the Organization's research, in that it describes the Scandinavian Airlines System (SAS), the most important operating entity of multiple nationality yet achieved. The object of the present paper is a primarily factual description of the SAS entity as it now exists, with some notes as to its origins and the

problems encountered in bringing it to its present stage of development, as well as a brief and tentative appraisal of the extent to which SAS may represent a trend which countries outside of Scandinavia might wish to follow.

3. "SCANDINAVIAN AIRLINES SYSTEM Denmark - Norway - Sweden", to give it its complete official title, is the result of years of planning and experiment on the part of the three Scandinavian countries in the field of joint ownership and operation of air transport services. In its present stage of development, it represents the furthest advance hitherto marked along the road to complete cooperation in ownership and operation of an air transport enterprise by several countries, without abandonment of the national character of the constituent elements of the consortium. The enterprise, known as SAS, is a considerable one. In volume of traffic carried, the combined airline stands about twelfth among the great airlines of the world.* It has more than 6,000 employees, making it one of the dozen or so largest enterprises in Scandinavia. Some revenue traffic statistics for the past two years of operation (those ended 30 September 1951 and 1952) appear at Appendix 1 to this report.

PART I - HISTORY OF THE FORMATION OF THE SAS CONSORTIUM

4. The Scandinavian countries emerged from the second world war with very little in the way of physical aviation equipment, but with well developed plans for resuming internal and international air transport activities. Orders had been placed for the most modern transport airplanes, while in Sweden, as a stopgap, some interned B-17 bombers had been converted into civil transports. On 27 June 1945, less than two months after Germany collapsed, the newly formed Swedish Intercontinental Airlines (hereinafter called SILA) made the first post-war commercial flight across the Atlantic with one of these bombers.

5. The various Scandinavian national companies had a keen realization of the fact that they could further their interests to greater advantage by acting in concert than they could hope to do acting separately. The first field in which a common scheme was developed was over the North and South Atlantic. There, the Danish airline, Det Danske Luftfartselskab A/S (hereinafter called DDL), the Norwegian airline, Det Norske Luftfartselskap A/S (hereinafter called DNL), and SILA entered into a consortium agreement under date of 31 July 1946. This agreement called for contribution of capital and equipment to the single operating entity known as OSAS (Overseas Scandinavian Airlines System) in the proportions of 3 (SILA), 2 (DDL) and 2 (DNL). Their operations were to be conducted for joint profit so that rights and obligations, profits and losses, were shared between the three parent companies

* As of the beginning of 1952, it had some 46 routes serving 37 countries and 67 cities, and considerable expansion has taken place since that time. Three of the countries served were Scandinavian, 14 European and 20 extra-European. Twenty-three of the cities were Scandinavian, 25 European and 19 extra-European. The length of the route network was 88,500 kilometres, or 54,000 miles. At its inception, the consortium had 59 aircraft and has added several since; for its long-distance services, it uses primarily DC-6 type aircraft, of which it has about 26.

according to their respective interests in the consortium. In September, the first scheduled plane bearing the now familiar triple-shield emblem took off for New York.

6. It was not until about two years later, under an arrangement first established in 1948 and later extended under date of 25 June 1949, that the companies of the three countries were able to arrive at a somewhat similar agreement governing services on routes in Europe, the Near East and Africa. The Swedish participant in this new consortium, ESAS (European Scandinavian Airlines System), was not SILA, but Aktiebolaget Aerotransport (hereinafter called ABA), a company that had operated in Europe since before the war. It is probable that the pre-war history of operation on at least some of these routes, coupled with a familiarity with cooperative arrangements in force during that period, influenced the form of this second agreement. In any event, the ESAS agreement represented a pooling arrangement under which each company operated its share of a previously agreed traffic program arranged so as to divide ton-kilometres performed as nearly as possible in the proportions of 3, 2 and 2. Total traffic revenues went into a pool which was divided between the companies in proportion to traffic actually carried, calculated in ton-kilometres. Joint ticket and traffic offices were established in foreign cities. Each airline, however, continued as a separate operating entity, operating its agreed share of the international routes as well as its own internal services, and bearing all its own costs separately.

7. The chief advantages of the ESAS arrangement lay in the elimination of competition on a number of routes where it had been excessive, and in savings resulting from the consolidation of ticket offices and other activities abroad formerly carried on separately. Even so, the arrangement was by no means perfect and gave rise to a number of problems. Revenues and expenses from total aggregate operations had to be allocated first between the ESAS and the OSAS enterprises and the various internal services before the remainder could be allocated between the four national companies -- two Swedish and one each Danish and Norwegian -- according to the different formulae under the two agreements. Numerous inter-company billings were required, and these often gave rise to differences of opinion. Moreover, the national companies had suffered financial reverses of varying severity which made their capacity to participate in the consortium to the fullest extent somewhat uncertain.

8. In 1950, a comprehensive program was undertaken to obviate the operating difficulties and to provide a sounder basic capitalization and equipment procurement policy. Negotiations between the companies from January to March 1950 resulted in concrete proposals which were reviewed by the Ministers of Communications of the Scandinavian countries in May.

Further negotiations continued throughout the summer, with the result that the present consortium agreement, effective as of 1 October 1950, was signed on 8 February 1951. The nature of this agreement and of the organization created thereby will be considered in Part II of this paper.

9. Even after signature of the basic agreement, however, there remained much to be done in the way of governmental measures to bring the situation thereunder properly within the framework of the different national laws, regulations and operating concessions. This aspect of the work continued throughout most of 1951, and was completed by the signature of certain agreements on 20 December 1951. The governmental program will be reviewed in Part III of this paper.

PART II - THE PRESENT CONSORTIUM AGREEMENT AND OPERATIONS THEREUNDER

10. The agreement, for the first time, creates a coordinated operating entity with most of the characteristics of a single company. It eliminates the financial and accounting problems that had beset the former consortiums. It also saves a substantial amount of money by the elimination of duplicating functions. Certain other difficulties it has not been possible to overcome completely. Notwithstanding the close cultural and linguistic ties between the three Scandinavian countries, one can still sense the play of inherent national differences. A slight, but curious, instance of this is that the original signed version of the consortium agreement itself was drafted in English rather than in one of the Scandinavian tongues.

Analysis of the Agreement

11. The present agreement, dated 8 February 1951 and reproduced in full at Appendix 2, supersedes the above-mentioned OSAS and ESAS agreements, and regulates the entire activity of the consortium. Its salient features are summarized as follows, with references to the pertinent articles:

- a) Parties. ABA, DDL, DNL.
- b) Effective period. 1 October 1950 to 30 September 1975 (§ 18).
- c) Activities covered. All "commercial air traffic and other business in connection therewith," the parties undertaking not "directly

or indirectly to carry on, or support, or take any interest in any other activity of the kind carried on by the consortium." Each party has the right on request of its Government to require the consortium to "perform, on conditions to be agreed, domestic traffic which is not considered acceptable from a sound business viewpoint" (§ 1). Business activities shall be allocated reasonably between the three countries. (§ 3).

d) Participations and liabilities. As against third parties, the parties are jointly and severally liable. As between themselves, they share in assets, profits and liabilities in the ratio of 3 (ABA), 2 (DDL) and 2 (DNL). The capital of the consortium is 157.5 million Swedish Kronor (\$30,350,000 U.S.; £10,850,000) (§ 2, 4)*.

e) Property. Aircraft are regarded internally between the parties as owned by the consortium, which exercises, with regard to third parties, the power to control and dispose of the same, including the power to sell. Legal title for purposes of registration is retained by the separate parties, and it is contemplated that each type of aircraft shall be allocated for registration as nearly as possible in the 3, 2, 2 ratio. Real estate in Scandinavia is retained by the parties and placed at the disposal of the consortium on a lease basis. Other property is assigned to the consortium (§ 4, 5, 6).

f) Management. This is in the hands of a Board of Directors of 18, of whom six are appointed by each party. Offices of chairman and first and second vice-chairmen alternate between the parties. They, together with three other members of the Board of which each party appoints one, constitute the executive committee. In case of an equal vote, the opinion supported by the chairman prevails. A general manager acts as chief executive officer of the consortium; he may not be a member of the Board. Other personnel shall be appointed with due consideration to achieving a reasonable proportion between Swedes, Danes and Norwegians (§ 7 - 10).

g) Finances. The Board has power to determine the distribution of profits and to decide if, and to what extent, the parties shall be called on to make contributions to cover losses (§ 12).

h) Force majeure. Parties are mutually exonerated from liability for failure to fulfill provisions of the agreement caused by "war, danger of war, civil disturbances, blockade, catastrophic acts of nature, or similar circumstances" (§ 13).

* Capital of the several parties is:

ABA 67,500,000 Swedish Kronor (\$13,050,000 U.S.; £4,650,000)

DDL 36,500,000 Danish Kroner (\$5,285,000 U.S.; £1,890,000)

DNL 30,000,000 Norwegian Kroner (\$4,200,000 U.S.; £1,500,000).

i) Withdrawal. Fairly elaborate provisions are made for withdrawal in case of breach of agreement, insolvency, unwillingness to join a decision of the other parties affecting the extent of the consortium's activity, etc. In case one party withdraws, the others are entitled to the exclusive and continued use of the SAS name and insignia (§ 15).

The Nature of the Enterprise Created by the Consortium Agreement

12. The enterprise resembles an ordinary company to the greatest extent possible as far as management and operation are concerned. It differs from the more familiar forms of corporation in that it has no governmental charter conferring legal entity. A further difference is that the property of the enterprise is not completely vested in the consortium itself. Real estate is retained separately, and aircraft and equipment are placed at the disposal of the consortium in a manner that makes it possible to withdraw the same in case of national emergency. This will be more clearly evident when inter-governmental arrangements are considered (see paragraph 25, infra). Moreover, for reasons of national defense, the maintenance and technical ground services retain a certain degree of independence. Comparison is also possible between the consortium and a partnership of its three constituent companies. However, it differs radically from the ordinary form of partnership in that the individual partners are not active in the direct control of the day-to-day activities of the consortium.

13. On the whole, therefore, it seems best not to attempt to identify the consortium with any of the more familiar forms of commercial undertaking, but to regard it as a creature of the particular arrangement out of which it grew. The amount of specialized government action that has been necessary to bring the consortium into being (see Part III) is a further ground for not trying to apply any standard label. It may be noted in passing that the consortium itself is exempt from taxation in all three countries. This status is achieved, in Sweden at least, by the fact that the ordinary tax laws simply do not apply to this novel form of organization.

The Consortium as a Holder of Commercial Rights

14. Before passing to the operations of the body created by the consortium agreement, it will be convenient to consider how its peculiar legal construction has affected its ability to obtain operating concessions in foreign countries. The striking point here is that the difficulties created by its anomalous character seem to have been more than counterbalanced by the fact that, through SAS, three countries are negotiating in concert vis-à-vis the outside world. This has meant in practice that foreign countries have shown a greater willingness to grant concessions to the consortium than they might have shown to any one of its members, since the possibility of later having to deal with the other two did not exist. The tendency has been also :

to regard the Scandinavian countries as a single territory for the purpose of granting traffic rights, with the result that fifth freedom rights have sometimes been obtained where this might otherwise have been impossible. As regards the form of the commercial rights granted, a solution frequently encountered has been to name one of the parties as holder of the rights in its capacity as a constituent of, and agent for, the consortium. There has, however, been at least one instance where it was necessary to create a corporate entity subsidiary to the consortium to hold the rights on its behalf.

Organization and Operation under the Consortium Agreement

15. The agreement is silent as to where the headquarters of the consortium shall be located and as to specific stationing of various departments at different places. As a matter of convenience, the main executive headquarters have been established at Stockholm, but they could be moved if, for instance, this locality became too expensive. Although the reorganization resulted in a few senior administrative personnel leaving, the adjustment was not as severe as it might have been because, while negotiations were pending, a policy of limited personnel replacement had been in force. As regards operations, where there had been full-fledged departments in each of the three capitals, considerable ~~saving~~ was effected by consolidating into a single department in Stockholm. The coordination of sales and schedules, which had been done in Copenhagen since the days of ESAS, has been moved to Stockholm, but the department concerned has not been materially reduced. Even so, daily supervision and allocation of aircraft are still carried out from Copenhagen. A central treasury office has been established in Stockholm, but subsidiary treasury offices are still maintained in both the other countries for the purpose of financing maintenance expenses and handling the proceeds of ticket sales. The economic research and equipment purchasing departments are located at the headquarters in Stockholm.

16. Flight personnel are recruited from the three participating countries in approximately the 3, 2, 2 ratio, flight crew licences being validated so as to be effective in all three countries. Flight personnel thus constitute a single pool, so that nationals of any one country may fly aircraft registered in the other countries as well. Crews are often of mixed nationality, although some attempt is made to secure greater efficiency by having members of any given crew all of the same nationality where convenient.

17. The largest measure of decentralization is found in the maintenance department, separate maintenance bases being operated at Stockholm, Copenhagen and Oslo. In this department the main breakdown has been between the type of equipment being handled, DC-6 maintenance being carried out mainly in Stockholm, DC-4 in Copenhagen, and DC-3, Scandia and other equipment in Oslo. The respective volumes of maintenance work have resulted in maintenance personnel also showing roughly the 3, 2, 2 ratio. There is some central machinery for handling common maintenance problems and for

inspection, but there is as yet no central engineering or maintenance department. Aircraft flight and maintenance manuals, formerly separated, have been largely consolidated by the central operations department.

18. Officials of SAS emphasize that the biggest gain has come not in specific reductions of personnel or physical equipment but in the elimination of what they called "committee type" management and substitution therefor of a centralized authority. An organization chart of the consortium is attached as Appendix 3.

The Constituent National Companies.

19 It remains to consider the national companies and their relation to the consortium. Each national company retains its corporate identity and concession to operate as an airline. Indeed, the operating concessions granted by the governments concerned run to the constituent companies, but each has a clause to the effect that the company shall have the right, as long as the consortium agreement remains in force, to cause the operations sanctioned by the concession to be carried out by the consortium, on condition that the latter assumes the rights and obligations of the national company. Such arrangement have been made, and all operations are now carried on under the consortium agreement, in accordance with the proviso (noted at paragraph 11 (c) supra) that this is the only way in which operations are to be conducted.

20. The individual companies have the obligation to contribute to cover deficits of the consortium (see paragraph 11 (g) supra), and this obligation has been guaranteed by the respective governments concerned, as more fully discussed in Part III. The companies, moreover, retain any real property they may have in their own country, and, in the case of ABA, this is an important asset since ABA owns the buildings used for the consortium headquarters and Stockholm maintenance base. In Norway and Denmark, the real estate used by the consortium belongs to the respective governments which charge a rental therefor. Each of the constituent companies is owned 50% by the government and 50% by private interests, this balance having been achieved in each case as part of an internal reorganization that went on at about the same time that the consortium itself was being formed.

21. A word should be said about the relation of the two Swedish companies, ABA and SILA. ABA was the pioneer Swedish air transport company, corresponding to DDL in Denmark and DNL in Norway. Like these other companies, it had financial difficulties in its first years of operation. The result was that government aid had to be solicited and the company, by the time that trans-Atlantic air transport became a post-war possibility, was approximately 85% government-owned. The conservative policy of the government management led the company to hold back from ventures into the scarcely tried field of trans-Atlantic air transport. In this state of affairs, a group of private

financiers subscribed the capital necessary to launch SILA, which was to undertake this work. SILA, however, was never a full-fledged airline. It contracted with the old ABA to furnish all technical services, i. e., to do the actual maintenance and flying for a stated compensation, while SILA concentrated on the traffic and sales aspect of the venture, the financial risk thus falling entirely on SILA. At the time of the reorganization, the assets of SILA were turned over to ABA as part of the consideration for bringing the private ownership in ABA up to the 50% generally prevailing in the constituent companies. SILA has now become a holding company for the privately-owned shares of ABA.

Internal Services.

22. It will be recalled that, in view of the limitation on operations by the constituent companies, the consortium agreement provides that that entity shall perform also domestic traffic under certain conditions. The domestic services vary in importance as between the various countries, those in Norway being perhaps the most important and those in Denmark the least. In most cases these services operate at a deficit.

23. For instance, in Sweden the lines are: Stockholm - Sundsvall/Härnösand - Luleå; Stockholm - Göteborg; Stockholm - Malmö; Stockholm - Norrköping - Visby; Stockholm - Visby. For operating these during the fiscal year ending 30 September 1951, the government granted SAS a subsidy of not more than 870,000 Swedish Kronor, the actual amount to be paid to be the audited deficit which, in fact, amounted to very nearly that figure. For the fiscal year ending 1952, SAS asked for a similar arrangement with a maximum of 700,000 Kronor, but was limited by the government to not more than 500,000. SAS has arranged with the Swedish government to have a first refusal on all internal services proposed, but has incurred no obligation to operate any particular service. Somewhat similar arrangements are in effect for internal services in Denmark and Norway, where the subsidy in those countries has the additional feature of freedom from landing and similar charges.

PART III - GOVERNMENTAL MEASURES TO IMPLEMENT THE SAS AGREEMENT

24. All three national companies are under a considerable measure of government regulation, as well as proprietary control. In order, therefore, to assure the proper functioning of the companies within the framework of the consortium agreement, it was necessary for the three governments concerned to achieve a large degree of uniformity in their applicable regulations. The measures to attain this end are set forth in two international agreements, in more or less uniform regulations governing the various civil aviation authorities, and in nearly identical concessions to the three companies.

Agreement Regarding Cooperation in the Field of Civil Aviation between the Governments of Sweden, Norway and Denmark, Dated 20 December 1951

25. This agreement recites the approval by the three governments of the consortium agreement, provides for general cooperation between their respective civil aviation authorities, and then proceeds to enumerate specific measures to facilitate the consortium arrangement. It provides for registering the aircraft in the names of the respective companies, for the approval of crew member certificates both by the country of origin of the respective persons, and by the other countries on whose aircraft they may qualify for service. The principle is recognized that SAS is to be allowed to move aircraft and other equipment about within Scandinavia without import or export restrictions or payment of duty. This agreement also provides that, "in the event of war or the proclamation of a state of emergency the contracting parties shall make joint efforts to allow the cooperation practised by SAS to continue for as long as is compatible with the relative interests of each contracting party". If, however, for reasons of national safety, one contracting party considers it necessary to withdraw its personnel, aircraft and equipment from the consortium, the other contracting parties shall facilitate the withdrawal and any transportation connected therewith, not necessarily to a point in the withdrawing country.

Regulations Regarding the Cooperation of the Civil Aviation Authorities

26. These provide for periodic meetings between the heads of the respective civil aviation authorities, at least once every twelve months, with subordinate officials attending as experts. The meetings are to consider matters of policy and organization, including revisions of previous measures and coordination of relations with ICAO. During the intervals, the heads of the respective civil aviation authorities constitute a coordinating body. One aviation authority may be charged with carrying out tasks on behalf of all three, e. g., the transmission to ICAO of statistics regarding SAS. The regulations also provide for retaining, for the time being, the secretariat which the three countries jointly maintain at ICAO headquarters.

The Concessions to the Constituent Companies

27. One interesting feature of these virtually identical documents is that they read like concessions to operating airlines and that only at the end is there the provision above referred to (paragraph 19, supra) for having the operations actually carried out by the consortium. Employment is restricted normally to Swedish, Danish and Norwegian citizens. Traffic programs, time-tables and tariffs are to be submitted to the national authorities before they become valid. The acquisition of new types of aircraft and engines is likewise subject to approval by the authorities. There is specific provision permitting the government to enter into negotiations with the company concerned regarding that company's participation in the expenses

for which the government may have become liable under agreements for the international financing of technical aids for civil aviation (paragraph 15 of the Concessions).

28. In the provision mentioning the consortium, there are further requirements regarding the pooling of traffic or the introduction of joint traffic, as well as for maintaining insurance or other security to cover liability for damages to third persons or property by aircraft operated by the consortium.

Guaranty Agreement, Dated 20 December 1951

29. Finally, the three governments have agreed to grant their respective companies guaranties to enable them to fulfill their obligations under the consortium agreement, in the amounts shown in the table (expressed in each case in the national currency):

<u>Financial Year</u>	<u>Swedish Gov't to ABA</u>	<u>Danish Gov't to DDL</u>	<u>Norwegian Gov't to DNL</u>
Ending 30 September 1951	2.2 million kr.	2 million kr.	2 million kr.
" " " 1952	2.2 " "	2 " "	2 " "
" " " 1953	2.2 " "	2 " "	2 " "
" " " 1954	2.2 " "	2 " "	2 " "
" " " 1955	2.2 " "	2 " "	2 " "
	<u>11</u> " "	<u>10</u> " "	<u>10</u> " "
	\$2,130,000 U.S. £ 760,000	\$1,445,000 U.S. £ 515,000	\$1,400,000 U.S. £ 500,000

The companies may draw against the guaranties to meet current deficits and may also carry forward past deficits for the purpose of drawing against guaranties in respect of subsequent years. Amounts drawn down bear interest at 1% and, as long as any amount is outstanding under a particular guaranty, the company concerned shall not pay dividends without the government's consent and in no event shall it pay dividends of more than 5%. There is a provision for possible remission of sums that have not been repaid by 1 October 1975.

FINAL OBSERVATIONS

30. As this is written, the first two years of operation under the consortium have passed without any national company's having had to resort to its guaranty. For the first of these years, ended 30 September 1951, the Scandinavian Airlines System reported a net profit in the amount of 2,538,165 Swedish Kr. (\$490,600; £175,200). For the second year, ended 30 September 1952, a net profit is reported amounting to approximately

1,560,000 Swedish Kr. (about \$301,500; £107,700). These were the first recorded profits of the enterprise or its constituent companies, and no doubt reflect to some extent the improved efficiency under the new organization. It must be remembered, however, that 1951 and 1952 to a lesser extent were good years for most airlines and that it would be rash to attribute the successes of the SAS entirely to the recent reorganization.

31. The extent to which the apparent success of the SAS cooperative undertaking points the way to similar ventures on the part of other groups of countries is a difficult question. There can be little doubt that one of the outstanding elements in the success of SAS has been the peculiar common heritage of the Scandinavian peoples, their habits of cooperation in other fields, and the similarity of their languages.

32. Another factor no doubt is the size of the undertaking in relation to the size of the population affected. The total population of Scandinavia is of the order of fifteen million, almost half of which is represented by Sweden. The populations of the other two countries in particular would seem somewhat small to afford sufficient traffic or a long-distance scheduled international airline. It therefore appears that, in this case, we have the combination of an airline of workable size serving a territory with a population adequate to provide the necessary traffic. The fact that the consolidation resulted in complete liberty to SAS to operate within all of Scandinavia as if it were a single country was no doubt of considerable financial advantage.

33. What has just been said must not be taken to imply that combining airlines will in all cases have beneficial financial results. There is no evidence that merely increasing the size of an airline will produce such results, and there are many comparatively small airlines serving territories with adequate traffic that operate just as economically as far larger airlines. Therefore, it cannot be said that any two countries, adjacent or not, will inevitably improve the operating results of their airlines by consolidating them.

34. No doubt there are situations where the combination of operations in a single airline would improve efficiency by eliminating undesirable competitive situations, by standardizing flight equipment, and otherwise. As against this, however, it must be recognized first that there are many types of competition that are desirable rather than the reverse, and that it is often difficult to distinguish clearly between the desirable and undesirable features. In the second place, much can be accomplished without consolidation by pooling and other cooperative arrangements, both in the financial and technical fields.

35. On the whole, then it seems that the conclusion must be that potential consolidations of the SAS variety will have to be appraised in the light of their respective circumstances. The officers of SAS and the Scandinavian authorities themselves do not regard their experiment as one which would surely lead to success if repeated in other cases, although they are firmly convinced of the great advance marked by their own cooperative achievement.

APPENDIX 1

SAS

REVENUE TRAFFIC STATISTICS

(Scheduled operations)

	Year*	Aircraft Kilometres Performed	Tonne- Kilometres Available	Total Tonne- Kilometres Performed	Load Factor in %	Passenger and Baggage Tonne- Kilometres	Cargo Tonne- Kilometres	Mail Tonne- Kilometres	Number of Passengers	Cargo Tonnes Carried	Mail Tonnes Carried
		Thousands	Thousands				Thousands			Units	
Intercontinental services	1951	11 789	67 201	43 272	64.3	31 471	9 095	2 706	70 953	1 901	425
	1952	13 201	77 453	50 882	65.7	38 054	8 940	3 888	83 392	1 818	609
European services	1951	10 589	47 433	23 617	49.6	18 676	4 077	864	303 750	5 284	1 512
	1952	12 214	55 203	28 652	51.9	22 967	4 509	1 176	402 705	6 332	2 002
Domestic services	1951	2 250	5 226	2 921	56.0	2 539	206	176	106 994	479	406
	1952	1 853	4 242	2 407	56.7	2 102	148	157	82 195	352	340
Total services	1951	24 628	119 860	69 810	57.7	52 686	13 378	3 746	481 697	7 664	2 343
	1952	27 268	136 898	81 941	59.9	63 123	13 597	5 221	568 292	8 501	2 951
Increase or decrease between years											
Intercontinental services	1951-52	12.0%	15.3%	17.6%	/	20.9%	- 1.7%	43.7%	17.5%	- 4.4%	43.2%
European services	1951-52	15.3%	16.4%	21.3%		23.0%	10.6%	36.1%	32.6%	19.8%	32.5%
Domestic services	1951-52	-17.6%	-18.8%	-17.6%		-17.2%	- 28.2%	-10.8%	-23.2%	-26.5%	-16.3%
Total services	1951-52	10.7%	14.2%	17.4%		19.8%	1.6%	39.4%	18.0%	10.9%	25.9%

* Twelve months ending 30 September of year stated.

APPENDIX 2CONSORTIUM AGREEMENT

For the purpose of continuing and widening their co-operation, the under-
signed:

AKTIEBOLAGET AEROTRANSPORT (below called ABA)
DET DANSKE LUFTFARTSELSKAB A/S (below called DDL)
DET NORSKE LUFTFARTSELSKAP A/S (below called DNL)

have agreed that their present Agreements of the 31st of July 1946, with
Amending Agreement of the 4th of July 1947, and the 25th of June 1949, known
respectively as the OSAS and ESAS Agreements, shall cease to be valid as of
September 30th 1950 and from and including the 1st of October 1950 the fol-
lowing new Consortium Agreement shall apply between them.

§ 1

NAME AND ACTIVITY OF THE CONSORTIUM

1. The parties hereby form a Consortium, which under the
name of

SCANDINAVIAN AIRLINES SYSTEM

Denmark - Norway - Sweden

and for their joint account, and as an entity, shall carry on commercial air
traffic and other business in connection therewith, in accordance with the
provisions of this Agreement, and otherwise to the extent and in a way the
Board of the Consortium deems appropriate.

2. The activity of the Consortium shall be governed by sound
business considerations, practice and policy.

3. None of the parties may directly or indirectly carry on, or
support, or take any interest in any activity of the kind carried on by the Con-
sortium, unless the other parties agree thereto.

4. Should the competent Governmental authorities so request,
each of the parties shall have the right to require that the Consortium shall
perform, on conditions to be agreed, domestic traffic which is not considered
acceptable from a sound business viewpoint.

§ 2

LIABILITIES OF THE PARTIES

1. As against third parties, the parties are jointly and severally liable for due fulfilment of any obligation which might arise for the Consortium in connection with its activity.

2. The internal relation in the Consortium between the parties shall be as follows:

ABA's share in the Consortium shall be 3/7 (three sevenths)
DDL's share in the Consortium shall be 2/7 (two sevenths)
DNL's share in the Consortium shall be 2/7 (two sevenths)

~~In accordance herewith the parties shall jointly own all the properties and rights of the Consortium in these proportions, while they in the same proportions shall share any profit or any loss which arises as a result of the activity of the Consortium and between themselves shall be responsible for the obligations of the Consortium.~~

§ 3

GENERAL PRINCIPLES OF ALLOCATION

Subject to the provision contained in §1, sub-paragraph 2, the Consortium shall make every effort towards allocating in a reasonable way, the business activities of the Consortium between the three countries.

§ 4

THE CAPITAL OF THE CONSORTIUM

1. The initial capital of the Consortium shall be 157-1/2 million Swedish Kronor, corresponding to approximately 210 million Danish Kroner, and approximately 217 million Norwegian Kroner respectively, to be contributed by the parties causing the following assets and liabilities to be assigned to and taken over by the Consortium:

a) All properties and rights jointly owned by and liabilities jointly incurred by the parties under the aforementioned Agreements of the 31st of July 1946 and the 25th of June 1949 as from time to time amended.

b) All aircraft and other physical assets which the parties own individually, except real estate located in the three countries and except such items as the parties may specifically agree upon.

c) Such liabilities, as the parties may specifically agree upon, for which any of the three parties is responsible.

d) Cash funds to the extent required for reaching a net initial capital as set out above.

2. Between the parties a clearing shall thereafter be effected through necessary cash payments, so that the contributions made by the parties, valued as agreed upon between the parties, will become adjusted to correspond with the proportions set out in § 2, sub-paragraph 2.

3. It is agreed that, notwithstanding the provisions in sub-paragraph 1.b) of this § 4, the ownership of each aircraft is retained by the party registered and recorded as owner thereof in accordance with the provisions of § 6, but all aircraft shall internally between the parties be regarded as owned by the Consortium, which latter shall, with regard to third parties, exercise any and all powers appertaining to ownership of the aircraft, including - without limiting the generality hereof - the power to control, use, charter, and lease such aircraft as well as to dispose of same by sale or otherwise.

§ 5

REAL ESTATE AND LEASES

1. Real estate in the three countries, owned by any of the parties, shall be placed at the disposal of the Consortium to the extent and on conditions of lease, as specifically agreed.

2. Current leases in the three countries between a third person and any of the parties, shall be taken over by the Consortium on existing conditions.

§ 6

REGISTRATION OF AIRCRAFT

Aircraft contributed by the parties to the Consortium as capital, in connection with its formation, as well as aircraft later acquired by the Consortium, shall be registered, within each type of aircraft, by approximately 3/7 of each type of aircraft in ABA's name in Sweden, by approximately 2/7 in DDL's name in Denmark, and by approximately 2/7 in DNL's name in Norway, without this having any other effects on rights and liabilities under this Agreement. Deviation from this allocation principle can be made should practical reasons so require, as for instance, if certain types are solely or mainly used within one

party's national area. At the time of the formation of the Consortium, the allocation between the parties for registration purposes shall be as specified in the appendix hereto.

§ 7

MANAGEMENT OF THE CONSORTIUM

1. The affairs of the Consortium shall be managed by a Board of Directors, an Executive Committee appointed within the Board, and one or several Managers, one of which shall be General Manager (President).

2. The Board of Directors shall consist of the persons, who, from time to time are members of the Boards of ABA, DDL, and DNL. At the Board Meetings of the Consortium, however, no more than six representatives from each party may take part as voting members. These representatives are appointed by the parties for each meeting of the Board of the Consortium.

3. The Board of Directors shall, for one year at a time, elect one of its members to serve as Chairman of the Board, as well as one First Vice Chairman and one Second Vice Chairman, and each shall alternate between the parties unless the Board unanimously decides otherwise. In case of intervening inability, the Board shall elect a successor to serve for the remaining part of the year.

4. The Chairman and the First and Second Vice Chairmen, together with three other members of the Board, of which each party shall appoint one, shall constitute the Executive Committee. The members of the Executive Committee shall serve for one year at a time. Each party shall appoint a deputy to serve for each of its members on the Executive Committee, should such member be unable to attend, the deputies to be chosen from the membership of the Board of the Consortium.

5. The Board shall decide which persons, individually or jointly, shall have authority to represent the Consortium and sign for it with binding effect.

§ 8

BOARD MEETINGS

1. Board Meetings shall be held when the Chairman so decides or when a Board Member or the General Manager so requests. A meeting

shall be held at least once every quarter, and the place of the meeting shall, as a rule, alternate between the three countries.

2. Notice of Board Meetings shall, if possible, be given at least fourteen days in advance. If special circumstances so require, the time of notice may be shortened. The Notice shall specify the business to be brought up at the meeting. If any of the Board Members present objects thereto, a decision cannot be reached in a matter which has not been specified in the Notice.

3. The Board Meetings are conducted by the Chairman, or in his absence, by the First Vice Chairman, and in his absence by the Second Vice Chairman.

4. A quorum is formed with at least three members from each of the parties present. If in accordance herewith a quorum is not present, one party can, within eight days, demand that a new meeting be held and at this meeting a quorum shall be formed in matters which were specifically stated in the Notice of the first meeting, with only two parties represented by at least three representatives from each of them.

5. Minutes shall be kept of the Meetings of the Board and shall be certified by the acting Chairman, as well as by one Board Member present from each party. Each party shall be given a certified copy of the Minutes.

6. The members of the Board and the Executive Committee shall receive a reasonable remuneration as well as compensation for travelling and living expenses, as may be decided by the Board.

§ 9

DECISIONS OF THE BOARD

1. The following matters shall always be presented to the Board: yearly budget for the Consortium, yearly accounts, and traffic program.

2. The Board shall prescribe any necessary rules for the Executive Committee's activities and authority.

3. The Board shall appoint the General Manager, and Managers if any, and higher officials as well as determine their salaries.

4. The Board shall decide where the Head Office shall be located as well as the location of other necessary offices.

5. The Board shall decide on major property renewals and property acquisitions for the Consortium, as well as on major insurance questions.

6. At the Board Meetings the members present and entitled to vote shall vote individually, and a decision of the Board shall, unless otherwise provided in this Agreement, be considered to be the opinion agreed upon by a majority of those voting, or if the voting is equal, the opinion supported by the Chairman.

7. A Board member may not act in this capacity in connection with any matter wherein he has a major personal or economic interest.

§ 10

THE GENERAL MANAGER AND PERSONNEL OF THE CONSORTIUM

1. The General Manager shall be the chief Executive Officer of the Consortium and shall have the same powers and duties as are normally held by a General Manager of a Company, in relation to the Board and the Executive Committee and the personnel of the Consortium and in relation to third parties. The Board shall prescribe any necessary rules for the authority of the General Manager, and the Managers if any.

2. Neither the General Manager nor the other Managers, if any, may be members of the Board of Directors of any of the parties.

3. When appointing the personnel of the Consortium, the Board and/or the General Manager shall make every effort to achieve an organization which is as rational and efficient as possible. When appointing higher officials, as well as in connection with the appointing and training of flight personnel, representatives abroad, technical specialists and engineers, the choice between equally qualified persons shall, subject to the provisions contained in § 1, sub-paragraph 2, be made with due consideration of achieving a reasonable proportion between Swedes, Danes, and Norwegians.

§ 11

ACCOUNTS AND AUDIT

1. The fiscal year of the Consortium shall be from October 1st till September 30th. The first fiscal year shall be from October 1st, 1950, till September 30th, 1951.

2. The accounts of the Consortium shall be audited by six Auditors. Each party shall appoint two of these Auditors from the Auditors who have been elected at that party's General Shareholders' Meeting for auditing the party's own accounts. The Auditors shall appoint among themselves a Chairman for one year at a time. The Chairman shall alternate between the parties.

3. The yearly accounts of the Consortium shall be handed over to the Auditors not later than four months after the end of the fiscal year. Not later than one month thereafter the accounts shall again be placed before the Board together with the Auditors' Report. It shall then be incumbent upon the Chairman of the Board to call a Board Meeting as soon as possible to review the Auditors' Report and to approve the final accounts. In connection with the closing of the accounts, provision shall be made for such depreciation in respect of the assets of the Consortium, and for such reserves to cover special risks, which the Board may find necessary from a sound business viewpoint.

§ 12

DISTRIBUTION, PAYMENT ON ACCOUNT TO THE PARTIES, AND FUTURE CONTRIBUTIONS

1. The Board shall decide if and to what extent profits shall be distributed to the parties or remain in the Consortium. The Board also shall decide if and to what extent losses shall be covered by payments to the Consortium by the parties as well as the time within which such payments shall be effected.

2. Independently hereof, the Board, when it deems appropriate, may decide, in accordance with sound business principles, if and to what extent the Consortium can place available cash funds at the disposal of the parties. If the Board's decision implies that larger cash funds will remain in the Consortium than are required for current activities as well as for renewals and replacements within a year's time the competent currency authorities may examine the matter. The parties remain responsible to the Consortium for amounts placed at their disposal in accordance with this subparagraph 2, and shall, if the Board so requests, effect re-payment thereof to the Consortium.

§ 13

FORCE MAJEURE

The parties mutually exonerate themselves from any and all liability and other consequences arising from the impossibility of fulfilling the

provisions of this Agreement on account of war, danger of war, civil disturbances, blockade, catastrophic acts of nature, or similar circumstances.

§ 14

TRANSFER OF RIGHTS

1. None of the parties is entitled to transfer, wholly or partly, its rights or obligations under this Agreement without the other parties' consent.

2. Irrespective hereof, each of the parties shall for the purpose of its own financing be entitled to pledge or otherwise utilize its rights under the Agreement as security, subject, however, that such an arrangement may not in any way affect that party's obligations or the other parties' rights under the Agreement.

§ 15

THE WITHDRAWAL OF ONE OF THE PARTIES FROM THE CONSORTIUM UNDER CERTAIN CIRCUMSTANCES

1. Should any of the parties

a) fail to fulfil its obligations under this Agreement, unless the failure be of minor relevance, or

b) become financially weakened to such an extent that the obligations of the other parties, on account of their joint liability towards third parties, would become considerably more onerous than was the case when this Agreement was entered into,

the other two parties shall be entitled to demand, jointly, that the third party withdraw from the Consortium. The withdrawal shall take place 6 (six) months after notice of said demand has been given by the other two parties.

2. Should one of the parties not be willing to join a decision taken by the other parties to extend the activity of the Consortium, and should such extension require additional contributions from the parties or should any of the parties not be willing to join a decision taken by the other parties to substantially reduce the activity of the Consortium, the first mentioned party shall be entitled to voluntarily withdraw from the Consortium if he notifies the other parties to that effect within 1 (one) month from the date of the decision. In that case the withdrawal shall take place 6 (six) months after the other two parties' receipt of such notice.

3. When a party withdraws in accordance with the provisions of sub-paragraphs 1 and 2, he shall be entitled to receive that part of the net assets of the Consortium which corresponds to his share in the Consortium as stated in § 2, sub-paragraph 2. This part shall be estimated in accordance with the principles contained in sub-paragraphs 4 and 5 below as per the date when the withdrawal was demanded in accordance with sub-paragraph 1, or when the withdrawal shall take place in accordance with sub-paragraph 2 as the case may be.

4. In case a party withdraws due to circumstances beyond the party's control, e.g. governmental intervention or a financial crisis in the party's own country as well as when a party withdraws in accordance with sub-paragraph 2 above, the assets of the Consortium shall, for the purpose of calculating the net assets in accordance with sub-paragraph 3, be estimated at such value as can reasonably be expected from a normal and properly carried out liquidation. The good will accrued in the Consortium shall not be taken into account at such estimation.

5. In case a party withdraws due to other circumstances than those referred to in sub-paragraph 4 above, the provisions in said sub-paragraph 4 shall apply with the exception that the estimated value of the assets of the Consortium may not exceed the net value of the assets specified in the last approved Balance Sheet of the Consortium. The ceiling provided in the last sentence shall not apply, however, to assets or liabilities the value of which is computed solely on the basis of current official quotations.

6. Should the parties not agree whether a party is obligated or entitled to withdraw from the Consortium in accordance with the provisions of this § 15, or should the parties not agree on the value of the share of the net assets of the Consortium, which shall be received in accordance with sub-paragraphs 3 to 5 inclusive, by a withdrawing party, or on what property shall be allocated in settlement of such a share, the question in dispute in this connection shall be settled by arbitration in accordance with § 17 below. When deciding the question whether a withdrawing party shall receive his share in cash or kind, the arbitral tribunal shall, in this respect take into special consideration the justified interests of the other parties.

7. If a party withdraws from the Consortium in accordance with the provisions of this § 15, the remaining parties shall be entitled to continue their co-operation under the unchanged name and insignia of Scandinavian Airlines System (SAS). The withdrawing party may not directly or indirectly use the name or insignia of Scandinavian Airlines System (SAS) as long as this name is used by the remaining parties or party. Furthermore, the withdrawing party shall be obligated to lend its co-operation to achieve that all the rights appertaining to the Consortium be transferred to the other parties or to the Consortium, which then will consist only of the remaining parties. The provisions in this Agreement shall thereafter be correspondingly applicable

between the remaining parties unless they otherwise agree, it being understood, however, that their shares in the Consortium stated in § 2, sub-paragraph 2, shall be increased in proportion to their previous shares therein.

8. If two of the parties, in accordance with sub-paragraph 1, demand the third party's withdrawal from the Consortium, and such withdrawal is due to only circumstances beyond the last mentioned party's control, the third party shall after its withdrawal from the Consortium be entitled to re-enter the Consortium at a later date when the circumstances which caused its withdrawal have ceased to prevail. In case the parties cannot agree whether or not a party is entitled to re-enter in accordance with this provision or on the conditions for re-entry, such disputes shall be decided by arbitration in accordance with § 17.

9. Should circumstances which according to sub-paragraph 1, entitle two of the parties to demand that the third party shall withdraw from the Consortium become applicable to two of the parties, the third party may demand that the other two parties shall withdraw from the Consortium. Relevant provisions of this § 15 shall be correspondingly applicable in this case.

§ 16

LIQUIDATION

1. When the Consortium is liquidated for reasons other than those referred to in § 15, a final settlement between the parties shall be made on the basis of their respective shares in the Consortium. In connection with the allocation of the assets to the parties, each party shall be entitled to receive from each kind or type of assets, property of a value corresponding with the proportion 3 - 2 - 2, unless the parties agree on another allocation or approve that assets be sold for joint account. In connection with the liquidation a special agreement shall be made between the parties with regard to the continued use of the name and insignia Scandinavian Airlines System (SAS), in various protected and unprotected forms, as well as regarding the taking over or liquidation of companies and other organizations which the Consortium controls. Failing such an agreement, the necessary decisions in this connection shall be made by arbitration in accordance with § 17.

2. Should the parties, within five years from the executing of this Agreement, agree that the Consortium shall be liquidated, the following special provisions shall apply: Each of the parties shall have the right and obligation to receive all the physical assets which the party in question has

contributed to the Consortium in connection with its formation, and the assets thus received shall be estimated at the same value, less normal depreciation, which was placed on them when they were contributed.

§ 17

ARBITRATION

1. Any disputes regarding the interpretation or application of this Agreement may not be made the subject of law suit but shall be referred to arbitration for final and conclusive decision.

2. If the parties cannot agree on the appointment of one or several arbitrators to decide the dispute, it shall be decided by an Arbitral Tribunal consisting of one arbitrator appointed by the President of Højesteret in Denmark, and one by the Justitiarius of Høyesteret in Norway and one by the President of Högsta Domstolen in Sweden.

3. The Arbitral Tribunal shall elect its own Chairman and settle its own rules of procedure, including the question of where the Tribunal shall sit, as well as which national legal rules shall apply. The Tribunal shall see to it that the award is given in such a form that it can be executed against the losing party in accordance with its national law.

§ 18

PERIOD OF VALIDITY

1. This Agreement shall continue and be binding on the parties to and including the 30th of September 1975 unless under the provisions of the Agreement it should cease earlier. Not later than one year before expiration of the Agreement the parties shall commence negotiations for continued co-operation.

2. When this Agreement is executed, all previous Agreements between the parties are cancelled and shall be liquidated soonest as per September 30th 1950 in accordance with their provisions.

This Agreement has been executed in three originals in the English language of which the parties each received one. Each party shall translate the Agreement to its own national language and such translations shall be exchanged between the parties, but in case of discrepancies in the national texts, the English shall prevail.

Copenhagen, Oslo, and Stockholm, 8th February, 1951.

AB AEROTRANSPORT

DET DANSKE LUFTFARTSELSKAB A/S

(sign.)
Axel Gjöres M. Wallenberg

(sign.)

(sign.)

Axel P. Kampmann

(sign.)

DET NORSKE LUFTFARTSELSKAP A/S

(sign.)

Per M. Hansson

(sign.)

E. F. Eckhoff

APPENDIX

to Consortium Agreement dated 8th February 1951 between AB Aerotransport, Det Danske Luftfartselskab A/S, Det Norske Luftfartselskap A/S.

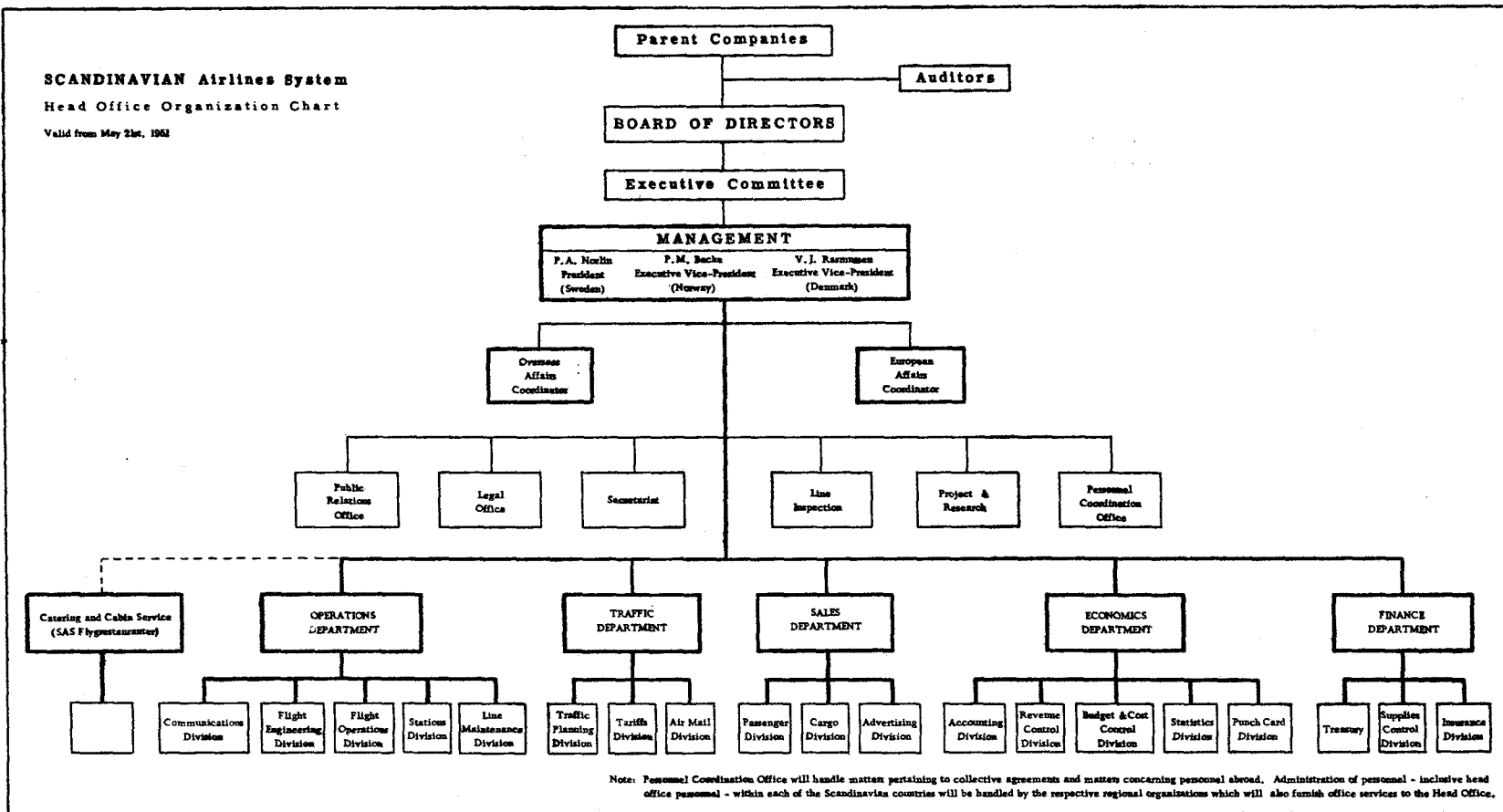
At the time of the formation of the Consortium the allocation of aircraft between the parties in accordance with § 6 in the Consortium Agreement is specified as follows:

Type of aircraft	Total number	Aircraft (serial numbers) allocated to:		
		Denmark	Norway	Sweden
DC-6	14	43121 43132 43133 one on order	43120 43134 43135 one on order	43122 43123 43124 43129 43130 43131
DC-4	9	42926 42931 42987	42993 42994	42905 42927 42928 42929
DC-3	26	4828 4865 13727 19218 19288 19771 42962 42963 42976	11697 12712 13647 13883 19458 20011 20019	1947 1972 1975 7353 9664 11638 13637 18812 19975 20128
Scandia	6		90109 90110	90105 90106 90107 90108
Sandringham	2		SH 71/C W 4037	
Ju-52	2		5429 130714	
Total	59	16	19	24

Note: The above table comprises the fleet of aircraft belonging to the Consortium on the 8th February 1951 plus two Douglas DC-6 aircraft which are ordered by DDL and DNL respectively for incorporation in the SAS fleet on delivery.

APPENDIX 3

SCANDINAVIAN Airlines System
 Head Office Organization Chart
 Valid from May 21st, 1963



Note: Personnel Coordination Office will handle matters pertaining to collective agreements and matters concerning personnel abroad. Administration of personnel - inclusive head office personnel - within each of the Scandinavian countries will be handled by the respective regional organisations which will also furnish office services to the Head Office.

- END -

PRICE: \$0.25 (Cdn.) (Montreal)
Equivalents at date of publication:
L. E. 0.090 (Cairo)
3.75 soles (Lima)
1s. 8d. (London)
2s. 3d. (Melbourne)
Rs. 1-4-0 (New Delhi)
90 francs (Paris)