

= History of Braathens (1994 ? 2004) =

Braathens SAFE 's domestic market was deregulated on 1 April 1994 . Since then , any airline within the European Economic Area is free to operate any domestic or international route . Braathens rejected a proposal from the main competitor Scandinavian Airlines System (SAS) for a merger ; instead the helicopter division was sold and the company listed on the Oslo Stock Exchange . New routes were opened from Oslo Airport , Fornebu to Bodø , Harstad / Narvik and Tromsø , but the routes from Bergen to these cities were terminated . International routes to Rome , Nice and Jersey were introduced . In 1996 , Braathens SAFE bought Sweden 's second @-@ largest airline , Transwede , and started flying on the Oslo ? Stockholm route . The following year , Transwede , with its five domestic routes , was merged into Braathens SAFE . The same year , KLM bought 30 % of Braathens SAFE and the airlines started a partnership .

In 1998 , the airline changed its name to Braathens and introduced two @-@ class cabins . Full @-@ fare passengers traveled in the " Best " -class , while discounted travelers traveled in the " Back " -class . It also bought the Swedish airline Malmö Aviation . Oslo Airport , Gardermoen replaced Fornebu as the airline 's main hub , and a price war started against SAS and the new low @-@ cost airline Color Air . The availability of slots increased the frequency of flights for all three airlines to an unsustainable level . After a year , Color Air was bankrupt , but Braathens had suffered large losses , and terminated many routes , including all services in Sweden . In 2001 , the airline was bought by SAS , and the following year the two coordinated their services so as not to compete . On 1 May 2004 , they merged to create SAS Braathens , that re @-@ branded to Scandinavian Airlines in 2007 .

= = Deregulation = =

The deregulation process , which would eliminate the need for concessions for routes , was driven by Norway 's application for membership of the EU . This was supported by the Labor Party and the right @-@ winged Conservative Party and Progress Party . The plans from the EU indicated that international routes within EU should be deregulated from 1 January 1993 , with Norway and Sweden joining from 1 July . Full , domestic liberalization should be performed by 1 April 1997 . SAS and Braathens SAFE proposed a solution where only Norwegian airlines could compete until 1997 , which was thought to efficiently hinder other airlines , rather than these two , until then . SAS announced its support for competition on 4 February 1993 , while Braathens SAFE stated that it no longer was in favor of competition , despite having arguing for this for the whole of the company 's history . The company stated that stability was needed and that competition would result in marginalized routes , that were being cross @-@ subsidized , being closed . SAS stated that with competition , prices would fall 20 ? 30 % , and that SAS wanted to operate with a loss to force Braathens SAFE close services .

During the discussion about deregulation , Braathens SAFE considered several possibilities to strengthen itself . In particular , it had discussions with the large European airlines Lufthansa , British Airways and KLM about an alliance , but these were rejected by Braathens SAFE , stating that the agreements were all about getting traffic to the partner 's hub . Minister of Transport , Kjell Opseth and director of SAS in Norway , Jan Reinås , both proposed a merger between Braathens SAFE and SAS , to ensure that the company had a 100 % market share on the primary routes before the merger . This would , according to them , secure that no foreign company could compete with the merged company . The proposal was rejected by Braathens SAFE 's management . Still , negotiations started between the companies in 1992 , although they were quickly abandoned . The press reported the price of Braathens SAFE to be NOK 1 @.@ 2 billion , but that this had been rejected as too expensive by SAS .

Prior to a government report being presented on 30 March 1993 , SAS had launched 1 November 1993 as their preferred date of free competition , while Braathens SAFE had launched 1 April 1997 as their preferred date . Braathens SAFE was worried that the high debt the company had due to the purchase of new aircraft would make them illiquid in a price war . Bjørn G. Braathen stated that

the company had bought the new aircraft based on the belief that deregulation would occur in 1997 , giving the airline time to pay more of the debt . On 2 June 1993 , with 76 against 18 votes , parliament voted to deregulate the domestic airline market from 1 April 1994 . It was supported by the Labor , Conservative and Progress Party . With this , Norway became the third country in Europe to fully deregulate , after Sweden and the United Kingdom .

Both Braathens SAFE and SAS had been cross @-@ subsidizing their routes . Through the regulations , the airlines had agreed to fly to unprofitable airports , in exchange for making higher profits on other routes . With free competition , this would not be followed , and the authorities announced the introduction of public service obligations on routes that were not profitable . To finance these , a NOK 10 fee would be charged on all primary routes . The cost of collecting this fee was so high that SAS and Braathens SAFE announced it was cheaper to continue to fly to the unprofitable airports . Braathens SAFE stated that their routes Haugesund ? Bergen and Oslo ? Røros ? Trondheim were not profitable .

To meet the free market situation , the company 's management introduced measures to keep costs low . On 19 August 1993 , ten of eleven trade unions agreed to a three @-@ year wage contract , which contained bonuses for all employees based on the company 's profit . The cabin crew 's union had a two @-@ day strike , before reaching an agreement . At the same time , the company needed NOK 400 million in share capital . Braathens Rederi sold the sister company Braathens Helikopter to Helikopter Service for NOK 225 million on 30 September 1993 , and the money was used to buy Braathens SAFE stock . The company raised further capital in an initial public offering , and the company was listed on the Oslo Stock Exchange on 10 January 1994 . After the listing , Braathens Rederi retained 69 % of the company .

On 1 April , Braathens SAFE increased the number of services . The daily number of flights from Oslo to Bergen increased to nine , and the airline introduced four new services to Northern Norway from Oslo : two each to Tromsø and Harstad / Narvik . Later , the frequency to Tromsø increased to four , and from 28 June there were also two daily round trips to Bodø . SAS increased its services on the routes from Oslo to Stavanger and Trondheim , and from Bergen to Stavanger . The liberalization did not result in a price war , and prices remained constant . The following two years , Braathens SAFE also introduced scheduled international flights to Rome , as well as summer routes to Jersey and Nice . However , Braathens SAFE terminated their routes from Bergen to Bodø , Harstad / Narvik and Tromsø , making the passengers switch planes in Trondheim .

In 1995 , Braathens signed agreements with many of the large companies in Norway as a prioritized airline . Several of the contracts had been secured by the airline offering discounts to the companies in exchange for not allowing their customers to collect frequent flyer points . SAS had not allowed this scheme , and had lost companies such as Statoil , Aker and the Government of Norway .

= = Expansion into Sweden = =

In 1996 , Braathens SAFE started negotiations to purchase the Swedish airline Transwede Airways from its owners , Transpool . After SAS had bought Linjeflyg , Transwede had become the second @-@ largest domestic airline in Sweden , operating five Fokker 100s . In 1995 , Braathens SAFE had a revenue of NOK 4 billion , with a profit of NOK 242 million . The same year , Transwede had lost NOK 200 million with a revenue of NOK 1 @. @ 2 billion . The company had been split in two , a charter and a scheduled company , and Braathens SAFE started negotiating to purchase the scheduled company . Transwede 's scheduled services were at the time from Stockholm @-@ Arlanda Airport to Halmstad , Jönköping , Luleå , Sundsvall and Umeå , plus a service from Luleå to Sundsvall . It had a 13 % market share , transporting 800 @, @ 000 people in 1995 , and had been through a major restructuring the year before , where the fleet had been reduced from seven to five aircraft .

On 18 June , Braathens SAFE announced that starting on 27 October , the company put one aircraft into service on the route from Oslo to Stockholm . SAS had at the time fifteen round trips on the route , and Braathens planned to introduce seven . The route was considered one of the most

profitable for SAS . The purchase of Transwede was confirmed on 25 June ; Braathens SAFE bought 50 % of the company 's scheduled division , Transwede Airways , with an option to purchase the rest in 1997 . The companies planned to integrate their networks , to allow connection between Braathens SAFE 's and Transwede flights at Stockholm . Services to Stockholm started on 6 November ; after three months , the airline had captured 14 % of the Oslo ? Stockholm market . In 1996 , Braathens SAFE had a 51 % domestic market share in Norway , transporting 9 @. @ 5 million passengers .

On 3 February 1997 , the airline announced it had ordered six 134 @- @ seat Boeing 737 @- @ 700 aircraft for NOK 1 @. @ 5 billion . These aircraft would be delivered in 1998 , prior to the opening of the new airport at Gardermoen . In addition , the airline had an option for additional ten planes to be delivered after 2000 . In 1997 , Transwede started replacing its Fokker 100s with Boeing 737s . In May 1997 , Braathens SAFE was criticized by the Norwegian Airline Pilots Association because it was using retired Braathens SAFE pilots to fly Transwede aircraft , due to Transwede not having certified pilots for their new Boeing 737 @- @ 300 . Braathens SAFE stated that this was within the rules of the Swedish Civil Aviation Administration and the Joint Aviation Authorities .

In 1997 , SAS announced that it was going to reduce its commission to travel agents from 9 to 5 % . Braathens followed , reducing from 8 to 5 % from 1 January 1998 . However , to try to attract more business passengers , the airline retained the 8 % commission on their international routes . At the same time , the Government of Norway abandoned its old regime of negotiating prices with the airlines for state @- @ employed civil servants ' flights . Instead , they introduced an annual tender for the routes . It was awarded to SAS , who also won all subsequent tenders . For Braathens SAFE , this meant that state @- @ employed civil servants only flew on routes where SAS did not fly . The contract was worth NOK 500 million for SAS .

On 1 April 1997 , the European airline market was fully deregulated . At this time , British Airways announced increased activity to Scandinavia , based in part on a cooperation with Braathens SAFE concerning their frequently flyer program ; holders of Bracard were allowed to collect frequent flyer points on British Airways ' flights . On 3 April , Braathens SAFE , Transwede and Finnair signed an agreement involving codesharing on Finnair 's flights from Stockholm and Oslo to Helsinki , Bracard members would be granted points on Finnair flights , and Braathens SAFE took over Finnair 's handling services in Oslo .

On 18 December , Braathens SAFE bought the remaining half of Transwede , paying 2 Swedish krona for the who company . However , due to an agreement about converting debt into share capital , the company was sold for SEK 13 million . With the take @- @ over , the company changed its name to Braathens Sverige AB . At the same time , management announced that they planned to replace all the company 's Fokker 100s with 737 @- @ 300s .

= = Partnership and new identity = =

On 18 August 1997 , Braathens SAFE announced a strategic partnership with the Dutch airline KLM . The partnership replaced the agreement with British Airways , and became active in 1998 . Analysts stated that the partnership came as a reaction to SAS ' alliance with Lufthansa , the Star Alliance , that had been created the previous year . Braathens SAFE had also been in negotiations with British Airways . The agreement involved KLM purchasing a 30 % stake in Braathens SAFE from Ludvig G. Braathens Rederi for NOK 800 million . In addition , Braathens SAFE started flying from several Norwegian cities to KLM 's main hub at Schiphol Airport in Amsterdam . In addition , the partnership involved a coordination of scheduling , prices , frequent flyer programs , corporate customer agreements , maintenance and procurement . The partnership also involved cooperation with the American airline Northwest Airlines . In 1997 , Braathens SAFE and Transwede had a revenue of NOK 5 @. @ 4 billion and made a profit of NOK 206 million , down 88 million from 1996 .

Starting in March , Braathens SAFE took over KLM 's routes from Stavanger to Amsterdam , and started a new route from Trondheim to Amsterdam . From 26 March 1998 , Braathens SAFE moved its flights to London from Gatwick to London Stansted Airport . At the same time , it announced that the number of daily services from Oslo to London would increase from one to three , following the

opening of Gardermoen . In addition , KLM @-@ partner AirUK would become an agent for Braathens SAFE , and the company hoped that 40 % of the sales on the route would be sold in the United Kingdom . The agreement also involved a codesharing agreement with AirUK , including some onwards flights from London , notably the route to Dublin . At the same time , Braathens SAFE announced that the airline would start selling more discounted tickets on the London @-@ flights , to compete with Ryanair 's new route from Stanstad to Sandefjord Airport , Torp .

On 23 March 1998 , Braathens SAFE changed its name and corporate identity to Braathens . It introduced a new livery with a blue bottom , and replaced the Norwegian flag on the tail with an abstract , silver wing , that became the company 's new logo . The re @-@ branding was an attempt to create an international identity , and tone down the Norwegian national symbols that had been on the airplanes since 1946 . At the same time , a two @-@ class configuration was introduced : the ' Best ' section , accounting for 70 % of the planes capacity , received higher seat pitch , complimentary in @-@ flight drinks , meals and newspapers , priority boarding and refundable tickets . The ' Back ' section was for discount ticket holders , who received a no @-@ frills service with a smaller seat pitch , and were located at the back of the aircraft behind a curtain . Best tickets became NOK 300 more expensive , while it became easier to purchase discounted tickets . The scheme was , according to Erik G. Braathen , an attempt to differentiate between the full @-@ fare customers , with whom Braathens was competing with SAS , and the low @-@ fare customers , who Braathens was competing with Ryanair and the to @-@ be established Color Air . The scheme as first introduced on the first 737 @-@ 700 that was delivered .

The Norwegian Confederation of Trade Unions encouraged its 800 @,@ 000 members to not fly with Braathens due to the introduction of a segregated classes . SAS did not follow the same policy , and offered its discounted customers to travel in the same class as Braathens ' , including complimentary service . After introduction , the concept increased the work load on handling employees , who needed to check the passengers ' tickets to ensure they sat in the right class . There were also complaints from Best @-@ passengers who felt that they were receiving worse service after the scheme was introduced .

On 17 August 1998 , Braathens bought Malmö Aviation , that flew from Stockholm @-@ Bromma Airport to Gothenburg @-@ Landvetter Airport and Malmö Airport . In addition , it served all three airports from London City Airport . The airline had eleven British Aerospace 146 jets . In 1997 , it had 772 @,@ 000 passengers , 450 employees , a revenue of SEK 900 million and a profit of SEK 40 million . The airline cost SEK 600 million and the deal gave Braathens and Malmö Aviation a 25 % domestic market share in Sweden .

= = Price war = =

In January 1998 , Olav Nils Sunde , owner of the cruise ferry company Color Line , announced that he would start a domestic low @-@ cost airline . They company aimed for a 15 ? 20 % domestic market share and was named Color Air . The company launched tickets down to NOK 500 each way , and sold cheap tickets without demanding that the traveler be away during a weekend .

From 1 April , a new NOK 65 tax was introduced on all domestic flights . Braathens and SAS decided to divide the cross @-@ subsidize the taxes between their routes , something Color Air was not able to do . This was because the tax was only valid for routes within Southern Norway ; Braathens and SAS could therefore tacitly collude to increase the prices to Northern Norway , and thereby subsidize their routes in Southern Norway . Color Air on the other hand would be forced to put the full tax on all its departures . While the government had no way to hinder the incumbents from doing this , Gudmund Restad , Minister of Finance from the Center Party , encouraged the airlines to not " cheat " , and follow the intentions of the law , even if he admitted that there was nothing the government could do to hinder the airlines from cross @-@ subsidizing .

Color Air started with flights from Gardermoen on 1 August , two months before the airport opened . Gardermoen was taken into use on 8 October by SAS and Braathens . Both immediately increased the number of flights . Braathens established a route to Haugesund , while SAS started routes to Ålesund and Kristiansand . The number of daily trips from Oslo for SAS increased from 59 to over

80 . In total , the three companies increased their daily round trip from 138 to 200 , and the daily seat capacity from 18 @, @ 000 to 26 @, @ 000 . Ålesund had the largest increase , from seven daily round trips with only Braathens , to seventeen offered by all three companies .

In late 1998 and early 1999 , KLM and Braathens introduced direct flights from Sandefjord and Kristiansand to Amsterdam . Braathens also started flights from Sandefjord to Stavanger and Bergen . On 1 May 1999 , Northwest Airlines started flights to its hub at Minneapolis @-@ Saint Paul International Airport in the United States . This service was terminated in October . The Northwest service had a connection to Stockholm as well as a new route from Oslo to Gothenburg , operated by Braathens . After Northwest announced the withdrawal of their service , the Gothenburg service was also terminated .

In November 1998 , Color Air introduced a new cheapest ticket for NOK 345 . After the winter settled , the ice front between Color Air and Braathens grew colder following Braathens ' denying Color Air to use their deicing equipment at Ålesund , resulting in the plane being stuck at the airport . By the end of 1998 , it became clear that Braathens had increased capacity with 20 % , but only achieved a 5 @. @ 2 % ridership increase after the opening of Gardermoen . Similar numbers were applicable for SAS . The business market , in particular the large corporations with divisions in several cities , were demanding high frequencies on the routes . Color Air could get by with fewer departures , because they mainly targeted the leisure segment . In particular , the routes from Oslo to Ålesund and Kristiansand had a very low seat utilization ; to Ålesund there were 1 @. @ 2 million flown seats annually , but only 345 @, @ 000 passengers , giving a 29 % cabin load .

In September 1999 , SAS announced that if Braathens took the first step to reduce capacity between Bergen and Oslo , they would follow immediately to reduce the overcapacity in the combined 37 daily departures . However , Braathens was not willing to reduce . On 15 September , Color Air announced that they would start flying five round trips from Oslo to Stavanger on 1 October , following the delivery of their fourth aircraft . At the same time , the airline would reduce the number of round trips to Ålesund from four to two . In January 1999 , Braathens applied to register twenty of its Norwegian aircraft in Sweden , following their discovery that foreign @-@ registered aircraft , such as Color Air 's and SAS ' , did not have to pay value added tax on good sold on board . This was rejected by the Norwegian Armed Forces , who based their need of transport of military personnel during war time on requisition of civilian , Norwegian @-@ registered aircraft . The same month , Geir Olsen , head of Braathens in Sweden , withdrew from his position , due to disagreements about the corporate strategy .

On 27 September 1999 , Color Air terminated all flights and ceased operations . On the day of the termination , the stock price of Braathens increased by 16 % . Immediately following the bankruptcy , the two airlines increased their prices . Subsequently Braathens increased their ticket price by 15 % , but stated that this had nothing to do with the elimination of competition , since the price increase was not on any Oslo routes . In November , Braathens started to remove routes , and announced they would increase prices by 20 % . They also reintroduced the Flag of Norway on the tail , which since the rebranding had been replaced by a silver , abstract wing . Both Braathens and SAS lost more than NOK 1 billion in 1999 , totaling the cost of the price war between the three airlines to exceed NOK 3 billion .

= = Crisis = =

On 23 July 1999 , Braathens replaced its CEO with Arne A. Jensen . He introduced the program Improve 800 , that was to improve the bottom line with NOK 800 million . In February 1999 , Braathens merged the Swedish division with Malmö Aviation , to create Braathens Malmö Aviation . At the same time , the airline removed the ' Best ' and ' Back ' scheme on domestic Swedish flights . In November , Braathens terminated all services in Sweden that were inherited from Transwede . The Fokker 100 aircraft and Boeing 737 @-@ 300 aircraft were sold , and the service from Oslo to Stockholm taken over by the company 's Norwegian department . Malmö Aviation retained on flights from Stockholm @-@ Bromma to Gothenburg and Malmö , as well as to London City . In addition , a Stockholm to Halmstad Airport service was started . In 1999 , Braathens lost SEK 300 million in

Sweden , bringing the total loss of Braathens Swedish operations since 1996 to SEK 600 million . At the same time , Braathens terminated its services from Sandefjord to Stavanger and Bergen , and the route from Oslo to Haugesund . From 25 June 2000 , the company also terminated its Oslo to Stockholm route . Instead , the planes were put into service to Malaga and Alicante .

During 1999 , domestic air ticket prices increased 9 % , and another 17 % the following year . By 2001 , the domestic capacity was below the level before Gardermoen opened . Braathens and SAS started cooperating to set the full price tickets on routes to eleven cities . This meant that the prices were identical on all the routes where both airlines flew , although they were not allowed to make such cooperation with discounted tickets . During the crisis , Braathens had sold several aircraft and started leasing them back to gain liquidity . The company announced in 2000 that they were considering purchasing a smaller type of aircraft , that would replace the 737s on some routes , and that would allow Braathens to start operating the Norwegian Air Shuttle services themselves .

The ' Best ' and ' Back ' service was highly criticized by analysts and customers . Braathens SAFE had a strong image , and unlike SAS , that was branded as ' The Businessman 's Airline ' , Braathens SAFE was seen as the people 's airline . It also drew goodwill from being Norwegian owned , and that it displayed the Flag of Norway on the tailplane . Prior to the rebranding , no airline in Norway had ever operated a two class service on domestic flights ? including SAS . Professor of Sociology Per Morten Schiefloe commented that the introduction of segregation of passengers offended passengers . Customers who previously had been paying full price , became more aware of the savings on using ' Back ' tickets . At the same time , people who wanted to travel with discounted tickets felt that they got better service and were not treated as second rate customers with SAS . This caused Braathens to lose customers at both ends . The rebranding itself not only cost money to initiate , but also increased operating expenses , because cabin crew needed to move the curtain depending on the number of passengers on each class . Planes were sometimes delayed for hours , particularly in the beginning of the service , due to the increased work load on the handling and cabin crew .

On 25 November 2000 , Braathens terminated the route to Murmansk . On 2 January 2001 , they also terminated the routes from Molde to Kristiansand and from Kristiansand to Trondheim , the routes to Røros from Trondheim and Oslo , and the services from Oslo to Newcastle . The routes from Bergen to Haugesund were reduced from five to three round trips , and the Bergen ? Molde ? Trondheim route was reduced from four to three . The capacity on the routes from Oslo to Molde and Kristiansund were increased . A second round trip was introduced from Stavanger to Newcastle , flown by Norwegian Air Shuttle . From 15 February , the airline introduced four weekly services from Oslo to Barcelona , and from 1 March , three weekly round trips to directly from Longyearbyen to Oslo . A direct service was introduced from Bergen to Alicante from 7 April .

= = Take over = =

On 21 May 2001 , SAS and Braathens announced that KLM and Braathens Rederi had agreed to sell their 69 % stake in Braathens for NOK 800 million to SAS ? valuing Braathens to NOK 1 billion . Braathens had contacted British Airways , but they had stated that they did not wish to purchase Braathens . The deal with SAS was initiated by Braathens ; they stated that this would allow the two companies to cooperate to eliminate the overcapacity in the domestic market . Because both airlines operated a fleet of Boeing 737 aircraft , about NOK 150 million could be saved in maintenance . The agreement also involved that Malmö Aviation would have to be sold before the take over . If not , the Braathens family would purchase the airline for NOK 1 billion . At the same time , the family owned companies guaranteed for about NOK 1 billion in the Swedish subsidiary .

The Norwegian Competition Authority announced that since the new company would have all domestic scheduled services between primary airports , it was unlikely that the take over would receive permission from them . However , it was stated that one solution could be that the companies discontinue their frequent flyer programs . On 20 August , the Competition Authority declared that SAS was not allowed to purchase Braathens ; the ruling was appealed by SAS and

Braathens . Analysts stated that Braathens could be bankrupt by the time the appeal was processed . The Competition Authority stated that their denial of the take @-@ over was that the reduction of capacity would remove the airline 's incentive to provide discounted tickets , because they would not have to use them to capture travelers with lower willingness to pay from the competitor , and that they would not need low @-@ paying customers to fill up the vacant seats . Instead , the authority wanted the politicians to reduce the taxes on flights . While Braathens also was opposed to the tax , they felt that removing it then was too late to save the company .

CEO Arne A. Jensen stated to the press that he felt that the cause of the problems were made in 1993 , when the airline failed to make the correct choices in relation to the deregulation . He stated that he felt that part of the cause was that KLM and the Braathens family had cancelled a planned private placement . He further stated that a monopoly was the best for society , the passengers and the employees . He also stated that if the appeal failed , he had a " Plan B " , involving a much smaller airline that would compete with SAS on the main routes . From October , the airline terminated its service to Milan and reduced capacity on some domestic routes ; this removed the need for two aircraft . In addition , the airline increased all ticket prices with 5 % , due to higher insurance costs .

On 23 October 2001 , the Competition Authority granted permission for SAS to purchase Braathens . The rationale was that there were no other realistic purchasers for the airline , and that a bankruptcy was imminent without the take @-@ over . As a condition , the authority decided to regulate a ban on frequent flyer programs , and stated that it would ban cross @-@ subsidization aimed at underbidding or operating at a loss to force new entrants out of the market .

= = Coordinated operation = =

By then , SAS had taken sixteen aircraft out of service , reduced production with 12 % and fired 1 @, @ 000 employees . The airline stated that they wished to renegotiate the agreement with the Braathens family and KLM to reduce the price . Because there had arisen a situation with high over @-@ capacity of aircraft , the value of planes had fallen . In addition , SAS demanded that Braathens reduce its fleet from 33 to 23 aircraft if the deal was to go through , threatening to terminate the purchase if the airline did not abide .

On 2 April 2002 , SAS and Braathens split all the routes between them . SAS started flying on the main @-@ haul routes from Oslo to Trondheim , Bergen and Stavanger , with only a few flights to Stavanger flown by Braathens to get planes to the technical base there . From Oslo and Trondheim to Northern Norway , all routes were taken over by Braathens , with exception of a few flights made by SAS to Tromsø and Bodø . SAS also withdrew their flights from Oslo to Kristiansand and Ålesund , and Braathens increased their frequency on the route . Braathens retained the routes it had flown where SAS had not formerly flown . Braathens also kept the international flights to Barcelona , Nice , Malaga and Alicante . This reduced the overcapacity in the market , and allowed the SAS Group to save between NOK 600 and 900 million .

For a short period , members of both Wings and SAS ' EuroBonus could collect points from the other airlines . But from 1 July , the awarding of frequent flyer miles on domestic flight was no longer permitted . From 1 April 2003 , the West Coast routes , which had been on contract with Norwegian Air Shuttle , were taken over by SAS Commuter .

On 24 April 2002 , SAS announced that all handling services operated by Braathens would be taken over by SAS Ground Services . All SAS employees would be prioritized in the rationalization process , and 800 Braathens employees were laid off . Three hundred Braathens ' employees were offered jobs with SAS Ground Services , but these lost their seniority . No employees in SAS lost their jobs . The case ended in the courts , where 369 former Braathens employees sued SAS to receive the same seniority as they had in Braathens . On 15 October 2003 , Asker and Bærum District Court decided that only 42 of the employees , those working in Kristiansund and Molde , had right to keep their seniority . The case was appealed , and on 18 March 2005 , Borgarting Court of Appeal , with four against three votes , decided in favor of SAS , denying the employees their claim . The matter was not settled until 31 January 2006 , when the Supreme Court of Norway ruled in favor

of the employees .

By 2004 , Braathens had managed to cut costs sufficiently to make a profit . At the same time , SAS was having problems making a profit . SAS announced on 10 March 2004 that SAS and Braathens would be merged into a single company , SAS Braathens , in May . At the same time , the airline would create separate national airlines for Sweden and Denmark . SAS Braathens would operate 50 aircraft , all variations of the 737 . The company took over the operating licence of Braathens , including the IATA and ICAO code , and callsign . Because all the operations streamlined and coordinated , there would be no further downstaffing due to the merger . From 1 June 2007 , SAS Braathens was rebranded to Scandinavian Airlines , making it identical to the branding in Sweden and Denmark , although it remain a separate limited company named SAS Norge AS .