



press release

SPANAIR CONTINUES TO MAKE PROGRESS IN ITS VIABILITY PLAN AFTER RECEIVING FORMAL APPROVAL OF ITS EMPLOYMENT REDUCTION REQUEST

- **The labour authority approves the company's targeted staff reduction included in the Redundancy Plan**
- **Adapted to the market conditions, Spanair remains as the leading Spanish full service network airline in Barcelona and the second largest airline operating from Madrid**
- **Spanair heads into 2009 with 59 scheduled routes, 21 domestic and 6 international destinations, more than 200 daily flights and an offer of 11,205,012 seats**

Palma de Mallorca, December 11th, 2008. Spanair continues to make progress in the implementation of the Viability Plan launched last July 16th, after the approval of the Redundancy Plan by the Spanish labour authority. The total number of employees from Spanair and Fuerza de Ventas affected is 702, of whom 517 are permanent contract terminations and 185 jobs will be converted into part time in the Pilots, Cabin Crew and Maintenance Technicians groups.

The labour authority ratifies the targeted staff reduction submitted by the airline last December 3rd. This will allow the company to secure its business goals, and advance in the implementation of its Viability Plan in order to consolidate Spanair as a more efficient, flexible and customer focused company, further reducing costs and improving revenue generating initiatives. The implementation of the Plan will allow an estimated improvement of 90 million Euros for 2009. Subject to the market environment, the company expects to break even or generate a small profit by 2010. Another feature of the plan, is the concentration from seven to two operational bases, Madrid and Barcelona, allowing a simpler and more demand based production model.

"During these past months, every employee group and their union representatives have invested great energy and commitment to negotiate a complex, but carefully balanced redundancy plan in order to secure the company's future. We are proud of this effort, as we head to a new year which will be very challenging given the evolution of our core markets," said Marcus Hedblom, Spanair's CEO. "We reacted very early to the crisis unfolding in the industry, and we were the first Spanish airline to take clear and effective steps to remain viable. Now we will lead a strategy adapted to the new demand scenarios, but more than ever oriented to the highest customer satisfaction and leveraging every opportunity provided through our links with SAS Group and our Star Alliance partners.

More than 75.000 flights; 59 scheduled routes, 27 destinations and more than 11 million seats offered. Spanair faces 2009 as a year to focus on its more profitable routes in order to continue as the second airline in the Spanish market.

The new program has been designed to provide its scheduled network with higher reliability and punctuality, maintaining year-round stability in the offer, which facilitates better information to the customer.

After discontinuing 9 underperforming routes during the fourth quarter, the airline offers the largest number of weekly flights linking the Balearic Islands with Barcelona and Madrid. In 2009, Spanair will offer more than 200 daily flights in 59 scheduled routes including: 21 domestic markets, 19 routes to the Canary Islands, 6 to the Balearic Islands, the Madrid-Barcelona shuttle, as well as 13 international routes. It also operates 22 other markets through its code share agreements with Star Alliance partners such as Frankfurt, Lisbon, Zurich, Vienna and Istanbul.

New initiatives. In addition to its recent participation in the Amadeus Altea commercial systems platform, Spanair prepares its relocation to the new, state of the art Terminal (T-1) in Barcelona's El Prat airport, where it will operate greatly improved facilities together with a number of Star Alliance member airlines. In the new terminal, Spanair will strengthen its commitment to customer service and quality through expanded check-in areas, including self-service units, improved boarding facilities and a new 800 sqm business lounge.

Spanair

Spanair was founded in 1986 and since April 2003 it has been part of the Star Alliance, a global network of the world's largest and most prestigious airlines.

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