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Press release

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A STAR ALLIANCE MEMBER 

SAS Group's Spanish Subsidiary Spanair has today announced the following: Spanair Announces a Feasibility Plan to Face the Economic Crisis and the Record Fuel Price Increase

Spanair's Management has announced today a Feasibility Plan to face the current crisis that the airline industry is going through as a consequence of the high fuel prices and the decrease of demand. In order to ensure the future profitability of the Company, the plan implies reduction of capacity and staff.

The Feasibility Plan is based on four strategic pillars: re-dimensioning of the aircraft capacity, cost reductions, improvement of efficiency and revenue improvement measures. As a necessary measure to stop the Company losses, worsened by the record high fuel prices, Spanair will ground an estimated number of 15 aircraft during September and October. The total earnings effect in 2009 from all the measures is estimated to MEUR 90.

Spanair will thereby cancel 9 unprofitable routes (Madrid-Vienna, Madrid-Munich, Madrid-Girona, Madrid-San Sebastián, Madrid-Granada, Madrid-Oviedo, Barcelona-Zurich, Bilbao-Málaga and Bilbao-Jerez) as the present and future demand does not justify their continuity.

Following the capacity reduction, Spanair will operate over 80% of its network and will continue as the second largest operator in the market with 260 daily flights to 48 destinations.

“ I am proud to see that in this challenging environment Spanair can lead the process to normalize capacity in the Spanish market and still maintain its position as the number one full service airline out of Barcelona, and as the second largest airline out of Madrid” said Marcus Hedblom, Spanair CEO.

The implementation of the Feasibility Plan, whose main guidelines have been presented today to all personnel and the Union representatives will also imply the reduction of approximately 900 full-time positions.

The Company will continue working on the definition of concrete measures included in this Feasibility Plan to start negotiating with the Union representatives in order to place it in force during the month of September.

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