
Operating Evolution

Load factor reached 84.8% in the **overall network**, 0.2 points above July 2008. Capacity was reduced by 3.8% to adjust it to the evolution of the demand, which dropped 3.7%. Both year on year declines are lower than the ones reported in the previous two months and the deterioration of passenger unit revenue has also been slightly lower.

In the **long haul** flights load factor stood at 86.9% (-2.2 points), with a reduction of 2.2% in ASKs. Traffic -measured in revenue passenger kilometres (RPK)- went down 4.6%. The important mix deterioration that Iberia has been experiencing in the last months moderated in July. In Latin America, capacity and traffic fell by 1.1% and 3.6%, respectively, leading to a load factor of 86.7% (-2.3 points). It is important to highlight the capacity decline of 35% in the flights to México, adjustment that the Company has been doing since May. In North America traffic narrowed 7.9% and capacity decreased 4.6%, while load factor stood at 87.6% (-3.1 points).

In **Europe** load factor rose 2.8 points with respect to the previous year, reaching 83.8%, the highest level for this segment in a month of July in the history of the company. The fall of 5.0% registered in traffic was lower than the reduction of ASKs (-8.1%), after significant adjustments in some links to Europe. The average stage length in this segment grew around 3.9%. In **Africa and Middle East** traffic climbed by 6.7% and capacity increased 6.1%, while load factor improved 0.5 points to 80.3%. In the European flights with origin and destination Madrid, demand fell slightly (-0.3%) and load factor climbed 2.0 points.

In the **domestic sector** load factor grew 5.6 points to 78.0%, with a reduction of 6.0% in the capacity and an increase in the demand of 1.3%, the first year on year increase of the traffic in this segment since January 2006.

Highlights

- Iberia has completed the renewal of its VIP lounges at Madrid-Barajas airport to improve the quality of customer service, attract more business customers and consolidate its hub in Terminal 4 of Madrid Barajas, as one of the best European hubs for business trips. In addition to its Madrid VIP lounges, Iberia has also completed renovations in its lounges in the airports of Valencia and Bilbao in Spain, in Santo Domingo in the Dominican Republic, and in Frankfurt, Germany. The renovations are part of the airline's across-the-board client service improvement initiative (PISAC), a mainstay of its strategic plan for 2009-2011.
- Iberia is upgrading all its on-board services to tourist-class passengers on long-haul flights. A completely new meal service is being launched, featuring new and more elaborate dishes, with higher-quality ingredients, and larger portions. These enhanced on-board services are also part of Iberia's sweeping Customer Service Quality Improvement Programme.



	July			Accumulated		
	2009	2008	%	2009	2008	%
ASK (million)	5,583	5,806	-3.8	36,620	38,936	-5.9
Domestic	759	808	-6.0	4,984	5,808	-14.2
Medium Haul	1,406	1,503	-6.5	9,331	10,138	-8.0
Europe	1,225	1,332	-8.1	8,137	8,978	-9.4
Africa* and Middle East	181	171	6.1	1,195	1,160	3.0
Long Haul	3,418	3,495	-2.2	22,305	22,991	-3.0
RPK (million)	4,733	4,913	-3.7	29,217	31,275	-6.6
Domestic	593	585	1.3	3,601	4,147	-13.2
Medium Haul	1,172	1,216	-3.6	6,964	7,393	-5.8
Europe	1,026	1,080	-5.0	6,103	6,518	-6.4
Africa* and Middle East	146	137	6.7	860	876	-1.8
Long Haul	2,968	3,111	-4.6	18,653	19,734	-5.5
Load factor (%)	84.8	84.6	0.2 p.p.	79.8	80.3	-0.5 p.p.
Domestic	78.0	72.4	5.6 p.p.	72.3	71.4	0.8 p.p.
Medium Haul	83.3	80.9	2.4 p.p.	74.6	72.9	1.7 p.p.
Europe	83.8	81.0	2.8 p.p.	75.0	72.6	2.4 p.p.
Africa* and Middle East	80.3	79.8	0.5 p.p.	72.0	75.5	-3.5 p.p.
Long Haul	86.9	89.0	-2.2 p.p.	83.6	85.8	-2.2 p.p.

- Excluding South Africa