our journey
Annual Report 2011
Travelling well, they say, is more important than arriving. At Etihad Airways, our journey defines us.
HH Sheikh Khalifa bin Zayed Al Nahyan  
President of the UAE and the Ruler of Abu Dhabi

HH General Sheikh Mohamed bin Zayed Al Nahyan  
Crown Prince of Abu Dhabi and Deputy Supreme Commander of the Armed Forces of the UAE

Board of Directors

HH Sheikh Hamad bin Zayed Al Nahyan (Chairman)  
HH Sheikh Khaleel bin Zayed Al Nahyan (Vice Chairman)  
HE Mohammed Maharan Fadel Al Mazzrooli  
HE Ahmed Ali Al Sayegh  
HE Mohammed Hamad Al Muhairi  
HE Hamad Abdullah Al Shamsi  
HE Khalifa Sultan Al Sarmadi
President and Chief Executive Officer’s report

2011 was the most momentous year in the history of Etihad Airways, founded in 2003.

Against a backdrop of the global financial crisis, regional instability, continued high oil prices, and continued disasters, our relative achievement was notable. Both profitability ranks as one of the best performances of any airline in the world. Our target in 2011 was to break even. Thanks to the dedication and commitment of the entire Etihad Airways family, we surpassed that goal.

We delivered earnings before interest and tax (EBIT) of US$57 million or a return on turnover of 1.6 per cent, nearly two percentage points higher than the previous year. All parts of the business contributed to our success. Cargo revenues were up 25 per cent to US$651 million on tonnage up nearly 18 per cent. We carried 8.3 million passengers, up 17 per cent on 2010, and our seat factor was 75.8 per cent, nearly two percentage points higher than the previous year. All parts of the business contributed to our success. Cargo revenues were up 25 per cent to US$651 million on tonnage up nearly 18 per cent.

Safety remained our highest priority, and our focus on providing the best customer service continued—our example, leading the way with the implementation of our safety management system, delivering best-in-class performance in the area.

The 2011 results delivered the mandate for our shareholders, the Government of Abu Dhabi, to be sustainable and create the best airline in the world, while killing off the last key enabler in the transformation of Abu Dhabi into a world-class trade and transit centre.

With impressive results, these are now carved in the pages of history, marking a milestone achievement of future height and our success is now in prevailing growth height. Sustained profitability is our new challenge, one that requires a new mindset. In 2012, we will strive to aggressively set new targets for strong growth, with a passenger traffic target of 10 million and a corresponding increase in profits.

While many factors remain outside our direct control, there is much we can influence and key decisions in 2012 will be made on our capabilities. Our cost in this area to date is US$10 billion. Costs are available in net kilometers, excluding fuel, have fallen by 14 per cent over the last two years, with the result leading to key enabler policies of our biggest expenses.

Against a backdrop of the global financial crisis, regional instability, continued high oil prices, and continued disasters, our milestone achievement is not an easy industry. In 2011, we contended with the terrible floods in Germany, our second largest airline and the softest impact in Europe; we have instant access to the largest European market of nearly 80 million people in the strongest economy in Europe. This adds 157 million to the largest airline and the sixth largest strategic partnership with Virgin Atlantic Airways, a very important part in sustaining our reputation as a successful global business, one that delivers increasing returns.

Alongside this, much work will take place in developing and strengthening our strategic partnerships and investments to deliver increasing returns. Our strategic partnership with Virgin Australia, which took root in 2011 and is proving very successful – and partnership and investments with Virgin and our other SkyTeam partners, will play a very important part in sustaining profitability.

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Throughout 2011, we increased the frequency of more than 30 routes and we will continue this approach, with daily frequencies our minimum target and double daily or more where demand requires.

We launched five new passenger frequencies our minimum target and double daily or more where demand requires. During 2011, we introduced double daily or more services on more than 20 routes, including Shanghai, Lagos and Basra to follow, and new frequencies our minimum target and double daily or more where demand requires. During 2011, we introduced double daily or more services on more than 20 routes, including Shanghai, Lagos and Basra to follow, and new

We launched our new passenger destinations in 2011 – the Maldives, the Seychelles, Changsha, Düsseldorf, Lisbon in our 11 country cities. Already in 2012, we have launched flights to Tunis, Brindisi and Naples, with Lagos and Kano to follow, and new services to Washington DC announced in 2011.

With impressive results, these are now carved in the pages of history, marking a milestone achievement of future height and our success is now in prevailing growth height. Sustained profitability is our new challenge, one that requires a new mindset. In 2012, we will strive to aggressively set new targets for strong growth, with a passenger traffic target of 10 million and a corresponding increase in profits.

We know it will not be easy – aviation is not an easy industry. In 2011, we contended with the terrible floods in Germany, our second largest airline and the softest impact in Europe; we have instant access to the largest European market of nearly 80 million people in the strongest economy in Europe. This adds 157 million to the largest airline and the sixth largest

Finally, I thank our shareholder, the Government of Abu Dhabi, for their continued support and encouragement and commitment to our customers and our people. We will continue to instil the values of respect, consistency and discipline throughout our workforce.

The year ahead will be about navigating the challenges that come our way, while continuing our reputation as a successful global business, one that delivers increasing returns to its shareholder.

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Given the challenges faced by the industry, our combination of revenue growth and entry into profitability must be one of the best results of any airline in 2011.”

President and Chief Executive Officer, James Hogan
Into the black

Etihad Airways’ mandate:
✓ Safe airline
✓ Best-in-class airline
✓ Profitable airline

While we deliver an exceptional full service product, our management culture is that of a low cost airline. We have a forensic focus on cost control in every area of the business, aggressively targeting operational efficiencies.”

President and Chief Executive Officer,
James Hogan

- Full year EBIT of US$137 million
- EBITDAR of US$648 million
- Net profit of US$14 million

<table>
<thead>
<tr>
<th>US$4.1 billion</th>
<th>US$29.6 billion</th>
<th>US$651 million</th>
<th>8.3 million</th>
<th>38.7 billion</th>
<th>US$1 billion</th>
<th>75.8 per cent</th>
<th>64 aircraft</th>
<th>9,038</th>
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<tr>
<td>36% TOTAL REVENUE</td>
<td>23.9% PASSENGER REVENUE</td>
<td>25.7% CARGO REVENUE</td>
<td>17% PASSENGER NUMBERS</td>
<td>15.8% REVENUE PASSENGER KILOMETRES</td>
<td>13% AVAILABLE SEAT KILOMETRES</td>
<td>1.8% SEAT FACTOR</td>
<td>12.3% FLEET SIZE</td>
<td>15.1% NUMBER OF EMPLOYEES</td>
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23.9%
Cost reduction was a key factor in the airline’s financial management contract – will underpin that carrier’s of up to US$50 million in the first year alone, while expected to generate extra revenue for Etihad Airways previous Australian airline partner. For example, 2011 marked the first full year of Etihad airline alliances. Fifteen per cent was contributed by airline alliances. In 2011 Cargo enjoyed spectacular growth. A record 310,000 tonnes was carried, 46,875 tonnes or almost half of the year.

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The result is testament to the efficacy of financial management and tight control over the airline’s first seven years of operations and Abu Dhabi hub operations. In 2011 Cargo enjoyed spectacular growth. A record 310,000 tonnes was carried, 46,875 tonnes or almost half of the year.

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In 2012, Etihad Airways is again aiming for strong growth, with a passenger traffic target of 10 million and a corresponding increase in profits.

The airline will continue to invest in network, aircraft and infrastructure in 2012, expanding its Abu Dhabi base, adding new destinations and working together to consider opportunities to make profitable alliances in 2012.

Equity acquisitions in Air Berlin (29%) and Air Seychelles (40%) New airline alliances And rapid growth.

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Etihad Airways’ move on December 19 to become airberlin’s single largest shareholder was a game-changing move that opened access to a new market of 35 million passengers.

Etihad Airways had already taken a 2.99 per cent stake in airberlin – Europe’s sixth largest airline and Germain’s second – and increasing its stake to 29.2 per cent signalled the start of a strategic long-term partnership linking airberlin’s European hubs with Etihad Airways’ home base in Abu Dhabi.

The year-one revenue prediction arising from the partnership is in the order of US$50 million for each airline, with revenues expected to grow considerably as the partnership matures. Unlocking efficiencies is also a key focus for the two airlines.

The airberlin deal was Etihad Airways’ first equity partnership in a well-developed and highly successful partnership strategy built over the past six years. This strategy has enabled Etihad Airways to stretch its network in a way that would not have been viable for such a young airline, despite its own rapid organic growth.

Under the terms of the agreement, Etihad Airways will provide five-year financing facilities of up to US$255 million to support airberlin’s fleet development and future network growth.

Under the partnership, which received approval from German and Austrian regulatory authorities on January 26, 2012:

» airberlin commenced operating four A330-200 flights a week between Berlin and Abu Dhabi on January 15, 2012, and moved to daily service on March 25, 2012
» European travellers have access to 29 flights a week to and through Abu Dhabi from five German hubs – Berlin, Munich, Frankfurt and Düsseldorf – with a plan to increase to 42 flights from mid-April 2012
» airberlin launched a new daily route between Abu Dhabi and Phuket on March 25, 2012
» airberlin is initially codesharing on Etihad Airways flights from Düsseldorf, Frankfurt and Munich to Abu Dhabi and on Etihad Airways flights from Abu Dhabi to Bangkok, Male (Maldives) and Singapore, with other destinations to come
» Etihad Airways is codesharing on airberlin group flights to Basel, Berlin, Catania, Copenhagen, Hamburg, Hannover, Helsinki, Milan, Rome, Stuttgart, Venice, Vienna and Zurich, with others to come
» Etihad Guest and topbonus, the airlines’ frequent flyer programs, have been integrated, enabling passengers on both airlines to ‘earn and burn’ on each other’s flights and offering reciprocal benefits – including status earning – to top tier members.

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Etihad Airways and Abu Dhabi

Aviation is a critical cluster industry within the Abu Dhabi Government’s 2030 Plan on the basis that a successful airline and airport will facilitate free-market economic activity in a wide set of sectors to underpin a diverse economy, while attracting further investment.

According to the latest study, completed in April 2011 by leading UK think tank Oxford Economics, Etihad Airways plays a crucial role in supporting and driving economic growth in the UAE. The research used the standard methodology for economic impact appraisals, and was based on data from the International Air Transport Association (IATA), the Air Transport Action Group (ATAG), EUROCONTROL, the UK aviation industry and the Civil Aviation Authority of Singapore (CAAS).

Economic contribution is divided into four key areas: direct (within Etihad Airways), indirect (suppliers to Etihad Airways), induced (spending of direct and indirect employees) and catalytic (impacts on other industries).

**Direct Economic Contribution:** The airline contributed US$1.46 billion or 2.1 per cent of Abu Dhabi’s non-oil GDP (0.8 per cent of total GDP) in 2011.

**Indirect Economic Contribution:** Etihad Airways made an indirect economic contribution of US$830 million and supported an additional 15,000 jobs in 2011 through fuel purchases, maintenance and repair, airport rental and landing fees, marketing, advertising, IT ventures and communications.

**Induced Economic Contribution:** An induced GDP contribution of US$760 million and 13,839 additional jobs can be attributed to money spent during 2011 by people working for Etihad Airways and its suppliers.

**Catalytic Economic Contribution:** Etihad Airways played an important role in improving air links between Abu Dhabi and the rest of the global economy, and the airline’s expanding network was a key factor in encouraging businesses to invest in the Emirate and the UAE. These activities provided a catalytic economic contribution of nearly US$4 billion, representing 5.3 per cent of Abu Dhabi’s non-oil GDP or 2.1 per cent of total GDP, and supported nearly 104,000 jobs.

*Etihad Airways was also a key contributor to the development and growth of tourism in the UAE, as evidenced by the increase in passenger numbers through its hub in Abu Dhabi. In 2012 this figure is set to increase to 10 million passengers.*

Based on the airline’s current growth projections, Etihad Airways’ total economic contribution to Abu Dhabi’s GDP is on track to increase by 76 per cent to US$10.743 billion by 2015, helping to support 162,000 jobs in the Emirate.

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From profitability to a landmark deal with airberlin and a 10-year sponsorship deal with Manchester City Football Club, in 2011 Etihad Airways demonstrated to the world the scale of its ambition.

**PROFIT**
Etihad Airways recorded its first ever full year net profit in 2011 of US$14 million, beating its break-even goal. A full year EBIT of US$137 million was recorded on revenues up 36 per cent to US$4.1 billion.

**AIRBERLIN**
Etihad Airways' first equity investment was a 29.2 per cent stake in Europe's sixth largest airline, giving overnight access to 35 million new passengers and expanding the airlines' combined networks to 239 destinations.

**MANCHESTER CITY FOOTBALL CLUB**
A 10-year partnership deal was signed with the iconic English football club and includes naming rights for the club's stadium and campus, as well as an extension of the shirt sponsorship.

**NETWORK**
Five new routes were launched - Bangalore, the Maldives, the Seychelles, Chengdu and Düsseldorf - and five announced for 2012 - Tripoli, Shanghai, Lagos, Basra and Nairobi.

**FLEET**
Eleven more B787-9 Dreamliners ordered - the fleet of 41 will make Etihad Airways the largest operator of this aircraft type in the world.

**CARGO**
A record 310,000 tonnes cargo were carried, the almost 18 per cent annual increase continuing the spectacular growth of this key revenue generating division.

**AWARDS**
Etihad Airways was named World’s Leading Airline in the prestigious World Travel Awards for the third year in succession.

**TECHNOLOGY**
A deal worth more than US$1 billion was signed with Sabre Airline Solutions, the leading travel technology provider, providing revolutionary change through an industry-unique integrated software systems across the company, affecting almost every facet of the business.

**EMIRATISATION**
The number of UAE nationals in the company jumped from 11 per cent in 2010 to 18 per cent in 2011. Etihad Airways is the first airline in the world to have a female Emirati pilot flying a high-density aircraft.

**ENVIRONMENT**
Etihad Airways reduced carbon emissions per passenger kilometre by 12 per cent compared to 2010 – with an overall improvement of 27 per cent since 2006 – through initiatives such as higher engine fans, modifications of selected engine and aircraft configuration, and in-flight conservation techniques. A key area of improvement is greener jet fuel.

**IFE & CONNECTIVITY**
A 10-year deal, valued at more than US$1 billion, was signed with Panasonic Avionics Corporation to provide in-flight entertainment and connectivity systems across the entire Etihad fleet.

**CARGO**
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### The story so far

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<th>2008</th>
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<th>2010</th>
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<tr>
<td>Passengers (million)</td>
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<td>6.3</td>
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<td>Fleet by year (passenger &amp; cargo)</td>
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<td>53</td>
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<td>Total destinations including Abu Dhabi</td>
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<td>Revenues (billion)</td>
<td>AED 9.1</td>
<td>AED 8.4</td>
<td>AED 10.9</td>
<td>AED 15</td>
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<td>(US$ 2.5)</td>
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<td>(US$ 2.95)</td>
<td>(US$ 4.1)</td>
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<tr>
<td>Fuel hedged</td>
<td>76%</td>
<td>64%</td>
<td>83%</td>
<td>85%</td>
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We have delivered on our mandate and the business plan we agreed with our shareholder. We have a proven track record, and today, Etihad Airways enjoys the confidence of the banking and financial sector globally and has a high measure of credibility in the business community.”

James Rigney, Chief Financial Officer
Many congratulations to Etihad Airways on this year’s results. It is wonderful to have been part of the Etihad Airways story, from inception in 2003 through to world stage as a premier carrier. We look forward to your future success and wish you great fortune in 2012 and beyond.”

Richard S Oliver, Managing Director, Head of Global Banking, Abu Dhabi HSBC Bank
Current fleet at 31 December 2011

- 8x B777-300ER
- 11x A340-500/600
- 22x A330-200/300
- 16x A319/320
- 1x B777-200F
- 2x MD11F
- 2x A330-200F
- 2x A300-600F

Aircraft on order at 31 December 2011*

- 10x A380
- 12x B777
- 19x A350
- 41x B787
- 20x A320

* Flexibility to increase deliveries with 85 options and purchase rights.

Aircraft the right mix
During 2011, Etihad Airways took delivery of seven new aircraft:

- Three Airbus A330-300 in a three-class layout
- Two Boeing B777-300ER in a two-class layout
- One Airbus A320-200 in a two-class layout
- The first Boeing B777-200F for the cargo division

This brought the fleet to a total of 64 aircraft as at December 31, 2011.

Seven new aircraft are due for delivery in 2012, with a further 10 on firm order to meet the airline’s needs through to 2020. Out of the total firm order of 105, five have already entered service.

Etihad Airways continually evaluates opportunities to optimise aircraft deliveries to meet forecast passenger demand and network requirements.

During 2011, agreements were put in place with aircraft manufacturers to protect the growth of the airline over the short- and long-term. These included:

- Altering delivery profiles to add three Airbus A320 aircraft in 2012 by advancing two aircraft from 2014 and taking an additional leased aircraft
- Increasing the Boeing B777-300ER order by these aircraft to be delivered in 2013
- Adding further Boeing B777-200F to increase capacity, bringing to 44 the total number of the aircraft on order, with deliveries expected between 2012 and 2014, which in turn will be delivered in 2013
- Sharp product and seat count
- Inching the order for Boeing B777-300F aircraft to the fleet by the second quarter of 2013

Agreements with the major aircraft manufacturers were concluded to ensure flexibility for future capacity growth and coverage for any further delays in the new aircraft programs.

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- Increasing the Boeing B777-300ER order by three aircraft to be delivered in 2013
- Adding further Boeing B777-200F to increase capacity, bringing to 44 the total number of the aircraft on order, with deliveries expected between 2012 and 2014, which in turn will be delivered in 2013
- Sharp product and seat count
- Inching the order for Boeing B777-300F aircraft to the fleet by the second quarter of 2013

Agreements with the major aircraft manufacturers were concluded to ensure flexibility for future capacity growth and coverage for any further delays in the new aircraft programs.

In 2011, Etihad Airways concluded an extensive two-year reconfiguration program in which the majority of the existing fleet was upgraded to Etihad Airways’ flying standard of onboard product while optimising seat count to match demand on the routes served by each aircraft type.

The following programs were completed during the year:

- Roll out of the new Diamond First Class cabin, incorporating suites and a large changing room on nine Airbus A340 aircraft
- Upgrade of the Pearl Business Class cabin on nine narrow-body aircraft, including the installation of new seats
- Reclassification of eight Airbus A330-200 aircraft from three-class to two-class, with consistent product and seat count
- Reclassification of three Airbus A330-300 aircraft, resulting in an additional 28 seats by adjusting cabin configurations to match demand.

Work commenced for the entry into service of the Airbus A380 and Boeing B787, which will be delivered in 2014.

In 2011, progress included:

- Defining the onboard product and seat count
- Detail specifications for the aircraft
- Infrastructure technology readiness
- Infrastructure technology readiness
- Weight management initiatives

Ethihad continually evaluates opportunities to optimise aircraft deliveries to meet forecast passenger demand and network requirements.

Weight management initiatives

Ethihad Airways takes weight management on its aircraft seriously, with the aim of reducing fuel costs and aircraft emissions. Agreements were signed in 2011, which included:

- Identifying and implementing initiatives to reduce weight, with the aim of reducing fuel costs and aircraft emissions. Agreements were signed in 2011, which included:
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Network connecting the world

Network Management generates optimal contractual outcomes by designing, implementing and managing a customer-driven network and schedule.

When planning the development of the Etihad Airways network, the airline takes into account a range of indicators such as demand, potential revenue and profitability, and analyses current and new markets for the best capacity / aircraft size and cabin configuration to ensure each market will contribute to airline profitability.

Schedule planning is based on optimal connectivity across the network and customer convenience, with the important goal of maximising use of the airline’s major assets - its aircraft - while working within operational, environmental, political and infrastructure constraints.

The airline’s 10-year network plan was refreshed in 2011, detailing Etihad Airways’ growth through to 2020 to include 131 passenger destinations with a fleet of over 150 aircraft.

Six new passenger aircraft in 2011 allowed Etihad Airways to add five new destinations to the network: Bangalore, Maldives, Seychelles, Chengdu and Düsseldorf. An additional 36 frequencies to 12 existing destinations were also added. As part of its European expansion at the beginning of summer 2011, 17 additional weekly frequencies were added across five existing destinations – Paris, Geneva, Milan, Brussels and Manchester.

The combination of increased routes and frequencies generated a 30 per cent year-on-year increase in sub-four-hour connectivity over the Abu Dhabi hub.

Significant expansion is planned into the emerging markets of China, Africa and the Middle East with the following new destinations added to the network:

» Tripoli (three per week – from January 17, 2012)
» Nairobi (daily – from April 1, 2012)
» Basra (four flights per week – from April 15, 2012)
» Lagos (six per week – from July 1, 2012)

Etihad Airways also planned additional frequencies to a range of other destinations to be introduced in 2012, enabling it to increase the depth and breadth of the network.

Other changes planned for 2012 include:

» upgauging services to Jakarta and Kuala Lumpur (April) to two-class Boeing 777-300ER aircraft;
» deploying the first three-class B777-300ER on the London-Abu Dhabi route (July 2012); and
» adding a third daily Bangkok service (April 15, 2012).

Seat Factor (%)

<table>
<thead>
<tr>
<th>2009</th>
<th>2010</th>
<th>2011</th>
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<tbody>
<tr>
<td>8,297</td>
<td>7,100</td>
<td>7,508</td>
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Passenger Numbers ('000)

<table>
<thead>
<tr>
<th>2009</th>
<th>2010</th>
<th>2011</th>
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<tbody>
<tr>
<td>6,276</td>
<td>7,100</td>
<td>8,297</td>
</tr>
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</table>

At December 31, 2011
» 81 destinations in 51 countries.
» Available Seat Kilometres (ASKs) on the network grew to 51 billion, up 13 per cent on the previous year.
» Revenue Passenger Kilometres (RPKs) grew to 38.7 billion, up 16 per cent on the previous year.
In May 2011, the Product and Service department was repositioned and renamed Guest Experience. More than just a departmental name change, the move is a strategic business change, reflecting Etihad Airways’ commitment to caring for its customers at every stage of their journey, and ensuring the airline’s reputation on the delivery of service at the very highest standard.

Etihad Airways’ world-first Guest Response initiative was launched in December 2011, based in the airline’s round-the-clock Network Operations Centre. Guest Response provides assistance and emergency recovery to First and Business Class passengers and premium-tier Etihad Guest members who are ‘in the journey’, with real-time links to the Etihad Airways global airport network that are particularly beneficial during operational disruptions. The Guest Response unit also provides ‘speed-dial’ support inflight to the airline’s cabin crew, enabling on-the-spot service recovery.

2011 saw considerable consolidation after several changes to the Diamond First and Pearl Business Class cabins in 2010, including a program to standardise inflight processes, ensuring consistency of service across all fleet and seat types.

Other key initiatives launched during the year included:

- A new premium cabin service on ultra short-haul flights in response to guest feedback to ensure faster delivery of drinks and appetisers
- Fortnightly menu changes to ensure frequent guests experience variety
- New amenity kits in Diamond First Class
- ‘Immaculate Etihad’ – a program to ensure a new level of cleanliness in all cabins
- The innovative First Class Chef concept and introduction of the ‘Mezoon Grille’ cuisine, which continues to roll out across the First Class operation
- A new recruitment and training program to strengthen the Guest Affairs team and offer world-leading customer response times

Inflight entertainment is a crucial differentiator between airlines, and Etihad Airways is committed to providing the best, both in terms of content and system performance and reliability. The new Panasonic eX2 IFE system is incredibly popular with customers and is our feature on 16 aircraft, with roll-out on another 100 planned.

Inflight mobile phone and Internet connectivity services were launched on two Airbus A330-300 and one A320 aircraft towards the end of 2011 and further deployment will continue at a key rate of 12 aircraft per year.

Etihad Airways invested in a rigorous research program that was launched in September 2011. The new research approach includes both measures, including the IATA airs@t survey, the Mindset survey, the Etihad Guest Experience survey and a new Etihad Airways Staff Travel survey.

On the ground, destinations offering Etihad Chauffeur service to premium passengers increased to 27 and the frequency of the free Etihad Express luxury coach service between Abu Dhabi and Dubai increased to 22 trips per day.

In 2012, Etihad Airways reinforced its drive to be a world leader in this field with positive and exciting action.

Guest Experience leading the world

- Etihad Guest Experience frequently and regularly assesses the airline’s performance in the eyes of its customers.
- Participation in Airs@t – IATA’s independently benchmarking study of major airlines’ business and economy classes – continued in 2011, with positive results for Etihad Airways in both classes.
- Etihad Airways launched its new Etihad Guest Experience Survey. The first quarterly results, delivered in November 2011, showed strong performance in all cabins while indicating areas for development in 2012.
Etihad Cargo achieved a strong performance in 2011, with revenues exceeding budget by more than US$33 million and year-on-year revenue growth of over US$133 million. Freight carried grew nearly 18 per cent year-on-year to average more than 26,000 tons per month, with a record tonnage month in December, which exceeded 29,000 tons.

During the year, the freighter fleet grew from six to seven aircraft with the introduction of Etihad Cargo’s first Boeing 777 freighter. Freight capacity now accounts for one third of the total Available Tonne Kilometres (ATKs) offered for sale.

The freighter network continued to be optimised and expanded, with the addition of Almaty, Amsterdam, Cairo, Dammam, Johannesburg, Kabul, Kandahar, Karachi and Lahore. The freighter network grew to 27 stations, 10 of which are freighter-only stations.

A new record in charter revenue was achieved during the year, with revenue in excess of US$10 million, accounting for seven per cent of cargo revenue.

In addition to the existing UAE road trucking schedules operated by Al Mazroui International Cargo Company, scheduled trucking was launched from Abu Dhabi to Bahrain, Dammam, Dubai, Kuwait and Muscat, using the capabilities and existing schedules of DHL and Dnata-PWC.

The scheduled trucking frequency from Abu Dhabi to Dubai and Sharjah expanded, increasing to 115 weekly departures, to allow a greater focus on targeting business destined throughout the UAE.

In March 2011, Etihad Airways appointed Jettainer as its Unit Load Device (ULD) provider, focusing on cost reduction and reduced fuel burn by deploying lighter weight ULDs.

The business will move forward with implementation of new modules of the Cargo Max Revenue Management system, offering revenue improvement opportunity through enhanced inventory, allotment and bid pricing controls.

A precious cargo shipment facility will be launched in 2012 in collaboration with Linfox Armaguard.
It has been an amazing journey for Etihad Airways. We are proud of achieving our goal of profitability in only eight years – and more importantly, to have done so while maintaining our absolute commitment to the highest standards of safety, which will always be our paramount concern."

Richard Hill, Chief Operations Officer

Etihad Airways’ Operations division is responsible for delivering a safe, punctual and efficient customer experience of the highest quality.

In 2011, Etihad Airways operated 56,643 flights, an increase of seven per cent, or 3,553 flights, on the previous year. Despite this increase, only 192 flights were cancelled, down by 31 per cent, or 85 cancellations, on 2010.

It proved to be a challenging year for Etihad Airways in terms of maintaining the high on-time performance of the previous two years. An extraordinarily high number of external weather and political events impacted performance for the first half of the year, with some traffic flow restrictions taking their toll. Cumulatively, these external factors drove the airline’s variance from on-time performance down to two per cent below target, at 82.6 per cent.

Overall, Etihad Airways’ technical dispatch reliability was stable, and above industry standard, improving in 2011 to 99.1 per cent – well above target.

Several systems and programs were implemented to automate processes and improve efficiency. Etihad Airways’ non-flight data monitoring platform, for example, allows the operations team to read aircraft system data more quickly and with a higher data consistency than before at a fraction of the cost. Etihad Airways also upgraded its capability to communicate from the ground to the aircraft by implementing new enhanced tools to facilitate greater flexibility and speed of data processing.

A network-wide fuel and combined route optimisation project was completed after a 15-month implementation. This system allows for the real time comparison of fuel costs versus route costs, and distinctly the selection of the most efficient route, based on multiple input parameters.

The year was marked by a series of firsts, including the successful training and graduation of the first female First Officers, the first female engineers, and the first female Captains.

A total of 235 pilots, 900 cabin crew and 113 chefs were recruited and trained.

Etihad Airways’ instructor training programs were significantly updated during the course of 2011 to enhance standardisation in pilot training and flight safety.

The Technical division oversaw an ongoing program of innovation and product enhancement to ensure that Etihad Airways aircraft are maintained to the highest standards.

The Airbus A330-200 aircraft fleet was extensively reconfigured from three to two classes while the retrofit program for the new Diamond First Class suite on the Airbus A340 fleet continued to ensure a consistent product across the airline. In 2011, the first Airbus A330 aircraft in Etihad Airways’ fleet was fitted with onboard connectivity.

Adding to the network of local line maintenance centres at Etihad Airways outstations, a new facility was opened in Manchester, where 12 people are employed to service Etihad Airways aircraft.

The first quarter of 2011 saw the “Arab Spring” civilian uprisings in Tunisia, Egypt and Libya. Following globally on-time performance, Etihad’s network marketing teams continued to work extra hard to ensure passengers were taken care of, despite these unprecedented and disruptive events.

Etihad Airways’ scheduled operations remained much as wholly complete even though contingency plans were in place.

It has been an amazing journey for Ethihad Airways. We are proud of achieving our goal of profitability in only eight years – and more importantly, to have done so while maintaining our absolute commitment to the highest standards of safety, which will always be our paramount concern.”

Richard Hill, Chief Operations Officer
Safety was once again the priority and preeminent focus for the Operations division in 2011.

The division’s objectives are:

- Zero accidents
- Continuous decrease in the severity of incidents and occurrences
- Continuous improvement in safety culture

In 2011, a 61 per cent reduction in risk for identified hazards across all operational areas was achieved.

The new Environmental Health and Safety Management System, approved by the Abu Dhabi Department of Transport, was implemented in 2011 in addition to Etihad Airways’ own Safety Management System, which is designed to manage safety proactively and promote a positive safety culture.

Etihad Airways’ Safety Week, which took place in May, and a Pilot Safety Seminar in October were both well attended.

The biennial IOSA-renewal audit is scheduled for 2012. The industry’s most challenging operational audit will be conducted by an external international audit team in May. This follows successful IOSA audits in 2006, 2008 and 2010 – all of which were passed with no findings.

Safety Etihad Airways’ top priority
Etihad Guest, Etihad Airways’ loyalty program, enjoyed a stellar year as membership increased by a third for the second year in succession. By the end of 2011, in its tenth year of operation, Etihad Guest had more than 1.3 million members.

The number of miles accrued by members rose by 42 per cent and Total Partner Revenue was up by some 207 per cent. In part due to the success of co-branded credit card initiatives with Abu Dhabi Commercial Bank and Abu Dhabi Islamic Bank. Member redemption also rose strongly, outperforming 2010 by 68 per cent.

Over the course of the year, 15 accrual partners were added to the Etihad Guest portfolio, giving members the opportunity to earn and burn miles with a total of 75 partners.

New partners include Malaysia Airlines, American Airlines and bmi; blue chip brands such as Avis, Citibank and American Express Membership Reward; and local firms such as Etisalat, Mobily and Atlantis The Palm Hotel.

Innovative member-only promotions such as the raffle draws for Paddock Club passes to the 2011 Formula One Etihad Airways Abu Dhabi Grand Prix and an all expenses paid trip to the Maldives, saw some 34.5 million miles redeemed.

In 2011, Etihad Guest announced the launch of a major initiative that allows members to redeem their miles at up to 30 million points of sale across the globe. This new facility, which comes into effect in 2012, will revolutionise the program, effectively giving Guest Miles the same liquidity as major global currencies. The virtual credit card will cement the program’s status as the most innovative in the industry.
In 2011, Etihad Airways continued the development of its world class global sales and distribution network.

- Distribution was broadened with a concerted strategy to increase global deals, and to strengthen relationships with key travel partners at local and global levels, particularly with travel management companies specializing in business travel.
- Sales teams were strengthened with additional specialist corporate sales executives and regular advanced sales training programs.
- Training and development for the sales teams placed emphasis on new sales technology and a more analytic approach to sales, to leverage substantial investments made in tracking analysis and reporting during the year.

As part of the work to strengthen distribution, there was also increased focus on allocating inventory for group travel, supporting efforts of the commercial team to service important tour operator series traffic as well as ad hoc groups.

Etihad Airways also achieved significant growth from direct sales in 2011, using direct channels including Etihad Holidays, destination management company Hala Abu Dhabi, etihad.com, Etihad shops in the UAE and the airline’s global contact centres.

During 2011, the number of Hala Abu Dhabi grew within the industry, and over the course of the year, has the initiative to support Etihad’s participation in prestigious events such as the World Economic Forum and the Global Airline Organization (AAGA) Annual General Meeting.

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Direct sales grew as a proportion of overall sales throughout 2011 in line with strategic objectives.

We have achieved global recognition as a leading airline brand that stands for an inspirational customer experience. Our strong brand and exceptional product allow us to accelerate sales across all market segments, as the airline of choice for consumers and trade partners.”

Peter Baumgartner, Chief Commercial Officer

Sales a pillar of sustainable profitability
The role of information technology (IT) as a key enabler in any business is critical, and Etihad Airways is no exception.

The airline embraces IT, placing great emphasis on the need for sound and robust platforms to underpin the way the airline conducts its business. Equally, ongoing investment in systems and processes to enable a smarter and more efficient company is crucial.

Etihad Airways’ IT infrastructure is a complex environment with more than 3,000 personal computers and 300 servers running 170 applications across a global network.

2011 saw the renewal of the IT foundations that will form Etihad Airways’ ability to remain a dynamic and competitive company over the next decade. This included a restructure in the IT department with a renewed emphasis on effective engagement across the organisation, offering efficient, cost-effective IT support aligned to the commercial objectives of each division within the business.

The restructure made provision for the creation of an Innovation and Technology Exploitation group to identify opportunities for new technologies to improve existing processes, such as the use of tablet devices by cabin crew to enhance customer service and reduce paperwork.

In 2011, Etihad Airways signed a revolutionary 10-year technology deal with Sabre Airline Solutions—the single largest technology-enabled business change that Etihad Airways will undertake in a decade—to utilise cutting edge, integrated software across reservations, inventory, marketing, planning, e-commerce, distribution and departure control operations.

The Sabre-created software will be implemented by February 2013 and will significantly reduce the airline’s technology costs while streamlining processes. This groundbreaking deal will play a pivotal role in generating efficiencies to deliver the airline’s future revenue growth.

Important systems were upgraded or migrated during 2011. These included:

- the corporate system for managing financial, supply chain and human resource transactions;
- the e-commerce system used to drive web selling, promotions and customer engagement;
- the airline’s Customer Relationship Management system, aimed at delivering more effective service for the airline’s passengers; and
- the Aircraft Movement and Crew Control system, which enables efficient on-the-day management of Etihad Airways’ fleet schedule and crew duties.

In addition, more than 30 new projects were delivered during the year, ranging from complex revenue management systems to simple web forms to improve business processes.

A major program of infrastructure renewal was commenced—ensuring that Etihad Airways benefits from scalable and efficient technology to support its operations over the next decade.

In the year ahead, Etihad Airways will continue to focus on ensuring it has the most efficient and effective IT systems to support the business and its people.
Etihad Airways has pursued an effective strategy of forming alliances with carriers around the world to enhance its network and marketing reach. At December 31, 2011, Etihad Airways had one equity partnership (with airberlin), Europe’s sixth largest carrier providing Etihad Airways with increased access to Germany, Austria and Switzerland and points across Europe and into North America.

The airline’s 35 codeshare deals with key partners around the world have created a comprehensive virtual network giving customers easy access to destinations not directly served by the Etihad Airways fleet. The agreements have also generated considerable revenue for Etihad Airways. Revenue generated from alliance traffic grew by more than US$418 million in 2011, up 48 per cent on the previous year. Alliance revenue contributed over 15 per cent of the airline’s total 2011 passenger revenue, with around 25 per cent of this coming from premium cabins.

The comprehensive agreements include codeshare flights, reciprocal frequent flyer programs, premium lounge access and other customer benefits, depending on the partner.

The convenience and seamless nature of these arrangements has been critical in generating customer loyalty.

During the year, Etihad Airways announced eight new codeshare partnerships with: airberlin, Air Astana, Air New Zealand, SNCF (French Railways), Czech Airlines, Vietnam Airlines, Top-Portugal, NBI and Hainan Airlines.

An agreement was also reached with Air Seychelles and this partnership is a strategic move by both carriers to support the Mahé – Abu Dhabi route. However, January 2012 saw this relationship transformed, following the acquisition by Etihad Airways of a 40 per cent stake in the national carrier of the Seychelles. In addition to the capital investment and loan, this long-term strategic agreement makes provision for a five year management contract that will see the implementation of strategic measures to encourage Air Seychelles’ long-term commercial growth and sustainability.

The convenience and ease of access to new destinations is critical in generating customer loyalty.

Kevin Knight, Chief Strategy and Planning Officer

**Partnerships and alliances stretching the network and contributing to revenue**

**Etihad Airways codeshare partnerships:**

- Aer Arann*
- airberlin
- Air Astana
- Air Malta
- Air New Zealand
- Air Seychelles***
- Air Malta
- American Airlines
- ANA
- Bangkok Airways
- bmi
- Brussels Airlines
- Cyprian Air Lines
- Czech Airlines
- flybe
- Hainan Airlines
- Jet Airways

* To become Aer Lingus in 2012
** Ended operations in 2012
*** Commenced January 2012

One of the keys to success is providing convenient schedules that get our customers where they want to go. Alliances and partnerships enable us to offer an enhanced network of services, which translates into greater choice for our customers, in turn generating revenue for the airline – and this makes good commercial sense.”

Kevin Knight, Chief Strategy and Planning Officer
Joint ventures, subsidiaries and equity partnerships

Etihad Airways is 100 per cent owned by the Government of Abu Dhabi. The airline has the following investments, subsidiaries and joint ventures, all of which are accounted for in Etihad Airways’ consolidated financial statements.

Joint ventures

» ASC (Airline Services Centre) Private Ltd is a wholly owned subsidiary of Etihad Airways. ASC Airlines Service Centre is located in India and provides services as a captive call centre for Etihad Airways.

» Amadeus Gulf LLC is a subsidiary of Etihad Airways, owned jointly by Etihad Airways (51 per cent) and by the Amadeus IT Group S.A. (49 per cent). Amadeus is a leading global distribution system and technology partner for the world’s travel and tourism industries. Amadeus Gulf LLC is present in the United Arab Emirates, the Kingdom of Bahrain and the Sultanate of Oman.

» Aldar Etihad Investment Properties LLC is a joint venture between Abu Dhabi’s largest real-estate developer Aldar Properties and Etihad Airways. The joint venture was created to acquire Al Raha Tower. Later renamed Etihad Plaza in Abu Dhabi, Etihad Plaza provides cost effective housing, recreational facilities, utilities and services to more than 1,000 members of Etihad Airways’ staff and the surrounding community.

» Hala Travel Management is a joint venture between Etihad Airways (80 per cent) and BCD Travel (20 per cent) providing various travel management services to the Government of Abu Dhabi and its clients and supporting the growing requirement for a comprehensive service for corporate and government clients, including global airline reservations, hotel accommodation, car rental and insurance. It commenced operations in February 2011.

» Armaguard Valuables Management LLC is a joint venture between Etihad Airways (51 per cent) and the Linfox Group (49 per cent). The company will provide transportation for valuable goods around the globe from the second half of 2012.

Equity investments

» airberlin

In December 2011, Etihad Airways concluded its first major equity investment increasing its stake in airberlin, Europe’s sixth largest airline, to 29.2 per cent.

» Air Seychelles

Etihad Airways acquired a 40 per cent stakeholding in Air Seychelles in January 2012. The remaining shares in the Seychelles national airline are held by the Government of the Seychelles.
In 2011, the primary objective for Marketing was to support and increase revenue to achieve the airline’s commercial break-even objective. Overall, marketing activity delivered a 10% return on investment.

Considerable investment was made in digital marketing, over the year, as it continued to demonstrate a strong return. This investment included increased search engine marketing (SEM), ensuring consistent brand activity across all destination partners. SEM was one of the highest returning marketing activities for the year.

Specific promotional campaigns were developed to support the launches of new routes including the Mahalaxmi, Sinophot, Chengdu, Düsseldorf and Shanghai. These campaigns involved introducing the Etihad Airways brand and values into the new market, as well as stimulating interest within the airline’s home and connecting markets.

Marketing continued to leverage the Etihad Guest database to incentivise members to fly by the premium cabin, in particular through popular Double/Triple miles offers for Pearl Business and Diamond First Class bookings. Direct marketing continued to demonstrate its efficacy in key markets, and increasing online affiliate marketing (SEM), ensuring consistent banner activity throughout the year, as it continued to demonstrate a strong return.

This investment included increased search engine marketing over the year, as it continued to demonstrate a strong return. Marketing over the year, as it continued to demonstrate a strong return. Marketing continued to leverage the Etihad Guest database to incentivise members to fly by the premium cabin, in particular through popular Double/Triple miles offers for Pearl Business and Diamond First Class bookings. Direct marketing continued to demonstrate its efficacy in key markets, and increasing online affiliate marketing (SEM), ensuring consistent banner activity throughout the year, as it continued to demonstrate a strong return.

In 2011, Etihad Airways continued to drive the destination marketing program ‘Essential Abu Dhabi’, coordinating activity across all 40 destination partners and managing all related marketing communications. The program’s website – essentialabudhabi.com – had more than 4.6 million unique sessions during the year.

Etihad Abu Dhabi managed inbound MDG business for major conferences and exhibitions hosted by the Abu Dhabi Tourism and Cultural Authority.

Etihad Airways continued to work closely with the Abu Dhabi Tourism and Cultural Authority. Etihad Airways announced the extension of its successful partnership with Manchester City Football Club in June 2011. The comprehensive and innovative 10-year partnership involves the extension of the existing sponsorship, as well as naming rights for the stadium and the expansive surrounding grounds, now known as Etihad Stadium and Etihad Campus.

In celebration of this milestone, a special Manchester City-liveried Airbus A330-200 aircraft in the club’s signature dark blue livery entered into service. The aircraft operates on the Abu Dhabi-Manchester route and also serves Milan, Frankfurt, Brussels, Johannesburg, Kuala Lumpur, Jakarta, Singapore, Johannesburg and destinations throughout the Middle East and Africa.

In 2011, Etihad Airways’ major sponsorship – Manchester City Football Club, Etihad Stadium in Melbourne, Harlequins Rugby Club, GAA Hurling, and the Formula 1 Etihad Airways Abu Dhabi Grand Prix – helped extend the airline’s brand reach across the world.

Etihad Airways’ multi-tiered agreement in support of Abu Dhabi’s involvement in the 2011/12 Volvo Ocean Race saw the airline’s brand highlighted prominently on the hull and sails of Abu Dhabi Ocean Racing’s entry, Azzam, as well as in Abu Dhabi Ocean Racing team apparel during the global event.

Etihad Airways was also the presenting sponsor for the legendary long-haul stopover in Abu Dhabi and title sponsor of the Fort Race.

Other major Abu Dhabi sponsorships included the HWC-Abu Dhabi Golf Championship, the Arabkadi World Horse Championships, and the World Professional (Armco) Championship 2012.

As part of a strategy to target the Indian market and Indian nationals worldwide, Etihad Airways continued its 10-year partnership with Bollywood star Katrina Kaif, who is an Etihad Airways brand ambassador.

Throughout the year, incremental traffic opportunities were pursued through integrated tactical campaigns. Key promotional opportunities were seized in all major markets. The regular online break, used during peak seasons such as the winter season in the Middle East and India, are now available in 10 key markets and offer highly discounted, last minute, off-season one-way returns to etihad.com.

Major tactical promotional campaigns were developed and executed throughout the year, including blended activity targeting specific periods in the markets, for example, in the key cruise markets in the Middle East and India, in addition to peak promotional activity during the shoulder season. This was followed by significant increases to online traffic for short breaks, and increases to key LCC markets and key traffic over the Abu Dhabi hub.

Marketing driving revenue
Etihad Airways acknowledges its position as an integral part of society, as well as its potential to have both positive and negative impacts on the communities in which it operates.

Aligned with the greater ambitions and vision of the Emirate of Abu Dhabi, the Etihad Airways corporate social responsibility (CSR) and sustainability policy and supporting strategy is designed to:

» ensure the airline’s compliance with all applicable international and local regulations and standards;
» mitigate any potential risks and minimise, wherever possible, negative environmental and social impacts from its operations; and
» enhance the airline’s reputation through the implementation of industry best practice in the fields of sustainability and social responsibility.

Etihad Airways’ strategy is based on the premise that CSR is a collaborative process, and one that will only succeed in partnership with internal and external stakeholders – which is why the airline’s CSR and sustainability program is called Together.

Together is a four-part policy, communications and reporting framework for engagement with a broad range of stakeholders – staff, the local community and economy, and the greater communities across the airline’s global network.

In these four areas, it is Etihad Airways’ aim to work collaboratively in:

» identifying and developing awareness of issues and challenges;
» focusing action to address these challenges; and
» making a difference, through measurable improvement, year on year.

The company’s second CSR Report, which complements this Annual Report, will provide comprehensive information in each of these four areas mapped against the Global Reporting Initiative Index.
Active recruitment of employees continued throughout the year to support the growth of the airline and its business objectives. Almost 7,700 of the airline’s employees are based in Abu Dhabi, with 1,300 located in 46 other countries. Of the total number of employees, 1,185 are pilots and 3,230 are cabin crew.

Staff costs are second only to fuel costs for the company, so great attention was paid to headcount, with both staff numbers and associated cost targets being met for the year.

Etihad Airways’ growth necessitated the establishment of teams at five new outstations – Seychelles, Maldives, Chengdu, Düsseldorf and Bangalore.

With 52 external senior appointments and more than 100 internal senior promotions in 2011, Etihad Airways is increasingly recognised as an environment for career development and progression.

Etihad Airways’ Emiratisation strategy accelerated in 2011 with the number of UAE nationals employed at year end reaching 819, an increase of 335 – or 70 per cent – on 2010. UAE nationals are the second highest nationality at Etihad Airways and comprise more than 18 per cent of the workforce.

The strategy is supported by local institutions such as the Abu Dhabi Tawteen Council, the Abu Dhabi Education Council and the Institute of Applied Technology.

UAE nationals, including those at senior level, join the airline through development programs and as direct entry appointments. Twenty-five UAE nationals graduated in September from the airline’s three core training streams as cadet pilots, technical engineers and graduate managers.

In March 2011, the airline opened a unique all-female Emirati Etihad Airways contact centre in Al Ain. This followed the completion of a 12-month training and development program by 85 female UAE nationals.

New development programs were introduced to grow a strong pipeline of capability to support Etihad Airways’ airport management and ground services operations.

A number of other Emirati employees pursued opportunities on international assignments and rotations in destinations including the UAE, Australia and Malaysia, where they were able to broaden their exposure to the business and gain experience working in the global arena.

At the end of 2010, Etihad Airways employees completed their first full year cycle of the new performance management system ‘iachieve’, with employees receiving the first pay increases based on performance in April 2011.

To address the administrative requirements of a growing workforce and focus on streamlined and efficient processes, Etihad Airways implemented an online self-service function for employees and managers that facilitates the management of personal and professional data entry, transactions, performance management, leave, expense claims and employee self-service.

Utilisation of iServe increased by 71 per cent in 2011.

The new Employee Services intranet site, launched in January 2011, provides comprehensive information on employee policies and procedures around the clock to Etihad Airways employees wherever they are.

The airline’s adoption of on-line learning was highly successful in 2011. There was a 500 per cent increase in courses delivered online, which enabled a training cost reduction of US$2.7 million.

The Etihad Airways Academy, now accredited by the International Air Transport Association (IATA), delivered almost 1,300 classroom-based courses to more than 12,700 participants, including a re-launched induction program called ‘Marhaba’, which equips new employees with information to achieve an accelerated start in the airline.

The health and safety of Etihad Airways employees is of utmost importance to the company. As well as complying with all regulatory health standards, the airline offers a range of services and programs that support the health and well-being of its employees.

Ray Gammell, Chief People and Performance Officer
In March 2011, the all-female Emirati Etihad Airways Al Ain Contact Centre was opened. This followed the completion of a nine month development program and subsequent graduation of 85 female UAE nationals from the Contact Centre program. Occupancy of the airline’s Al Dhafra residential portfolio for more than 4,000 employees and their families reached 93 per cent by the end of 2011.

Etihad Airways Medical Centre, based at Etihad Plaza, serves in excess of 650 employees each week. In addition to aviation and general medicine clinics, the centre also provides physiotherapy, dental services, radiology and ultrasound, and laboratory services. All clinic services are strictly regulated by the Health Authority of Abu Dhabi and the General Civil Aviation Authority.

There is a growing emphasis on disease prevention and health promotion for the airline’s staff, with Wellbeing Days firmly established as part of the event calendar. In addition to organised screening campaigns for conditions including diabetes, cholesterol and certain types of cancer, the further development of Occupational Health Medicine and the provision of an Employee Assistance Program will play an important part in delivering the highest standard of services to our employees.

**Total Employees**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>7,855</td>
</tr>
<tr>
<td>2010</td>
<td>7,828</td>
</tr>
<tr>
<td>2011</td>
<td>9,038</td>
</tr>
</tbody>
</table>

**Employee Cost per Aircraft (US$m)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>9%</td>
</tr>
<tr>
<td>2010</td>
<td>13%</td>
</tr>
<tr>
<td>2011</td>
<td>18%</td>
</tr>
</tbody>
</table>

**Emiratisation** (As a percentage of total employees less cabin crew and outstations)

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
</tr>
</tbody>
</table>
Corporate governance is rigorously enforced to ensure that the Manual of Authority is strictly adhered to and that all processes and procedures are followed. The Board of Directors, which includes representatives from shareholders, management, and external auditors, oversees the company’s operations. The Manual of Authority provides clear guidelines and limits for decision-making and management actions. The organisational structure ensures transparency and accountability in the company’s operations, ensuring that all activities are conducted in a legal, ethical, and efficient manner. Etihad Airways has established a strong system of internal controls and risk management, which has been widely praised for its robustness and effectiveness. The company has made significant improvements in its governance framework, including the implementation of a Fraud Control Policy and a reporting hotline to address incidents of potential fraud. The company is committed to maintaining the highest standards of corporate governance and is continuously working to improve its processes and systems to ensure that it remains one of the leading airlines in the world.
Richard Hill  
Chief Commercial Officer  
United Kingdom  

Richard Hill joined Etihad Airways in April 2009. He is responsible for Etihad Airways’ flight schedules, airport operations, fuel, airspace, standards, flight safety and quality, and aviation security, including the airline’s emergency response procedures.

Peter Rigney  
Chief Financial Officer  

Peter Rigney’s career in aviation has spanned two decades. He joined Etihad Airways from Gulf Air where he was Head of Corporate Strategy. Prior to joining Gulf Air in 2002, Mr Rigney held a number of senior strategic and commercial positions within the Asset Group at Abu Dhabi Airways. Mr Rigney is responsible for finance, treasury, information technology, supply chain and property at Etihad Airways. He is also a Non-executive Director of Abu Dhabi Aircraft Technologies (ADAT) and sits on the Board of directors.

James Hogan  
President & Chief Executive Officer  
Australia  

James Hogan was appointed President and Chief Executive Officer of Etihad Airways in October 2006. He joined Etihad Airways as Chief Commercial Officer in March 2008. Mr Hogan’s career in aviation has spanned two decades. He joined Etihad Airways from Gulf Air where he was Head of Corporate Strategy. Prior to joining Gulf Air in 2002, Mr Hogan held a number of senior strategic and commercial positions within the Asset Group at Abu Dhabi Airways. Mr Hogan is a fellow of the Royal Aeronautical Society, a chartered accountant, he holds a Bachelor of Business and an MBA from RMIT University in Melbourne, Australia.

Kevin Knight  
Chief Strategy & Planning Officer  
United States of America  

Kevin Knight joined Etihad Airways in April 2009. He is responsible for Etihad Airways’ product and service innovations. He has more than 15 years’ experience in the airline industry, including Etihad Airways’ network expansion and the introduction of new products and services. He joined Etihad Airways from Gulf Air, where he was the airline’s chief trading officer. Prior to joining Etihad Airways, Mr Knight spent 16 years with United Airlines, the last five as Senior Vice President Planning. He previously held senior roles at Northwest Airlines and Republic Airlines.

Peter Baumgartner  
Chief Commercial Officer  
Europe, Middle East and Africa  

Peter Baumgartner was appointed Chief Commercial Officer of Etihad Airways in January 2007 and assumed his role in April 2009. Mr Baumgartner helps lead the commercial strategy and planning function. He leads the airline’s pricing team, strategy, and network planning, alliances and commercial operations. He also leads Etihad Cargo.

Kevin Callaghan  
General Counsel & Company Secretary Ireland  

Kevin Callaghan joined Etihad Airways as Chief General Counsel and Company Secretary in May 2009. Previously, he spent ten years at European Southern Observatory (ESO) as General Counsel and Secretary in Europe, Middle East and Africa. Mr Callaghan was responsible for the full range of legal and corporate governance matters. He managed a team of in-house lawyers, ensuring the smooth implementation of the organisation’s strategic goals. Mr Callaghan holds a Juris Doctorate and a Masters in Public and International Affairs. He is a member of the American Bar Association and works with the Legal Committee of the International Air Transport Association (IATA).

Jim Callaghan  
Chief Financial Officer  
Ireland  

Jim Callaghan became Etihad Airways’ Chief Financial Officer and Company Secretary in May 2009. Mr Callaghan is a director of the Chartered Institute of Personnel Development. He is a fellow of the Chartered Institute of Personnel Development and holds a Bachelor of Science in Organisational Behaviour from the University of the West of England. He is also a member of the Board of Directors of the Chartered Institute of Personnel Development.

Ray Gammell  
Chief People and Performance Officer  
Ireland  

Ray Gammell joined Etihad Airways as Chief People and Performance Officer in April 2009. He oversees all of the airline’s human resources, talent development, workforce development and performance management, as well as being responsible for Etihad Airways’ innovation scheme.

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Belinda de Rome was appointed Etihad Airways’ Senior Vice President Corporate Affairs in August 2008. She joined Etihad Airways with more than 25 years’ experience in public relations and communications, investor relations, government and public affairs, media relations, issues management, crisis communications, internal communications and sponsorship management.

Ms de Rome has a Bachelor of Arts degree in Journalism and a Diploma in Education.

Mr Penfold joined Etihad Airways in November 2010 as Senior Vice President Information Technology. Prior to joining Etihad Airways, he was Chief Technology Officer at Virgin Trains, responsible for the airline’s IT, telecommunications, national and international government agreements for the airline. Before joining Etihad Airways, Mr Penfold was Director of Information Systems at Weight Bank of Australia – where he gained in two of Australia’s pre-eminent corporations – Qantas Airways and HSBC. He is responsible for the airline’s information technology division.

Mr Rothenbaecher has a Masters in International Relations and Law from the University of Munich.

Mr Al-Hammadi holds a degree from the University of London, and a Diploma in Education and a Diploma in Education.

Mr Kinnear has previously held the position of Chairman of the Board of Amur, the joint venture GDS company majority-owned by Etihad Airways, and Chairman of Independence UK Ltd, the former services management company majority-owned by Etihad Airways for the handling of high value cash and valuables shipments.

Mr Shepley was appointed Senior Vice President Network Management at Jetstar Airways, where he was General Manager Network Planning for all domestic, and international flying with a fleet of over 60 wide and narrow-body aircraft.

Mr Al Hamed was appointed Etihad Airways in November 2008 as Vice President Network Planning. He was appointed Senior Vice President Network Management on December 1, 2011, and is responsible for the development of a safe, dependable and reliable network as well as developing and managing Etihad Airways’ relationship with more than 15 airline partners worldwide.

Carolyn Prowse joined Etihad Airways in January 2010 as Senior Vice President, Revenue Management. She was appointed Senior Vice President Revenue Management in February 2013, and is responsible for all revenue- driven activities for the Group, covering pricing, yields, yield management and strategic alignment of all the airline’s business objectives.

Mr Kinnear was previously Head of Tax and Planning at British Midland Airways.

Carolyn Prowse joined Etihad Airways in January 2010 as Senior Vice President, Revenue Management. She was appointed Senior Vice President Revenue Management in February 2013, and is responsible for all revenue- driven activities for the Group, covering pricing, yields, yield management and strategic alignment of all the airline’s business objectives.

Mr Shepley was responsible for a global portfolio of high value cash and valuables shipments. His experience in corporate strategy, mergers and acquisitions and other special projects, along with his background in financial, analytical and strategic management, has been instrumental in galvanizing a new era of business development at Etihad Airways.

Mr Al Hamed joined Etihad Airways in 2008 as Vice President Special Projects, and was appointed Senior Vice President Network Management in February 2013.

Mrs. Ambrogger has a MSc in Chemistry from the University of Oxford, a Master’s degree in Chemistry from the University of Munich, and a Diploma in Education.

Mr Al Hamed joined Etihad Airways in 2008 as Vice President Special Projects, and was appointed Senior Vice President Network Management in February 2013.

She joined Etihad Airways with more than 25 years’ experience in public relations and communications, investor relations, government and public affairs, media relations, issues management, crisis communications, internal communications and sponsorship management.

Ms de Rome has a Bachelor of Arts degree in Journalism and a Diploma in Education.

Mr Penfold joined Etihad Airways in November 2010 as Senior Vice President Information Technology. Prior to joining Etihad Airways, he was Chief Technology Officer at Virgin Trains, responsible for the airline’s IT, telecommunications, national and international government agreements for the airline. Before joining Etihad Airways, Mr Penfold was Director of Information Systems at Weight Bank of Australia – where he gained in two of Australia’s pre-eminent corporations – Qantas Airways and HSBC. He is responsible for the airline’s information technology division.

Mr Rothenbaecher has a Masters in International Relations and Law from the University of Munich.

Mr Al-Hammadi holds a degree from the University of London, and a Diploma in Education and a Diploma in Education.
2011 Awards recognition of our excellence

- World’s Leading Airline – World Travel Awards
- World’s Leading First Class – World Travel Awards
- World’s Leading Airline to the Middle East – World Travel Awards
- World’s Best First Class – Skyscanner Awards
- World’s Best First Class Onboard Catering – Skyscanner Awards
- World’s Leading Airline – Arabian Business Magazine
- Airline of the Year – TTG Travel Awards
- Best Business Class – Biz Travel Forum, Milan
- Business Airline of the Year – Guardian Observer Travel Awards
- Middle East’s Leading Airline – World Travel Awards
- Middle East’s Leading Airline First Class – World Travel Awards
- Middle East’s Leading Airline Inflight Entertainment – World Travel Awards
- Middle East’s Leading Cabin Staff – World Travel Awards
- Web Excellence, Airline category – Pan Arab Web Awards
- Best Co-Branded Card in the Middle East – MasterCard Awards Middle East
- Best Long Haul Airline – World Travel Awards
- Best Economy Class – Monitor Airline of the Year Awards
- Best Meal in Economy Class – Monitor Airline of the Year Awards
- Business Class
- Best Business Class – Biz Travel Forum, Milan
- Business Airline of the Year – Guardian Observer Travel Awards
- Middle East’s Leading Airline – World Travel Awards
- Middle East’s Leading Airline First Class – World Travel Awards
- Middle East’s Leading Airline Inflight Entertainment – World Travel Awards
- Middle East’s Leading Cabin Staff – World Travel Awards
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- Best Long Haul Airline – World Travel Awards
- Best Economy Class – Monitor Airline of the Year Awards
- Best Meal in Economy Class – Monitor Airline of the Year Awards
- Business Class