



Star Alliance seeks Alternatives to Global Distribution Systems (GDS)
Major Initiative for Lowering Distribution Costs

NAGOYA, JAPAN – June 2, 2005 – Star Alliance, the airline network for Earth™, has initiated a major cost-reduction effort, by seeking other distribution channels to the current GDS. A combination of market deregulation and new technology has now created the right scenario in which the so called GDS new entrants or GNEs are becoming real alternatives.

“With an economic environment in which airlines are continually forced to cut costs, special attention needs to be paid to those items which have shown a continual increase. GDS fees definitely fall into this category. Our 16 member carriers currently pay a combined total of around 2 billion US Dollars in annual GDS fees and we see a definite potential to reduce these,” said Jaan Albrecht, CEO Star Alliance.

The GNEs will not only allow the member airlines to cut distribution costs, but also permit the carriers to explore new functionalities which the current GDS do not provide, thus further improving the ability to offer tailor-made solutions for international business travellers.

Air Canada, Lufthansa, SAS, Singapore Airlines and United, in conjunction with Star Alliance are at the forefront of this initiative on behalf of all member carriers, with the aim of drawing up a single strategy for selecting GNE partners. As a first step in moving this project forward, the various GNEs were invited to demonstrate the capabilities of their systems at a recent workshop. As a direct outcome, Star Alliance will issue a single RFI (request for information) in June 2005, in order to define a Star Alliance standard for the next generation distribution technology and to further assess the various players' capabilities. Representing almost 29% of the world's airline revenues, Star Alliance will be fostering partnerships with suppliers that recognise this, in order to lead industry change for the benefit of everyone in the supply chain.

“Thanks to the organisational set up at Star Alliance, we realised from the very early stages that GNEs is an important topic that should be facilitated at an alliance level, in order to maximise the benefits for our member carriers. It is our aim to finalise the GNE selection by the end of the year,” said Jaan Albrecht, CEO Star Alliance.

Overall, the GNE project will form an integral part of the further development in the distribution strategy at the member carriers.

Star Alliance was established in 1997 as the first truly global airline alliance to offer customers global reach and a smooth travel experience. The members are Air Canada, Air New Zealand, ANA, Asiana Airlines, Austrian, bmi, LOT Polish Airlines, Lufthansa, Scandinavian Airlines, Singapore Airlines, Spanair, TAP Portugal, Thai Airways International, United, US Airways and VARIG Brazilian Airlines. South African Airways will be integrated during the course of the next 12 months. Overall, the member carriers offer more than 15,000 daily flights to 795 destinations in 139 countries.