

Star alliance CEOs reaffirm membership in alliance – stress its importance

Miami, December 3, 2001 The heads of the Star Alliance member airlines, assembled in Miami for their semi-annual Chief Executive Board (CEB) meeting on Friday, unanimously reaffirmed their strong and continuing membership in the alliance. They also stressed the important role Star Alliance has played in enabling member carriers to support each other through the current unprecedented turbulence in the worldwide aviation industry.

Attending the board meeting were Robert A. Milton, President and CEO, Air Canada, Roger France, Executive Director, Air New Zealand, Yoji Ohashi, President and CEO, All Nippon Airways, Vagn Soerensen, CEO, Austrian Airlines, Sir Michael Bishop, Chairman, bmi british midland, Juergen Weber, Chairman and CEO, Lufthansa, Fernando Flores, Chairman and CEO, Mexicana Airlines, Joergen Lindegaard, President and CEO, SAS Scandinavian Airlines, Cheng Eng Huang, Executive Vice President, Marketing and Regions, Singapore Airlines, Suthep Suebsantiwongse, Executive Vice President, Human Resources and General Administration, Thai Airways International, John W. Creighton, Chairman and CEO, United Airlines, and Ozires Silva, President, VARIG Brazilian Airlines.

In a joint statement the chief executives said, "Our partnership is more important now than ever before as the global airline industry is facing the worst crisis in its history. As much as Star Alliance has proven its value in good times, it is now demonstrating its value in current times of difficulty."

"By working together and leveraging the combined strengths of the alliance, the Star Alliance member airlines stand to gain collectively," said Jaan Albrecht, Star Alliance CEO. "Star Alliance allows each airline to focus on its own situation and also to continue to offer customers our normal wide range of benefits and the largest global network of destinations."

During their meeting in Miami, the chief executives endorsed several key initiatives developed by Star Alliance. These initiatives can be implemented across the member airlines to quickly reduce costs and improve cashflow, while enabling member carriers to continue offering the same level of service and customer benefits despite the downturn in passenger numbers:

- At many airports Star Alliance carriers have contracted third parties to provide handling of passengers and aircraft. The airlines will now evaluate these contracts

airport by airport. Wherever it makes sense from a business standpoint such agreements will be terminated and replaced with one Star Alliance airline doing the ground handling on behalf of all other online members.

The ground handling initiatives are not only aimed at estimated annual savings of US\$70 million but also at improving customer relations and service by achieving better continuity;

- Together, the Star Alliance airlines offer approximately 600 airport lounges around the world, including several operated by third parties. One of the cost saving measures will be to decommission a number of facilities not owned by member airlines at airports where customers currently have access to at least two lounges.

The lounge initiatives will generate estimated cost benefits of US\$24 million per year while still maintaining consistent service levels;

- Star Alliance member airlines will increasingly leverage their combined purchasing power with suppliers to negotiate favorable contracts;
- Star Alliance is actively approaching airport operators and providers of air traffic control services (ATC) around the world to secure their support by at least temporarily lowering the infrastructure charges being levied on the airlines at this time.

In this context the Star Alliance chief executives acknowledged the decision by the 30 member states of Eurocontrol to maintain en route navigation charges at this year's levels for the first quarter of 2002.

Star Alliance was established in May 1997 and is headquartered in Frankfurt. It groups 15 of the world's leading airlines in a partnership designed to provide customers the benefits of global reach and a smooth travel experience. The member airlines are Air Canada, Air New Zealand, All Nippon Airways ANA, Ansett Australia, Austrian Airlines, bmi british midland, Lauda Air, Lufthansa German Airlines, Mexicana Airlines, SAS Scandinavian Airlines, Singapore Airlines, Thai Airways International, Tyrolean Airways, United Airlines and VARIG Brazilian Airlines.