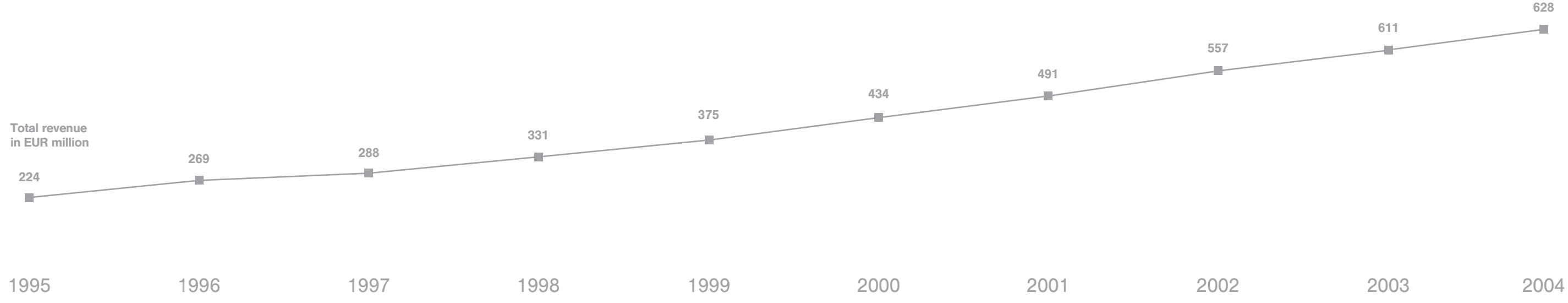




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Chronology



01/01/95 Start of business operations
02/22/95 Project kick-off at LOT Polish Airlines, our first external customer
12/18/95 Lufthansa Systems becomes SAP Customer Competence Center
01/01/96 Takeover of data center operations for Buderus
February 1996 Ansett Australia deploys our network management solution
06/27/97 Contract with VARIG
08/01/97 Introduction of a new training course for IT specialists
December 1997 Finnair opts for network management solution from LSY
01/01/98 Taking over LH Cargo's IT infrastructure
06/01/98 Cargo Future Communications marks the addition of call center services to the LSY portfolio
01/14/99 Lufthansa Passage awards contract for new operator model (CAMPUS)
09/01/99 SAP systems at Dunlop go live
12/31/99 Successful Y2K changeover of more than 40,000 applications
03/26/00 Austrian Airlines migrates to our passenger system
04/01/00 Star Alliance commissions us to develop a global IT network (StarNet)
06/23/00 SIRAX revenue accounting solution becomes operational at Lufthansa
09/10/01 Start of the Group-wide D-Check project marks establishment of the dCC Systems
11/18/01 bmi migrates to our passenger system
06/27/02 British Airways selects our pricing solution, Swiss follows suit
09/03/02 New TANGO solution (Traffic and Network Ground Operation) becomes operational at LH
10/01/02 Introduction of a new dual training course in commercial information technology
01/15/03 Lufthansa Systems launches FlyNet, the first flying hotspot
04/15/03 Complete IT outsourcing for Thomas Cook
06/03/03 We are commissioned to modernize Lufthansa Passage's IT infrastructure
07/16/03 Lufthansa Systems signs contract with Deka Bank for the operation of client/server systems
02/27/04 Lufthansa Systems signs contract with the COMINVEST Group
05/26/04 TACA awards Lufthansa Systems a contract covering comprehensive IT solutions
09/01/04 Breaking new ground: Lufthansa files with the Lido eRouteManual

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10 Years of Globalization
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10 Years of Know-how
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10 Years of Trust
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10 Years of Partnership
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10 Years of Flexibility
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10 Years of Technology
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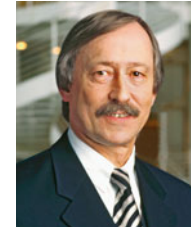
10 Years of Innovation
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10 Years



Foreword



Dr. Peter Franke
Chief Executive Officer



Wolfgang F. W. Gohde
Chief Executive Officer
(as of April 1, 2005)



Dr. Gunter Küchler
Managing Director
Sales and Marketing

Ladies and Gentlemen,

Lufthansa Systems began operating on January 1, 1995. The former IT department of the Lufthansa Group has since developed into one of the world's leading IT service providers for the airline and aviation industry.

In the ten years since our company was founded, we have developed a strong, innovative portfolio that is closely oriented on the business processes of our customers. Customer focus and continual quality improvement are important cornerstones of our corporate policy. And by customer focus, we don't just mean meeting our customers' technical specifications. Our business success is measured by the customer, because in the final analysis it is the customer who defines quality. Our customers continue to face ever greater challenges as a result of market globalization, the pressure to innovate and keep prices low, sudden fluctuations in demand and, not least of all, the very complexity of today's business processes. As a partner to our customers, we counter these challenges with individualized and flexible solutions.

Our well-founded expertise in airline processes and our international presence have convinced airlines all around the world. Furthermore, our outstanding technological know-how and the security and reliability of our infrastructure services have also enabled us to acquire customers outside of the airline and aviation industry, even in the earliest days of our company's history. Today our customers include over 110 airlines and another 80 companies outside of the industry.

Our ability to innovate is critical to securing our leading position on the market. By continually modernizing our systems and solutions, we can always offer our customers state-of-the-art technology. The development of forward-looking solutions together with a commitment to customer focus have proven to be a sustainable foundation of business which provides us with a strong basis on which to build for the future. Our employees are the basis for this: their professional competence, extraordinary willingness to serve, motivation and dedication are what makes our success possible in the first place.

Sincerely,

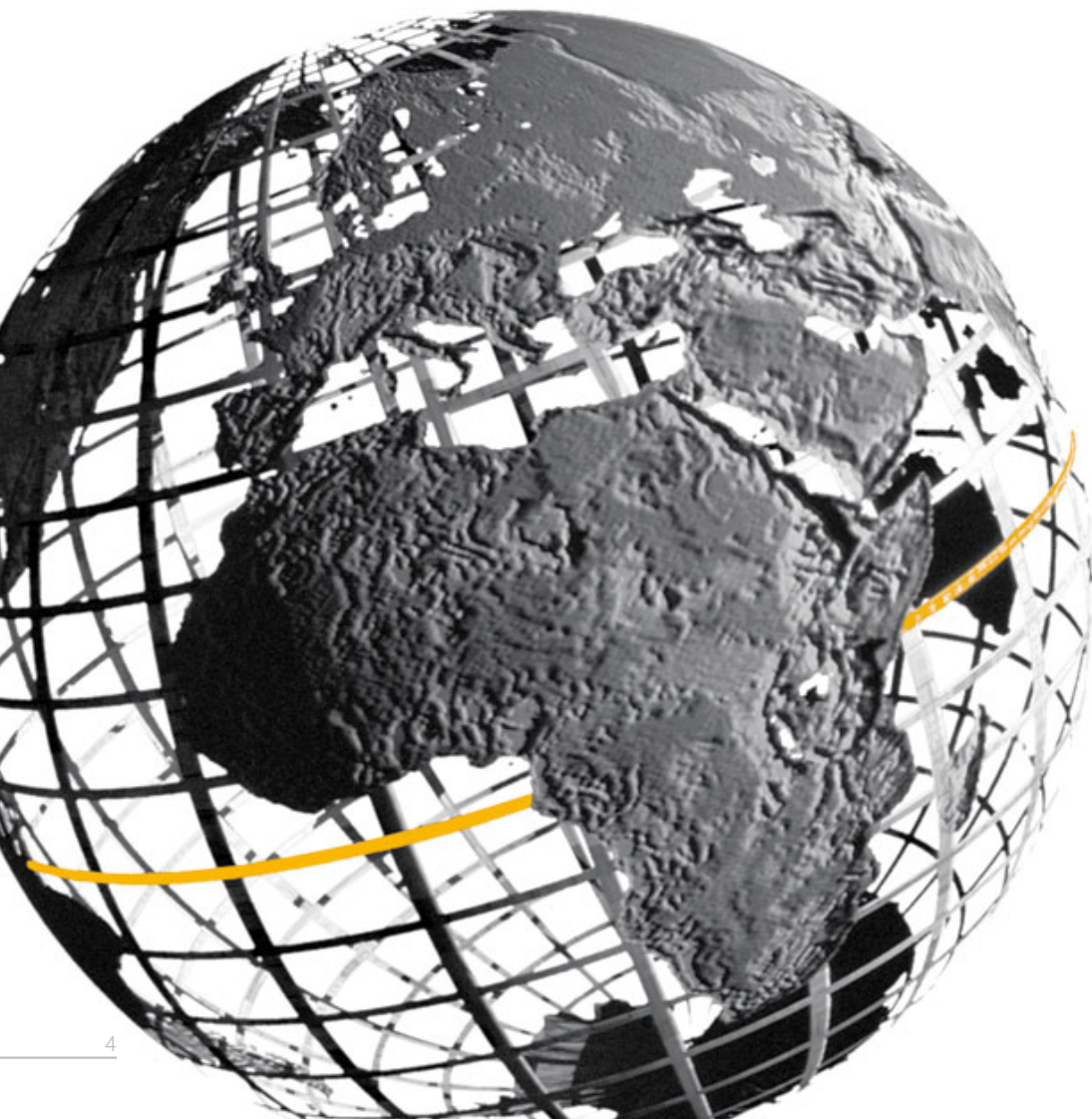
Dr. Peter Franke
Chief Executive Officer

Globalization

Representation on every continent provides us with a global presence as customer proximity in the

Growth in all directions: Global customers ...

international airline business for us is a top priority



... need flexible, high-performance solutions. Anytime, anywhere

There is hardly another industry as globally oriented as the aviation industry. As IT specialists for the airline and aviation industry, we have always sought to expand our global presence. Any company looking to be successful in the challenging aviation industry must possess the flexibility to react quickly to market developments and to address the needs of its customers. Success in international IT projects requires direct communication with customers and the ability to make the right solution available anywhere in the world, 24 hours a day, 7 days a week, 365 days a year. As a global player with extensive and in-depth knowledge of our specialist field and of regional markets, we offer customized IT solutions and efficient processes to all our target groups worldwide.

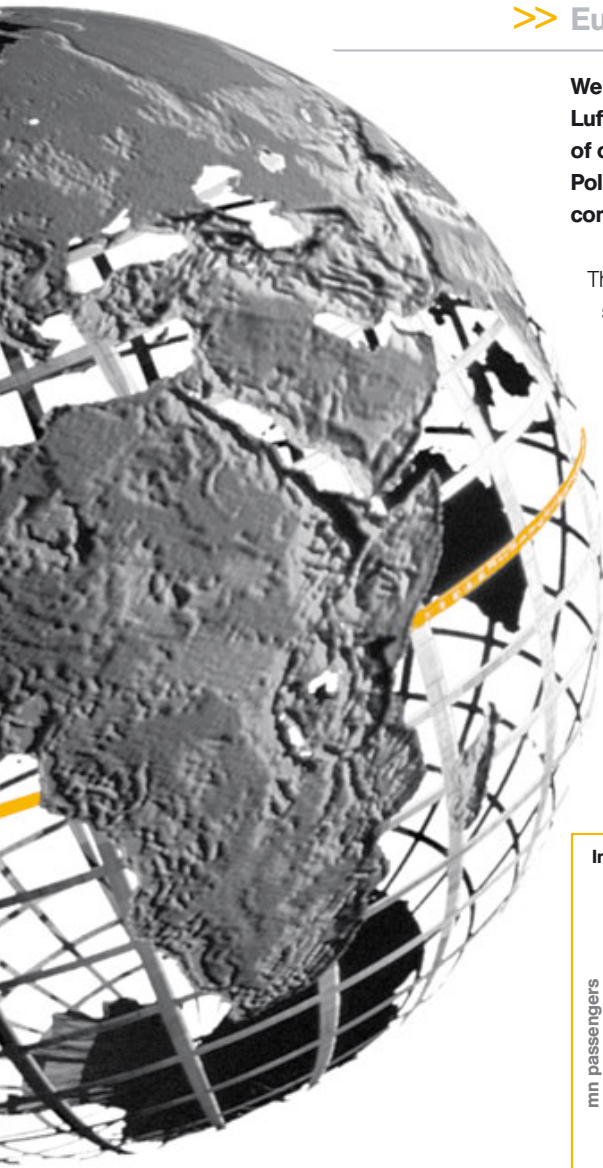
>> Worldwide Presence

We are available for our customers worldwide within a very short timeframe. This service is based on our Area Management system, which divides responsibility into the three geographical areas – EMEA (Europe/Middle East/Africa), North and South America, and Asia/Pacific.

Outside Germany, we are currently represented at 15 locations in 14 countries. Our global focus and flexible structure enable us to provide local support where it is needed. To achieve optimum proximity to customers, we have structured our sales organization with a strong emphasis on international markets. Our Area Management ensures that our entire product and service

portfolio is consistently positioned in each of our markets. As a result, we are able to effectively meet our customers' individual needs. Our global representation, consistent market profile, and comprehensive one-stop service portfolio provide the competitive edge that has gained us a leadership position in an increasingly demanding market.

Globalization



>> Europe

We gained our first customer outside the Lufthansa Group right at the beginning of our company's existence, when the Polish airline LOT decided in favor of our complete crew management system.

Throughout the implementation of the system, we expanded our product to meet the customer's needs. This contract was our breakthrough into the airline and aviation industry, and numerous contracts followed.

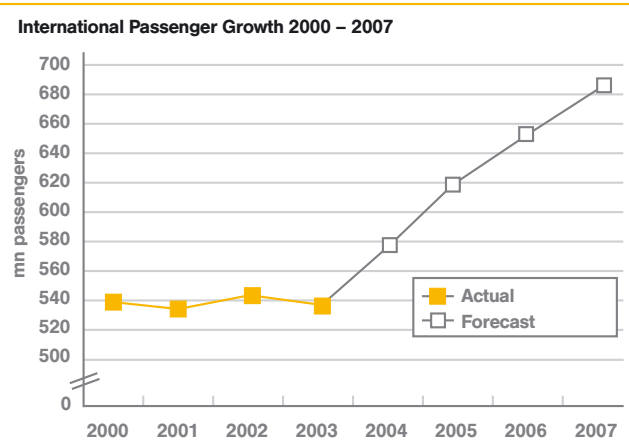
In June 2003, we successfully completed the migration of LOT's entire data for the areas reservations and ticketing to our MultiHost system, transferring more than 180,000 records of passenger

The contract from LOT Polish Airlines marked a breakthrough for Lufthansa Systems in the airline and aviation industry.

data from the old system without interrupting ongoing flight operations. Since that time, all passenger-related data for the Polish airline has been centrally managed at our data center.

Another milestone in our partnership with LOT was reached in 2004 when we transferred the airline's entire passenger and baggage handling operation to our Departure Control System (DCS). This added passenger handling to the Polish airline's existing MultiHost modules for sales, ticketing and flight plan information. The DCS interfaces directly with our

baggage management system, greatly simplifying the matching of passenger and baggage data during boarding. It also provides a platform for electronic ticketing, which LOT introduced in summer 2004.



The IATA projects passenger numbers to increase to 680 million by the end of 2007. Annual growth is projected at an average of 6 % p. a.

>> Asia

The contract with Asiana Airlines for solutions in the area of Maintenance, Repair & Overhaul (MRO) was a milestone in our sales activities in the Asian market.

The Korean airline is using the SAP industry solution "Aerospace & Defense", which allows for an integration of all business processes in the fields of materials management, aircraft maintenance and accounting/controlling in one system. This allows for maintenance orders to be planned and managed at a much earlier

stage in the process, also including the provision of the material needed.

This project also involved integrating our electronic document management solution with the SAP solution. This allows Asiana Airlines to easily document, publish and manage data involving MRO. Aside from Asiana Airlines, Lufthansa Technik, CityLine, VARIG and Alianza Summa also use our integrated MRO software solution.



>> Latin America

With a comprehensive package of new IT solutions, TACA will soon be able to optimize its processes and generate an increase in revenue. For us, this major contract marked an important step in developing our position on the American continent.

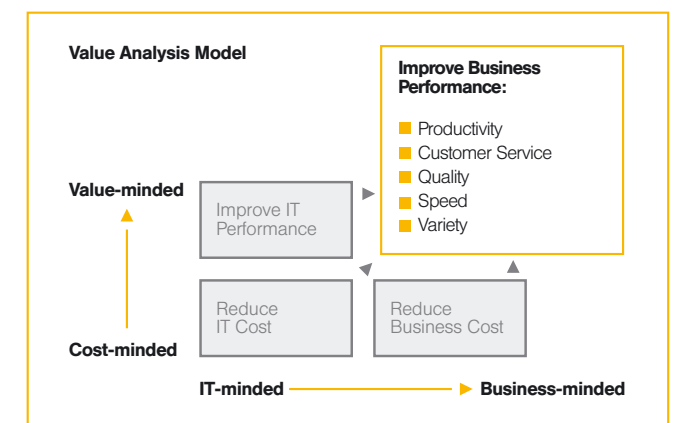
The five-year contract once again demonstrated the importance of providing a complete service portfolio from a single source. The Latin American airline chose a comprehensive IT package for its entire fleet, replacing several solutions from its previous provider, Sabre. We supply TACA with IT solutions for all of its core processes. In the field of flight planning and control, NetLine enables airlines to deploy their fleets more efficiently and to respond more quickly to flight plan changes. Supported by our Revenue Management solution, ProfitLine generates an occupancy forecast for TACA by analyzing the booking transactions for complete O&D (Origin & Destination) passenger information, thus maximizing revenues for each flight.

The MultiHost solution enables TACA to automate and fully integrate the company's core processes of sales, ticketing and passenger processing. In addition, Lido OC supports the company's route planning.

The airline TACA achieved measurable benefits by automating its core processes using IT solutions from Lufthansa Systems.

The outstanding cost effectiveness of our products was the key factor in gaining this contract. Furthermore, the wide range of valuable functions

and integration of the solutions offer measurable benefits for TACA.

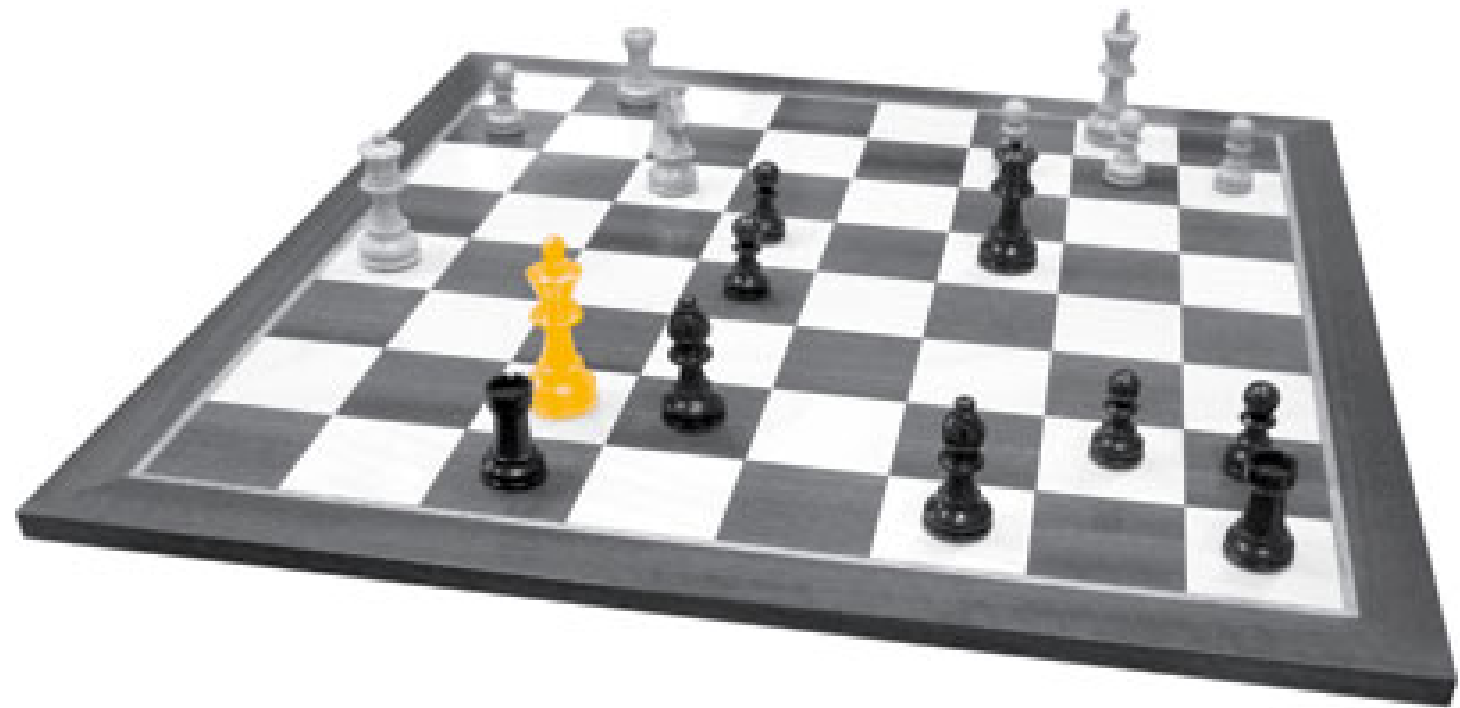


Although established only ten years ago, Lufthansa Systems draws on many years of experience in the airline and aviation industry. On January 1, 1995, the former IT department of the Lufthansa Group became Lufthansa Systems, which at the time employed approximately 1,000 persons. As a result of this history, we possess an in-depth knowledge of the airline business that has made us one of the world's leading full-service IT providers to the airline and aviation industry. Because we are familiar with the processes and business-critical issues of airlines, we are able to develop customized solutions that add value for our customers. In a single decade, we have developed a strong, innovative portfolio that includes network planning and control, revenue management and pricing, airline core processes, route planning, cargo and logistics, and aircraft maintenance.

Know-how

Expertise is the result of many years of experience
It is based on acquiring new knowledge and skills and on applying new methods

Only a company whose expertise has expanded continually can achieve sustained growth over a period of ten years



>> Flying Paperless

Shortly after the company was established, we took a pioneering role in the introduction of paperless ticketing with our implementation of Electronic Ticketing (ETIX) for Lufthansa Passage.

With ETIX, all ticketing information is held in a database and can be retrieved at the airline check-in desk using the customer or credit card reference. Although this is taken for granted by today's passengers, ten years ago it was a completely new concept. We began the project by analyzing all passenger check-in processes and then

specified a paperless procedure and developed an IT solution to handle it.

The introduction of Interline Electronic Ticketing in 2004 offered an even more efficient and user-friendly customer service. A standardized procedure developed by Lufthansa Systems that is not restricted to a single airline enables different airlines to exchange electronic ticketing data for all flights. This offers major benefits, particularly for network carriers, since it allows airlines to electronically ticket connecting flights with their partner airlines.

Know-how

>> Passenger Systems

Our familiarity with airlines' business processes provides a benefit for our customers. Thanks to our long experience in the airline and aviation industry, we are able to offer our customers carefully customized IT solutions.

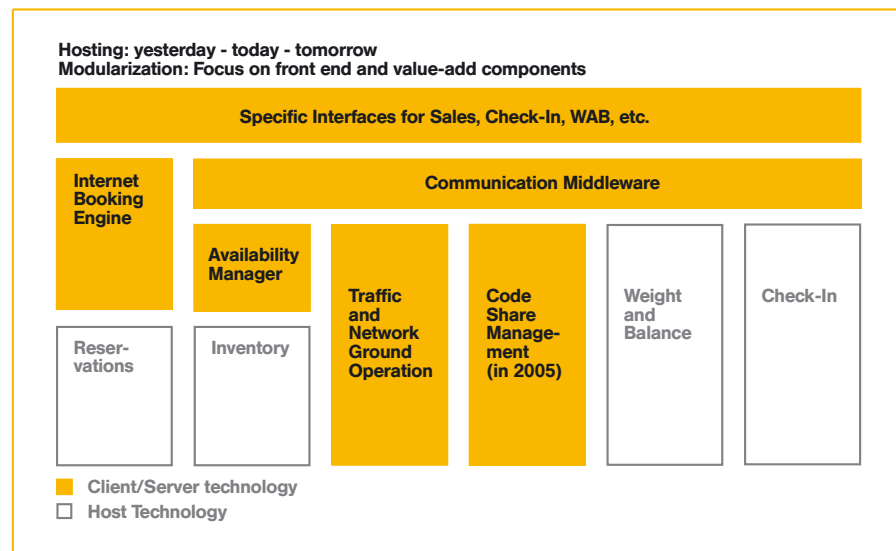
The hosting of passenger solutions plays a key role in our portfolio. It automates all core processes such as sales, ticketing and passenger processing. All data from reservation to departure is "hosted" with the MultiHost solution; it is constantly updated and may be queried at any time. Our data center and global data network guarantee 100% availability of this data for airlines throughout the world.

We have now successfully carried out system migrations to MultiHost for over 40 airlines. The implementation of MultiHost makes it easier for airlines to gain entry into the world's largest airline partnership, the Star Alliance, as airlines must comply with the Alliance's specifications on functionalities, standards and data formats prior to entry. Furthermore, each new partner is

required to connect to the StarNet platform, the Star Alliance's global IT network. This is another solution developed by Lufthansa Systems, which enables every airline in the Alliance to access the flight plan data of its partners in real time.

The FACE (Future Airline Core Environment) project which was launched in 2004

is intended to develop and implement a hosting solution for all passenger processes that is independent of global distribution systems. Lufthansa Systems expects the innovative step-by-step modernization of its MultiHost solution to be completed by 2006.



>> Revenue Accounting

With prompt revenue accounting, airlines can significantly increase their revenue. We have contributed our expertise in the field of revenue accounting in the development of SIRAX.

Since June 2000, Lufthansa has been using our system to handle its revenue accounting processes. The system manages an airline's accounting process by

matching ticket sales with actual flight data. Integrated subprocesses support the billing

of interline flights. Real-time settlement accounting for used tickets is particularly important for airlines, although the multiplicity of fares, code share agreements, alliances, as well as taxes and fees, make it a very complex process. Nevertheless, prompt settlement of accounts can substantially improve an airline's profitability. Our know-how also convinced Finnair. In September 2004, the Finnish airline signed an agreement for the use of SIRAX. Our partnership with Finnair takes us another step closer to establishing SIRAX as the standard revenue accounting solution in the airline market.



>> Network Planning and Revenue Management

Airlines are able to generate an optimal flight schedule by using NetLine. This allows them to efficiently plan and control their resources.

The generation of a flight plan involves much more than just distances, departure times and ground

times; it must also incorporate a buffer to account for unforeseen delays, maintenance checks, or even restrictions at airports such as runway distances and night flight bans. The operation is even more complex for network carriers, as they also have to deal with transfer connections. Airlines using NetLine deploy their fleets more effectively, because they can quickly make changes to flight plans and optimize their crew management. Every single component of this modular solution provides our customers with substantial added

IT solutions from Lufthansa Systems enable airlines to use their resources more efficiently and to improve pricing.

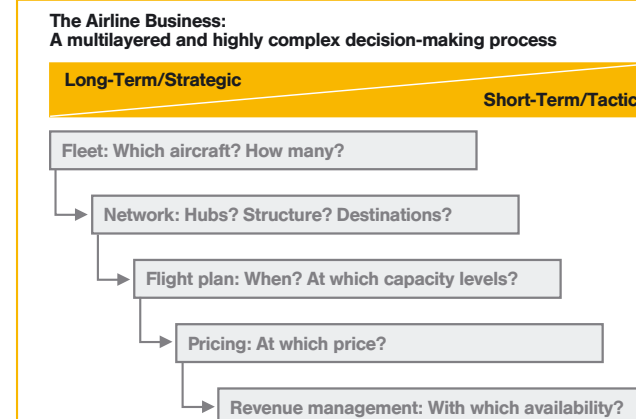
value, which can be improved even further by combining and integrating additional modules.

With the help of a revenue management system airlines are able to maximize their yield.

Process planning and control is critical to an airline's success

concerning the efficient deployment of resources (network planning, flight scheduling, crew management) as well as commercial operations (pricing and revenue management). As there are limited seats available on every flight, the sales

objective is to achieve the highest possible yield for each flight. This is achieved through close collaboration between pricing and revenue management. Our ProfitLine IT solution is based on sophisticated analysis, forecasting and optimization methods and is the result of many years of experience in this field.



>> Airline Flight Support

Optimal flight operations require high quality data and system support. We supply international airlines with products and services that support both flight preparation and flight operations.

These focus on improving flight performance by maximizing payload, reducing fuel consumption and optimizing aircraft utilization. Our products deliver route planning with the assistance of the Lido navigation database, which contains all

aeronautical data available worldwide, the programming of the autopilot in the cockpit, and the use of flight-specific charts. All the relevant information from the flight is sent to the autopilot via the Lido FMS (Flight Management System) database, which is also linked to the navigation database. Today, over 110 airlines benefit from our expertise in Airline Flight Support. All of these solutions are fully integrated and were developed in close collaboration with pilots.



When Lufthansa Systems, the previous IT division of Lufthansa, took up operations ten years ago as a spin-off, we became the IT partner of the Lufthansa Group, which today is our biggest customer. Our depth of understanding of the airline business and our extensive technological know-how has convinced not just Lufthansa but many other airlines from all over the world. Some of our long-standing customers include Finnair, the Polish airline LOT, VARIG and Austrian Airlines. Right from the start of our business operations, the security and reliability of our infrastructure services enabled us to attract customers from other sectors. For example, Lufthansa Systems has managed the entire IT and network infrastructure of Buderus since 1996. This shows the great confidence that many companies have in our products and services, since IT is increasingly being used to deal with business-critical processes. Our partnership with numerous customers has continuously evolved, which underlines the confidence in our work.

Trust

*When IT systems become more and more complex and fulfill business-critical tasks
When contracts include responsibility for ensuring the highest standards in terms of reliability and availability,
then long-term experience is the best bridge to the future*

>> The Year 2000 Changeover

A major challenge for our company that we mastered successfully was the changeover of the IT systems between December 31, 1999, and January 1, 2000.

Numerous customers have demonstrated their trust in our ability to manage and operate their IT systems reliably by outsourcing them to Lufthansa Systems. The

seamless changeover of all systems to the year 2000 confirmed our customers' trust in our work. The complication with the Year 2000 changeover was that the date in the software and on many PCs, network and mainframe computers had been programmed using just two digits. To deal with the year Y2K problem, we scanned all relevant systems and then systematically prepared them with our customers for the

changeover. To make sure that we were well prepared for the event, our data processing experts started looking for possible year 2000 changeover problems at an early stage. We had to check 40,000 programs for Y2K compliance and test and equip 9,000 PCs for the date change. It was a considerable undertaking, but we were rewarded when the changeover occurred without issue.



Trust

>> Successful Cooperation Continues

The long-standing business relationship with Buderus, our first customer outside the aviation industry, goes back to 1996 and is yet another example of the trust that customers have in our services.

Just one year after we were founded, the Wetzlar-based company outsourced its IT infrastructure to us. Since this time, Lufthansa Systems has managed the

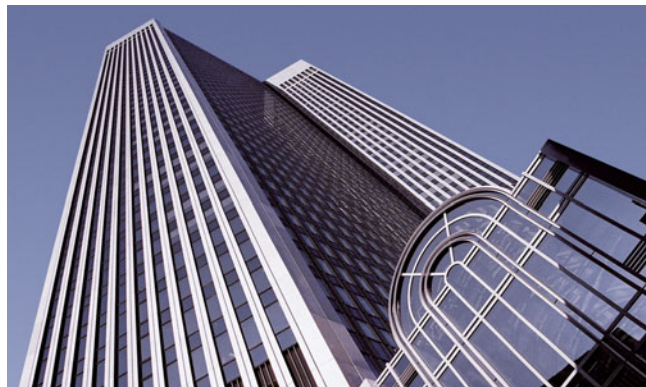
entire Buderus IT and network infrastructure, which serves more than 2,000 end users throughout Germany. Our responsibilities include the timely and complete processing of business transactions for the group's subsidiaries and over 40 wholesale branches. Since unscheduled downtime of even a few hours would result in huge losses to our customer, we supplemented the data

network with the installation of a radio antenna on the group's business premises. In 2000, we also took over the development of SAP applications for Buderus and migrated its IT systems from SAP R/2 to SAP R/3. Buderus recently renewed its agreements with us after seven years of successful cooperation.

>> Security for Financial Services Providers

The airline and aviation industry sets extremely high standards for its IT providers, since transaction volumes are substantial and high availability and dependability are crucial. Companies from other sectors in which IT standards are comparable to those applied by airlines also benefit from our experience as IT specialist.

These customers include financial services providers, industrial companies, and international companies with complex IT infra-



structures which store and process highly sensitive and business-critical data. System downtime can result in severe economic damage for these companies. We have managed the back-up data center for a number of banks for many years. Good customer service in this industry requires online banking and cash machines to be reliably available round the clock. In 2003, DekaBank outsourced its IT systems to Lufthansa Systems and we assumed responsibility for the operational management and support of the bank's client/server systems. As well as substantially cutting costs, outsourcing has enabled the bank to standardize its IT processes and to improve the control and planning of its IT expenditure. In April 2004, we concluded a contract with the European Bank for Fund Services GmbH (ebase). Online securities trading requires all relevant data to be available reliably around the clock. Assigning this challenging task to us once again shows the trust placed in us by financial services providers.

>> Network Management

An optimum flight schedule is of central importance for any airline. IT supports the entire process, from scheduling, to rostering, to crew management.

Preparing the best possible flight schedule is the basis for success of any airline, regardless of size or business model. Flight plans of network airlines, for instance, must take into account transfer connections, connecting flights and shuttle services. The preparation of a long-term flight schedule involves much more than just distances, departure times and ground times; it must also incorporate a buffer to account for unforeseen

delays, maintenance checks, or even restrictions at airports such as runway distances and night flight bans. However, flight schedules may also have to be

changed at short notice to account for changes in demand resulting from events such as holidays or trade fairs. Airlines must utilize their resources to optimum effect to achieve maximum revenue per flight.

Our NetLine product suite models the complexities of network management and supports the entire process of planning and controlling airline resources. The numerous agreements we have concluded with airlines such as LOT Polish Airlines, Austrian Airlines, Royal Air Maroc,



Croatia Airlines, Shanghai Airlines, Swiss or companies such as the cargo service provider DHL are evidence of the trust our customers place in us to take care of an area that is so vital to their existence.

Our customer references

In the ten years since our company was founded, we have steadily expanded our customer base. Today, more than 110 internationally operating airlines and 80 companies from other industries place their trust in our expertise and technologies. This wealth of partnership-based customer relationships, some of which have been existing for many years, confirms our definition of customer focus. It all starts with understanding the business processes of our customers. This is one of the most important foundations of our customized product and service portfolio which we offer each and every one of our customers.

“We enjoy a close, long-term partnership with Lufthansa Systems. Despite being a member of our Group, Lufthansa Systems has to compete permanently for business with external IT providers. In doing so, the company has established itself as a strategic partner of Lufthansa Passage. As a full-service IT provider, Lufthansa Systems offers a portfolio which supports many aspects of our business processes.”

Dr. Holger Häty,
Member of the Board
Lufthansa Passenger Airline



“Lufthansa Systems’ extensive expertise of IT systems is ideally suited to dealing with the very latest logistics solutions. Working in partnership with Lufthansa Systems, we have developed an application to optimize our air and sea freight procurement processes and to deliver accounting information in real time.”

Monika Ribar,
Chief Information Officer

Panalpina

“As a financial services provider, our standards of data security and data availability are particularly high. A single breakdown could cost us millions. Airlines also have extremely high standards in terms of software reliability and Lufthansa Systems has worked successfully in this sector for many years. For this reason, we believe our IT systems are safe in Lufthansa Systems’ hands.”

Dr. Bernhard Steinmetz,
Member of the DekaBank
Board of Management

DekaBank

Finnair

“Lufthansa Systems’ in-depth understanding of the airline business makes it a partner for Finnair that we can trust. We particularly value the performance and high level of integration of its network management solutions. Thanks to the new software, we were able to develop a new flight plan and resume flights very quickly after the terrorist attacks of September 11, 2001.”

Ari Lehmonen,
Chief Controller

Asiana

“The complex business of aircraft maintenance and repair demands the highest standards of quality, safety and accountability. With its extensive expertise in the field of maintenance, repair and overhaul, and its familiarity with SAP solutions, Lufthansa Systems offers us solutions that fully comply with our exacting standards. They play a key role in enabling us to achieve sustainable cost reductions.”

Hyun Ok Park,
Senior Vice President
Maintenance & Engineering

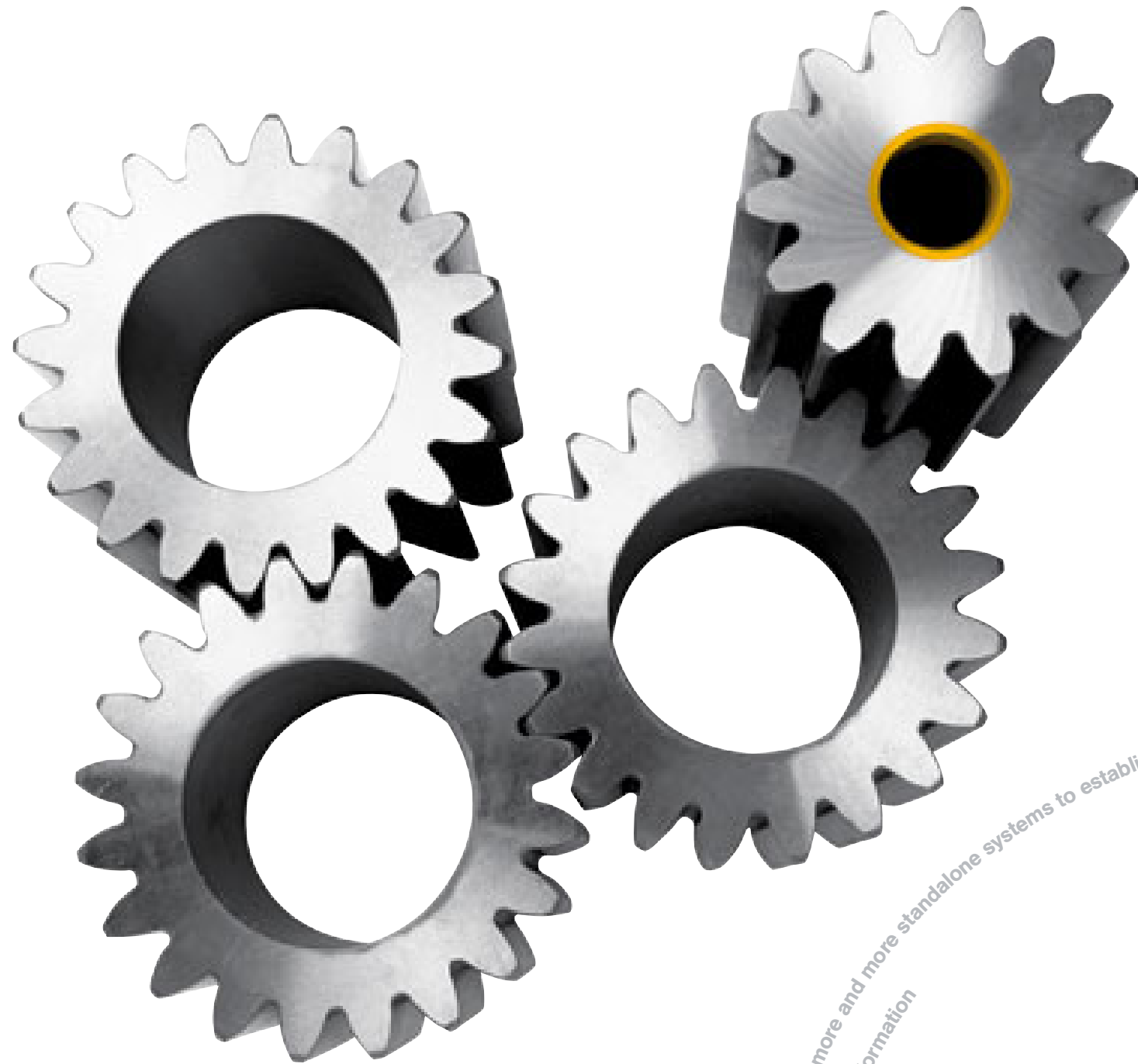
“A key factor in our successful partnership with Lufthansa Systems has been their extensive familiarity with all airline processes. This familiarity, and the excellent support provided by its local offices, has convinced us to undertake further projects in partnership with this specialist IT provider.”

Evandro Braga de Oliveira,
President

Varig Engineering & Maintenance (VEM)

Partnership

The history of the aviation industry and many other sectors is marked by increasing expectations of IT service providers. Only providers who offer consistent and continuously improving standards are able to meet these market standards. In addition to a complete portfolio of products and services and many years of international project experience, our strengths also include a combination of technical and sector expertise in implementing partnership models. During the last decade, we have been well positioned in our markets, particularly in the growth market of airline and aviation. The development of innovative applications for companies in this sector will remain a key focus. In the coming years, we intend to consolidate and expand our market position in this area and our leadership position in the market for infrastructure services. Here, a close relationship with our customers based on mutual trust is a matter of course.



>> Project Consulting

The Lufthansa digitizing Competence Center (dCC) has established a new type of partnership-based cooperation: In the dCC, a team from Lufthansa Systems provides management consulting services to the Lufthansa Group. As an internal, yet neutral service provider, our work has to measure up to the performance standards of third-party management consulting firms.

The dCC focuses on process changes, on improved process support through IT and on achieving measurable bottom-line benefits. According to our customers, the work of the dCC results in additional

potential earnings of EUR 30 to 60 million annually. The dCC covers both airline-specific issues such as baggage processes or crew management as well as topics related to purchasing or human resources. The portfolio of services provided by the dCC also includes technological solutions like RFID or electronic cockpit equipment, organizational services and knowledge management tools. The sustained success of the dCC, which has received positive reviews from our customers each year since 2001, has also created an environment in which management talent from Lufthansa Systems can hone their skills.

Integrated solutions combine more and more standalone systems to establish nodes with a multitude of interlinked information

Cooperation in partnerships and the joint development of new solutions deliver added value for everyone

Partnership

>> Cooperation with the Lufthansa Group

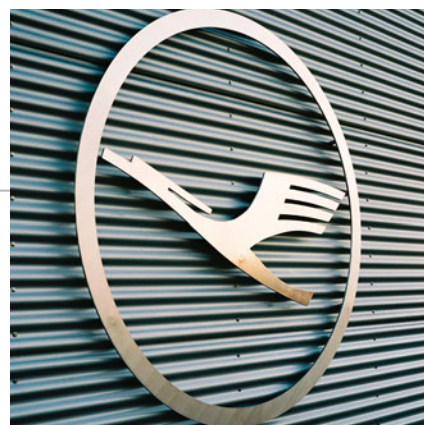
The Lufthansa Group was our biggest customer from the very beginning. Numerous contracts from companies in the aviation group underscore this spirit of partnership.

Airlines need an operational flight schedule to update, process and analyze departure and arrival times, passenger figures and routes continuously in order to ensure reliable air traffic service. To optimize these processes, we have developed the TANGO (Traffic and Network Ground Operation) software together with the experts from Lufthansa Passage. TANGO offers all flight plan data for a time period extending to 7 days back and 6 days ahead. In the course of a major project, this complex IT application has been designed to suit the individual needs of Lufthansa Passage and includes over 90 interfaces to other systems. Ever since the legacy Unisys

system was replaced in 2002, TANGO has controlled all Lufthansa flights and the corresponding services of its partner airlines.

Lufthansa Technik is the world's largest manufacturer-independent aircraft maintenance, repair and overhaul company (MRO). This requires extremely high standards of quality, safety and accountability. When it comes to planning and managing the necessary resources, Lufthansa Technik therefore relies on the SAP industry-specific solution Aerospace & Defense, in whose development we played an important part. Using the SAP software has resulted in improved cost transparency and efficiency in connection with logistics business processes. Numerous additional requirements were fulfilled and several interfaces were created with the implementation of this new, high-availability SAP industry solution.

We also enjoy a successful partnership with Lufthansa Cargo, which has been relying on our innovative and dependable



Lufthansa Group is the largest customer of Lufthansa Systems and has been a partner from the very beginning.

technologies and consulting services in IT matters for several years. As single IT provider, we developed a management information system together with the customer. Using this system, the company can now more easily identify potential areas for improvement and manage their planning more efficiently and with less effort. This has cut Lufthansa Cargo's total IT costs by around 15 percent. The standardization of the company's server structure also entailed a worldwide change of both hardware and software.

Furthermore, we developed a monitoring system that provides an instant overview of the status of all current projects. It allows us to quickly measure the satisfaction of our customer.

>> Worldwide IT Network

In partnership with the Star Alliance, we developed the StarNet IT network that allows each of the Star Alliance members access to the flight plan data of its partners in real time.

We demonstrated our expertise as a system integrator in 2001 with a major project for the Star Alliance. The StarNet system platform, which we developed in cooperation with the world's largest airline

partnership, enables Alliance partners to exchange flight plan information in real time. This gives all participating companies insight into the partners' flight plan data so that they can make bookings and handle end-to-end check-in for all Alliance members. In addition, StarNet links the data for each airline's frequent



STAR ALLIANCE

flyer program, ensuring that customers of each partner airline receive the same service. In 2002, we developed StarTools solutions, specially designed for StarNet, which "translate" between different systems and provide for a smooth data exchange and standardized data formats. This way, the quality of the flight plan data of all Star Alliance airlines can be improved.

>> IT Solutions for Alliances

With the migration to our passenger system and the link to StarNet, we created the conditions for the entry to the Star Alliance for Austrian Airlines, British Midland and LOT.

Airlines have been forming alliances in increasing numbers since the mid-1990s in order to offer their passengers a wider range of services. However, the partner airlines in an alliance must be able to exchange information with each other. In all three migration projects, our first task was to work with the airlines to become familiar with their existing systems. Using this information, the interfaces to the new passenger system were developed, the airline employees were trained in the new procedures, and the system was introduced.

We began in 1999 with Austrian Airlines. We had only six months to migrate reservations, ticketing and check-in. A year later, British Midland's IT systems were migrated in preparation for their membership in the Star Alliance. More than 250,000 items of passenger data were moved in a short space of time from the old system without interrupting ongoing flight operations. Two years later for the Polish airline LOT, we transferred 180,000 items of passenger data to our passenger system. Since that time, all passenger-related data for all three airlines has been centrally managed in our data center.



Our customers' IT systems increasingly reflect not only innovations in technology but also developments in the business environment. Companies continue to face ever greater challenges as a result of market globalization, increased competitive pressure to innovate, pressure on costs, sudden fluctuations in demand and, not least of all, the very complexity of today's business processes. A proactive approach to change is essential if these challenges are to be met. Our portfolio is geared to the customers' processes and addresses our customers' needs with IT systems that provide outstanding flexibility. Our decades of experience in the airline and aviation industry enable us to provide solutions and technologies to other industries in which IT standards are comparable to those applied by airlines.



Are your IT systems able to undergo a rapid change?

Whether or not you can quickly change processes, products or sales channels depends to a large extent on the flexibility of your IT systems

Flexibility

>> Flexibility Is Increasingly Important

The terrorist attacks on September 11, 2001, highlight the importance of flexibility in the face of changed market conditions.

September 11 had a strong impact on the entire aviation industry. Numerous cancellations and weak demand for air travel required a flexible response. With our

products and solutions, we offer airlines greater flexibility – and thus faster response times – in the planning and controlling of their resources. Our integrated NetLine solution supports an airline's network planning, allowing an airline to develop an optimum flight plan by matching the deployment of its aircraft to the existing need while utilizing its available slots.

Thanks to NetLine, our long-standing customer, Finnair, was able to react extremely quickly to the changed conditions of that day. Within a week, the airline had prepared a scaled-down flight plan and, within two weeks, put it into operation. This included drawing up alternative routes and measuring the profitability of the reduced flight plan.

Flexibility

>> Flexible Choice of Distribution Systems

Our future passenger system offers airlines even more ways of responding quickly to changed market conditions and allows freedom of choice in global distribution systems.

The modernization of our passenger system entered a decisive phase in 2004 with the Future Airline Core Environment project – or FACE. By 2006, we will be offering a hosting solution for all passenger processes that is independent of global distribution systems (GDS). The new client/server-based passenger system gives airlines greater flexibility and enables them to choose from a variety of distribution channels. Thanks to its modular design, we will be able to provide hosting solutions to all airlines – regardless of business model. With the aid of open interfaces, airlines will be able to exchange data without any problem. This flexible

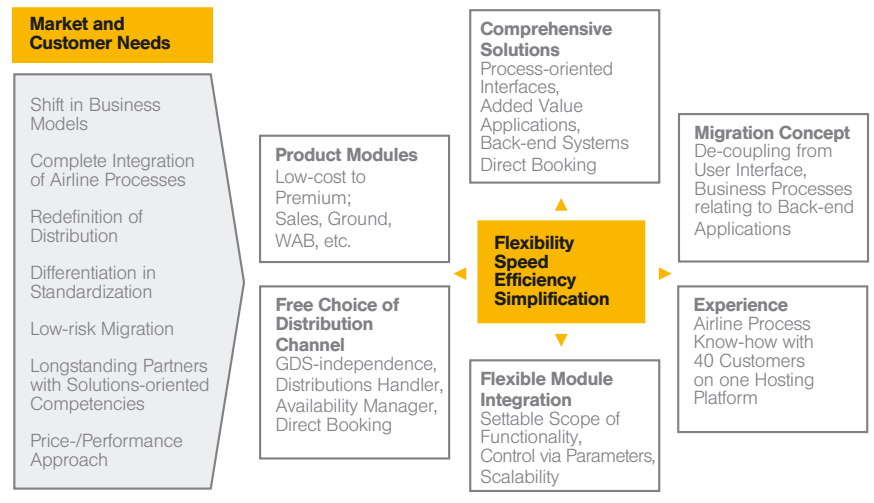
approach allows us to fully support existing partnerships or alliances between airlines independent of their individual system platforms.

FACE offers a hosting solution for airlines which makes them more flexible and independent of global distribution systems.

Over 40 airlines have been deploying our current MultiHost

solution for some time now and can expect a seamless transition from their old systems. New customers, too, can rely on a smooth migration of their systems and data to the new system architecture.

FACE is an Advanced Solution for Meeting Market Needs



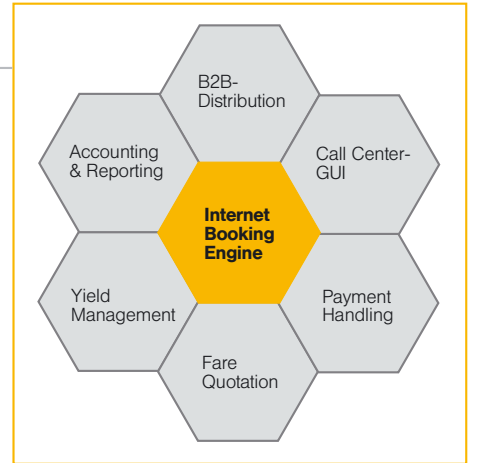
>> Internet Booking Engine

Airlines with all business models are able to manage their passenger data with our Internet Booking Engine (IBE) – from reservation to passenger handling – independent of global distribution systems (GDS).

The use of the Internet Booking Engine is a particularly attractive solution for low fare carriers, as GDS links involve high costs. The IBE has been in our product portfolio since 2004 and interfaces with all MultiHost

modules. Because the application is scalable, our customers can respond to changes in their business models or to business expansion at any time.

The Czech low cost airline Smart Wings became the first customer for our IBE immediately following its launch. Atlas Blue has also chosen the IBE and added a module to ensure the efficient management of its business-to-business sales with travel agency chains and corporate customers.



>> Availability Manager Cuts Transaction Costs

With the Airline Availability Manager, we have developed a solution that preselects and answers availability inquiries from a variety of sales channels.

Due to the increased popularity of the Internet and of direct sales channels, the number of automatically generated inquiries regarding seat availability and pricing is increasing rapidly. Previously, these availability inquiries directly accessed the inventory, which centrally manages all

seats of a given airline. The Availability Manager mirrors this inventory and so relieves the system. This new solution not only eliminates the previously incurred cost of transactions but it also enables airlines to improve the management of their direct sales channels. From its very first weekend in service, the system processed 130 availability inquiries a second on average, and the number is still growing. The product is an important innovation in the management of airline passenger systems.



Technology

Most businesses operating today would not be able to survive without dependable IT systems. We assist companies of all sizes and from all industries in setting up and operating an effective, reliable IT infrastructure. This is why we operate one of Europe's most modern data centers. From our 6,500 square meter facility in Kelsterbach, we manage over 1,000 servers from a variety of manufacturers and guarantee smooth operation for our customers. Our technology is available to customers 24 hours a day, 365 days a year. We offer a complete portfolio of solutions that can be customized to specific needs – from process-related consultancy services to support for any one of the many tasks involved in running sophisticated, state-of-the-art IT systems.

State-of-the-art infrastructure – wire-based and wireless

modern data centers in Europe are the foundation for speed and 24/7 availability

This perfectly combines technology and quality

>> Digital Trunked Radio

For the seamless coordination of all its processes from aircraft handling to check-in, modern communication systems are essential for Frankfurt Airport.

To ensure the reliable and efficient management of these operations, we partnered with Fraport AG to implement Germany's largest wireless digital airport network at Frankfurt Airport in December 2003. The

digital trunked radio network offers substantially better speech quality and a greater range than analog systems. Terminal devices can be programmed to enable text messaging, personal and group calls and conferencing. Object-oriented calls, which use a flight number to call everyone involved in handling an aircraft, can also be provided in order to monitor aircraft loading and unloading much more efficiently.

>> New IT Infrastructure for Lufthansa

The introduction of a new IT infrastructure at Lufthansa allows the airline to significantly reduce system and administration costs. The contract was won in 2002 and serves as another example of our technological know-how and performance.

9,500 workstations at over 350 locations worldwide were to be equipped with a new IT infrastructure, since the old infrastructure was no longer adequate to the technical requirements. The standardized hardware configuration and the ability to upload software updates centrally to all terminals not only saves time, it also saves money.

Following a successful pilot phase, delivery and installation of the systems began in November 2003.

As the rollout utilized Microsoft Windows XP, around 200 applications had to be certified in advance.

We installed a total of 4,000 new printers and reconfigured 9,400 e-mail addresses and 3,000 Internet accounts.

Lufthansa Cargo also received a standardized IT infrastructure with CLIC. After just five months of successful operation,

A homogeneous IT infrastructure standardizes processes and saves businesses time and money.

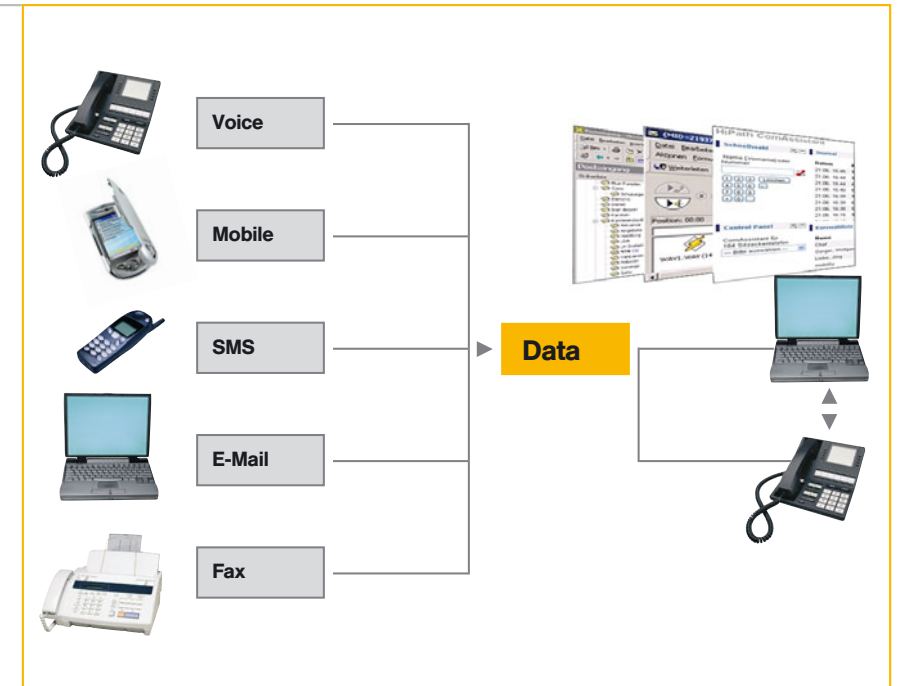
the project was completed as part of the Contract for Lufthansa Cargo IT-Infrastructure Change and Operation (CLIC) worldwide operator model. We equipped more than 1,400 workplaces at 240 offices with a standard operating environment without interrupting operations. The upgrade and reconfiguration

involved PCs, notebooks, printers and monitors as well as software updates. The workplace conversion has enabled Lufthansa Cargo to improve productivity while at the same time reducing costs.

>> Collaboration Infrastructure

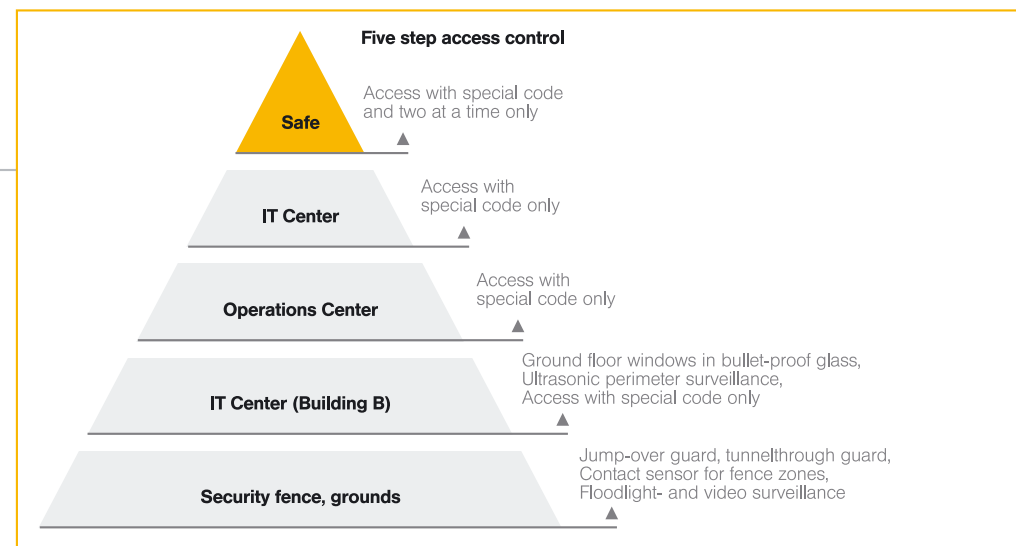
A new era of communications and telephony is dawning for Lufthansa. In December 2004, the Group signed an agreement for a completely new communications infrastructure.

We have developed a multitude of visionary and innovative ideas for Lufthansa. During the course of this project, over 20,000 Lufthansa employees will receive new telephones. These can be operated in conjunction with a PC and use voice transmission across the data network. Voice mail, SMS and fax messages will all arrive in an e-mail inbox, allowing recipients to keep all incoming communications in a single place. Users will be able to use their PCs to find out who has called and what telephone calls have been made. They will be able to check their voice mail directly at the PC or from any telephone.



>> An Overview of the Data Center

- The Lufthansa Systems data center in Kelsterbach is one of the largest and most modern of its kind in Europe
- 6,500 m² of floor space for computers in four building units, each one separately protected from fire and with totally independent power and utility services
- High availability: 24 hours a day, 365 days a year
- Excellent data security thanks to a modern security concept with two of the four computer areas operating in tandem at all times to provide failsafe backup
- Data is securely stored in special data safes
- 24 uninterruptible power supply (UPS) units and 6 diesel generators guarantee continuous operation even in the event of a power outage



Technology

>> Mobile Solutions

Our mobile solutions allows companies to include mobile or remote staff in their business-critical processes or to exchange mobile data with suppliers.

The Mobility Package, which we began offering to customers in 2004, includes mobile terminals and all the services required to operate them, including the provision of server capacity and the integration of the mobile devices into the company's existing IT infrastructure. We also supply and manage the necessary



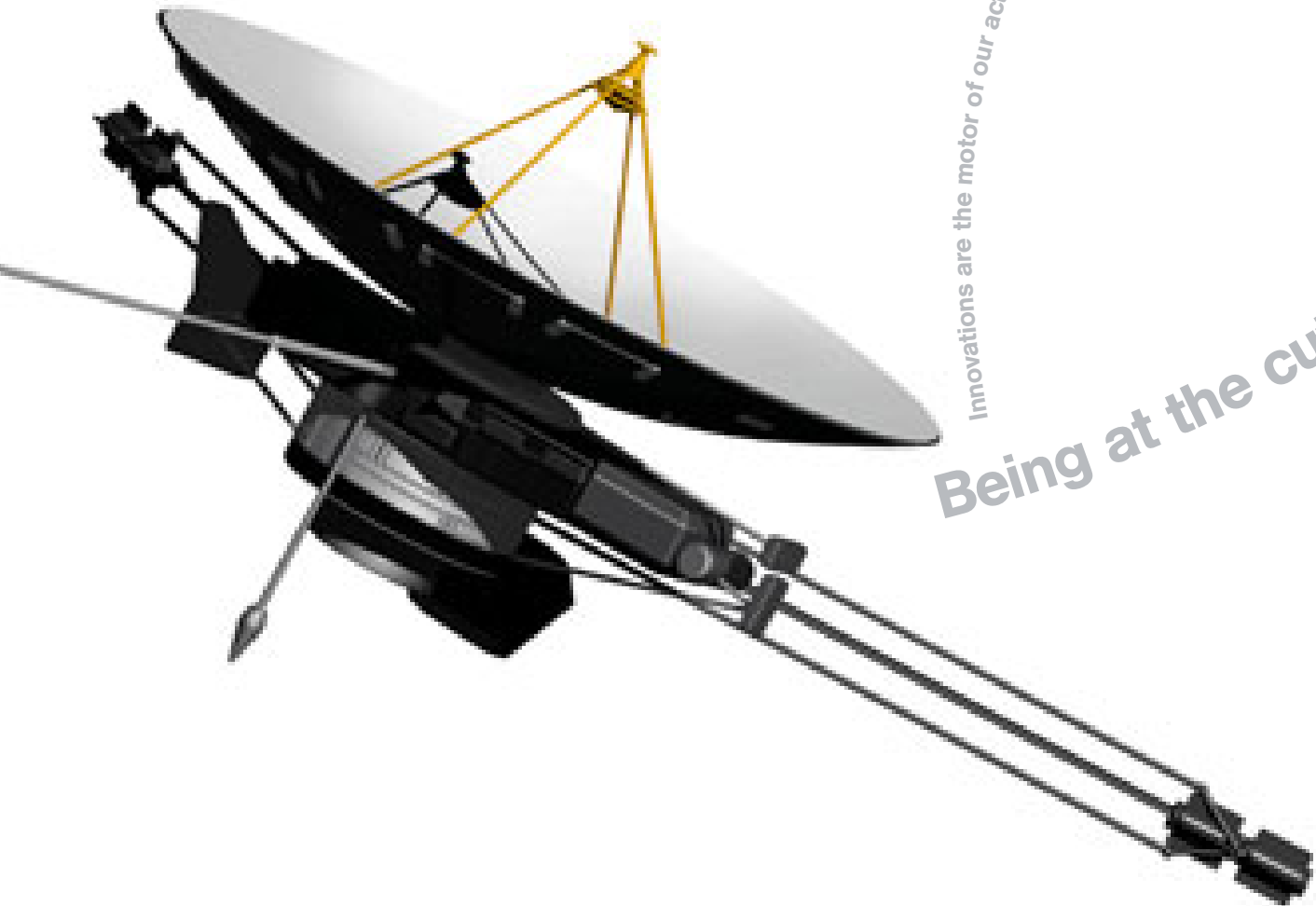
communications infrastructure. Security services complement this offer from Lufthansa Systems, including consultancy services on protecting business-critical data and the implementation of security solutions such as firewalls and virus filters.

Innovation means the capacity for people and organizations to adapt to meet the changing requirements of customers and markets. Innovation brings about significant changes to the status quo through the acquisition of new ideas. This is how innovation is defined in a dictionary. Innovative thinking has been the cornerstone of our company for the past ten years. The development of forward-looking solutions together with a commitment to customer focus have proven to be sustainable pillars of business which provide us with a strong basis on which to build for the future. Lufthansa Systems has established its market-leading position as a direct result of the innovative thinking that we continue to demonstrate year after year. In 2004, for example, we initiated the FACE project (Future Airline Core Environment), which provides airlines with a hosting solution that is independent of global distribution systems.

Innovation

Innovations are the motor of our actions and create new chances for growth

Being at the cutting edge of progress means to develop profitable solutions



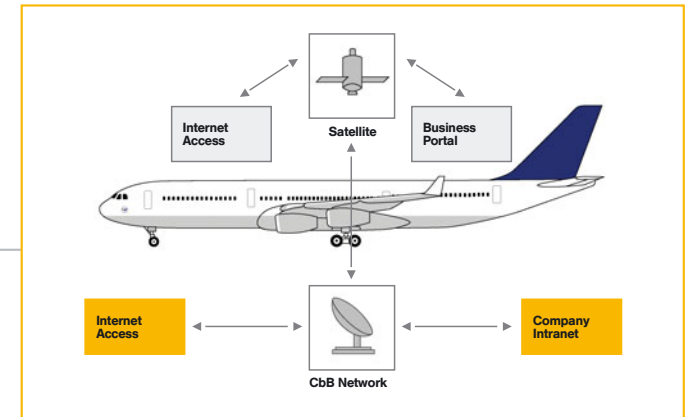
>> Internet on Board

For the FlyNet project, we implemented the first system to allow in-flight Internet access on board a commercial airline. Since the summer of 2004, long-haul passengers have been able to surf the Internet and send and receive e-mails while in flight.

The passenger sends the data from the client software on his laptop via a Wireless Local Area Network (WLAN) to the aircraft's onboard computer. To prevent interference, a network that is physically separate from the onboard systems handles the data. The WLAN passes the data to two central

servers on board. With the aid of an external antenna, the data is sent to a satellite, and from there to a ground station and ultimately on to the Internet. This network offers data transfer speeds comparable to with those of ISDN or DSL on the ground.

One of the particular challenges that the project team faced was ensuring that the system would function perfectly alongside the various electronic systems onboard



the aircraft without in any way compromising safety. When planning the system, we also had to take into account that IT systems on board a jet are subject to far greater stresses than usual, such as extremes of temperature and pressure that vary with the aircraft's altitude.

Innovation

>> Lido electronic RouteManual

In 2004, we pioneered the introduction of database-aided chart generation with the development of our Lido electronic RouteManual.

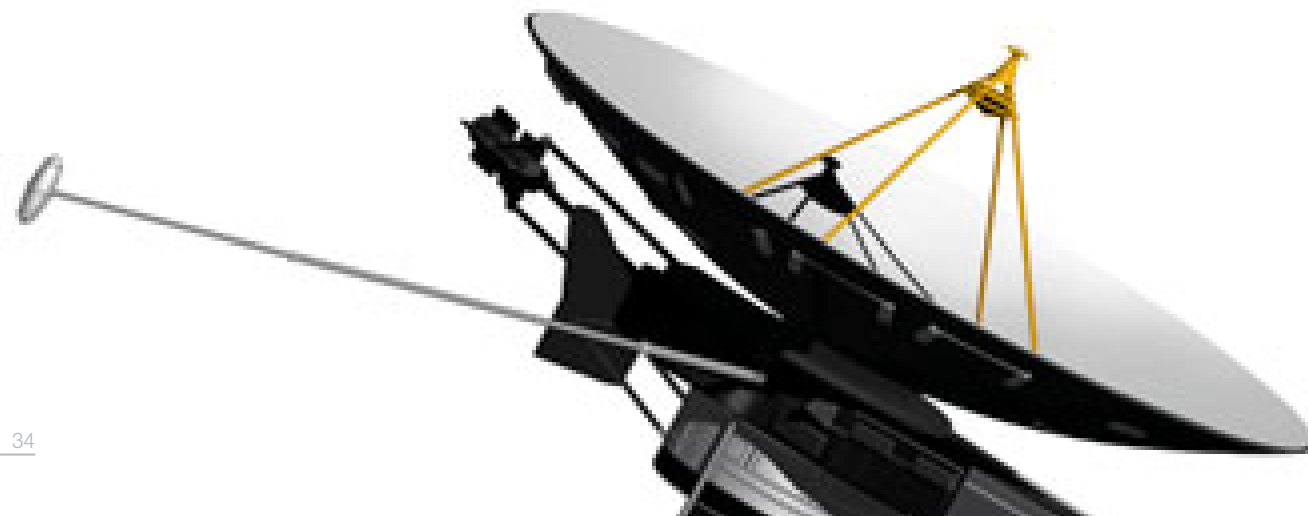
This technological innovation represented an important breakthrough in the field of airline flight support. Charts are generated from the Lido navigation database – set up and constantly updated by Lufthansa Systems – which contains all aeronautical data available worldwide. The charts differ considerably from the charts previously used because they are no longer drawn with the help of a CAD tool but generated electronically from a database. This means that they no longer have to be updated individually because all changes to the database are automatically transferred to all of the charts. Thanks to color coding and the use of intuitive icons, the charts are very easy to read despite the complex nature of their content and pilots can zoom in to whatever level of detail they require. Moreover, the

Lufthansa Systems turns the paperless cockpit into reality.



interactive charts show the current position of the aircraft in flight. Since the beginning of September 2004, Lufthansa has been flying with the Lido RouteManual, which includes printed versions of the electronic charts. This is the interim step toward the Lido electronic RouteManual, designed to

make the paperless cockpit a reality in the near future. Airbus Industries has also expressed great interest in Lido and plans to make the electronic charts available on all its Airbus models. In fact, Airbus is now integrating our Lido electronic RouteManual into the Onboard Information System (OIS) of the new A380.



>> The Digital Pen

Our little “storage miracle” makes the job for sales staff a lot easier. With the Digital Pen, we have taken innovative paths in electronic document management.

The Digital Pen, which is the same size as a regular ballpoint, can store up to 50 handwritten DIN A4 pages. Companies using the Digital Pen will save time and money when dealing with handwritten documents. With the aid of the pen and special paper, information is collected digitally as the document is being completed and then

sent to a PC. In addition to a standard ink refill, the Digital Pen contains a processor, a memory chip and an infrared camera. The information stored in the pen can be transferred via a mobile phone or via the Internet to the central server, where it is added to an identical document and displayed on a monitor. The system enters the data within a minute into the digital document, which can be processed immediately. The development of the Digital Pen solution again shows our know-how in the field of document management.

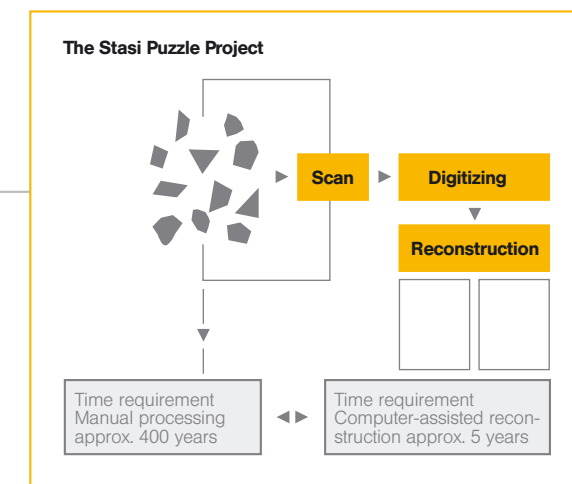
>> The Stasi puzzle

The “Stasi fragments” project is proof that demand for our expertise in electronic document processing is not restricted to airlines.

Together with the Fraunhofer Institute for Production Systems and Design Technology (Fraunhofer IPK), we presented a feasibility study in 2003 on the computer-assisted reconstruction of the shredded documents that had previously belonged to the Stasi, the State Security Service of the former East Germany. In 1989, the Stasi systematically destroyed files and the fragments have since been sorted by hand – a rather laborious and time-consuming task.

Lufthansa Systems’ expertise in electronic document processing can also be applied to projects outside the airline and aviation industry.

This way, it would take around 400 years to reconstruct all of the paper fragments by hand. Computer-assisted reconstruction would achieve the same objective in just five years. Our many years of experience in the field of electronically processing flight and rail tickets would prove to be a major



benefit. The main difference between scanning regular documents and scanning the Stasi fragments was related to the physical characteristics of the materials, since flight tickets have straight edges and are a specific size. For this reason, the fragments first had to be prepared manually and then sealed in plastic pockets before being scanned on both sides and in color. The next step was to assemble the digital fragments into pages. Fraunhofer IPK had developed a prototype pattern recognition application that is capable of reconstructing the shredded files. Each page is reconstructed in this way, one fragment at a time.

The sum of our successes is the groundwork for the future



As success grows, so do our tasks: This cannot be achieved without continuous innovation, customized solutions, comprehensive process know-how and infrastructure expertise

On January 1, 1995, the Lufthansa Group's IT department became Lufthansa Systems, a company that has since grown to become one of the world's leading IT service providers to the airline and aviation industry. Ten years ago, our range of products consisted of individual airline and aviation applications and data center services. Since that time, Lufthansa Systems has experienced steady growth. Using our experience in the airline and aviation industry, we were able to target the aviation market outside the Lufthansa Group. In addition, we gained many customers from other industries in which IT standards are comparable to those applied by airlines. Using customized IT solutions from Lufthansa Systems, our customers are able to deal with their business processes more quickly and more efficiently than before. We are pleased to make this contribution to their long-term success, because our customers' high expectations have been an important factor in our own success: They have encouraged us to continually innovate.

Success

>> Successful Projects with VARIG

To support its application for membership to the Star Alliance, the Brazilian airline VARIG needed a major upgrade to its passenger systems. The airline chose Lufthansa Systems as its partner for the project.

Since then, we have successfully managed a number of IT projects for the Brazilian airline. Our long partnership began with the introduction of electronic ticketing (ETIX) and the Mileage Plus frequent flyer program from United Airlines. Shortly afterwards, we implemented our network

management solution, which increased the airline's revenues, improved its operational flexibility, and at the same time reduced its operating costs. The success of these projects required close collaboration between both partners. For this reason, we deployed a project team for 18 months on site.

The airline's subsidiary company, Varig Engineering & Maintenance (VEM), has also been a customer since 2001. VEM handles the maintenance and overhaul of a wide variety of aircraft. To improve the efficiency of their business processes and gain a

competitive edge, VEM introduced the SAP industry-specific solution Aerospace & Defense. This has enabled VEM to achieve substantial cost savings and to reduce the ground time of its aircraft. VEM was impressed by our in-depth knowledge of this industry solution. Indeed, we had played an important role in the development of SAP Aerospace & Defense. This solution supports companies in the aircraft maintenance sector with all processes related to materials management and resource planning.



Success

>> Outsourcing Projects for all Industries

Companies outsourcing their IT infrastructure to an external service provider can expect to achieve a marked reduction in costs immediately. This allows our customers not only to benefit from state-of-the-art technology but also to increase their focus on their core competencies.

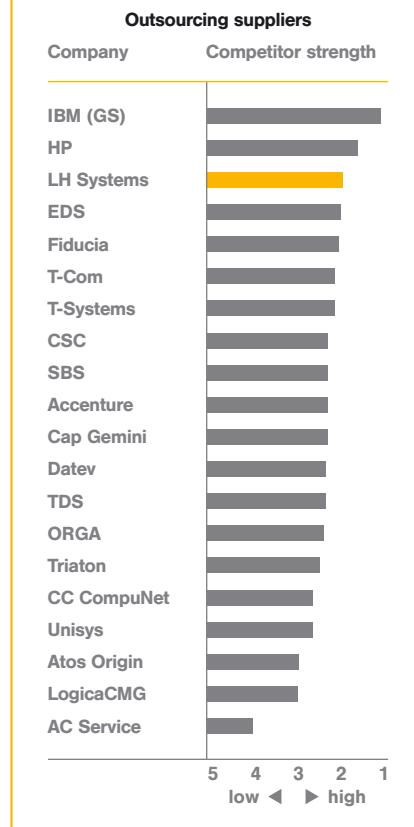
Buderus was convinced by our expertise. In our very first year in business, we took over their entire IT and network infrastructure of Buderus. In 2000, this was followed by the development of SAP applications and the implementation of SAP R/3 in the company's international subsidiaries. Buderus also transferred to us the management of its Web server and the design and maintenance of its website.

Thomas Cook's decision to outsource its IT systems in the summer of 2003 was based

on a desire to reduce its costs by standardizing its IT infrastructure. Since then, we have successfully been managing the tour operator's servers, worldwide data network, central help desk and telephone system. With the consolidation of 200 IT systems, the IT landscape is now considerably leaner, and this has resulted in considerable savings in operational and maintenance costs.

Security and high availability – particularly of personal and business-critical data – are as important for financial services companies as they are for airlines. For this reason, the European Bank for Fund Services GmbH (ebase) and Cominvest Asset Management GmbH, which are both part of the COMINVEST Group, outsourced major parts of their IT infrastructure to Lufthansa Systems in April 2004.

IT outsourcing offers companies state-of-the-art technology and cost savings.



Based on: 151 Companies
 These companies were interviewed on how they evaluate the competitive ability of specific providers.
 Source: Competitive/Imagereview „Software & Services“, Germany 2004, META Group Deutschland GmbH

>> Broad Portfolio for Finnair

Finnair chose to partner with Lufthansa Systems to optimize its network management and improve the quality and administration of its revenue accounting.

The Finnish airline found the best solution for its network management needs in our NetLine product. Since 1997, the airline has been using the integrated NetLine solutions to plan and manage its route network, optimize its flight planning and deploy its aircraft as needed. All this enables Finnair not only to save costs but to improve its competitiveness.

Over time, we have gradually extended our partnership with the Finnish airline to include other products for route planning and sales and marketing.

Thanks to their process-oriented structure, implementation of all our products was

completed quickly and seamlessly. All of our solutions were integrated with Finnair's existing software tools. The excellent flexibility of our software was clearly illustrated in the period following the dramatic events of September 11, 2001. Thanks to our NetLine solution, the Finnish airline was able to adapt quickly to the crisis situation. Within a week, it had prepared a scaled-down flight plan and, within two weeks, put it into operation.

The deployment of SIRAX enables airlines to boost their revenue considerably.

In September 2004, Finnair chose our solution SIRAX to optimize its revenue accounting processes. The improved quality and control of revenue accounting operations and increased productivity due to the software's high degree of automation enabled the airline to boost its revenues considerably. SIRAX manages an airline's



revenue accounting process by matching ticket sales with actual flight data. The system maps the complexity of all processes, taking into account alliances, code share agreements and different fare structures as well as taxes and fees in the air traffic industry.

10 Years

All of these examples make one thing clear: Our customers' success is our success! Each new project and the flexibility of our portfolio adds to our professional expertise. It is this experience that allows us to develop successful, innovative solutions. It has enabled us, within a decade, to develop a strong portfolio of products and to become a sought-after partner for airlines and companies from other industries. The global acceptance of our portfolio delivers a clear message: Innovation is the key to success.

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Lufthansa Systems Group GmbH
Am Weiher 24
65451 Kelsterbach
Germany
Tel. +49(0)69-696 90000
Fax +49(0)69-696 95959
info@LHsystems.com
www.LHsystems.com

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