

*Amadeus announces new
value-based pricing model*

25 November 2003

Our Current Pricing Scheme

- Amadeus has traditionally charged a flat booking fee per
 - ◆ Each of the 7 territories
 - ◆ Each of the 3 levels of connectivity.
- With 2 different billing options available

Amadeus New Approach

- In view of the business challenges that the commercial airlines are facing today
 - ◆ We believe that the value of the distribution services we deliver differs from one reservation to another
- We have to try to find a new model that will
 1. Be sustainable
 2. Meet the needs of airlines, travel agencies and GDS's

Strategic thinking: Value-Based Pricing

- GDS's deliver value to airlines through
 - ◆ Reach
 - ◆ Managing complexity
 - ◆ Support in yield control
 - ◆ Service to customers
- Value of a booking to an airline depends on
 - ◆ The fare sold
 - ◆ Where it is sold
 - ◆ The control and service options used

The single booking fee model is time-expired

- For 2004 Amadeus will introduce fees that vary by
 - ◆ Itinerary (reflecting value of booking to airline)
 - ◆ Domestic (within the prime market of the airline)
 - ◆ Intra-territory (from the prime market of the airline to other destination within the same territory)
 - ◆ Inter-territory (from the prime market of the airline to another destination outside the same territory)
 - ◆ Point of sale/reach (reflecting value brought by Amadeus)
 - ◆ Sold in the airline's prime market
 - ◆ Sold outside the airline's prime market
- We keep our two billing options per territory.

Some Definitions

- **PRIME MARKET**: it will be chosen by the airline and in most of the cases it should be the home market or the market where the airline sells the largest number of bookings through Amadeus.

- **TERRITORY**:
 - ◆ North America
 - ◆ Central America
 - ◆ Europe
 - ◆ Middle East and Africa
 - ◆ South America
 - ◆ Asia
 - ◆ South Pacific

Amadeus Value-Based Pricing

- *Standard booking fee* for reservations made by Amadeus travel agencies located in the airline's prime market on itineraries within the same territory
- *Premium booking fee*
 - ◆ For reservations made by Amadeus travel agencies located in the airline's prime market on itineraries between two territories and
 - ◆ For any reservation made by Amadeus travel agencies outside the airline's prime market

Amadeus value-based pricing

	SOLD IN	SOLD OUT
DOMESTIC & INTRA-TERRITORY	Standard	Premium
INTER-TERRITORY	Premium	Premium

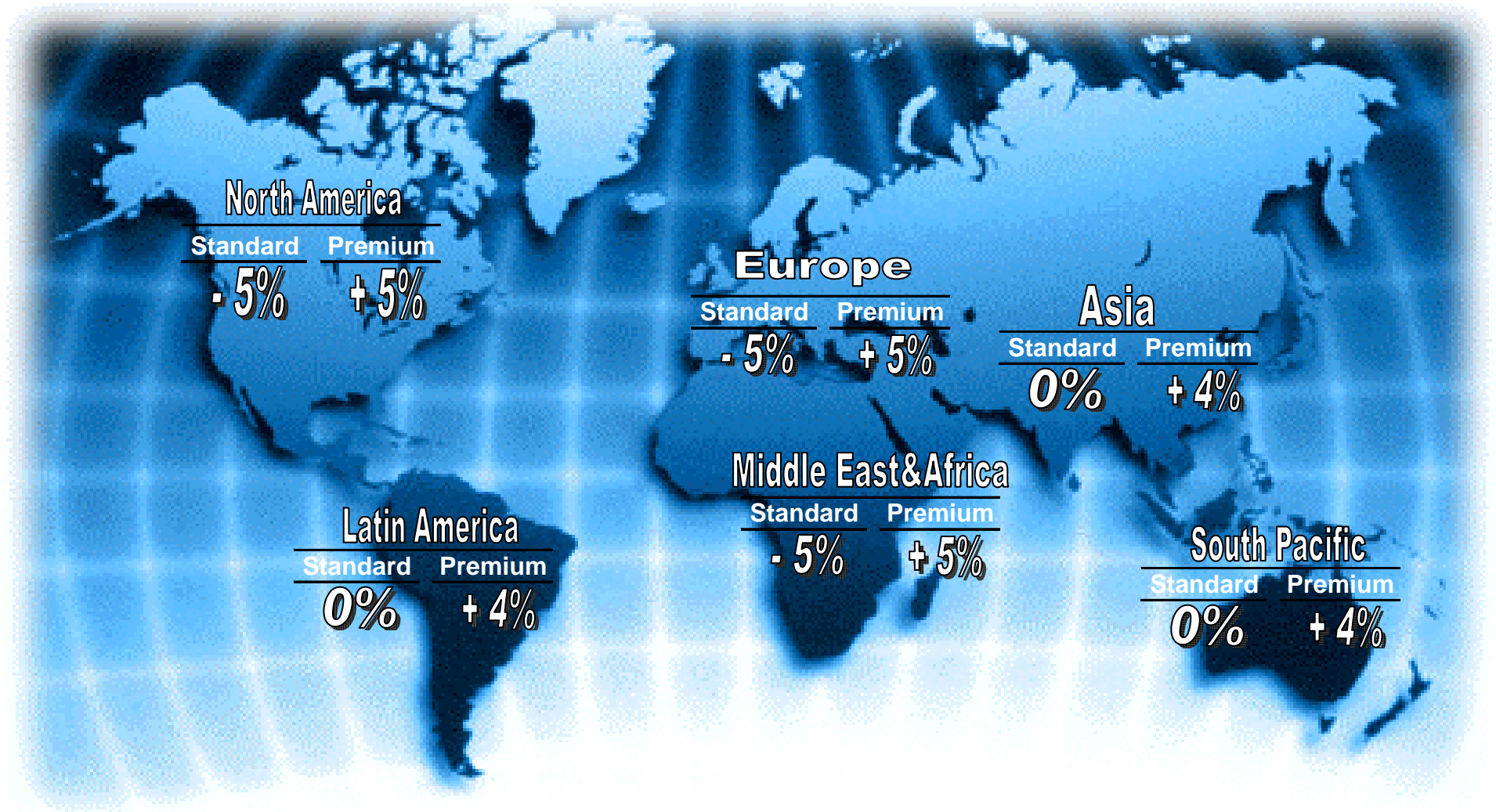
Some Examples



<u>Destination</u>	<u>Type of Flight</u>	<u>Where was Sold (1)</u>	<u>Type of Booking</u>
Paris-Nice	Domestic	French Travel Agency	STANDARD
Paris-London	Intra-Territory	French Travel Agency	STANDARD
Paris-Nice	Domestic	NON French Travel Agency	PREMIUM
Paris-London	Intra-Territory	NON French Travel Agency	PREMIUM
Paris-New York	Inter- Territory	French Travel Agency	PREMIUM
Paris-New York	Inter- Territory	NON French Travel Agency	PREMIUM

(1) Assuming that Air France choses France as its 'prime market'

Our 2004 Pricing Scheme



Impact in 2004 Revenues

- Currently, we estimate that our 2004 total revenues will move in the range of:

0% to + 5%

Introducing itemised pricing

- Increasingly we will itemise value-adding control and service features, and charge for them separately
- However, effective only as of 2005

Addressing low-fare distribution

- Agents and most airlines prefer full content in GDS
- Will not happen at today's fee levels
- Agents already paying for low-fare content in various ways
- Need to find models by which agents can contribute to GDS cost in return for access to low-fare content
- Selective pilots in 2004
- Not appropriate in some regions
- Needs 3-way understanding: airlines, agencies, GDS

The changed business model for the future

- Many different booking fees reflecting
 - ◆ Value
 - ◆ Product sophistication
 - ◆ Lower fee for baseline solutions
 - ◆ Incremental fees for control and service solutions
- Align our business model with the new needs of our clients
- GDS will continue to be the primary content aggregator
- A paradigm change – robust enough for next decade