

CONTINUOUS PRICING

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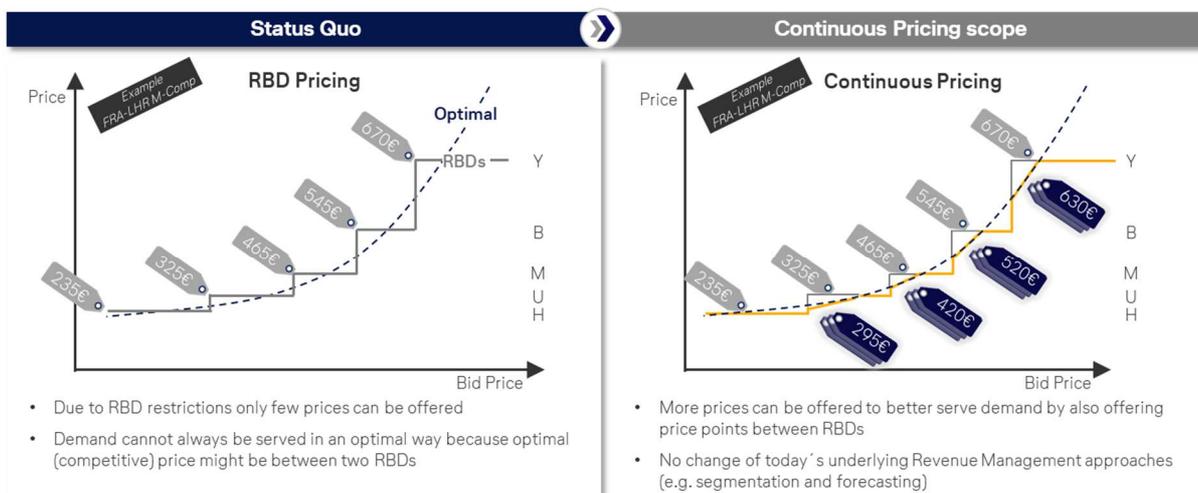
1 GENERAL INFORMATION

Today's airline pricing is working with standards based on outdated technology, limiting the pricing potential of the industry: Global Distribution Systems (GDSs) are controlling an airline's offer creation and their technology restricts airlines to 26 price points.

Limited number of price points lead to unnecessary price jumps. Up to now, airlines are not able to offer the optimal price to answer customer demands when the optimal price lies between two booking classes. In all NDC channels "Airline Continuous Pricing" overcomes the disadvantages of traditional pricing and allows more price offers to better serve customer demands.

It has been decided that Continuous Pricing only applies if the customer has a price advantage towards the old logic. In order to better answer customer needs, Lufthansa Group airlines do not identify individual customers, but differentiate between customer inquiries and search behavior. This means, the prices are not differentiated on the basis of personal customer data (e.g. gender, weight, salary, place of residence), but are based solely on the general dynamic market requirements, e.g. high season, day of departure/arrival, time between booking and departure. Customer groups will continue to be segmented in the future, but without collecting individual customer data (GDPR compliance).

Stagnation means regression - that is why Lufthansa Group airlines aim to be at the forefront of innovation. Lufthansa Group airlines have invested considerably over the last years in own technology, methods and tools based on airline controlled offer management to become one of the first airline network groups to introduce Continuous Pricing. This overcomes the disadvantages of traditional pricing and allows for more price offers to better serve constantly evolving customer demands.



2 KEY BENEFITS

With the introduction of Continuous Pricing there are a number of key benefits for customers:

- **Lowest Available Price**

Existing price points remain unchanged. In the future, customers will be offered the lowest price offer available for their request. This can either be the standard price based on the booking class or the price offer based on the continuous pricing logic. Through Continuous Pricing, the customer will always receive the best possible price offer at the time of pricing.

- **Better match of offer and demand**

To date, the limited number of price points leads to unnecessary price jumps that are not beneficial for either customers or airlines. In particular, we will now be able to offer the optimal price to satisfy customer needs.

- **NDC Smart Offer**

Continuous Pricing is part of our exclusive NDC Smart Offer.

Currently, offers are spread across three categories. They are available to Sales Partners and Travel Technology Providers via Lufthansa Group airlines' Direct NDC API.

 NDC ANCILLARIES	 NDC PRODUCTS	 NDC PRICES
Exclusive, selected ancillary services	Exclusive fare brands, product bundles and promotions	Exclusive price advantage via a direct distribution channel
 Lounge: Vouchers for a lounge visit can be booked via NDC with the flight ticket.*	 Economy Light & Business Saver: Exclusive availability of these fare brands.	 First Bag: Sometimes it needs to be a little more.
 WiFi on board (FlyNet): Connected to the world above the clouds.	 Pre-Sale: Advanced sales period exclusively via NDC for advertising campaigns.	 Advanced seat reservation: Whether window or aisle. Choose your favorite seat.
 NEW: Fix price Upgrade: More space, more baggage allowance and more amenities. Upgrade cheaper with NDC.*	 Special Promotions: Exclusive NDC promotions with shorter sales period.	 Discounted fares: The lowest fares are always available via NDC.
 NEW: A la carte dining: Choose from the varied and exclusive menus in advance and enjoy them on board.*	 One Ways: Only on continental routes for the three lowest booking classes.	 Continuous Pricing: More competitive with unlimited price offers.

*LH only, will be extended

3 WHAT IS CONTINUOUS PRICING?

The Lufthansa Group Airlines have introduced Continuous Pricing (CP) as a new, airline industry's leading method, for price offers. A "price offer" is defined as the ticket price (without taxes) calculated with the CP method. Price offers are exclusively available via NDC API (Lufthansa

Group airlines Direct NDC API, NDC API via certified Technology Provider or SPRK) as well as the .coms (lufthansa.com and swiss.com).

Travel agents using a GDS (e.g. Amadeus, Sabre and Travelport) do not have access to price offers. Currently CP will be offered on most continental routes (direct and transversal) where the Lufthansa Group European Fare Concept applies.

3.1 Introductory Scope

3.1.1 ON WHICH LUFTHANSA GROUP AIRLINES DO PRICE OFFERS BASED ON CP APPLY?

Austrian Airlines (OS), Lufthansa (LH) and SWISS (LX) operating flights numbers are within the scope at launch for Price Offers based on Continuous Pricing in October. However, traffic commencing in Austria is excluded for now and will follow at a later stage. Brussels Airlines (SN) and Air Dolomiti (EN) are currently out of scope. Price Offers based on Continuous Pricing are not available for Lufthansa Group airlines marketing flights number on flights operated by other Partner Airlines (e.g. SK operating, Lufthansa Group airlines marketing). Exceptions are Edelweiss (WK) operated flights with LX marketing flight numbers and block space code share – here, Continuous Pricing is available. This principle applies on Fare Component logic.

3.1.2 IN WHICH COMPARTMENTS / BOOKING CLASSES WILL PRICE OFFERS BASED ON CONTINUOUS PRICING BE AVAILABLE?

All revenue booking classes are in scope for Continuous Pricing.

3.1.3 WILL ALL MARKETS WORLDWIDE BE ENABLED TO OFFER PRICE OFFERS BASED ON CONTINUOUS PRICING?

Price offers based on Continuous Pricing on European continental routes is available to all markets worldwide.

3.1.4 WHAT IS THE GEOGRAPHICAL SCOPE OF CONTINUOUS PRICING?

Currently Continuous Pricing will be offered on most continental routes (direct and transversal) where the Lufthansa Group European Fare Concept applies. The sole exception is for travel commencing in Austria (AT), which will be added at a later stage

3.2 Roll-out

3.2.1 HOW WILL THE ROLL-OUT TO SALES PARTNERS TAKE PLACE?

Continuous Pricing will be made available to all Sales Partners connected via NDC-enabled channels. Lufthansa Group Airlines are enabling the .com's of Lufthansa and SWISS in parallel. Austrian Airlines will follow at a later stage.

3.2.2 IS CONTINUOUS PRICING APPLICABLE FOR ALL LUFTHANSA GROUP AIRLINE PRODUCTS?

Yes, Continuous Pricing is applicable to all Lufthansa Group Airlines products. However, the price guarantee is only granted with same day ticketing. If the customer chooses to use products with an extended ticket time limit the standard/negotiated fare applies. Your Key Account Manager is available for consultation and support.

3.2.3 DOES CONTINUOUS PRICING REQUIRE ANY TECHNOLOGICAL ADAPTATIONS?

No, Continuous Pricing does not require any actions from a technological point of view. Whether adaptations for corporate, mid- and back-office processes will be necessary needs to be evaluated individually.

3.2.4 IS THERE A NEED TO SIGN A NEW CONTRACT FOR CONTINUOUS PRICING?

No, price offers based on Continuous Pricing are part of the NDC Smart Offer.

3.2.5 HOW DOES CONTINUOUS PRICING AFFECT THE CONTRACTED LOOK-TO-BOOK (L2B) RATIO?

Continuous Pricing is independent of the L2B ratio. Price offers based on Continuous Pricing will be included in the search, shop, price transactions that are triggered by the customer. No additional transactions are required for Continuous Pricing.

3.3 General Understanding

3.3.1 CAN CONTINUOUS PRICING BE CONSIDERED A FURTHER STEP TOWARDS INCREASING CONTENT DIFFERENTIATION?

Yes, indeed. With Continuous Pricing, the Lufthansa Group airlines further shape their leading position by delivering first-time technology-driven differentiation with dynamic offering across the .com's and NDC-enabled channels. As part of the NDC Smart Offer, Continuous Pricing further enhances the portfolio of customer benefits.

3.3.2 IS THE CONTINUOUS PRICING LOGIC ON .COMS IDENTICAL TO THE CONTINUOUS PRICING LOGIC VIA NDC API?

The logic of Continuous Pricing is the same across all NDC capable channels. However, as .com and NDC APIs have a different system set-up, the calculation steps may differ slightly and can lead to differences in the pricing results.

3.3.3 IS IT POSSIBLE TO COMBINE STANDARD FARES AND PRICE OFFERS BASED ON CP?

Yes, Continuous Pricing applies on Origin and Destination (O&D) logic. There are 3 options: Continuous Pricing can be applied on both Outbound and Inbound, on the Outbound only, or on the Inbound only. For the fare component where Continuous Pricing is not applied, a standard filed fare will be returned.

3.3.4 ARE PRICE OFFERS BASED ON CONTINUOUS PRICING STILL LINKED TO A BOOKING CLASS?

Yes. RBDs are still needed to enable fulfilment and reporting.

3.3.5 DOES THE AVAILABILITY OF BOOKING CLASSES CHANGE WITH THE INTRODUCTION OF CONTINUOUS PRICING?

No. The availability of booking classes depends on the pricing and steering strategy which is adjusted regularly (e.g. when demand or competitive landscape change) but this is independent from the introduction of Continuous Pricing.

3.3.6 WHAT IS A “TYPICAL” PRICE DIFFERENCE BETWEEN A STANDARD FARE AND PRICE OFFER BASED ON CONTINUOUS PRICING?

There is no typical difference between a standard fare and a price offer based on Continuous Pricing. Lufthansa Group airlines will deliver the best and most relevant offer.

3.3.7 WHAT IS THE TICKET TIME LIMIT AND PRICE GUARANTEE OF PRICE OFFERS BASED ON CONTINUOUS PRICING?

The Ticket Time Limit itself remains as per standard fare note, but a price guarantee for the price offer (resulting from Continuous Pricing) is only valid if the ticket is issued on the same day the booking is made. This means that tickets need to be issued until midnight (23.59HS local time of used PCCs) to avoid a price jump to the standard fare of the respective booked RBD. If repriced within the same day the initial Continuous Pricing offer remains unchanged.

3.3.8 WHICH DATE AND TIME WILL SHOW THE LAST DATE TO TICKET (LDT) INFORMATION IN THE STORED FARE?

LDT is computed based on the ticket time limit and ATPCO fare information, therefore it is not related to the price guarantee time limit of the price offer which is only given for same day ticketing.

3.3.9 IS IT STATED IN THE FARE NOTES THAT THE PRICE OFFER IS NOT GUARANTEED WITHIN TTL?

No. There is no information about a price guarantee time limit for the price offer in the fare note, similar as it is today with standard pricing.

3.3.10 ARE ALL TECHNOLOGY PROVIDERS (AGGREGATORS) ABLE TO HANDLE PRICE OFFERS BASED ON CONTINUOUS PRICING?

Certified technology providers have been informed about the introduction of Continuous Pricing in advance to initiate potential system adaptations, if required.

3.3.11 ARE THERE ANY ONLINE BOOKING TOOL (OBT)-SPECIFIC PROCESSES TO BE CONSIDERED?

In case OBTs or other self-booking tools display fare conditions, they may display last date to ticket information according to the fare note of the standard fare. However, a ticket with a price offer based on Continuous Pricing needs to be issued the same day the booking is done, otherwise there is no price guarantee.

3.4 Fare Product Application

3.4.1 DOES CONTINUOUS PRICING IMPACT THE FARE STRUCTURE IN THE GDS?

No. Changes to the fare structure and Continuous Pricing are independent processes, which do not interfere with each other.

3.4.2 WHICH FARE PRODUCTS ARE AFFECTED BY CONTINUOUS PRICING AND WHICH ARE POSSIBLE FARE COMBINATIONS?

All published and contracted fare products (RT and OW) are Continuous Pricing eligible. Fare combinations are not changed and remain to be allowed according to fare rules.

3.4.3 HOW ARE CORPORATE FARES HANDLED WITH CONTINUOUS PRICING?

Continuous Pricing does not interfere with any contracted fare processes (e.g. corporate discounts). First, the contracted fare is calculated and then the Continuous Pricing logic applies.

3.4.4 IF CORPORATE CUSTOMERS PREFER TO MAKE USE OF EXTENDED TICKET TIME LIMIT - HOW SHOULD THEY PROCEED?

If the corporate customer prefers to receive the standard fare including the extended TTL instead of the offer based on Continuous Pricing, please, contact your Key Account Manager for consultation and support.

3.4.5 DOES CONTINUOUS PRICING HAVE AN IMPACT ON THE GROUP PRICING /BOOKING PROCESS?

No, there is no impact. Group bookings are excluded from Continuous Pricing.

3.4.6 CAN CONTINUOUS PRICING BE PRICED IF THERE IS A WAITLIST IN THE PNR?

Independent of the status of the booked flights Lufthansa Group Airlines will always deliver the optimal price which may be the standard fare or the offer based on Continuous Pricing.

3.5 Display of Price Offer based on Continuous Pricing

3.5.1 IS IT REQUIRED TO ADD AN ACCOUNT CODE TO RECEIVE A PRICE OFFER BASED ON THE CONTINUOUS PRICING LOGIC?

No, the price advantage of Continuous Pricing will be calculated automatically to all types of fares.

3.5.2 HOW AND WHEN CAN AN OFFER BASED ON CONTINUOUS PRICING BE IDENTIFIED?

Tickets issued with Continuous Pricing can be identified by the FCPI indicator (Farelogix tickets only) and/or the ticket designator containing ".../Y" in the end (Farelogix and .com's tickets). The identification can be done as soon as the pricing is made.

3.5.3 WHY IS IT NOT POSSIBLE TO IDENTIFY PRICE OFFERS ALREADY IN THE SHOPPING PROCESS?

A ticket designator identifying the offer based on Continuous Pricing is only returned once the booking/order creation has been done. Therefore, Lufthansa Group Airlines are not flagging price offers already in the shopping process.

3.5.4 IS IT POSSIBLE TO SEARCH FOR EXPLICIT OFFERS BASED ON CONTINUOUS PRICING?

No, Lufthansa Group Airlines will always return the optimal offer whether this is the case for a standard fare or an offer based on Continuous Pricing.

3.5.5 WILL THE STANDARD FARE STRUCTURE BE DISPLAYED IN PARALLEL GIVING THE OPTION TO CHOOSE?

From a Lufthansa Group Airlines point of view it is not foreseen to offer a parallel display of standard fares and price offers resulting from Continuous Pricing. However, depending on our partners' technical solution standard fares via a legacy GDS can be displayed in parallel.

3.5.6 WILL AN OFFER BASED ON CONTINUOUS PRICING BE RECOGNIZED BY THE PASSENGER ON THE TICKET?

No, this will not be visible to the passenger. There is no specific identifier on the ticket for offers based on Continuous Pricing.

3.5.7 IS SALES AUDITING OF TICKETS WITH PRICE OFFERS BASED ON CONTINUOUS PRICING ENSURED?

Yes, the audit process is considering Continuous Pricing. New Fare Calculation Price Indicators (FCPIs for FLX) have been introduced via NDC API with the goal to avoid unjustified ADMs.

3.5.8 DOES CONTINUOUS PRICING HAVE AN EFFECT ON MILEAGE ACCRUAL WITHIN MILES&MORE?

Miles are calculated based on the fare amount on the ticket. This logic is also applied to continuously priced tickets.

3.5.9 DOES CONTINUOUS PRICING HAVE AN EFFECT ON POINTS ACCRUAL WITHIN PARTNER PLUS BENEFIT (PPB)?

PPB points will continue to be issued based on the booking class. The application of a booking class (in the background of a Continuous Pricing booking) will not be changed, so the introduction of Continuous Pricing has no effect on the accrual of PPB points for the customer.

3.5.10 HOW DOES THE 'BOOKING ON HOLD'-FUNCTIONALITY ON LUFTHANSA.COM INTERFERE WITH CP?

By opting for a 'Booking on hold' on lufthansa.com – be it CP or standard fare – issuance including price guarantee can be delayed by max 48h. A fee of 30EUR for holding the booking only gets charged if the booking is eventually not issued.

3.5.11 HOW DOES THE 'BOOKING ON HOLD'-FUNCTIONALITY ON SWISS.COM INTERFERE WITH CP?

On swiss.com bookings – again, be it CP or standard fare - can be held including a price guarantee either 48h or 72h, depending on the RBD. A fee of 25CHF is always charged, regardless whether the booking is issued or not.

3.6 Reshop/ Rebook

3.6.1 IS AN AUTOMATED EXCHANGE/REISSUE VIA FARELOGIX POSSIBLE FOR PRICE OFFERS BASED ON CONTINUOUS PRICING?

Any recalculation and exchange/reissue are done automatically in Farelogix.

- Farelogix can calculate price offers in automated exchange/reissue scenarios.
- Please note: only one exchange/reissue can be done in Farelogix automatically – further exchanges/reissues must be calculated manually.
- The NDC Support Service (DCSS) is available and will help in case of questions.

3.6.2 HOW ARE VOLUNTARY CHANGES HANDLED?

Any voluntary change- including free of charge rebookings – result in a ticket exchange/re-issue. The ticket with a price offer based on continuous pricing will not be updated (revalidated) automatically.

For further details regarding Reissue/Refund refer to the Operational Guideline.

GLOSSARY

.com Lufthansa.com, swiss.com (austrian.com, brusselsairlines.com and LHGroup-agent.com coming soon)

ATPCO	Airline Tariff Publishing Company privately held corporation that engages in the collection and distribution of fare and fare-related data for the airline/travel industry.
CONT O&D	Continental Origin and Destination
GDS	Global Distribution System (formerly also CRS = Computer Reservation System); Indirect Distribution Systems connecting airlines/hotels/trains etc. and agents on a common platform. GDSs are Amadeus/Travelport (Galileo/Apollo/Worldspan) /Sabre/Axess/Infini/TravelSky. Farelogix is not a GDS.
FCPI	Fare Calculation Pricing Indicator, which determines how the ticket was priced
FLX	Farelogix
L2B ratio	The look-to-book ratio is a figure that shows the percentage of people who visit a travel website compared to those who actually make a purchase.
NDC	New Distribution Capability
NDC API	Lufthansa Group airlines Direct NDC API, NDC API via certified Technology Provider or SPRK
OBT	Online Booking Engine
Pay as you fly (PAF)	Sales product for business travelers on European routes. Tickets are charged only when Pay as you fly (PAF)
PCC	Pseudo City Code is the unique agency (or terminal) identifier of a GDS or FLX. A certain IATA number (dedicated to an agent) can consist of several PCCs.
PNR	Passenger Name Record
RBD	The booking class of a flight is based on the Reservation Booking Designator. The RBD is the code used in reservation transactions to identify the booking class.
Standard Fare	ATPCO filed fare
TO	Tour Operator
TST	Transitional Stored Ticket, a stored fare that is a record of all fare information for a PNR
TTL	Ticket Time Limit