
EXHIBIT JA-4

Star Alliance Seeks \$72m Heathrow Investment

Kevin Done - Financial Times (London) - 04/02/01

Airlines in Star Alliance, the strongest grouping of global carriers, are seeking investment of about £50m (\$72m) at London's Heathrow airport to support their attack on the dominance of British Airways and its Oneworld alliance at the world's busiest international airport.

Chief executives from leading Star carriers, including Jurgen Weber of Lufthansa, James Goodwin of United Airlines, and Cheong Choong Kong of Singapore Airlines, have agreed a series of initiatives to strengthen their position.

The airlines are using BMI British Midland, the second-largest operator at Heathrow after BA and a recent entrant to Star Alliance, to spearhead the attack.

BMI, owned 20 per cent by Lufthansa and 20 per cent by SAS - both Star members - is developing its European short-haul network in a joint venture with the German and Scandinavian carriers and wants to build a long-haul network out of the U.K. as part of the development of the alliance at Heathrow and Manchester airports.

Sir Michael Bishop, its chairman, said BMI had won a licence from the U.K. aviation authorities to launch a service from Heathrow to Hong Kong in competition with BA and Cathay Pacific, both members of Oneworld, and Virgin Atlantic.

BMI, which is launching its first scheduled long-haul routes in a few weeks with services from Manchester to Washington DC and Chicago, is seeking backing from the U.K. and U.S. governments to start transatlantic services from Heathrow.

Mr. Weber said it was "a scandal" that the governments had not reached an "open skies" deal to liberalise services between Heathrow and the U.S. to allow more than four carriers - BA, Virgin Atlantic, American Airlines and United. Business fares between Heathrow and the U.S. were twice those of equivalent fares from Frankfurt.

The entry of BMI, with 14 per cent of take-off and landing slots at Heathrow, means that Star airlines hold 24 per cent of Heathrow slots, about half that of Oneworld, which includes BA's 38 per cent share. "We plan to work closely with the airport authorities to unlock the potential of Heathrow as a Star Alliance hub," said Sir Michael.

The £50m investment is to develop the transfer services needed to create a competitive hub at Heathrow, where the carriers' operations are spread between three different terminal buildings.

The planned initiatives include the introduction of connection customer service teams, closer timetable scheduling and airport infrastructure improvements.

Since joining Star, BMI had increased the volume of interlining passengers feeding into its European network from other member carriers by 60 per cent year-on-year in the second half of 2000, said Sir Michael.