



### **Welcome to the third edition of the Lufthansa Creditor Info in the year 2008**

The Lufthansa Creditor Info will provide detailed and focused information to support you in your analysis of the Lufthansa credit. Please also visit the section Finance / Creditor Relations on our website [www.lufthansa-financials.com](http://www.lufthansa-financials.com) where additional credit relevant information is available. We are looking forward to enhancing the dialogue with the credit community and would be pleased to receive your feedback and / or questions.

### **Financial Topics**

#### **Further aircraft financings closed**

In September Lufthansa closed a Japanese operating lease (JOL) financing for one A321 for a volume of € 38m. Additionally Lufthansa closed its first Swedish Lease finance transaction for one A340-600 for a volume of € 83m in November. At very small spreads above euribor both transactions achieved very attractive financing conditions.

#### **Business News**

#### **Lufthansa reports € 984m operating profit for the first nine months 2008 and expects around € 1.1bn for the full year**

The Lufthansa Group increased its offer and sales during the first nine months of the year, defying the difficult economic environment. The Group achieved an operating profit of € 984m after the third quarter. Whereas the worldwide economic slowdown has particularly been felt in the Passenger and Catering business segments, the operating results of the remaining Logistics, MRO and IT Services business segments have developed positively. Altogether, the Executive Board expect the full-year revenues for 2008 to be above those of the previous year. Based on its current knowledge, the Group forecasts an operating result of € 1.1bn.

#### **Lufthansa takes a strategic equity share in Brussels Airlines**

In September the Lufthansa Supervisory Board approved the agreement on a strategic equity investment in SN Airholding SA/NV, the parent company of Brussels Airlines. Under this agreement Lufthansa is initially to acquire 45% of SN Airholding SA/NV for a price of € 65m and can exercise an option to acquire the remaining 55% from 2011 on, once Brussels Airlines' air traffic rights have been secured. Brussels Airlines flies from the Brussels hub to destinations in Europe and Africa and will strengthen the network of Star Alliance as future member. The agreement is still subject to approval by the competition authorities.

#### **Put option for bmi exercised**

Sir Michael Bishop, the majority shareholder of British Midland plc (bmi), has exercised an option obliging Lufthansa to acquire 50% of bmi plus one share from him. The transfer of the shares is not expected to take place before January 12, 2009.

#### **Austrian Airlines takes off into new future with Lufthansa**

At the beginning of December the Supervisory Board of Lufthansa has approved the acquisition of up to 100% of Austrian Airlines (AUA) and the Supervisory Board of ÖIAG has approved the sale of its 41.56% share in AUA to Lufthansa. The purchase price for the share of ÖIAG is € 366,000 together with an earn-out option for a maximum of € 162m, depending on AUA's future economic performance and on the outperformance of the Lufthansa share price. AUA's free float shareholders will be paid another € 215m in a public offer. The transaction is subject to, among other things, the following conditions precedent: (i) anti-trust approval, (ii) approval by the European Commission of the € 500m restructuring aid to be granted by the Republic of Austria and (iii) that Lufthansa, after the end of the initial acceptance period for the public tender offer, holds over 75 per cent of the shares in AUA. **The Chairman of the Executive Board and CEO of Lufthansa, Wolfgang Mayrhuber**, emphasised the benefits for both airlines and the region: "The transaction enables us to strengthen our joint competitive position, and makes us the strongest carrier in Europe. Austrian Airlines will be in a position to benefit from the economies of scale, market presence and competitive strength of Lufthansa - whilst at the same time maintaining extensive autonomy in key areas."

**The rating agencies Standard & Poor's und Moody's** have confirmed the actual credit ratings of Lufthansa but have both changed the rating outlook. The changes to the outlook reflect the weakening trading environment and the announcement of the planned acquisition of Austrian Airlines (S&P: BBB, negative outlook; Moody's: Baa3, stable outlook).

## Key Data Lufthansa Group

### Ratings

Moody's		Standard & Poor's	
Issuer rating	Baa3	Corporate rating	BBB
Outlook	stable	Outlook	negative
Senior unsecured	Baa3	Senior unsecured	BBB
Short term	P-3	Short term	A-3

Data Lufthansa Group (in m€)	Jan – Sept 2008	YoY	Dec 31, 2007
Revenue	18,596	+13.6%	22,420
EBITDA	1,868	- 406	3,023
EBIT	814	- 606	1,807
Operating result	984	- 101	1,378
Net profit	551	- 1,027	1,655
Operating Cash Flow	2,142	+ 167	2,862
Capex	1,660	+ 735	1,378

	Sept 30, 2008	Dec 31, 2007
Liquidity <sup>1)</sup>	3,846	4,137
Total financial debt <sup>2)</sup>	3,489	3,369
Net liquidity <sup>3)</sup>	357	768
Pension provisions	2,330	2,461
Gearing <sup>4)</sup>	28.5%	24.5%
Equity ratio <sup>5)</sup>	30.4%	30.9%

### Traffic figures

	Jan – Nov 2008	YoY
Lufthansa Passenger Airlines <sup>6)</sup> + Swiss International Air Lines <sup>7)</sup>		
Load factor	79.1%	- 1.0p.
Revenue pax-kilometres (m)	142,881	+ 15.5%
Lufthansa Cargo AG + Swiss WorldCargo		
Load factor	63.6%	- 3.9p.
Revenue Cargo tonne-km (m)	8,904	+ 8.2%

<sup>1)</sup> Cash and cash equivalents + securities + securities held as non-current assets (other financial items)

<sup>2)</sup> Short and long term borrowings

<sup>3)</sup> Liquidity - total financial debt

<sup>4)</sup> Net indebtedness + pension provisions / shareholders' equity incl. minority interest

<sup>5)</sup> Shareholders' equity incl. minority interest / total assets

<sup>6)</sup> Deutsche Lufthansa AG + Lufthansa Regional

<sup>7)</sup> Swiss incl. from July 2007 on

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