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## Deutsche Lufthansa Aktiengesellschaft

Cologne

Securities identification code 823212

ISIN DE0008232125

Ticker symbol: LHA

### Subscription offer

The Executive Board of Deutsche Lufthansa Aktiengesellschaft ("**Deutsche Lufthansa**" or the "**Company**") resolved on May 5, 2017, with the approval of the Supervisory Board, to use the Authorised Capital A pursuant to § 4 of the Company's Articles of Association and to increase the share capital from EUR 1,200,174,218.24 by up to EUR 557,039,278.08 to up to EUR 1,757,213,496.32 by issuing up to 217,593,468 no-par value registered shares (the "**New Shares**") against contribution in kind with subscription rights (the "**Rights Issue Capital Increase**").

Dividend rights of EUR 0.50 per no-par value share carrying dividend rights were established by the resolution on appropriation of the distributable profit adopted by the Annual General Meeting held on May 5, 2017. Shareholders will be able to choose whether to have their dividend paid out (i) in cash only, or (ii) in cash for a portion of the dividend in order to settle the tax liability and for the remaining portion of the dividend in the form of shares in Deutsche Lufthansa ("**Scrip Dividend**"), or (iii) in cash for a portion of their shares and as Scrip Dividend for the other portion of their shares. Out of the dividend right of EUR 0.50 per share, a partial amount of EUR 0.15 per share (the "**Dividend Base Portion**") is not subject to the shareholder's right of choice and will consequently in any event be paid in cash to all shareholders – regardless of whether they opted for the dividend in cash only or for the Scrip Dividend – after deduction of the withholding tax to be withheld including solidarity surcharge and, if applicable, church tax. The purpose of the Dividend Base Portion is to cover the possible tax liability on the part of the shareholder (withholding tax including solidarity surcharge and, if applicable, church tax) with regard to the entire dividend right of EUR 0.50 per share. This ensures that a shareholder who opts for the Scrip Dividend is not required to make any additional cash payment in order to meet his possible tax liability. The remaining partial amount of EUR 0.35 per share (the "**Partial Dividend Right**") is available as partial dividend right for subscribing to New Shares. After determination of the total number of New Shares to be issued, the Executive Board intends to determine, with the approval of the Supervisory

Board, the precise amount of the Rights Issue Capital Increase and the number of New Shares in a specifying resolution, presumably on May 31, 2017. The New Shares will be entitled to participate in dividends as from January 1, 2017.

The New Shares will be offered to the shareholders in accordance with their respective Partial Dividend Rights in the amount of EUR 0.35 per share, at a subscription price and at a subscription ratio, both of which as yet to be determined (the "**Subscription Offer**"). Each existing share carries one subscription right and one dividend right of EUR 0.50. Each shareholder will only be able to exercise his subscription right by commissioning and authorising COMMERZBANK Aktiengesellschaft, Kaiserstrasse 16 (Kaiserplatz), 60311 Frankfurt am Main ("**Commerzbank**") as third-party trustee, under cession of the shareholder's Partial Dividend Rights to Commerzbank, to subscribe to the New Shares, which he would like to receive based on his subscription right, in Commerzbank's own name but on the shareholder's account. Such commissioning and authorisation must be made within the subscription period from May 8, 2017 with publication of the subscription offer to May 23, 2017 (inclusively) (the "**Subscription Period**") via his depository bank during normal office hours, using the form provided by the depository banks for this purpose (the "**Declaration of Subscription and Cession**"). Following subscription and registration of execution of the Rights Issue Capital Increase with the commercial register, Commerzbank will transfer the New Shares acquired in this process to Clearstream Banking AG, Eschborn ("**Clearstream**") in favour of the respective shareholder's securities account. Shareholders who make use of their subscription rights must cede their Partial Dividend Rights, that they wish to use to subscribe to New Shares, within the Subscription Period by submitting their Declaration of Subscription and Cession to Commerzbank in due time. The exercise of the subscription rights shall take effect upon the book entry transfer in due course of the relevant Partial Dividend Rights from ISIN DE000A2E42S2 / WKN A2E42S to ISIN DE000A2E42T0 / WKN A2E42T.



Commerzbank will process the Subscription Offer as subscription agent based on a transaction agreement concluded on March 23, 2017 (“**Transaction Agreement**”), subject to the conditions specified in the section “Other important information”, in respect of shareholders who would like to exercise their subscription rights. In particular, Commerzbank undertook in the Transaction Agreement to contribute to the Company, as a contribution in kind, the Partial Dividend Rights ceded to it in accordance with the subscription price and the subscription ratio, both of which as yet to be determined, to subscribe to the New Shares in its own name but for the account of those shareholders who wish to exercise their subscription rights, and to deliver the New Shares to the relevant shareholders. It is expected that Commerzbank will subscribe to the New Shares on May 31, 2017. The execution of the Rights Issue Capital Increase is expected to be entered in the commercial register on June 2, 2017.

The number of subscription rights to which the shareholders are entitled depends on the deposit of shares of the Company in the respective depository account as at the evening of May 9, 2017 (since the technical settlement of share transfers regarding the securities accounts takes two trading days, such deposit of the securities account reflects the shareholder position as at the evening of May 5, 2017). The subscription rights can be exercised from the beginning of the subscription period on May 8, 2017, even though their technical posting to the depository banks by Clearstream only occurs on May 10, 2017. The posted Partial Dividend Rights include the associated subscription rights. The depository banks are responsible for posting the subscription rights to the depository accounts of the individual shareholders.

Our shareholders have the option to exercise their subscription rights for the New Shares in the period

**from May 8, 2016 with publication of the subscription offer to May 23, 2017**

via their depository bank at the subscription agent named below, using the Declaration of Subscription and Cession provided by the depository banks and to cede to Commerzbank the Partial Dividend Rights that are to be contributed as contribution in kind. Subscription rights that are not exercised within the prescribed period will expire without compensation. If subscription rights are not exercised or not exercised in time, the dividend shall be paid in cash only, without further action being required.

### **Aviation Compliance Documentation Act (Luftverkehrsnachweissicherungsgesetz – LuftNaSiG)**

The LuftNaSiG stipulates that the shares of Deutsche Lufthansa must be registered shares with restricted transferability. In accordance with § 67(2) of the German Stock Corporation Act (Aktiengesetz – AktG), only those persons who are registered in the share register (Aktienregister) of Deutsche Lufthansa are treated as shareholders of the Company. According to § 68(2) AktG the transfer of registered shares with restricted transferability requires the Company’s assent (Vinkulierung). The Company may only withhold its assent if it has grounds to believe that the registration could jeopardise the Company’s licenses, rights and prerogatives under applicable aviation law and agreements. In addition the Company may refuse the

registration in the share register, if a shareholder has not disclosed his nationality according to § 2(1) sentence 1 LuftNaSiG; in the case of a corporation or other legal entity, the national identity is determined by their domiciles.

### **Subscription agent and paying agent**

The subscription agent is Commerzbank.

The paying agent for the Company’s dividend for the 2016 financial year is also Commerzbank.

### **Important note**

**The Company asks its shareholders to note that the subscription price per New Share and the subscription ratio will not be published until shortly before the end of the Subscription Period, expected to be Friday, May 19, 2017. Holders of subscription rights who do not or not in full exercise the latter, will receive the dividend of EUR 0.50 per share in cash only for each share held, for which the subscription right was not exercised, less the withholding tax to be withheld including solidarity surcharge and, if applicable, church tax. This dividend is expected to be paid on June 6, 2017 through their depository banks.**

### **Subscription ratio**

The subscription ratio together with the subscription price is expected to be published on Friday May 19, 2017, i.e. four days prior to the end of the Subscription Period, in the German Federal Gazette and on Deutsche Lufthansa’s website ([www.lufthansagroup.com/investor-relations](http://www.lufthansagroup.com/investor-relations)).

The subscription ratio is the relation of (i) the result of dividing the Reference Price (as defined below) by the Partial Dividend Right, less a discount of presumably 4.0% of this result and rounded down to one decimal place, to (ii) one New Share (the “**Subscription Ratio**”).

The Subscription Ratio indicates how many existing shares are required – and at the same time how many Partial Dividend Rights must be ceded and contributed – in order to acquire one New Share.

### **Subscription price**

The subscription price corresponds to the number of Partial Dividend Rights that need to be ceded and contributed in order to subscribe to one New Share or the number of existing shares that entitle the holder to subscribe to one New Share, respectively, multiplied by the Partial Dividend Right (“**Subscription Price**”). The reference price is the volume-weighted average price of Deutsche Lufthansa shares in EUR in the Xetra trading system on the Frankfurt Stock Exchange on the last trading day before the date on which the Subscription Price is set, expected to be Wednesday May 17, 2017 (“**Reference Price**”).

To the extent a shareholder has ceded Partial Dividend Rights which in total (calculated by multiplying the number of shares for which the Scrip Dividend was chosen by the Partial Dividend Right) exceed an integer multiple of the Subscription Price, the difference between the largest possible integer multiple of the Subscription Price and the total of the ceded Partial Dividend Rights as calculated above (“**Residual Balance**”) shall be paid out in cash.



### **Subscription rights trading**

A stock exchange trading of the subscription rights will not be provided for by the Company or Commerzbank and neither the Company nor Commerzbank will organise such trading. An application for the subscription rights to be quoted on a stock exchange has also not been made. Therefore, it is not possible for subscription rights to be purchased or sold on a stock exchange in the regulated market. Furthermore, neither the Company nor Commerzbank will arrange for any such purchases or sales. However, the subscription rights to which a shareholder is entitled can be freely transferred together with the Partial Dividend Rights with which they are inseparably associated.

From the start of the Subscription Period, i.e. from May 8, 2017, the Company's existing shares will be listed "**ex subscription rights**" and "**ex dividend**".

### **Form and certification of the New Shares**

In accordance with the Company's current Articles of Association, the New Shares will be issued as no-par value registered shares with restricted transferability. The New Shares will be evidenced in one or more global certificates deposited at Clearstream in collective custody.

Pursuant to § 5 of Deutsche Lufthansa's Articles of Association, the right of shareholders to individual certificates evidencing their shares has been excluded.

### **Delivery of the New Shares obtained on the basis of the Subscription Offer and payment of the Residual Balance**

The New Shares for which subscription rights were exercised in accordance with the Subscription Offer are expected to be delivered to the depository banks via collective custody credit (Girosammelgutschrift) on June 7, 2017.

The Residual Balance, Partial Dividend Rights for which the Scrip Dividend was not chosen and the Dividend Base Portion, less the withholding tax to be withheld including solidarity surcharge and, if applicable, church tax, are expected to be paid through the depository banks, on June 6, 2017 already.

### **Commission for depository banks**

The depository banks may charge commissions for the subscription to New Shares. Deutsche Lufthansa will not cover the cost of depository bank services. Please consult your depository bank in advance for details.

### **Admission to the stock exchange and listing of the New Shares**

Admission of the New Shares to the regulated market for trading as well as to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) on the Frankfurt Stock Exchange, and to the regulated markets of the Dusseldorf, Hamburg and Hanover stock exchanges is expected to be applied for on May 9, 2017. The decisions on admission are expected on June 2, 2017, subject to the registration of the execution of the Rights Issue Capital Increase with the commercial register. The New Shares are expected to be included in the existing quotations of the Company's shares on June 6, 2017.

### **Further important information**

**In accordance with §§ 4(1) no. 4 and 4(2) no. 5 of the German Securities Prospectus Act ("WpPG"), no securities prospectus will be prepared for the execution of the Subscription Offer and the admission of the New Shares, but only a single document for information purposes in accordance with §§ 4(1) no. 4 and 4(2) no. 5 WpPG ("Prospectus-Exemption Document"). Before making a decision on whether to exercise their subscription right, interested shareholders should read carefully the Prospectus-Exemption Document (available at [www.lufthansagroup.com/investor-relations](http://www.lufthansagroup.com/investor-relations)) and find out about the Company in detail. It is also recommended, also with regard to risks, that they visit the Company's website ([www.lufthansagroup.com](http://www.lufthansagroup.com)) and read the available financial reports, including the Company's annual report for the 2016 financial year, the interim report on the first quarter of 2017 dated April 27, 2017, and the other information on the Company's website, and take them into account when making a decision.**

**The obligations of Commerzbank arising under the Transaction Agreement to conclude a contribution agreement and to subscribe to the New Shares and thus ultimately to execute this Subscription Offer are subject to a series of conditions precedent. These conditions include in particular that all representations and warranties undertaken by the Company in the Transaction Agreement are accurate and complete and that the Company has fulfilled all obligations under the Transaction Agreement to be fulfilled prior to the conclusion of the contribution agreement and subscription to the New Shares.**

**If Commerzbank finds before the registration of the execution of the Rights Issue Capital Increase with the commercial register that one of the conditions has not been fulfilled in time, it can terminate the Transaction Agreement. In the event that the Transaction Agreement is terminated before the entry of the execution of the Rights Issue Capital Increase in the commercial register, the subscription right of the shareholders will be cancelled. In such circumstances, shareholders will receive their dividends in the amount of EUR 0.50 per share in cash only, less the withholding tax to be withheld including solidarity surcharge and, if applicable, church tax. Once the execution of the Rights Issue Capital Increase has been registered with the commercial register, there is no longer any such right of termination and the shareholders who have exercised their subscription right in accordance with the above requirements will receive the New Shares at the Subscription Price.**



### **Sales restrictions**

The subscription rights and the New Shares will only be offered to the public in the Federal Republic of Germany. Neither the subscription rights nor the New Shares are, or will be, registered in accordance with the U.S. Securities Act of 1933 as amended (“**Securities Act**”), or with the securities regulators of individual states or other territories of the United States of America. At no time may the subscription rights and New Shares be offered, sold, exercised, pledged, transferred or delivered, either directly or indirectly, to the or within the United States of America, unless an exemption from the registration requirements of the Securities Act applies or unless such a transaction is covered by them and therefore does not constitute a breach of applicable securities legislation in the individual states of the United States of America.

### **Availability of the Prospectus-Exemption Document**

The Subscription Offer is made on the basis of the Prospectus-Exemption Document, which states that there is no obligation to publish a prospectus for the public offering, § 4(1) no. 4 WpPG, and the admission for trading, § 4(2) no. 5 WpPG, of dividends paid out to shareholders in the form of shares “provided that a document is made available which contains information on the quantity and type of shares and which describes the reasons for and details of the offer”. The document is published at [www.lufthansagroup.com/investor-relations](http://www.lufthansagroup.com/investor-relations).

**Frankfurt am Main / Cologne, May 8, 2017**

**Deutsche Lufthansa Aktiengesellschaft**

**The Executive Board**