Part 1: Christoph Franz

Good morning Ladies and Gentlemen,

Allow me to also bid you a very warm welcome to the LAC. Now, without any further ado, let me get straight to the heart of the matter:

Core Statements for the 2012 Business Year

There are five key aspects that I would like to highlight looking back on the year 2012:

1. We again had a better year than many of our competitors. We are the number one in Europe and achieved the best possible result in a highly challenging environment; however, we cannot be satisfied, as the operating result posted by the Lufthansa Group at 524 million euros, is significantly below the previous year's figure. That is not enough and we must improve on it.

2. The Lufthansa Group's broad strategic alignment again had a very positive effect on the result in 2012. All of the service companies delivered higher contributions to the result than during the previous year; however, the situation in our core business is less favourable. Lufthansa Passenger Airlines, the Group's largest business segment, recorded a negative result. The need for action has been acknowledged and initial earnings improvement measures were already implemented in 2012, mainly in the form of capacity adjustments; further measures and projects, such as the new Germanwings or the leaner administrative processes, are in preparation or being worked on intensively.

3. In 2012 we launched our new SCORE programme, which will represent the greatest change process in recent decades. It addresses all of the airlines and service business segments of the Lufthansa Group: we will be changing structures, making administration leaner and improving earnings. The aim of it all is to strengthen Lufthansa and lay the foundations for the expansion of our leading role in European and global air transport. SCORE has gathered considerable momentum during the course of the past year. The initial successes are already visible and measurable. SCORE is flying! Unfortunately its impact can not yet be seen on the results, as the positive effects are being eaten away at by obstacles, e.g. 1.1 billion euros in additional fuel costs. However, they do show

how important SCORE is, because without SCORE our results would look a lot worse.

4. We are currently investing more than ever before in, and for, our customers. In order to stem the necessary investments in our fleet and on board and ground products, we need significantly higher margins and for that, we need SCORE.

5. We reaffirm our aim to lift the profitability of the Lufthansa Group to a distinctly higher level and improve its operating result by 1.5 billion euros to 2.3 billion euros by 2015. All of our measures shall focus on achieving this goal and we shall already begin to see more progress in 2013.

That will be it on my part for now. Simone Menne will now present you the detailed Group figures.

Part 2: Simone Menne

Ladies and Gentlemen, I would also like to welcome you warmly to today's analyst conference. During my first conference as Group CFO - it was the presentation of the half year results 2012 on the 2nd of August last year I spoke about ongoing turbulences in the airline industry. Well, I think, the industry delivered on this promise. Increasing cost pressure has forced almost every major network carrier in Europe to push through further restructuring measures. We have initiated our own program Score already at the beginning of last year. Nearly all our classic competitors have reported losses for 2012. Capacity reductions and job cuts have become daily news – also for us. However, thanks to our forward-looking management we are in much better shape than most of our peers. Our figures are solid. Nevertheless we do see the need for further change.

Financial Year 2012 at a Glance

The Lufthansa Group increased its revenue by 4.9 per cent to 30.1 billion Euros last year. Two thirds of the revenue increase were driven by the growth in traffic revenue of 4.3 per cent. The remaining third was driven by our service companies. Their revenue even grew at 7.8 per cent.

As forecast, our operating result of 524 million Euros was in the mid-three-digit million Euro range. It did, however, also decline by 36.1 per cent year on year. We cannot be satisfied with this. The operating result also includes some extraordinary factors which I will describe in more detail shortly.

The so-called adjusted operating margin is designed to allow for a better comparison of our results to those of our peers. It includes income from reversed provisions. The adjusted operating margin declined by 1.1 percentage points. With 2.3 percent it has now reached a level that is not sustainable for the future viability of the Lufthansa Group in the long-term. In order to stop this downward earnings trend and restore a structurally higher margin, we need further change.

EBITDA improved to now 3.3 billion Euros and net profit for the period climbed markedly to approximately 1 billion Euros. This was mainly due to one-off book gains from the Amadeus disposal, but also because the previous year was still burdened by bmi. We also improved the operating cash flow by 20.6 per cent to 2.8 billion Euros. This meant we were able to finance the necessary capital expenditure directly from the operating business and generated a free cash flow of 1.4 billion Euros on top of that.

Thanks to the strong cash flow development the Cash Value Added, our measure of value creation in the Lufthansa Group, was positive again at 375million Euros.
All this had a positive impact on our equity ratio. At 29.2 per cent it was only slightly below our target of 30 per cent. And finally, net debt fell by 16.1 per cent to almost 2 billion Euros. Last but not least, the share price also performed well. The market cap further increased to some 6.5 billion Euros by the end of last year. This means that our shareholders benefitted from a rise of around 55 per cent during 2012. And, the Lufthansa shares have gone up even further in this year. Altogether, I would call this development a solid performance.

External factors influenced the Financial Year 2012

I would now like to elaborate on the one-off factors that impacted the 2012 results. Already in its first year, the Score program significantly influenced the operating result. Score led to gross improvements of 618 million Euros. However, this also includes measures which were initiated prior to 2012. Important is that their positive effect on earnings was first seen in 2012 and they fulfilled the strict Score requirement that the positive effect must be sustainable. As I already mentioned, the operating result was nevertheless down by around 300 million Euros compared with the previous year. One of the main headwinds was the 1.1 billion Euros rise in fuel costs. This clearly illustrates how important this program has already become to the

Lufthansa Group. Christoph Franz will therefore provide you with a more detailed insight into Score's successes in 2012 and the measures currently underway.
Score also has burdened the operating result with restructuring charges. The costs for staff measures and severance packages attached to Score came to a total of 160 million Euros in 2012. 59 million Euros of this was attributable to the staff measures related to the restructuring of Austrian Airlines.

From a Group perspective, the transfer of operations at Austrian Airlines still had a positive effect of 56 million Euros on the Group's operating result despite the costs attached. With the Score restructuring costs and the Austrian Airlines one-off we have explained two of the most important non-recurring effects last year. Further, we had a positive effect of 33 million Euros on the staff costs in the context of the BMI sale. Adjusted for these one-off effects, the operating result would have been slightly higher than reported. The strong improvement in the net result is predominantly owed to the disposal of the Amadeus shares and the sale of BMI. These two items alone accounted for more than 900 million Euros of the improvement.

In Q4 we disposed our stake in Amadeus. We sold 3.6 per cent directly in the market. The other 4 per cent were transferred to the pension fund to close the pension deficit. This resulted in book gains that improved the net result by 623 million Euros after tax. Finally, the net result for the previous year was substantially burdened with 285 million Euros representing BMI's losses and the negative valuation effects from the expected sale of BMI to IAG at that time. In 2012, however, the BMI sale actually helped earnings and made a positive contribution of 36 million Euros to the net profit. This was because BMI had more cash-in-hand than expected at the time of disposal.

Good Control of manageable Costs shows Score Progress

Now, I would like to explain in more detail the individual revenue and cost items. External revenue was up across all segments with the exception of the Logistics segment. Included in that is a 648 million Euros tailwind from currency movements that our airlines benefitted from. The very good development of other operating income can primarily be explained by the book gains from the Amadeus transactions mentioned earlier as well as the disposal of 1.5 per cent of our shares in Fraport.

Together, these two amounted to 658 million Euros. It is, however, not included in the operating result as this is being adjusted for book gains, among other things.
With regard to operating costs we have seen an encouraging development. They went up by 4.3 per cent last year; the main driver behind this increase was fuel costs which added costs of 1.1 billion Euros year-on-year. Excluding fuel, operating costs would have risen by 0.8 per cent only– far less than the revenue growth. And we have reached this good performance despite higher fees and charges; on the one hand we have managed capacities intelligently, on the other hand we achieved many cost savings through the Score program. Taking a closer look at the individual drivers, we can see that the rise in fuel costs was due in particular to the higher oil price with an impact of 876 million Euros and currency effects with an impact of 519 million Euros. These almost eat up the positive effects of the exchange rates on revenue. In total, exchange rates had a negative impact of 109 million Euros on the operating result 2012.

The effectiveness of fuel hedging diminished considerably. The hedging result fell year-on-year by 566 million Euros to just 128 million Euros in 2012. The reduced number of flights led to lower fuel consumption and 151 million Euros lower costs. Fees and Charges were also significantly up by 3.3 per cent, although the underlying number of flights has come down and the number of passengers has increased only moderately. This means, that in some areas we registered double-digit percentage increases in fees and charges per flight or passenger, mainly for passenger and security fees. With 5.6 per cent, staff costs also have increased considerably. However, more than the half of this increase was due to currency effects and higher pension expenses due to the lower interest rates. Additionally, the Score restructuring costs are included here. Depreciation and amortization showed a disproportionately strong increase of 6.8 per cent. Which is due to the replacement of older aircraft by newer, more efficient models. This led to a rise of 45 million Euros in impairments made on aircraft that are intended for sale or retirement. For the sake of completeness, I want to mention that the other operating expenses were down, primarily due to lower exchange rate losses.

Despite lower Operating Result, Cash Flow Generation remains strong
Compared to our peers, our operating result is burdened more strongly by depreciation and amortization as we write down aircraft more rapidly.

Therefore the cash flow development is traditionally strong compared to the operating result. The cash flow improved by 486 million Euros versus previous year. This was because of improved working capital, lower tax payments and the disposal of BMI. When we deduct capital expenditure, we generated a free cash flow of 1.4 billion Euros. Gross capital expenditure of 2.4 billion Euros, of which 2 billion Euros for the fleet, was at a similar level to the previous year. However, the sale of the stake in Amadeus made a positive contribution to the higher free cash flow alongside the better operating cash flow. We are proud of the solid financial structure of the Lufthansa Group. This stability combined with a high liquidity level allows us to conduct a comprehensive restructuring process while at the same we keep investing into our product and our customers.

Airlines showed declining profits while Service Companies improved

All of our business segments closed 2012 with a profit. The service companies improved their earnings, in some cases significantly, whereas we experienced sharp declines in earnings in the passenger and logistics business.

Lufthansa Technik reported a slight drop in revenue. This was mainly due to lower internal revenue with Lufthansa Passenger Airlines. In contrast, external revenue grew by 5.4 per cent and the operating result made a clear recovery to 318 million Euros. Provisions on loss making contracts had burdened the operating result heavily in the previous year. During the course of 2012, Lufthansa Technik disposed of loss making activities from its portfolio and successfully extended its presence in North America.

Catering and IT Services were also able to increase their operating results. LSG SkyChefs improved the operating profit from 85 million Euros in 2011 to 97 million Euros in 2012. Lufthansa Systems increased the operating result from 19 million Euros to 21 million Euros. Both companies generated external growth and successfully continued their internal restructuring processes during the last year. With 104 million Euros, Lufthansa Cargo just reached its target of a three-digit result. This represents a decline compared with the high result in 2011. But it is still a good result in view of an 8 per cent drop in demand and the corresponding fall in revenue of 8.7 per cent. It demonstrates the high flexibility and intelligent capacity management that the management of the business have built up.

Lufthansa Cargo and all of the service companies were able to reach adjusted operating margins higher than the Group average of 2.3 per cent.
In contrast to this, the passenger business performed significantly weaker. The operating result fell by around a quarter to 258 million Euros. The adjusted operating margin reached only 1.6 per cent.

Among the airlines, only Austrian Airlines was able to improve its earnings. They succeeded in breaking even for the first time since its acquisition by the Lufthansa Group in 2009. The positive one-off effect contributed to this. However, also without the one-off effect, the operating result would have improved by 51 million Euros.
In contrast, SWISS's earnings fell by approximately 26 per cent to 191 million Euros. Apart from the high fuel costs, the strong Swiss franc had a particularly negative impact on the revenue side. In order to improve the future results again, also for SWISS the key focus was on driving the restructuring measures, especially in the administration and the maintenance area.

Our largest unit, Lufthansa Passenger Airlines, closed the year with a loss of 45 million Euros. Besides the fuel costs, the higher airport and air traffic control charges incurred costs that could not be fully compensated for. Further, the cabin crew strike has cost the company 33 million Euros. All in all, we see the strongest need for further action in this unit. Christoph Franz will provide more details on the ongoing and planned projects under Score to improve earnings here.

Capacity discipline paid off, good load factor improvement and yield development

Key for the turnaround in the passenger business will be to strengthen the yield level. A flexible capacity management is a prerequisite for this.
In 2012 capacities were controlled very tightly. The Passenger Airline Group increased capacities by a mere 0.6 per cent. By this the average load factor grew by 1.2 percentage points on the one hand, while, on the other, yields improved. They rose by 3.7 per cent for the full year. As mentioned earlier, exchange rate effects played a large role. However, adjusted for movements in the exchange rates, the yield was still 1.0 per cent up versus the previous year. Since exchange rate effects were less strong in the fourth quarter, the yield only rose by 3.0 per cent. However, on a constant currency basis, the fourth quarter actually showed a slightly stronger

performance. This yield increase towards the end of the year is predominantly the result of the strong capacity adjustments at Lufthansa Passenger Airlines in the winter timetable. This was particularly noticeable on short-haul routes, which showed a particular improvement in the fourth quarter. The positive impact of tightly controlled capacities was evident in many areas of the passenger business. From a regional perspective, the North Atlantic routes benefited the most. In terms of companies, it was most obvious at Austrian Airlines.

Lufthansa continues its restrictive capacity path in 2013

And this is why we will continue this restrictive capacity management this year. We plan with only 1 per cent more available seat-kilometers for the entire year. This is, however, based almost entirely on an increase in the number of seats per flight and greater aircraft productivity. The fleet will not grow significantly this year or in the years to come. Christoph Franz will explain the fleet development later on. The higher number of seats per flight will be made possible through two approaches: firstly by fleet rollover, for example when we use new A380s or 747-800s on existing routes instead of older 747-400s. And secondly, until summer, we are flying many of our long-haul routes with smaller business class configurations. Both of these measures increase the share of economy class seats in the aircraft and, to put it simply, lead to more available seat-kilometers and lower unit costs.

The positive impact was visible in our traffic figures for February once again. Passenger load factors were up at every airline and across all traffic regions. The forward bookings do not indicate a change in this trend, so that we can expect rising loads. Furthermore, average yields are being supported by the measures in place. This is particularly evident in European traffic at present. In the upcoming months the average yields in long-haul can come down due to the smaller share of the business class. The revenue per flight, however, can at the same time increase. In contrast to 2012, exchange rate effects are turning against us in many areas on long-haul routes. For example, the drop in the Yen has a negative impact on Japanese routes.

All Segments plan to improve or maintain their Results

This restrictive capacity path I just described is the basis for the airlines to further improve the underlying revenue quality further. Before we can revisit growth in the future, improvements in cost positions are required. Hence, all companies will focus on restructuring and rethinking their processes in 2013. Changes to the route portfolio shall be made according to the individual contributions of the respective routes. Lufthansa Passenger Airlines is to return a positive operating result again already this year. SWISS will probably maintain its current earnings level. Austrian Airlines wants to increase its earnings before one-off effects. We therefore plan to increase revenue and earnings compared with the previous year for the Passenger Airline Group. We also plan to achieve an improvement in earnings at Lufthansa Cargo. We continue to expect a pick-up in demand in the cargo business from the middle of the year.

The earnings level of all airlines will be markedly determined by the fuel price and the currently highly volatile exchange rates. With regard to our service companies, Lufthansa Technik plans with a stable result. LSG and Lufthansa Systems want to further grow revenue and profit. Overall, we expect an increase in profits for our operating segments.

Fuel Cost Outlook

As said, the fuel price development will have a significant impact on our results. We expect our largest external cost item to remain on a high level. However, as of today we can expect a slight relief. Projected fuel costs have fallen compared with our last forecast. We currently expect costs to amount to 7.2 billion Euros in the full year. We have now hedged 75 per cent of our fuel costs, which gives us some reliability in the planning. However, further fluctuations may well result from changes of the US Dollar versus the Euro. Looking at the sensitivities provided here, you can see that thanks to our proven hedging model we would benefit to a much greater extent from a possible fall in the oil price than a further rise would negatively impact us.

IAS 19 will impact balance sheet as well as P&L

For 2013 we must expect clear shifts on the balance sheet and in the P&L because of the accounting change for pensions. The so called “corridor rule”, which the Lufthansa Group has used in the past, is no longer allowed. Pension obligations must now be presented on the balance sheet at their current market value less the plan assets dedicated to funding these obligations. Overall, the revised standard will cause pension provisions to rise significantly by 3.8 billion Euros as of 1 January 2013. As a result, shareholders' equity will decline by 3.5 billion Euros. Going forward we will see considerable shifts between shareholders’ equity and liabilities due to the mark-to-market accounting of pension liabilities and plan assets. Subsequently the equity ratio is becoming much more volatile.

It is important for me to say that this does not change the economic reality. The present value of our obligations and the pension fund remains unchanged. In a nutshell, it is only the way of presentation that changes. There will neither be a change to our pension funding plan nor is there a need to change it. We will continue funding on a purely voluntary basis as we do it today. Therefore, we do not expect a real change to our cash flow situation. There will, however, be structural changes to our P&L. As actuarial losses will no longer be amortized through profit and loss, staff costs in 2013 will be around 100 million Euros less than those reported in 2012. However, this is going to be offset almost exactly by increases in staff costs caused by the lowered discount rate from 4.5 per cent to 3.5 per cent.

I want to point out already today that the new IAS19 standard will also lead to a restatement of the 2012 figures in 2013. The retroactive adjustment of pension provisions with effect from 1 January 2012 means that the positive one-off effects from the partial transfer of operations at Austrian Airlines and the settlement of pension obligations at BMI will lead to an additional contribution to the operating result of 200 million Euros in the restatement. Together with the relief from no longer amortizing actuarial losses through profit and loss, the 2012 operating result will rise by around 300 million Euros compared to the figure reported today. The altered accounting regulations will also have an impact on the interest result. The part of the return on plan assets which is to be recognized through profit and loss will now be calculated with the same interest rate as the one used to discount the obligations, irrespective of the actual return expected. The deviation of the calculated return from the actual return on plan assets will be recognized directly in shareholders' equity without effect on profit and loss. The new accounting rule will therefore lead to a lower interest result in 2013. We will provide further explanations together with the respective quarterly figures.

Balance sheet targets adjusted to account for new IFRS rules

In view of the considerable shifts between shareholders' equity and liabilities, we have adjusted our financial targets to reflect the new situation. On the one hand, we adjust to the higher volatility of shareholders' equity caused by the IFRS changes and, on the other hand, we have brought our own targets more in line with those of the rating agencies. After we almost reached our target of a 30 per cent equity ratio this year, we will adapt this target to the structural changes to the balance sheet. In the future, we are aiming for 25 per cent. However, the equity ratio is more of a mid-term target that we want to reach and then maintain. We are well aware that the extent to which the target can be achieved also depends on factors which are beyond our control, such as the interest rates.

With 49 per cent, we reached our gearing target for 2012. However, we no longer believe that such a target is meaningful for the future in view of the strong volatility. We rather want to steer our net debt via the debt repayment ratio. This is a measure of an adjusted cash flow from operating activities in relation to net debt plus pension provisions. Following the structural amendments stemming from IAS19, we have set ourselves the target of achieving a corridor of 35 to 45 per cent for the debt repayment ratio. The target corridor is derived from the thresholds of the rating agencies and meets the respective requirements of a clear investment grade rating. In order to ensure sufficient liquidity at any time, we aim to maintain a minimum level of 2.3 billion Euros, as before. As you can see, we intend to focus even more closely on strengthening liquidity and a less equity linked proof of having a solid balance sheet. By doing so, we can sustainably demonstrate our financial strength and become less dependent on short-term, purely accounting driven fluctuations which say very little about our genuine solid standing.

Operating profit 2012 to be higher than last year's

After these admittedly very technical but important comments on the balance sheet, let me finally come back to the operating outlook for the financial year 2013.

Our focus is to strengthen the operating business, especially the enforcement of our Score program. This year, we will press ahead with implementing measures that have already been developed and complement these with additional measures. The nature of the program means that only sustainable effects and no one-off effects are counted. However, the latter are usually accompanied by restructuring or implementation costs. As a result, it is highly likely that the true earnings potential of the restructuring measures will only become clear in subsequent years.

At the same time, as is always in our industry, it is very difficult to calculate external factors and headwinds. The top line development is solid. We currently see no further burden from fuel costs but watch the development on the exchange rates closely and with some concern.

In a nutshell this means: Based on current market parameters, we expect revenue in 2013 to be up and the operating result to be higher than the one reported today. The airlines will play a decisive role here. The aim is that this year the flying companies shall generate the larger share of profits again.

With this I would like to thank you for your attention and hand back to Christoph Franz.

Part 3: Christoph Franz

SCORE and Strategic Objectives

Ladies and Gentlemen,

as you heard, we intend to finally see our operating result rise again this year – after several years in continuous decline. The contributions from the airlines will play a major role here; after all, we have been witnessing a steady erosion into our results since 2008, and the cause lay mainly in our core business. In view of the negative trend in results, we have also decided **not to propose a dividend** for the 2012 business year at the Annual General Meeting; we will instead be retaining profits to further increase our financial stability.

We have paid out dividends in eight of the last ten years and we shall also continue to allow our shareholders to share directly in the company's success in the future. The condition for this is however that we first achieve a turnaround in the negative result and margin trend, and that is precisely why we have launched SCORE. We shall bring about a significant improvement in our results. In order to so, we must bring about fundamental change in our company – both in terms of structure and culture. Allow me to therefore offer you a more detailed look into our SCORE programme.

To put it in a nutshell: SCORE will strengthen us for the future and will guarantee the long-term success of the Lufthansa Group. The aim of SCORE is also to lay the foundations for a lifelong willingness to embrace change within our company. The great difficulty here, as Keynes already pointed out, lies not in getting people to accept new ideas, but in getting them to forget old ones.

How did we arrive at SCORE?

Our industry is under pressure, particularly in Europe. We realized at an early stage that we would only be able to overcome these external challenges by making internal changes and doing our homework. And in actual fact, we have already been streamlining our portfolio since 2011. We sold or shut down our major loss-makers, or as in the case of Austrian Airlines, launched a major restructuring process. Lufthansa Italia was already shut down in 2011; BMI was successfully sold to British Airways in 2012 and Jade Cargo filed for bankruptcy.

Those were the first steps; we then started reviewing everything, and after analysing the results and planning the solutions, SCORE was finally on the table last year. By implementing SCORE, we intend to improve our operating result by at least 1.5 billion euros by 2015, in comparison to 2011. Our plan is to earn about 2.3 billion euros in operating profit in 2015.

We significantly exceeded our original SCORE target for 2012, by 618 million euros. The reasons for this have just been explained by Ms. Menne. It is especially important to me to point out one thing within this context: without this success, we would today be talking about a negative operating result.

We shall there continue to intensively work on successfully implementing the individual projects and measures in 2013 and 2014. For 2013 we have planned a SCORE contribution of 740 million euros (in gross improvements before taking into account any cost obstacles). In order to achieve this, we have potential measures with a volume of about 900 million euros in the pipeline. After all, our aim must be the net figure and not the gross one.

Some of the projects are still at the idea stage, but many are already being implemented and are gradually having the desired effects on the result. So as you can see, we have enough projects in the pipeline to last us until 2015. Nevertheless, I would like to point out that the SCORE pipeline on the chart only represents a snapshot of the current situation. SCORE is a dynamic programme and the pipeline could already look different in a week’s time.

As Simone Menne already pointed out, we should not get our expectations too high for 2013. The years 2013 and 2014 will be characterized by implementation; that means that we will have to account for restructuring costs, the costs of our fleet modernization programme and the costs for the re-equipment of our existing fleet. A large portion of the impact on the result will therefore only become visible after 2013. The impact will then be seen on two fronts: the elimination of the cost burdens and the positive effects of the measures on our profitability and costs.

Allow me to now present you with a few concrete examples of **SCORE projects** that stand for many.

One major project is our market offensive with the **new Germanwings** that will start on 1 July. It will offer Europe's best price-performance ratio among the low-cost airlines – with a high level of quality and competitive cost structures. The fare system is tailored to meet the needs of the individual passengers and the customers will benefit. We plan to improve our result in decentralized traffic by at least 200 million euros by 2015.

A second exemplary project is being implemented by **SWISS**: The airline is going to open an own crew base in **Geneva** in order to expand its position in its home market and address local requirements more effectively. We expect additional contributions to the result here too. **Lufthansa Cargo**, for example, is planning a significant increase in revenue, in addition to further improvements in efficiency. The focus there will be, among others, on Lufthansa Cargo special products, such as refrigerated freight, valuable freight and express freight. This should result in an annual contribution to the result of at least 20 million euros. And one final example – although the list could go on and on – is a project that also supports the restructuring process at **Austrian Airlines**: Austrian Airlines has introduced a new **catering concept** that will offer the passengers a new level of product diversity and – for the first time in five years – result in a positive contribution to the result.

The key success factor in SCORE – as you can see from these examples – is the interplay between lighthouse projects and the many smaller-scale measures and improvements. Each of our companies has its own lighthouse projects and together the Top 20 Projects account for a sustainable improvement in earnings of about one billion euros.

Last year, we were able to generate a total of 2,500 ideas to improve earnings last year. That means that on average a new idea was “born” or submitted to the SCORE project team every three hours. And that is of course a remarkable team performance by all of the staff here in our company. It reflects not only their above-average commitment and creativity, but also the high level of willingness to embrace change … and that is something that we are very proud of.

Planned Personnel Measures

Ladies and Gentlemen, 2013 will be a tough year for the company and its staff. The personnel restructuring measures are starting to take concrete shape. In February we announced some of our planned measures and discussions are currently ongoing with the codetermination boards. We hope to soon start with the implementation so that we can adhere to the defined time frames. We need clarity – also, and especially, for the affected staff. At the end of last year, we already made **provisions for compensation payments** for about 800 administrative staff and over 1,200 operational staff. All of the jobs that have to be cut have been identified and the time frames have been set. The affected staff has received offers of compensation and over 400 have already signed these voluntary offers.

There are three major projects with which we intend to restructure our administrative processes. The first is GLOBE, which will bring about the pooling of personnel issues, purchasing processes, finance and accounting. The second is Shape! which affects the global ground handing areas at Lufthansa Passenger Airlines; and the third is NETwork at Lufthansa MRO. These measures will allow us to achieve a lean, efficient and competitive administration and sustainably reduce our costs by over 250 million euros per year in the process. Unfortunately they will also call for some tough decisions, as the changes in the administration structure will affect about 900 staff, mainly in Cologne, Norderstedt and Hamburg; but as the Executive Board we are responsible for all 117,000 staff and their jobs. These decisions are tough on us and especially tough on the affected staff, and it is little consolation here that we are not the only ones having to take such decisions.

Current Developments

The structural crisis in European air transport has long since led to visible restructuring measures at all European network carriers. The industry is on the move and it is changing. In addition to the internal restructuring measures, the time has finally also come for a market shake-out and capacity discipline. The capacities in Europe are only growing marginally. On the whole, the market environment is more rational than a couple of years ago. We shall actively promote and shape this process of change that the European airline industry is currently undergoing. However, we will only be able to do so with the corresponding earning power, for it is the only thing that will allow us to invest in our business segments and products, and believe me, the investments are necessary. In this market, an efficient fleet and high product standard are decisive factors. Only they can lead to a sustainable

- increase in the company’s value,
- expansion of the market leadership held by our airlines and service companies,
- improvement in customer satisfaction and
- profitability, both economically and ecologically.

Capacity Management, Fleet Orders and Growth Strategy

It is precisely this strategy than can also be seen in our fleet policy. The continuous modernization of our fleet is also progressing further. Following the most recent order of 108 aircraft, our current order book states 236 new aircraft at the Group between now and 2025 - with an overall list price of 22 billion euros.

The order book was updated as recently as yesterday when the Lufthansa Supervisory Board approved the purchase of 108 new aircraft for the Group. By doing so, it follows the recommendation of the Group Executive Board submitted on 19 February 2013. According to the proposal, SWISS will receive six Boeing 777-300ER for its long-haul fleet and Lufthansa Passenger Airlines will receive two Airbus A380 and 30 Airbus A320ceo (Current Engine Option). In addition, the Executive Board was also granted permission to conclude the on-going negotiations for the purchase of a further 70 Airbus A320/321neo.These modern and fuel-efficient aircraft will cover the future replacement and growth requirements of the Lufthansa Group’s airlines and allow us to offer our customers state-of-the-art, environmentally-friendly and significantly quieter aircraft.

And as you can see on the chart, the purchases focus above all on the modernization of our fleet and not its expansion. The year 2013 will represent an exemplary year in this respect. We will be adding 34 new aircraft to the fleet and they will almost exclusively be replacing older aircraft. We shall also maintain this general course of action in the future. As you can see with the example of Lufthansa Passenger Airlines, our average fleet size remains almost unchanged in our basic scenario. At the same time our purchasing policy also allows us to remain flexible so that we can seize growth opportunities. The capacity growth that we have planned until 2025 is on average half of the expected market growth in Europe. During the second half of the year we will also be making a decision on the order for long-haul aircraft. However, here too, one should not expect any deviation from the general course of growth strategy that we have set.

In general, it is safe to say that our investments are above all investments in, and for, our customers. We are investing more than ever before in the history of Lufthansa. In 2013 and 2014 we will annually be investing about three billion euros. The re-equipment of the Lufthansa long-haul aircraft with the new Business Class seats alone is costing us one million euros per day, and that will go on for the next two to three years.

Conclusion and Forecast

All of our activities and measures focus on successfully shaping the future of our company and its employees.

We are making good and visible progress with SCORE. Despite the obstacles that we face and despite certain risks when it comes to elaborating the measures: SCORE is working. It almost seems impossible to imagine life in the Group without SCORE, now that it has reached its cruising altitude.

However, 2013 and 2014 will be tough years of implementation and the continuation of the restructuring process: We must prove that we are not only good when it comes to analysis, but can also deliver the goods, and believe me, we shall do just that!

We have set in motion a process of change with SCORE that will result in a stronger Lufthansa. It will establish a corporate culture in which a lifelong willingness to embrace change will become a matter of course. And that is why the end of the SCORE programme will <u>not</u> signal an end to the changes. And indeed, change is nothing new to us; after all, the ability to adjust and change have been key success factors at Lufthansa since decades.

However, despite all this need for change, there are certain Lufthansa virtues, such as quality, safety and reliability that are, and will always remain, part of the Lufthansa DNA. The same applies for our promise to always be a reliable partner for our staff, passengers and shareholders.

Ladies and Gentlemen, the environment for air transport remains a challenging one. The development of the global economy is fraught with major uncertainties. The oil price shall most likely remain high. The crisis in Europe has not yet been overcome and as usual that makes it difficult to issue a forecast so early in the year.

From where we stand today, we expect an operating result for 2013 above the reported result for the previous year. And we expect the larger portion of our full-year operating result to be achieved with the airlines, i.e. Passenger Airline Group and Lufthansa Cargo. Our 2013 result shall however have to bear the burden of the restructuring and project costs. We therefore know that the true nature and impact on the improvement of the result shall only become apparent in the years that follow.

Our goal remains – and I repeat – an operating result of 2.3 billion euros in 2015.

Ladies and Gentlemen, I thank you for your time and attention. Simone Menne and myself now look forward to answering your questions.