



Shareholder Information August 2014

Ladies and Gentlemen,
dear shareholders,

The Lufthansa Group has seen a turbulent first half-year. After our business was hit hard by strikes in the first months of this year, our airlines were also faced with an increasingly difficult demand situation. Within a few weeks, the average yields contracted so sharply that in June, we had to respond to this adverse trend by lowering our forecast. Unfortunately, the risks described in the first interim report have materialized surprisingly quickly.

In the short term, this means cutting our planned growth in order to stabilise pricing. We are therefore reducing our planned capacity growth by half and respond clearly to the changed demand situation, particularly in the winter flight plan. The same applies to the planned capacity expansion for the year ahead. In the medium term, we will respond to the challenges of the industry by adjusting our strategy. We presented a corresponding "roadmap" to the public in July. In course of the planned continuation of our successful SCORE programme, we see the ongoing efficiency gains as a permanent requirement in order to provide a sufficient volume of profit improvement measures and thus counteract the industry trend.

We invite you to continue with us on this journey.

Kind regards,



Andreas Hagenbring
Head of Investor Relations,
Deutsche Lufthansa AG

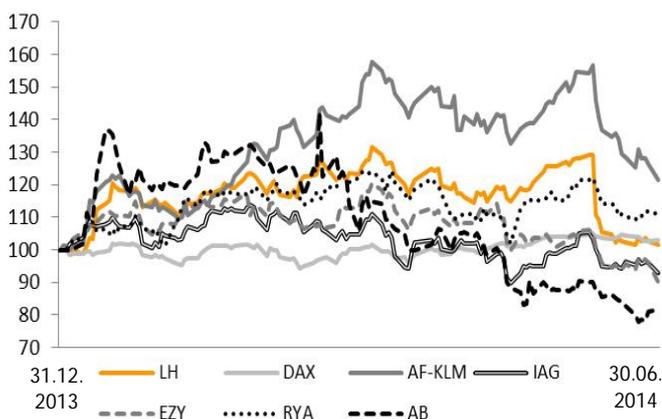
Key figures January – June 2014

		Jan. – June 2014	Jan. – June 2013 ¹⁾	Change in %
Revenue and result				
Total revenue	€m	14,166	14,464	-2.1
of which traffic revenue	€m	11,466	11,780	-2.7
Operating result	€m	114	73	56.2
EBIT	€m	82	-78	
Net profit/loss for the period	€m	-79	-203	61.1
Key balance sheet and cash flow statement figures				
Total assets	€m	29,959	29,585	1.3
Equity ratio	%	16.6	17.5	-0.9 P.
Net indebtedness	€m	1,614	1,223	32.0
Cash flow from operating activities	€m	1,744	2,316	-24.7
Capital expenditure (gross)	€m	1,548	1,352	14.5
Lufthansa share				
Share price at the quarter-end	€	15.68	15.60	0.5
Earnings per share	€	-0.17	-0.44	61.4
Traffic figures²⁾				
Passengers	thousands	49,883	49,472	0.8
Available seat-kilometres	millions	128,353	126,970	1.1
Revenue seat-kilometres	millions	100,208	99,155	1.1
Passenger load factor	%	78.1	78.1	0.0 P.
Freight and mail	thousand tonnes	932	962	-3.1
Cargo load factor	%	70.2	69.1	1.1 P.
Available tonne-kilometres	millions	19,960	19,909	0.3
Revenue tonne-kilometres	millions	14,806	14,743	0.4
Overall load factor	%	74.2	74.0	0.2 P.
Flights	number	491,389	502,384	-2.2

1) Previous year's figures have been adjusted due to IFRS 11.

2) Previous year's figures have been adjusted.

Performance of the Lufthansa share, indexed as of 31.12.2012, compared with the DAX and competitors (excluding dividend)



The gains made by the Lufthansa share in the first quarter (+ 23.3 per cent) were mostly lost in the second quarter (- 21.6 per cent), largely due to the adjustment of the earnings forecast on 11 June 2014. At the end of the first half-year 2014, the Lufthansa share was trading at EUR 15.68. This represents a slight increase over the first half of 1.7 per cent. Including the dividend of EUR 0.45 paid out in May for the financial year 2013, this adds up to a total shareholder return for the period of 2.1 per cent. The DAX index rose by 2.9 per cent over the same period.

At the end of the first half-year, twelve analysts recommended the Lufthansa share as a buy, 13 recommended to hold it and four to sell it. The average target price was EUR 18.44.

In addition to the regular publications, Carsten Spohr, Chairman of the Executive Board and CEO of Deutsche Lufthansa AG since May 2014, gave a presentation to investors on 10 July 2014 on the planned development of the Lufthansa Group. The presentation is available on our website <http://investor-relations.lufthansagroup.com>.



Economic development

The performance of the Lufthansa Group varied across the individual business segments and regions in the first half of 2014. The weakness of certain currencies and strikes had a negative effect, particularly on the revenue of the airborne companies. Costs were reduced by lower fuel expenses and lower depreciation and amortisation as a result of the new depreciation policy for aircraft and reserve engines.

The strike by the pilots' union Vereinigung Cockpit at Lufthansa Passenger Airlines, Germanwings and Lufthansa Cargo from 2 to 4 April 2014 had a severe impact on the result. It followed a strike ballot held by the union in March 2014. The Lufthansa Group incurred a loss of earnings amounting to some EUR 60m as a result of this strike. Only in the course of the second quarter did customer booking patterns return to normal. The strike was preceded by protracted, intense talks and negotiations about pay and future transitional benefits for pilots. Negotiations with the pilots' union Vereinigung Cockpit resumed following the three-day strike and are still ongoing.

Revenue for the Lufthansa Group declined year on year, largely due to a general weakness in revenues, the strong euro and the effects of the above mentioned strike. At the same time, the operating result improved, reaching a substantially positive figure in the first half-year. This includes lower unit costs at the airlines than last year and lower depreciation and amortisation thanks to the change in depreciation policy. The IT Services segment increased its contribution to the Group's total operating income, whereas the other business segments all reported results below last year's.

On 11 June 2014, the Lufthansa Group adjusted its earnings forecast due to non-recurring expenses from various strikes and the devaluation of the Venezuelan bolivar, as well as the fact that revenue in the passenger and freight business was below expectations.

Outlook

The Lufthansa Group's earnings situation developed increasingly negative over the course of the first six months of the financial year. Although the service companies performed to expectations, the Passenger Airline Group and Lufthansa Cargo suffered from an increasingly poor revenue development, which had a significantly adverse impact on the earnings development and finally made it necessary to adjust the profit forecast in June.

In the coming months, too, the Passenger Airline Group expects the very weak market environment to persist. In the third and, above all, the fourth quarter, the cuts that have now been made to the original plans for capacity growth should bring some respite from the downwards trend in average yields. Advance bookings also indicate that volumes will develop somewhat less well than expected at the beginning of the year. The Passenger Airline Group expects a decrease in revenue and a slightly higher operating result in 2014.

In view of the poor revenue development Lufthansa Cargo has already made sharp reductions to its own freighter capacities this year. In a tough competitive environment, the focus remains on capacity management intended to support average yields. Under these conditions, it will no longer be possible to achieve the target of significantly increasing revenue compared with 2013. Lufthansa Cargo now assumes that its operating result will be slightly higher than last year.

Although its revenue should go up in line with the market, Lufthansa Technik will not match the exceptionally high operating result achieved last year in 2014, but expects to reach an operating result slightly above the one achieved in 2012.

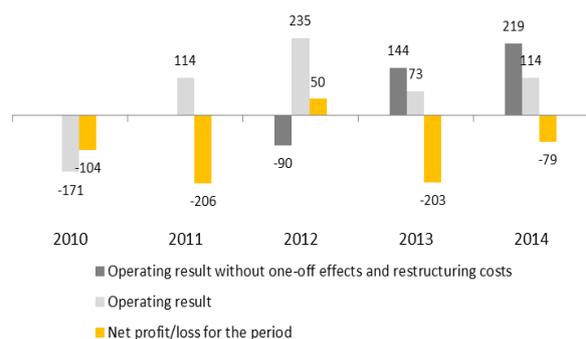
LSG Sky Chefs continues to expect a slight increase in revenue and earnings in the financial year 2014.

Lufthansa Systems is still forecasting a slight revenue growth in 2014 alongside a slightly lower operating result than last year.

Revenue and operating result by business segment (Jan. – June 2014)

	Revenue in €m	Change compared with previous year in %	Operating result in €m	Change compared with previous year in %
Passenger Airline Group	10,958	-2.4	-96	-50.0
Logistics	1,161	-4.8	34	-45.2
MRO	2,088	2.4	206	-5.9
Catering	1,237	2.3	18	-5.3
IT Services	318	4.6	11	120.0

Operating result and net profit/loss for the period in €m (Jan. – June)





The airline of sports

Lufthansa has been a proud partner of the German Football Association (DFB) since 2005. The German national football teams and members of the DFB fly exclusively with us to all World and European Cups and also to all other international games and to their training camps. For the first time, this contract now also includes the women's national team. Just recently, Lufthansa flew the World Champions back to Berlin from Rio in the "Fanhansa Siegerflieger" winners' plane. As a special treat for the fans, Captain Uwe Strohdeicher and his 22-strong crew flew over the fan park at Berlin's Brandenburg Gate with the German national team on board for a lap of honour.

A total of eight aircraft in the Lufthansa fleet had swapped their well-known lettering for the new 'Fanhansa' logo before the Football World Cup. It was the first time that Lufthansa has changed its name on the fuselage of some of its aircraft for a certain time period since commencing operations almost 60 years ago. The Boeing 747-8, the "Queen of the Skies", had been granted a unique honour during the night of 14 July in Rio de Janeiro. Additional gold letters were added to the "Fanhansa" livery: *Siegerflieger*, or "winners' plane" in English. Six Lufthansa Technik employees began the corresponding preparations in a hangar at Rio de Janeiro (Galeao) airport immediately after the victory at the Maracana stadium. The world's most valuable sporting trophy could therefore fly to Germany in an appropriately decorated Jumbo Jet named after the state capital "Potsdam".



The Lufthansa Group has been associated with sports for many years. As the official airline of the German Olympic Team and the National Paralympic Committee Germany, the Lufthansa Group flies the athletes directly to the events. As part of the Group's social commitment, it supports the German Sports Aid Foundation (DSH) and sponsors future medal hopefuls.



The Lufthansa Group can look back on a long history as a partner of the DSH. The leitmotifs of all sports and the DSH - fair play, teamwork, excellence and success - could also be those of the Lufthansa Group. The DSH provides continuous support of a material, non-material and social nature to 3,800 athletes. It sponsors athletes as they prepare to achieve or have achieved top sporting performances at Olympic Games, Paralympics or World Championships and whose national and international performances as well as their dedication make them role models for Germany and the German society. The Lufthansa Group has been supporting the DSH as a National Sponsor since 2007. Furthermore, the company is a co-sponsor of the National Paralympic Committee Germany, which celebrated its 60th anniversary this year. In 2014, the Lufthansa Group has already flown the German Olympic and Paralympic teams to the Winter Olympics and Paralympic games in Sochi.

Questions & Answers

How does the Lufthansa Group prepare to face existing and future challenges?

Deutsche Lufthansa AG as an aviation group has set itself the objective of regaining its role as the benchmark in the industry and as such the first choice for customers, employees, investors and partners. The company has unveiled an extensive range of actions which will enable it to derive greater benefit from the continued growth of the global air transport market. These include new platforms and products for both long-haul and European air services, an intensified partnership with Air China, an even stronger focus on quality and innovation as well as a groupwide drive to create more efficient structures and processes.

How should the Passenger Airline Group continue to develop in detail?

The Lufthansa Group will be establishing new platforms with competitive cost structures to ensure that it benefits from the further growth of the aviation sector. Thus, the Group's present multi-brand system with its multi-hub system in Frankfurt, Munich, Zurich, Vienna and Brussels will be complemented by the new "WINGS" multi-platform concept in the Group's European home markets. The new WINGS family, which will build on the success of the Germanwings concept, addresses specifically the high-growth market for private air travel. The Group will use the new WINGS brand umbrella to bundle the various platforms for its point-to-point air travel business and is considering extending the concept to long-haul services, too.

What plans are there for the service segments?

As an aviation group, the Lufthansa Group will be devoting sizeable resources to further developing its various service companies. The world market leaders Lufthansa Technik and LSG Sky Chefs are also benefiting from the expansions of numerous Lufthansa competitors, especially the Gulf-based carriers, and thus serve as a natural "hedge" in the global competitive landscape.

Corporate Responsibility

Lufthansa Group tests hybrid-electric TaxiBot aircraft towing tractor at Frankfurt Airport

An important step towards greater e-mobility in the aviation sector: the last required certification tests for the innovative TaxiBot aircraft towing tractor have been completed. The European Aviation Safety Agency (EASA) is currently handling the request for approval. The TaxiBot is a towbar-less, 800 hp, hybrid-electric aircraft towing tractor which is intended for towing procedures between the gate and the runway when the aircraft's engines are turned off. A special nose wheel cradle registers all the steering movements and transfers these to steering the tractor's eight wheels. This enables the pilot to steer the tractor, using "Pilot Control Mode" after pushing back from the gate, until it is released at the runway. Only then does the pilot start the aircraft's engines. This means that CO₂ and noise emissions can also be reduced on the ground.

Lufthansa Group publishes Balance 2014 sustainability report

The Lufthansa Group airlines are setting global standards in responsible mobility. The active reduction of flight noise is therefore a key element of the Group's social responsibility. A dedicated chapter of the recent Balance sustainability report published at the end of June 2014 is dedicated to the topic of "More quietly into the future". For 15 years, the company has been an active member of the "Leiser Verkehr" (quiet traffic) research alliance. As part of this initiative run by the German Aerospace Center (DLR), the causes of noise and opportunities to reduce these are investigated.

The Balance sustainability report and more details on different aspects of the Lufthansa Group's corporate responsibility can be found at www.lufthansagroup.com/responsibility.

Contact

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If you have any questions please do not hesitate to contact us by telephone **+49 69 696-28001** or by email at investor.relations@dlh.de.

Disclaimer in respect of forward-looking statements

Information published in this Shareholder Information with regard to the future development of the Lufthansa Group and its subsidiaries consists purely of forecasts and assessments and not of definitive historical facts. Its purpose is exclusively informational and is identified by the use of such terms as 'believe', 'expect', 'forecast', 'intend', 'project', 'plan', 'estimate', 'assume' and 'endeavour'. These forward-looking statements are based on all discernible information, facts and expectations available at the time. They can, therefore, only claim validity up to the date of their publication.

Since forward-looking statements are by their nature subject to uncertainties and imponderable risk factors – such as changes in underlying economic conditions – and rest on assumptions that may not, or divergently occur, it is possible that the Group's actual results and development may differ materially from those implied by the forecasts. The Lufthansa Group makes a point of checking and updating the information it publishes. It cannot, however, assume any obligation to adapt forward-looking statements to accommodate events or developments that may occur at some later date. Accordingly, it neither expressly nor conclusively accepts liability, nor gives any guarantee for the actuality, accuracy or completeness of this data and information.

Financial Calendar

30.10.2014	Release of 3rd Interim Report for 2014
12.03.2015	Release of Annual Report 2014
29.04.2015	Annual General Meeting, Hamburg
05.05.2015	Release of 1st Interim Report for 2015
30.07.2015	Release of 2nd Interim Report for 2015

The next Shareholder Information will be published in November 2014.

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