Shareholder Information August 2016

Ladies and Gentlemen,
dear shareholders,

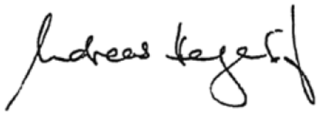
The Lufthansa Group can look back on a satisfactory first half of 2016: Adjusted EBIT, our leading forecasting indicator, is up on last year. We have reduced our net debt compared with the end of 2015 and our financial stability has increased. Unit costs at the passenger airlines are falling and we have agreed a wage settlement with the UFO flight attendants' union that further strengthens the future viability of the Lufthansa Group.

Despite these successes, we had to reduce our forecast for the full year. Instead of Adjusted EBIT "slightly above the previous year", we now expect Adjusted EBIT "below the previous year". Advance bookings, especially on long-haul routes to Europe, have declined significantly, due in particular to repeated terrorist attacks in Europe and to greater political and economic uncertainty since the original forecast was made in March.

Hence, under these circumstances we continue to work systematically to shape our Group's structures and cost positions sustainably and competitively. In order to achieve this, we launched the "7to1 – Our Way Forward" programme already two years ago. We are delighted to provide you with an overview of the progresses achieved in the seven fields of action in this issue.

Thank you for your continued trust.

Kind regards,



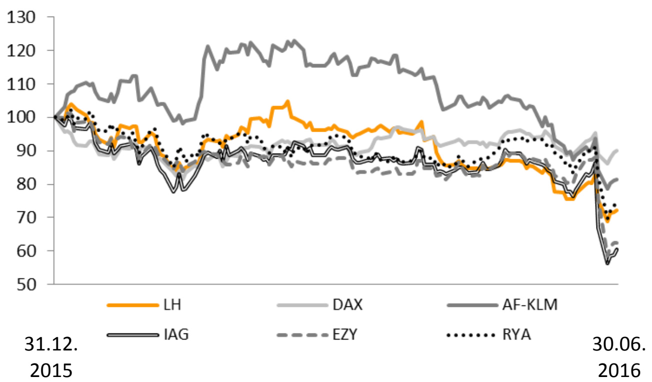
Andreas Hagenbring
Head of Investor Relations,
Deutsche Lufthansa AG

Key figures January – June 2016

		Jan. – June 2016	Jan. – June 2015	Change in %
Revenue and result				
Total revenue	€m	15,042	15,365	-2.1
of which traffic revenue*	€m	11,637	12,181	-4.5
EBIT	€m	518	463	11.9
Adjusted EBIT	€m	529	468	13.0
EBITDA	€m	1,361	1,316	3.4
Net profit/loss for the period	€m	429	954	-55.0
Key balance sheet and cash flow statement figures				
Total assets	€m	35,054	33,088	5.9
Equity ratio	%	10.4	17.5	-7.1 pts.
Net indebtedness	€m	2,499	2,363	5.8
Cash flow from operating activities	€m	2,193	2,527	-13.2
Capital expenditure (gross)	€m	1,167	1,498	-22.1
Lufthansa share				
Share price at the quarter-end	€	10.53	11.57	-9.0
Earnings per share	€	0.92	2.06	-55.3
Traffic figures*				
Passengers	thousands	51,287	50,925	0.7
Available seat-kilometres	millions	138,086	132,572	4.2
Revenue seat-kilometres	millions	105,559	103,857	1.6
Passenger load factor	%	76.4	78.3	-1.9 pts.
Available tonne-kilometres	millions	7,315	7,293	0.3
Revenue tonne-kilometres	millions	4,809	4,933	-2.5
Cargo load factor	%	65.7	67.6	-1.9 pts.
Overall load factor	%	72.0	73.4	-1.4 pts.
Flights	number	502,651	490,887	2.4

* Previous year's figures have been adjusted.

Performance of the Lufthansa share, indexed as of 31.12.2015, compared with the DAX and competitors in % (excluding dividend)



At the end of the first half-year 2016, the Lufthansa share was trading at EUR 10.53. This represents a fall in the share price of 27.7 per cent against the end of the previous year. The DAX index fell by 9.9 per cent over the same period. Along with the generally tense political situation, the result of the referendum held in the United Kingdom on the country's continued membership of the European Union ("Brexit") was a significant reason for the particularly poor performance of European airline shares.

As of 30 June 2016, six analysts recommended the Lufthansa share as a buy, eleven as a hold and ten as a sell. The average target price was EUR 13.02.

The second interim report 2016 as well as the related presentation of the board are available on the website **http://www.lufthansagroup.com/investor-relations.**

Economic development

The Lufthansa Group reported a positive performance overall in the first six months of the financial year. Revenue was down compared with last year, largely due to lower traffic revenue at the airlines, but Adjusted EBIT was higher. The improvement stemmed primarily from the positive performance of the Passenger Airline Group, which is largely attributable to the good result at Lufthansa Passenger Airlines. Behind the positive performance were lower fuel costs compared with the previous year, lower unit costs and the absence of negative non-recurring effects from the same period last year. Lufthansa Cargo and Lufthansa Technik, in particular, reported significantly lower earnings in the period under review.

Significant events

Ulrik Svensson, currently CEO of the Swedish company Melker Schörling AB and former CFO of SWISS International Airlines, was appointed as a member of the Executive Board with responsibility for the finance function from 1 January 2017 until 31 December 2019. He succeeds Simone Menne who will leave the Company at her own request as of 31 August 2016.

In early July 2016, Lufthansa Passenger Airlines and the UFO flight attendants' union – subject to the approval of its members – accepted an arbitration proposal to end their collective bargaining dispute. The parties have agreed to abide by the proposal over the long term. The wage settlement runs until 30 June 2019 and the collective agreements on retirement and transitional benefits until 2023. Retirement and transitional benefits are to be switched entirely from a defined-benefit to a defined-contribution system. In addition, the collective bargaining partners have agreed to apply by a number of conflict resolution mechanisms until 2023. Other elements of the arbitration agreement relate to moderate pay increases, the switch to a new pay structure dependent on qualifications, increased long-term competitiveness by means of cost monitoring as well as an employment guarantee for all cabin crew at Lufthansa Passenger Airlines until 2021.

Outlook

The Lufthansa Group's overall result developed positively in the first six months of the current financial year, with an increase in earnings compared with last year's successful performance. However, the quality of the earnings improvement was not satisfactory. Of the operating segments, only the Passenger Airline Group was able to improve its earnings, which in turn was down only to Lufthansa Passenger Airlines after eliminating non-recurring effects.

Advance bookings, especially on long-haul routes to Europe, have declined significantly, due in particular to repeated terrorist attacks in Europe and to greater political and economic uncertainty since the original forecast was made in March. From today's perspective, the Executive Board no longer believes it likely that bookings will recover again in full. For this reason, the Executive Board of Deutsche Lufthansa AG has decided to lower the full-year forecast for Adjusted EBIT from "slightly above previous year" to "below previous year", even though earnings in the first half-year were higher than the previous year.

The Executive Board expects unit revenues in the Passenger Airline Group segment to deteriorate, especially in the third quarter. The Executive Board now anticipates that currency-adjusted unit revenues will fall by 8 to 9 per cent in the second half-year. Planned capacity growth at the passenger airlines has been cut from 6.0 to 5.4 per cent for the full year. The Executive Board stands by its forecast of a decline of some 2 to 3 per cent in unit costs after adjustment for exchange rates and fuel costs in the second half-year. On current estimates, fuel costs will go down by approximately EUR 350m in the second half-year.

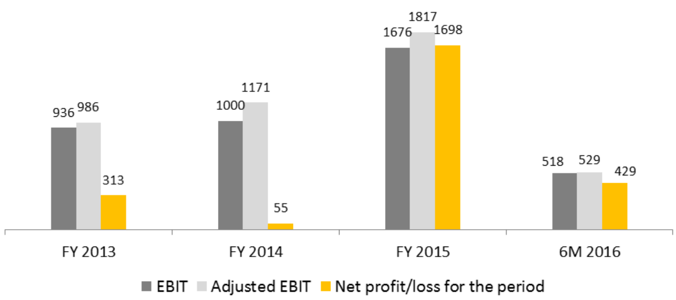
Overall risks from underlying macroeconomic and geopolitical developments remain unchanged and continue to represent an uncertainty for the development of revenue and earnings, especially for the Passenger Airline Group.

In view of its current earnings performance, Lufthansa Cargo is now expecting Adjusted EBIT for 2016 to be negative. Lufthansa Technik continues to expect Adjusted EBIT to be significantly below that of the previous year in 2016. LSG group continues to expect Adjusted EBIT to be slightly below last year in 2016.

Revenue and Adjusted EBIT by business segment (Jan. – June 2016)

	Revenue in €m	Change compared with previous year in %	Adjusted EBIT in € m	Change compared with previous year in %
Passenger Airline Group	11,302	-2.9	441	77.1
Logistics	976	-19.1	-45	
MRO	2,538	-0.7	204	-23.9
Catering	1,526	5.4	24	-7.7
Other	215	-17.9	-81	42.1

Development EBIT, Adjusted EBIT and Net profit/loss for the period in €m



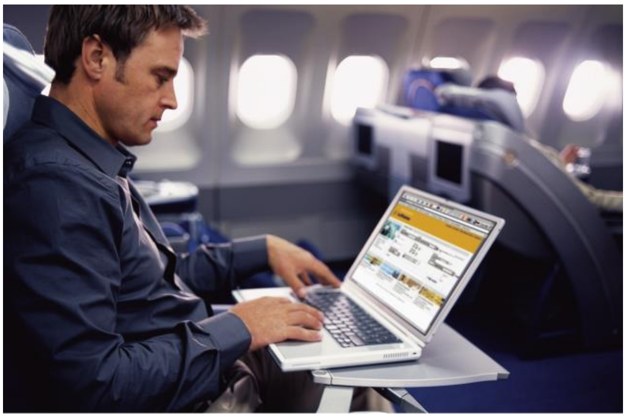
Two years “7to1 – Our Way Forward”

The strategic agenda “7to1 – Our Way Forward” launched in 2014 comprises seven areas of action in order to achieve the goal “Lufthansa – First choice for customers, employees, shareholders and partners”. Two years after the programme was launched, a large number of measures have already been put into practice in the individual areas of action and key targets have been reached:

Customer orientation and quality focus
Lufthansa Passenger Airlines strive for quality leadership in its markets. Important milestones to achieving this were already reached successfully. All long-haul aircraft have now been upgraded with the installation of the new Business and Economy Class and complemented with the new Premium Economy Class. The new First Class cabin has also been installed in 76 aircraft. In-flight service concepts have been reworked. From October 2016 the entire Airbus A320 fleet will be equipped successively with broadband internet connections.

New concepts for growth
The new Eurowings commenced flight operations in 2015. Since then, the range of domestic European routes has increased steadily and complemented by long-haul flights. It is intended to use organic growth and consolidation to further expand Eurowings’ position as the biggest point-to-point airline in our home markets. Furthermore, Lufthansa Group entered into new, commercial joint ventures with Singapore Airlines, General Electric and ANA Cargo.

Innovation and digitalisation
The new sales strategy is starting to pay off. The Distribution Cost Charge levied on tickets issued via a global reservation system has been accepted by the market. At the same time, the share of direct bookings at the network airlines has continually increased and demand has also increased for complementary services such as upgrade or baggage services. In future times focus will be on personalised services and offers as well as innovative and digital products along the whole transport chain.



Effective and Efficient Organisation
The organisation is to be structured much more functionally across all business segments, and its commercial, operational and administrative functions integrated more closely. The new organisational structure was implemented at the beginning of July 2016. Allover organisational change shall have an earnings contribution of EUR 500m from 2019 on. In the second half of 2016 further measures will be implemented to also enhance efficiency within administrative processes.

Culture and leadership
Within the scope of the reorganisation decided by the Executive Board in 2015, the Lufthansa Group is being restructured along process lines, with responsibilities being pooled and hierarchies reduced. Now, there are three Leadership Circles beneath the Executive Board, instead of the previous four management levels. The new management structure will be introduced in stages and should be completed by the end of 2017. Altogether, the number of management positions in commercial and operational functions at the network airlines has already been cut by 22 per cent.

Value-based steering
In 2015 the Lufthansa Group introduced a new system of key performance indicators. The new metric is more transparent, easier to handle and can be fully integrated in the system of key performance indicators for value-based management. It therefore reflects shareholder demands for an appropriate return on capital and sustainable increases in the value of the Company now and in the future.

Continuous improvement
The network airlines took a number of key strategic decisions in order to sustainably improve their revenue quality. At the same time, steps were taken that are intended to contribute to the lasting optimisation of costs. The service companies initiated or continued wide-ranging efficiency programmes. Lufthansa Cargo already launched a comprehensive cost-cutting programme with a volume of EUR 80m annually. Lufthansa Technik undertook successful negotiations with the ver.di trade union on measures to increase efficiency in order to maintain the engine overhaul plant in Hamburg. LSG Group plans to outsource some areas and to close decentralised plants. Best practice developed from these measures will be implemented successively within the whole Lufthansa Group.

Questions & Answers

Despite all cost pressure – what does the Lufthansa Group do to enhance its product?
This is not contradictory. The Lufthansa Group will take delivery of 52 aircraft this year which means on average one new aircraft per week. These will reduce cash operating costs by an average of around 20 per cent compared with the model that they are replacing, for example the A320neo at Lufthansa Passenger Airlines compared to a Boeing 737. They provide all amenities of modern aircraft as well as a smaller noise footprint.

How these investments in the quality of products pay-off can be seen at the example of the new Business Class product of the Lufthansa long-haul fleet. The booking patterns of 250,000 passengers were analysed. The result: Passengers who flew with the new seat have booked one additional flight on average within the next six months. Customers are rewarding the product investments with tangible results.

How does the Lufthansa Group lift itself off against its competitors?
The Lufthansa Group is also enhancing the quality of its network and is growing where there is demand. This happens via joint ventures, to North America traffic region with partner United Airlines and Air Canada and to South-East Asia with Singapore Airlines. Furthermore, the Lufthansa Group is expanding its portfolio of destinations from the hubs to tourist destinations like Cancun, Panama and San Jose.

At the same time the Lufthansa Group offers its customers even more personalised services which can be booked individually in line with its new digitalised distribution strategy. By this customers have more options to design their journey and the Lufthansa Group is able to benefit from higher income.

Corporate Responsibility

Lufthansa Group publishes 22nd Sustainability Report
In July 2016, the Lufthansa Group published its 22nd sustainability report. For over two decades the Group has been communicating important issues of corporate responsibility annually under the title “Balance”.

This year’s topic focus “Changing working environment” gives insight into the fascinating world of work of the Lufthansa Group. As a service-providing corporation, motivated and well trained employees are of utmost importance to the Lufthansa Group. The sustainability report’s priority subject “Changing working environment” thus places people up front and shows how the Group reacts to the ever-changing conditions with diverse ideas and programs. The aim is to continually offer an attractive working environment to those working on the ground and in the air, in order to inspire existing and future talent for the globally active aviation Group. This also includes offers which enable employees and managers to have a balanced professional and private life. More than 120,000 people currently work for the Lufthansa Group and in 2016, the aviation corporation will employ 4,000 new employees, of which 2,800 will be flight attendants.

Further topics include eco-efficient flying, innovative products and services for sustainable travel experience as well as refugee aid and sustainable integration projects.

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 69 696-28008** or by email at **investor.relations@dlh.de**.

Financial Calendar

02.11.2016	Release of 3rd Interim Report for 2016
16.03.2017	Release of Annual Report 2016
27.04.2017	Release of 1st Interim Report for 2017
05.05.2017	Annual General Meeting in Hamburg
02.08.2017	Release of 2nd Interim Report for 2017
26.10.2017	Release of 3rd Interim Report for 2017

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