

This document is a non-binding English language convenience translation. The only binding document is the German language offer document published on 27 February 2009.



NOTE:

SHAREHOLDERS OF AUSTRIAN AIRLINES AG WHOSE SEAT, PLACE OF RESIDENCE OR HABITUAL ABODE IS OUTSIDE THE REPUBLIC OF AUSTRIA SHOULD NOTE THE INFORMATION SET FORTH IN SECTION 5.3 OF THIS OFFER DOCUMENT.

VOLUNTARY PUBLIC TAKEOVER OFFER

pursuant to section 25 a Austrian Takeover Act (*Übernahmegesetz*, "ÜbG")

of

ÖLH Österreichische Luftverkehrs-Holding-GmbH
Austrian Airlines Basis, Obj. 974, 1300 Vienna-Airport, Austria

("Bidder")

to the shareholders of

Austrian Airlines AG
Office Park 2, 1300 Wien-Flughafen

("Target Company")

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Summary of the Offer

The following summary contains selected information of this Offer and should be read in conjunction with the detailed information contained elsewhere in this Offer Document.

Background:

The Federal Government of the Republic of Austria authorised ÖIAG to sell up to 100% of its shares in Austrian Airlines AG by means of a privatisation mandate dated 12 August 2008; this privatisation mandate was prolonged until 31 December 2008 by a resolution of the Council of Ministers (*Ministerrat*) rendered on 29 October 2008. The sale was carried out in an auction process in accordance with EU privatisation principles. Deutsche Lufthansa AG emerged as successful bidder out of that auction process. Based on the Framework Agreement concluded with ÖIAG (see section 1.1 of this Offer Document), ÖLH Österreichische Luftverkehrs-Holding-GmbH launches a voluntary public takeover offer (*freiwilliges Übernahmeangebot zur Kontrollerlangung*) to the shareholders of Austrian Airlines.

Bidder:

ÖLH Österreichische Luftverkehrs-Holding-GmbH, a limited liability company under Austrian law with its corporate seat in Vienna and its business address at Austrian Airlines Basis, Obj. 974, 1300 Vienna-Airport, registered with the Commercial Register at the Commercial Court of Vienna under FN 296310 a ("NewCo").

Target Company:

Austrian Airlines AG ("**Austrian Airlines**"), a stock corporation under Austrian law, with its corporate seat in Vienna and its business address at Office Park 2, 1300 Vienna-Airport, registered with the Commercial Register at the Commercial Court of Vienna under FN 111000 k.

Offer:

Purchase of all no-par-value shares in Austrian Airlines which are listed at the official market of the Vienna Stock Exchange and which are not in the ownership of

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ÖIAG or Austrian Airlines, i.e. 48,468,147 no-par-value bearer shares, each of which represents a participation of EUR 3 in the share capital.

Offer Price:

EUR 4.49 per no-par-value share in Austrian Airlines (ISIN AT0000620158) *cum* dividend 2008 (see section 2.1).

Conditions Precedent:

- (1) Reaching of the statutory minimum acceptance threshold of more than 50% of permanent voting shares (*ständig stimmberechtigte Aktien*) in Austrian Airlines (without consideration of the treasury shares held by the Target Company itself) according to section 25a para. 2 ÜbG, whereby the shares to be acquired by the Bidder from ÖIAG are taken into account when calculating such threshold (therefore, acceptance declarations of 6.96% of permanent voting shares (*ständig stimmberechtigte Aktien*) in Austrian Airlines are required).
- (2) Non-prohibition and/or clearance of the envisaged takeover by 31 July 2009, at the latest, by the competent antitrust authorities of (a) the European Union, (b) the United States of America, (c) Canada, (d) Turkey, (e) Israel, (f) Albania, (g) Bosnia, (h) Serbia and (i) Ukraine.
- (3) Approval of the restructuring aid to be made by ÖIAG to the Target Company in the amount of EUR 500 million (***Restructuring Aid, Restrukturierungsbeihilfe***) by the European Commission as well as the coming into force of a respective federal act enacted by the Republic of Austria regarding payment of such Restructuring Aid (***Restrukturierungsbeihilfe***) both by 31 July 2009, at the latest.
- (4) At the end of the Acceptance Period, the Bidder has acquired at least 75% of the permanent voting shares (*ständig stimmberechtigte Aktien*) in Austrian Airlines

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(without consideration of the treasury shares held by the Target Company itself).

- (5) The Target Company is neither illiquid (*zahlungsunfähig*) nor subject to liquidation, nor have insolvency or composition proceedings (*Konkurs- oder Ausgleichsverfahren*) over the assets of the Target Company or proceedings under the Austrian Restructuring Act (*Unternehmensreorganisationsverfahren*) been initiated nor has an application for the commencement of insolvency proceedings been dismissed by the competent court due to lack of sufficient funds for covering the costs of such proceedings (*Ablehnung der Konkurseröffnung mangels Masse*).

Further details of these conditions precedent and the possibility to waive such conditions precedent are contained in section 2.3.

Acceptance Period: 2 March 2009 until and including 11 May 2009 (ten weeks).

Acceptance: The acceptance of this Offer must be declared in writing and addressed to the depository bank of the respective shareholder of Austrian Airlines.

Tradability of the Tendered Shares: If a shareholder of Austrian Airlines declares his/her acceptance of this Offer in writing for a certain number of shares via his/her depository bank, the shares stated in the declaration of acceptance remain (albeit with another ISIN) in the securities account of the tendering shareholder; however, such tendered shares are re-booked, identified as "*Austrian Airlines – zum Verkauf eingereichte Aktien*" and are tradable at the Vienna Stock Exchange (see section 2.5.4 of this Offer).

Austrian Paying Agent: UniCredit Bank Austria AG, a stock corporation under Austrian law with its corporate seat in Vienna and its registered office at Schottengasse 6-8, 1010 Vienna,

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registered with the Commercial Register at the Commercial Court of Vienna under FN 150714 p acts as Austrian paying agent.

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Definitions

Shares	The shares in Austrian Airlines AG listed at the official market of the Vienna Stock Exchange (ISIN AT0000620158).
Declaration of Acceptance	Written declaration of the acceptance of this Offer by shareholders of Austrian Airlines for a certain number of Shares addressed to the financial institution or financial service provider, with which the respective shareholder of Austrian Airlines maintains his/her securities account and with which the Shares have been deposited.
APF	ÖLP Österreichische Luftverkehrs-Privatstiftung, a private foundation under Austrian law with its seat in Vienna and its registered office at Vienna Airport, Gebäude 992, 1300 Vienna-Airport, registered with the Commercial Register at the Commercial Court of Vienna under FN 322954 h.
Austrian Airlines or Target Company	Austrian Airlines AG, a stock corporation under Austrian law with its corporate seat in Vienna and its registered office at Office Park 2, 1300 Vienna-Airport, registered with the Commercial Register at the Commercial Court of Vienna under FN 111000 k.
Austrian Airlines Syndicate	ÖIAG, LVBG, Raiffeisen-Invest and Wiener Städtische.
Business Integration Guidelines	Guidelines signed on 5 December 2008 by Deutsche Lufthansa, StratCo, NewCo and APF on the one hand and Austrian Airlines on the other hand regarding the parties' common understanding regarding the Target Company's management and integration principles to be applied in the future.
Closing	Settlement of this Offer will take place after

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the initial Acceptance Period has lapsed and all conditions precedent pursuant to section 2.3.1 have been fulfilled; it is intended for the Closing of this Offer and the closing of the Share Purchase Agreement regarding the acquisition of the ÖIAG-Shares to take place on the same day.

Depository Bank

Financial institution or financial service provider with which shareholders of Austrian Airlines maintain their securities account and with which they have deposited their Shares.

Deutsche Lufthansa

Deutsche Lufthansa AG, a stock corporation under German law with its corporate seat in Cologne and its business address at Von-Gablenz-Str. 2-6, 50679 Cologne, Germany, registered with the Commercial Register at the Local Court of Cologne under HRB 2168.

Framework Agreement

Agreement dated 5 December 2008, concluded by ÖIAG, Deutsche Lufthansa, StratCo, APF, NewCo and Austrian Airlines, regarding the transaction structure.

Offer Shares

48,468,147 bearer shares in Austrian Airlines, i.e. all no-par-value shares in Austrian Airlines with the exception of the treasury shares held by the Target Company itself (3,039,702 bearer shares) and the ÖIAG-Shares, which are acquired in parallel to this Offer.

Lufthansa Group

Deutsche Lufthansa and its group companies.

LVBG

LVBG Luftverkehrsbeteiligungs GmbH, a limited liability company under Austrian law with its corporate seat in Vienna and its registered seat at Gölsdorfasse 3/5, 1010 Vienna, registered with the Commercial Register at the Commercial Court of Vienna under FN 193968 y. The private foundation "Privatstiftung zur Verwaltung von Anteilsrechten" is the indirect sole shareholder of LVBG.

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NewCo or Bidder	ÖLH Österreichische Luftverkehrs-Holding-GmbH, a limited liability company under Austrian law with its corporate seat in Vienna and its registered office at Austrian Airlines Basis, Obj. 974, 1300 Vienna-Airport, registered with the Commercial Register at the Commercial Court of Vienna under FN 296310 a.
ÖIAG	Österreichische Industrieholding AG, a stock corporation under Austrian law with its corporate seat in Vienna and its registered office at Dresdner Straße 87, 1200 Vienna, registered with the Commercial Register at the Commercial Court of Vienna under FN 80286 v.
ÖIAG-Shares	36,626,875 Shares in Austrian Airlines AG in the ownership of ÖIAG (corresponding to 41.56% of the share capital).
ÖIAG Shareholders' Agreement	Shareholders' Agreement concluded by ÖIAG, LVBG, Raiffeisen-Invest and Wiener Städtische dated 18 September 1998, last amendment dated 8 February 2001. The parties of the ÖIAG-Shareholders' Agreement hold (without consideration of the treasury shares held by the Target Company itself) more than 50% of the permanent voting shares (<i>ständig stimmberechtigte Aktien</i>) in Austrian Airlines.
Privatisation Mandate	Authorisation of ÖIAG granted on 12 August 2008 by the Federal Government of the Republic of Austria pursuant to section 7 para. 1 ÖIAG Act 2000 to sell up to 100% of ÖIAG-Shares in Austrian Airlines, as amended by the resolution of the Council of Ministers (<i>Ministerrat</i>) rendered on 29 October 2008.
Raiffeisen-Invest	Raiffeisen-Invest-Gesellschaft mbH, a limited liability company under Austrian law with its corporate seat in Vienna and its registered office at Am Stadtpark 9, 1030 Vienna,

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registered with the Commercial Register at the Commercial Court of Vienna under FN 102180 s. Raiffeisen Zentralbank Österreich AG is the indirect sole shareholder of Raiffeisen-Invest.

Restructuring Aid

Contribution to the restructuring of the Target Company made directly or indirectly by the Republic of Austria in the amount of EUR 500 million, whereby such contribution still (i) requires a respective federal act to be enacted by the Republic of Austria and (ii) must be approved by the EU-Commission on its merits as well as in respect to its amount.

Shareholders' Agreement

Shareholders' Agreement concluded between, amongst others, StratCo and APF on 5 December 2008 with respect to their shareholdings in NewCo. Such Shareholders' Agreement governs (i) the appointment of members to corporate bodies in NewCo, (ii) the issuance of instructions to the managing directors of NewCo in respect to the exercise of their voting rights in shareholders' meetings of Austrian Airlines, (iii) nomination rights regarding the supervisory board of Austrian Airlines and (iv) the coordination of voting rights in shareholders' meetings of NewCo.

Share Purchase Agreement

Share purchase agreement concluded between ÖIAG and NewCo on 5 December 2008 regarding the purchase of the ÖIAG-Shares by NewCo and sale of the ÖIAG-Shares by ÖIAG.

StratCo

ÖLB Österreichische Luftverkehrs-Beteiligungs-GmbH, a limited liability company under Austrian law with its corporate seat in Vienna and its registered office at Mariahilfer Straße 123, 1060 Vienna, registered with the Commercial Register at the Commercial Court of Vienna under FN 304804 t. Deutsche Lufthansa is the sole

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shareholder of StratCo.

Wiener Städtische

Wiener Städtische Versicherung AG Vienna Insurance Group, a stock corporation under Austrian law with its corporate seat in Vienna and its business address at Schottenring 30, 1010 Vienna, registered with the Commercial Register at the Commercial Court of Vienna under FN 75687 f.

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1. Current Situation and Reasons for the Offer

1.1 Current Situation

1.1.1 Lufthansa Group

The Lufthansa Group is an aviation company operating worldwide, led by its ultimate parent company Deutsche Lufthansa AG, a listed company. The group is active in five business segments, each of which holds a leading position in its respective industry. With its strategic business segments Passenger Transportation and Logistics, Deutsche Lufthansa offers mobility for both passengers and freight. With the three business segments Engineering (MRO), IT Services and Catering, Deutsche Lufthansa moreover offers comprehensive services for its own airlines as well as for carriers outside the group. The Lufthansa Group includes an aggregate of more than 400 subsidiaries and affiliates. In the first nine months of the fiscal year 2008, the Lufthansa Group employed an average of approximately 108.215 employees. In the fiscal year of 2007, it generated revenues of EUR 22.4 billion.

1.1.2 Austrian Airlines

Austrian Airlines is a stock corporation under Austrian law with its corporate seat in Vienna and its business address at Office Park 2, 1300 Wien-Flughafen, registered with the Commercial Court Vienna at FN 111000 k. The shares of Austrian Airlines are listed at the official market of the Vienna Stock Exchange (Wiener Börse AG) at ISIN AT0000620158.

1.1.3 Regulatory Environment and Current Shareholder Structure

According to Council Regulation No 2407/92 dated 23 July 1992 on licensing of airlines, airlines within the European Union shall be owned directly or through majority membership by Member States of the European Union and/or by nationals of Member States of the European Union. Further, airlines shall at all times be effectively controlled by such Member States or such nationals. Austria has concluded bilateral conventions on carriage by air with more than 100 countries worldwide. According to these treaties, more than 50% of the airlines shall remain in the ownership of Austrian citizens. More recent bilateral conventions on carriage by air refer to EU-citizens instead of Austrian citizens. Due to these restrictions under European and international law, a syndicate consisting of Austrian companies currently holds (without consideration of the treasury shares held by the Target Company itself) more than 50% of the permanent voting shares of Austrian Airlines.

ÖIAG, LVBG, Raiffeisen-Invest and Wiener Städtische are partners of the ÖIAG Shareholders' Agreement. According to most recent information available to the Bidder, the Austrian Airlines syndicate currently holds the following Shares: ÖIAG holds 36,626,875 Shares (41.56%); LVBG holds 2,061,820 Shares (2.34%); Raiffeisen-Invest holds 2,941,870 Shares (3.34%) and Wiener Städtische holds 1,209,436 Shares (1.37%). The participation of the Austrian Airlines syndicate in the permanent voting shares of Austrian Airlines therefore amounts to 48.61% (42,840,001 shares). The 3,039,702 treasury shares held by Austrian Airlines itself (3.45%) do not carry any voting rights pursuant to Section 65 para. 5 Austrian Stock Corporation Act (Aktiengesetz). This results in a voting weight of the Austrian Airlines syndicate of 50.34%.

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1.1.4 Privatisation Mandate

The Federal Government of the Republic of Austria has authorized ÖIAG to sell up to 100% of its shares in Austrian Airlines pursuant to the Privatisation Mandate dated 12 August 2008; this privatisation mandate was prolonged until 31 December 2008 by a resolution of the Council of Ministers (Ministerrat) rendered on 29 October 2008. The objectives pursued by the Austrian Government in the Privatisation Mandate were, in particular, the retention of the trademark "Austrian", the maintenance of the headquarters in Austria, the maintenance of a route network adequate for Austria considering the business and employment situation, the best possible preservation of secure jobs at Austrian Airlines and at the Vienna airport as well as the formation of a committee for the protection of interests of Austria.

The sales process organized by ÖIAG on the basis of the Privatisation Mandate was effected by an auction process following the principles of privatisation established by the XXIII. report on competition policy by the European Commission of 1993. From this process, the Lufthansa Group emerged as successful Bidder.

1.1.5 Framework Agreement, Share Purchase Agreement and Earn-Out Option (Warrant)

Deutsche Lufthansa, StratCo, APF, NewCo and ÖIAG have entered into a Framework Agreement on 5 December 2008 stipulating the basic arrangements between the parties relating to the sale of ÖIAG Shares to NewCo, further details regarding the future financing and capitalisation of Austrian Airlines, the transaction structure and the future organisational structure. In the Framework Agreement, ÖIAG undertakes to sell all ÖIAG Shares to NewCo on the basis of a Share Purchase Agreement concluded on the same day.

The consideration for the sale and transfer of ÖIAG Shares is a cash compensation in the amount of EUR 0.01 per share and a warrant which is, to a large extent, dependent on the future EBITDAR-performance of the Target Company and to a lesser extent on the performance of the shares in Deutsche Lufthansa in relation to the performance of the shares of other major European air carriers; the consideration potentially payable under the warrant upon expiry of three fiscal years (i.e., the calendar years 2009, 2010 and 2011) is limited by an aggregate amount of around EUR 164 million, thus with an amount of EUR 4.48 per Share, so that the consideration under the warrant, allocated to the price per ÖIAG Share plus EUR 0.01 per Share on the basis of the Share Purchase Agreement, by no means can be higher than the Offer Price offered to the free float shareholders.

ÖIAG contractually undertook to secure an interim financing of up to EUR 200 million for the Target Company as Rescue Aid in order to mitigate the dramatic economic situation of the Target Company and, in particular, the liquidity shortage connected therewith. The Target Company may utilize this interim financing exclusively within the scope of an agreed-upon draw-down schedule for the repayment of due financial obligations. For the time period until 31 July 2009, the agreed-upon draw down of such interim financing amounts to EUR 113 million. In addition to these EUR 113 million, the Target Company, within the scope of the interim financing (Rescue Aid), may draw two further tranches in the amount of up to EUR 10 million each in order to cover losses resulting from the operative business, if this is necessary to

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prevent imminent insolvency. The Target Company had to draw down the first of these two tranches already in January 2009; the second tranche will be drawn down in March 2009. The remainder of such interim financing of up to EUR 200 million shall, if required, support bridging the financial requirements until 30 June 2009 or until the Closing, whichever occurs earlier, and is conditional upon approval by the Bidder; the interim financing is repayable upon the execution of the capital increase (see point 1.1.6), but in any case on or before 31 December 2009 or, based on an extension option, until 30 June 2010.

Out of the conditions precedent to the closing of the acquisition of the ÖIAG Shares, the following conditions precedent are not yet fulfilled on the day of the publication of this Offer Document: (i) reaching of the statutory minimum acceptance threshold pursuant to Section 25a para. 2 ÜbG of more than 50% of permanent voting shares in Austrian Airlines (without consideration of the treasury shares held by the Target Company itself), whereby the shares to be acquired by ÖIAG are included when calculating such threshold, (ii) approval under EU state aid regulations of the contribution in the amount of EUR 500 million to be directly or indirectly made by the Republic of Austria for the financial restructuring of the Target Company ("Restructuring Aid") as well as the coming into force of a respective federal act to be enacted by the Republic of Austria allowing for such Restructuring Aid, (iii) the non-prohibition and/or clearance of the envisaged takeover by the competent antitrust authorities, (iv) the Bidder holding at least 75% of the permanent voting shares in Austrian Airlines outstanding at the expiry of the original Acceptance Period and (v) the Target Company is neither illiquid (*zahlungsunfähig*) nor subject to liquidation, nor have insolvency or composition proceedings (*Konkurs- oder Ausgleichsverfahren*) or proceedings under the Austrian Restructuring Act (*Unternehmensreorganisationsverfahren*) been initiated nor has an application for the commencement of insolvency proceedings been dismissed by the competent court due to lack of sufficient funds for covering the costs of such proceedings (*Ablehnung der Konkurseröffnung mangels Masse*).

The content of the conditions precedent of the Share Purchase Agreement, therefore, corresponds to the content of the Conditions Precedent contained in this Offer Document.

Moreover, in case of fundamental breach of the contract by ÖIAG or the Target Company, Austrian law entitles the Bidder to terminate the Framework Agreement and/or the Share Purchase Agreement for important cause; also in such case, the acquisition of ÖIAG Shares would not take place. If the acquisition of ÖIAG Shares does not occur, the minimum acceptance thresholds contained in the conditions pursuant to point 2.3.1 (i) and (iv) will not be reached, and this Offer will therefore probably fail.

1.1.6 Capital Increase

The consideration set forth in section 1.1.5 was determined by the parties of the Share Purchase Agreement to be a fair reflection of the Target Company's economic situation; at the same time, ÖIAG undertook to ensure a contribution to the financial restructuring of the Target Company in the amount of EUR 500 million, which shall be provided by NewCo to the Target Company in the course of a capital increase *y*. In principle, such capital increase shall be effected within 8 months after Closing, and may be carried out in the form of a capital increase against cash or in-kind contribution, with or without the exclusion of subscription rights of existing

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shareholders, or by means of a statutory merger of a cash box company with the Target Company; such envisaged capital increase will further dilute the free float shareholders. A part of the Restructuring Aid in the amount of EUR 500 million will also be used for the repayment of the utilised part of the bridge financing (Rescue Aid).

1.1.7 Extraordinary Shareholders' Meeting

In the Framework Agreement, the parties further undertook to ensure that an extraordinary shareholders meeting will be called. This meeting is envisaged to take place shortly before Closing. The following items are planned to be on the agenda:

- (i) granting of authorised capital in the highest amount legally permissible;
- (ii) amendment of the articles of association of the Target Company to the effect that the latter shall retain the trademark "Austrian" and that the corporate seat and the headquarters of the company shall be Vienna, as well as the establishment of an advisory committee; such advisory committee shall be consulted by the supervisory board of Austrian Airlines in matters referred to in the Privatisation Mandate; and
- (iii) adoption of a resolution on changes in the supervisory board, whereby ÖIAG undertook to vote for those members of the supervisory board proposed by StratCo.

The resolutions regarding the agenda items (i) to (iii) shall be adopted under the condition precedent of the Closing of this Offer.

1.1.8 Shareholders' Agreement

On 5 December 2008, StratCo as a member of the Lufthansa Group and APF as an Austrian private foundation have also entered into a Shareholders' Agreement regarding their participations in NewCo. This Shareholders' Agreement essentially provides for (i) the appointment of members to corporate bodies in NewCo, (ii) the issuance of instructions to the managing directors of NewCo in respect to the exercise of their voting rights in shareholders' meetings of Austrian Airlines, (iii) nomination rights regarding the supervisory board of Austrian Airlines and (iv) the coordination of voting rights in shareholders' meetings of NewCo.

1.1.9 Voluntary Offer to Acquire a Controlling Interest

In accordance with the terms of the Framework Agreement, NewCo launches a voluntary offer to acquire a controlling interest to all shareholders of Austrian Airlines. According to the terms of the Framework Agreement, ÖIAG has concluded with NewCo a Share Purchase Agreement for the acquisition of all ÖIAG Shares, and ÖIAG will, thus, transfer the ÖIAG Shares to NewCo in parallel to the Takeover Offer. It is planned to close the acquisition of Shares by the Bidder on the basis of the Takeover Offer and on the basis of the Share Purchase Agreement on the same day ("**Closing**").

1.1.10 Bidder

NewCo is a limited liability company (*GmbH*) under Austrian Law; 50.2% of its shares are held by APF and 49.8% are held by StratCo. For the purpose of this Offer, NewCo, StratCo, APF as

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well as Deutsche Lufthansa and its affiliates are parties acting in concert in terms of Section 1 fig. 6 ÜbG. Neither NewCo nor any parties acting in concert with NewCo directly or indirectly hold any shares of the Target Company at the moment of the publication of this Offer.

1.2 Reasons for the Offer

1.2.1 Legal Reasons for the Voluntary Offer to Acquire a Controlling Interest

In compliance with the Privatisation Mandate of the Federal Government of the Republic of Austria dated 12 August 2008, ÖIAG was authorized pursuant to Section 7 para. 1 ÖIAG Act 2000 (*ÖIAG Gesetz 2000*) to sell up to 100% of the Shares held by ÖIAG; this privatisation mandate was prolonged until 31 December 2008 by a resolution of the Council of Ministers (*Ministerrat*) rendered on 29 October 2008.

Upon approval of the envisaged acquisition of up to 100% of the Shares in Austrian Airlines by the supervisory board of Deutsche Lufthansa, an announcement pursuant to Section 5 ÜbG was published already on 3 December 2008. In the Framework Agreement concluded on 5 December 2008, the Bidder undertook to launch a voluntary offer to acquire a controlling interest pursuant to Section 25a ÜbG to all free float shareholders of Austrian Airlines with the exception of ÖIAG and the treasury shares held by the Target Company itself.

By decree dated 18 December 2008, the Takeover Commission extended the period for the filing of the Offer Document pursuant to Section 10 para. 1 ÜbG to 40 trading days, so that the last day for the filing of the Offer Document was 6 February 2009.

1.2.2 Economic Reasons for the Business Combination

The Lufthansa Group has been pursuing a strategy of sustainable and profitable growth for several years.

"Lufthansa" is a globally recognised trademark representing a quality-oriented aviation group. Its activities are divided into five business segments. Among these business segments, not only the Passenger Transportation business segment has achieved an internationally outstanding position. The segments Logistics, engineering (MRO), IT Services and Catering as well, take a leading position in their respective industries.

The Passenger Transportation business segment has not only grown substantially over the last years, it also experienced a continuous increase in profitability. Within the last five years, the adjusted operating margin of the Group (operating result including reversal of provision to group revenue) has improved by a total of 5.5 percentage points to 6.9% in the fiscal year 2007. Such improvement has led to Deutsche Lufthansa meanwhile being regarded as one of the most profitable airlines in Europe.

The Passenger Transportation business segment contains the following airlines of the Group: Lufthansa, Cityline, Eurowings, SWISS, Air Dolomiti, Germanwings and further includes stakes in British Midland, SunExpress and jetBlue.

Most recently, the acquisition of the Belgian airline Brussels Airlines was initiated, the closing of which is subject to the condition precedent of antitrust approval by the EU Commission.

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Conversely, Deutsche Lufthansa sold its stake in Thomas Cook AG (which, in turn, holds a stake in the airline Condor) in 2007. Moreover, Thomas Cook AG may exercise a call-option, and Deutsche Lufthansa a put-option on the 24.9% of Condor's share capital currently still held by Deutsche Lufthansa. Provided that this minority interest will shortly be disposed of by Deutsche Lufthansa, the latter would thereafter not hold an interest in Condor any longer.

Austrian Airlines is a renowned airline with a "Focus East" strategy in the regions Central and Eastern Europe (CEE), Middle East and Asia.

Already in the past, Deutsche Lufthansa and the Target Company have maintained a close cooperation: Such cooperation was cleared by the EU Commission (according to the declaration system in force at that time) for the time period until 31 December 2005 (decision by the EU-Commission dated 5 July 2002, (COMP/37.730 – AuA/LH, reference number K(2002) 2502); since the reform of EU antitrust law with effect as of 1 May 2004, an application for exemption (or its extension) is not possible any longer and it remains with the parties to determine by themselves whether their cooperation is restrictive of competition in the sense of Article 81 para. 1 of the EC Treaty and, if applicable, the criteria for exemption under Article 81 para. 3 of the EC Treaty are fulfilled. The cooperation, which has not been contested by the EU Commission so far, particularly concerned the neighbourhood air traffic between Austria and Germany, a common marketing strategy within the regime of the frequent flyer programme Miles-and-More and the common usage of airport facilities and services.

Due to the difficult economic situation of the Target Company in recent years, particularly in the fiscal year 2008, and in context with the global crisis of stock and financial markets, the Republic of Austria has recognized the necessity of a reorientation of Austrian Airlines. Moreover, the privatisation process was triggered by the fact that the envisaged entry of the investor Al Jaber in the first half of 2008 did not materialise, and that the global economic crisis increasingly revealed that the stand-alone strategy originally pursued by Austrian Airlines cannot be continued successfully. The dramatic situation was also highlighted by the liquidity shortage of the Target Company towards the end of the fiscal year 2008, which could only be mitigated by a Rescue Aid (interim financing, *Zwischenfinanzierung*) in the amount of up to EUR 200 million. Because of the existing cooperation as described above, the participation in the privatisation process conducted by the Federal Government of the Republic of Austria represented an interesting option for Deutsche Lufthansa.

2. Offer

2.1 Subject of the Offer

The offer is aimed at the acquisition of all Shares of Austrian Airlines (ISIN AT000620158) listed at the official market of the Vienna Stock Exchange, each of which represents a participation of EUR 3,- in the share capital, which are neither held by the Bidder, by a party acting in concert with the Bidder, by ÖIAG, nor as treasury shares by the Target Company itself. Therefore, this Offer does aim (i) neither at the acquisition of the 36,626,875 ÖIAG-Shares, (ii) nor at the acquisition of the 3,039,702 treasury shares held by Austrian Airlines itself. The Target Company has agreed not to sell the 3,039,702 treasury shares held by itself.

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Because of the Stock Option Plan 2007's vesting period until 31 May 2009, the current share price, as well as the expected annual result of Austrian Airlines for the business year 2008, the exercise of option rights will not be possible during the Acceptance Period. There do not exist any agreements with the Bidder on the termination or alteration of the Stock Option Plan 2007 in case of a successful takeover.

Since neither the Bidder nor any parties acting in concert with the Bidder are holding Shares in the Target Company at the time of the publication of this Offer, this Offer is aimed at the acquisition of up to 48,468,147 bearer Shares. This represents 54.99% of the entire share capital of the Target Company.

In case the general shareholders' meeting of Austrian Airlines decides to distribute dividends in line with a proposal of the management board, this Offer is to be understood as *cum* dividend for the financial year of 2008; taking into account the economic situation of the Target Company and the expected annual result for the business year 2008, however, a distribution of dividends does not seem to be likely.

2.2 Offer Price and Price Calculation

2.2.1 Offer Price

The Bidder offers to the holders of the Offer Shares to acquire the Offer Shares at the price of EUR 4.49 per Share ("**Offer Price**").

2.2.2 Calculation of the Offer Price

According to Section 26 para. 1 ÜbG, the price of a voluntary public takeover offer (*freiwilliges Angebot zur Kontrollerlangung*) shall

(i) at least equal the average share price, weighted according to the respective turnover volumes, quoted for the respective Shares for the last six months preceding the announcement of the intention to launch an offer, and

(ii) not fall below the highest consideration in cash paid or promised by the bidder or any party acting in concert with it for the respective Shares in the Target Company during the last twelve months preceding the filing of this Offer. This shall also apply to any consideration for Shares which the Bidder or any party acting in concert with it is entitled or obliged to acquire in the future.

The average share price, weighted according to the respective turnover volumes, quoted for the last six months preceding the announcement of the intention to launch an offer, which is the time period between 3 June 2008 and 2 December 2008 (inclusive), amounts to EUR 4.49 per Share. Therefore, the Offer Price per Share subject to this Offer corresponds to the average share price, weighted according to the respective turnover volumes, quoted for the last six months preceding the announcement of the intention to launch an offer on 3 December 2008 (see also section 2.2.3) and, hence, meets the mandatory price requirements for mandatory offers according to Section 26 para. 1 ÜbG.

The parallel acquisition of all ÖIAG-Shares by the Bidder subject to the conditions precedent

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according to the Share Purchase Agreement is to be considered as a relevant acquisition. The consideration for the acquisition of all ÖIAG-Shares which was established in an open and transparent auction process consists of (i) the purchase price of EUR 0.01 per ÖIAG-Share and (ii) a warrant which is, to a large extent, dependent on the future EBITDAR-performance of the Target Company and to a lesser extent on the performance of the shares of Deutsche Lufthansa in relation to the performance of other major European airlines; the consideration to be paid according to the warrant is limited by an amount of EUR 4.48 per ÖIAG-Share, so that the consideration according to the warrant in addition to the EUR 0.01 per Share according to the Share Purchase Agreement, can in no case exceed the Offer Price.

The Offer Price per Share subject to this Offer, therefore, can in no case be less than the consideration for the acquisition of the ÖIAG-Shares as agreed in the Share Purchase Agreement. With the exception of the parallel acquisition of the ÖIAG-Shares as described above, neither the Bidder, nor parties acting in concert with it, have acquired Shares in the Target Company nor agreed on such acquisition during the last twelve months preceding the filing of this Offer.

The Offer Price in the amount of EUR 4.49 per Share subject to this Offer, therefore, meets the requirements of the minimum price rules as set forth in Section 26 ÜbG.

2.2.3 Offer Price in Relation to Historic Prices

The initial public offering of Austrian Airlines at the Vienna Stock Exchange took place on 13 June 1988 at the historic issue price of EUR 152.60 (converted). The last capital increase was conducted on 16 September 2008 at a subscription price of EUR 7.10 (whereby the existing shareholders had the right to subscribe for the first 1000 Shares at a preferred subscription price of EUR 4.89).

The Offer Price contains a premium of 69.4% above the closing price of the Shares of Austrian Airlines at the Vienna Stock Exchange on 2 December 2008, which was the day before the announcement of the intention to launch an offer.

Austrian Airlines has not distributed any dividends in the business years of 2006 and 2007; a loss in the range of between EUR 100 million and 125 million (before extraordinary effects) for the business year of 2008 is expected. In an ad-hoc announcement dated 19 February 2009, the Target Company has furthermore announced pursuant to Section 83 AktG that, on the basis of the preliminary annual results for the business year ending on 31 December 2008 and the monthly interim statement as of 31 January 2009, a cumulative loss exists in the amount of half of its issued share capital.

The average share price, weighted according to the respective turnover volumes, for the last week before the announcement of the intention to launch an offer (3 December 2008), and for the last 1, 3 and 12 months before and including the day of the announcement of the intention to launch an offer (3 December 2008) in EUR, as well as the percentage, by which the Offer Price exceeds (or falls below), amount to the following (whereby the announcement of the intentions to privatize the Target Company dated 12 August 2008 influenced the share price):

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	1 Week	1 Month	3 Months	12 Months
Average Price ⁽¹⁾	€2.67	€2.90	€4.84	€4.67
Premium in %	68.33%	55%	- 7.26%	- 3.87%

⁽¹⁾Basis: average share price weighted according to the respective turnover volumes

The average share price, weighted according to the respective turnover volumes, for the last six months before the announcement of the intention to launch an offer, which is the time period of 3 June 2008 until 2 December 2008 (inclusive) amounts to EUR 4.49 per Share. From the Bidder's point of view, this strictly mathematically calculated value is well above the true intrinsic value of the Share, as, on the one hand, as explained below (see sections 2.2.6), the changed circumstances have only become noticeable to their full extent at the very end of such six months period and on the other hand, the average share price was considerably influenced against the market trend by the announcement of the intentions to privatize the Target Company. Nevertheless, the Bidder is willing to make an offer according to mandatory price rules.

2.2.4 Financial Figures of the Target Company

The Target Company's essential financial figures (ignoring capital measures) derived from the (consolidated) annual financial statements for the past three business years are as follows:

	2008	2007	2006	2005
Annual All-Time High ⁽¹⁾	€7.10	€12.31	€9.17	€10.05
Annual All-Time Low ⁽¹⁾	€2.22	€5.00	€6.21	€6.20
Profit per Share ⁽²⁾		€0.03	- €3.55	- €4.05
Dividend per Share		€0.00	€0.00	€0.00
Book Value per Share ⁽³⁾	€7.83	€9.40	€9.32	€17.46

⁽¹⁾ Basis: daily closing price

⁽²⁾ Basis: average number of Shares

⁽³⁾ Basis: number of Shares at the end of the year, for the year of 2008 on the basis of the numbers at 30 September 2008

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2.2.5 Evaluation of the Target Company

In order to establish the adequacy of this Offer, J.P. Morgan plc conducted for the Lufthansa Group an evaluation analysis of the Target Company. In essence, two methodologies have been applied in the context of this evaluation analysis. The basis for the Target Company's operating forecasts are estimates made by both the Target Company and the Lufthansa Group.

(i) Evaluation according to the Discounted-Cash-Flow-method: When applying the Discounted-Cash-Flow method, in a first step, future cash-flows before financing effects were forecasted; and in a second step, the future cash-flows were discounted to their current value on the valuation date on the basis of a risk-adjusted discount rate.

(ii) The evaluation according to multiples of comparable listed companies: When applying this method, the enterprise value of comparable listed companies were compared with their operating figures (EBITDAR, EBITDA, EBIT); in order to determine the value of the Target Company, these multiples were then applied to the respective comparative figures of the Target Company.

In order to assess the equity value and consequently the value per Share in the Target Company, net financing liabilities, pension liabilities and other relevant liabilities were deducted from the enterprise value as determined by the two evaluation methods described above.

The value of Austrian Airlines would be negative without payment of the Restructuring Aid. Therefore, the Offer Price by far exceeds the value per Share in Austrian Airlines as calculated by applying the above-described methods, even if the Restructuring Aid would be paid in its full amount without dilution of the free float shareholders (e.g., as a shareholder's contribution *à fonds perdu*).

2.2.6 Current Business Development of the Target Company

In the last months of 2008, the financial and credit markets, the worldwide economic environment, the worldwide airline industry and the Target Company have changed materially, even dramatically. This change of external circumstances was not predictable to its full extent in the last months before the announcement of the intention to launch an offer, and was, hence, outside the expected market or business developments.

As a consequence of the credit crisis, a global crisis and uncertainty in financial and stock markets emerged in the summer of 2008. In the course of this crisis, it became increasingly difficult and, most recently, practically impossible for companies to finance their activities with debt or lease structures; aviation companies are particularly affected by such global financial crisis, as their economic situation is at the same time affected by high fuel prices, a negative development of the real economy and – as a consequence – by decreasing (future) passenger traffic. The Target Company as well was forced to publish in its ad-hoc announcements dated 16 October and 28 October 2008 that a loss in the range of between EUR 100 million and EUR 125 million (before extraordinary effects) was expected for the business year of 2008. When announcing the 2008 half year results, the annual loss was predicted to be only in the range of between EUR 70 million and 90 million. In an ad-hoc announcement dated 19 February 2009, the Target Company has, furthermore, announced pursuant to Section 83 AktG that, on the basis

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of the preliminary annual results for the business year ending on 31 December 2008 and the monthly interim statement as of 31 January 2009, a cumulative loss exists in the amount of half of its issued share capital.

Furthermore, the highest purchase price for the acquisition of all ÖIAG-Shares constituting a controlling interest in the Target Company was established in an open, transparent and internationally published auction process, following an extensive due diligence procedure and following involvement of accountants and investment banks; such purchase price includes, as described above, EUR 0.01 per ÖIAG-Share and an earn-out option (warrant) for ÖIAG; however, it is to be taken into account that ÖIAG has committed itself to pay a Restructuring Aid in the amount of EUR 500 million. The true intrinsic value of the Target Company can also be derived from the fact that both ÖIAG as seller and NewCo as Bidder have agreed to provide contributions and undertake capital measures amounting to EUR 500 million in order to ensure the economic existence of the Target Company. Under the assumption that the Restructuring Aid will be approved by the EU Commission and in light of synergy effects to be possibly achieved by a full integration of the Target Company into the Lufthansa Group, the Bidder assumes that a turnaround of the Target Company should be possible by it becoming a member of the Lufthansa Group.

The economic development of the group of the Target Company during the past two business years (on the basis of the first nine months of each business year) can be described as follows:

Data in EUR m	1st to 3rd quarter 2007	1st to 3rd quarter 2008	% deviation
Sales Revenue	1,891.7	1,891.9	0.0%
Operative Result (EBIT)	33.3	- 34.0	-
Result After Taxes	20.6	- 65.1	-
Prices (H/L) per Share	€12.31 / €6.90	€7.10 / €2.22	- 42.3% / -67.8%
Result per Share after Taxes	€0.26	- €0.77	-
Passenger Factor (in %)	76.1%	75.9%	- 0.3%

Source: quarterly reports

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2.3 Conditions

2.3.1 Conditions Precedent

This Offer to acquire a controlling interest is subject to the following conditions precedent:

- (i) By virtue of law (Section 25a para. 2 ÜbG), this Offer is subject to the Condition Precedent that, at the end of the Acceptance Period, the Bidder has received Declarations of Acceptance covering more than 50% of the permanent voting Shares (*ständig stimmberechtigte Aktien*) subject to this Offer. According to Section 25a para. 2 ÜbG, parallel acquisitions of permanent voting Shares (*ständig stimmberechtigte Aktien*) made by the Bidder or by parties acting in concert with it, shall be included into this calculation. The parallel acquisition of the ÖIAG-Shares made by the Bidder shall be included since such acquisition took place in parallel to this Offer and not under more preferable terms and conditions, since the content of the outstanding conditions precedent of the acquisition of the ÖIAG-Shares corresponds to the content of the Conditions Precedent of this Offer, and since the acquisition of the ÖIAG-Shares was already agreed-upon at a time when this Offer and the material terms and conditions thereof were already known. Therefore, the ÖIAG-Shares shall be included when calculating whether the 50% threshold has been reached (see Section 25a last sentence ÜbG).

In order to fulfil the Condition Precedent pursuant to Section 25a para. 2 ÜbG, the amount of the Shares which have been validly tendered, at the end of the Acceptance Period, therefore, shall amount to at least 42,547,512 Shares. Therefore, by taking into account the ÖIAG-Shares acquired by the Bidder, the Bidder must receive Declarations of Acceptance covering at least 5,920,637 Shares (i.e., 6.96% of the permanent voting Shares (*ständig stimmberechtigte Aktien*)).

At the time of the publication of this Offer and subject to certain conditions precedent, the Bidder has already acquired 36,626,875 ÖIAG-Shares constituting 41.56% of the entire share capital and 43.05% of the permanent voting Shares (*ständig stimmberechtigte Aktien*) in Austrian Airlines. At the time of publication of this Offer Document, the content of the outstanding conditions precedent for the acquisition of the ÖIAG-Shares substantially corresponds to the content of the Conditions Precedent of this Offer.

- (ii) Furthermore, this Offer is subject to the Condition Precedent of the non-prohibition and/or clearance of the envisaged takeover by the competent antitrust authorities of (a) the European Union, (b) the United States of America, (c) Canada, (d) Turkey, (e) Israel, (f) Albania, (g) Bosnia, (h) Serbia and (i) Ukraine by 31 July 2009, at the latest. Likewise, the acquisition envisaged by this Offer is deemed to be cleared by the respective authorities if the respective authorities waive the requirement of such clearance.
- (iii) Another Conditions Precedent of this Offer is the approval by the EU Commission of the

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Restructuring Aid to be made by ÖIAG in the amount of EUR 500 million, as well as the coming into force of a federal act enacted by the Republic of Austria regarding the payment of such Restructuring Aid (*Restrukturierungsbeihilfe*), both until 31 July 2009, at the latest.

- (iv) Furthermore, this Offer is subject to the Condition Precedent that, at the end of the Acceptance Period, the Bidder has received Declarations of Acceptance covering at least 75% of the permanent voting Shares (*ständig stimmberechtigte Aktien*) in Austrian Airlines (without consideration of the treasury shares held by the Target Company itself). By taking into account the ÖIAG-Shares acquired by the Bidder in parallel to this Offer, the Bidder will, therefore, have to receive Declarations of Acceptance covering at least 27,194,392 Shares.
- (v) Finally, this Offer is subject to the Condition Precedent that, until the fulfilment or waiver of all conditions precedent, the Target Company is neither illiquid (*zahlungsunfähig*) nor subject to liquidation, nor have insolvency or composition proceedings (*Konkurs- oder Ausgleichsverfahren*) over the assets of the Target Company or proceedings under the Austrian Restructuring Act (*Unternehmensreorganisationsverfahren*) been initiated nor has an application for the commencement of insolvency proceeding been dismissed due to the lack of sufficient funds to cover the costs of such proceedings (*Ablehnung der Konkursöffnung mangels Masse*).

This Offer is characterized by the fact that complex procedures are required in order to fulfil the Conditions Precedent as set forth in sections 2.3.1 (ii) and (iii); the result and the timing of such procedures remain open. In particular, this applies to the approvals to be granted by the EU Commission. In view of the financial situation of the Target Company and the general economic situation (especially the situation of the airline industry), the likelihood of the Condition Precedent as set forth in section 2.3.1 (v) being fulfilled can hardly be predicted by the Bidder.

2.3.2 Waiver, Occurrence, Non-Occurrence of Conditions Precedent

The Bidder reserves its right to waive – in some cases unilaterally and in some cases together with the other parties of the Framework Agreement – the fulfilment of certain Conditions Precedent (with respect to section 2.3.1 (ii) for specific jurisdictions as well), in which case such Conditions Precedent are considered to be fulfilled. However, the Condition Precedent of reaching the minimum acceptance threshold of more than 50% as set forth in section 2.3.1 (i) of this Offer cannot be waived. The Bidder will waive the fulfilment of the Condition Precedent set forth in section 2.3.1 (iv) of this Offer in line with the terms and conditions of the Framework Agreement, under the condition that ÖIAG uses its best efforts that such minimum threshold is reached.

The Bidder can waive the Condition Precedent set forth in section 2.3.1 (iv) only on or before 23 April 2009, i.e., 11 stock exchange days prior to the lapse of the original Acceptance Period. In such case, the Bidder grants to those shareholders of Austrian Airlines who have already accepted this Offer prior to the announcement of such waiver, the opportunity to revoke their

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Declaration of Acceptance within 10 stock exchange days from the day of the publication of such waiver (whereby the day of the publication itself shall not be taken into account). The Declaration of Acceptance shall remain valid if and to the extent the shareholder who has already accepted the offer does not exercise his/her right to revoke. The fulfilment of the Conditions Precedent set forth in sections 2.3.1 (ii), (iii), and (v) can be waived until 31 July 2009, at the latest.

The Bidder will immediately publish its waiver of Conditions Precedent in the media described in section 2.8 of this Offer Document. If the Condition Precedent set forth in section 2.3.1 (iv) is waived, the Bidder will refer the shareholders of Austrian Airlines to the right to revoke the Declaration of Acceptance as explained above. As soon as the Bidder has information that one of the Conditions Precedent will not be fulfilled within the respective time period, it will immediately publish such information, as well as its possible waiver in the media described in section 2.8.

This Offer and all agreements to be entered into upon acceptance of the Offer will become invalid if the Conditions Precedent as set forth in sections 2.3.1 (i) and (iv) have not been fulfilled within the original Acceptance Period, unless the Bidder has waived the fulfilment of the Condition Precedent explained in section 2.3.1 (iv) and the Condition Precedent set forth in section 2.3.1 (i) has been fulfilled. The same applies, if the Conditions Precedent set forth in sections 2.3.1 (ii) and (iii) are not fulfilled until 31 July 2009, at the latest, and the Bidder has not waived their fulfilment until such date. The same applies, if – until the fulfilment or the waiver of the Conditions Precedent set forth in sections 2.3.1 (i) through (iv) – the Condition Precedent set forth in section 2.3.1 (v) has been fulfilled and the Bidder has not waived such Condition Precedent until that day, at the latest.

The Bidder will undertake all actions and issue all declarations in order to support the fulfilment of the Conditions Precedent; furthermore, the Bidder will refrain from any actions possibly impeding the fulfilment of the Conditions Precedent. In addition, the Bidder has undertaken to accept possible conditions in connection with the relevant antitrust proceedings of the EU Commission, the United States of America, Canada and Ukraine and in connection with the proceedings for obtaining the approval of the Restructuring Aid, to the extent such conditions are, in the opinion of the Bidder, commercially acceptable. In any event, the Bidder will accept conditions in connection with the relevant antitrust proceedings in all other jurisdictions listed in section 2.3.1 (ii) commercially immaterial or unimportant for the Bidder.

2.4 Tax Issues

Income taxes and any other taxes, which are not deemed to be transaction costs, will not be borne by the Bidder.

The following information shall only give a general overview over basics of the Austrian income tax legislation which may be relevant for the acceptance of this Offer. No information can be given on the taxation of individual shareholders. The shareholders are advised that this information reflects Austrian legislation, as effective on the date of this Offer only. Such legislation may change even with retroactive effect due to future amendments of the legal system or the practice adopted by the Austrian tax authorities.

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Given the complexity of Austrian tax law, the shareholders are advised to obtain advice from their own tax advisors on the tax implications of their acceptance of this Offer. Only such tax advisors will be able to take into account all the special circumstances of the individual case.

2.4.1 Private Individuals

Should a private individual who holds the Shares as part of his or her personal property sell those Shares within one year from purchase, the capital gains so realized are taxable at a progressive rate of up to 50% as profits of a speculative transaction. The date on which the individual accepts this Offer with binding effect should be regarded the date of the sale of the Shares. Taxation of capital gains will generally be assessed on the basis of the sales proceeds minus the acquisition cost as well as the respective shareholder's income-related expenses.

Losses from speculative transactions may only be set off against profits from other speculative transactions within the same calendar year. Profits from speculative transactions are tax exempt up to an amount of EUR 440 in any calendar year.

After lapse of the one-year speculation period, capital gains realised by sale of the Shares held by private individuals as part of their personal property are generally not subject to income tax, unless the stake held in the Target Company amounted to at least 1% within the last five years preceding the sale.

If the individual shareholder has held a stake in the Target Company of at least 1% within the last five years preceding the sale of the Shares, capital gains are subject to income tax at half the average tax rate provided that the one-year holding period has elapsed. In such event, capital losses may be set off against capital gains from other shareholdings of at least 1% realised in the same calendar year.

Should a private individual hold the Shares as part of his or her business assets, any capital gains are subject to income tax regardless of the holding period and the size of the participation in the Target Company. If the Shares are sold within one year after acquisition, a progressive tax rate of up to 50% applies. After lapse of the one-year speculation period, capital gains are taxable at half the average tax rate.

2.4.2 Corporations

Both income and capital gains realised by an Austrian corporation qualify as commercial profits and are subject to corporate income tax at a rate of 25%. To the extent that the Shares are accounted for as fixed assets, any losses realised upon their sale have to be spread over a period of seven business years provided that it can be demonstrated that the losses are not connected with the distribution of profits of the Target Company. Losses realised by the sale of the Shares which are held as current assets, however, are tax-deductible at their full amount in the year the Shares have been sold.

2.4.3 Partnerships

Partnerships as such are not taxable. If the Shares belong to the assets of an Austrian partnership, the capital gains (or losses) are attributed to the partners of such partnership.

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Consequently, the tax treatment of capital gains (or losses) depends on whether the individual partner is an individual or a corporation.

2.4.4 Shareholders with Non-Resident Tax Liability

Capital gains realised by the sale of the Shares by non-resident shareholders are taxable in Austria if the respective shareholder (or his or her predecessor in interest in case of an acquisition without consideration) has held an interest of at least 1% in the Target Company at any point in time within the last five years preceding the sale. Should the shareholder be resident in a state with which Austria has entered into a double tax treaty, Austria will in most events not be entitled to tax such capital gains. In such a case, the tax implications will depend on the tax regime applied by the country of residence of the respective shareholder. Should the Shares be part of the business assets of a permanent establishment maintained in Austria, however, capital gains will generally be subject to the same tax regime that applies to a resident shareholder with unlimited tax liability in Austria holding the Shares as part of his or her business assets.

2.5 Acceptance Period and Settlement of the Offer

2.5.1 Acceptance Period

The Acceptance Period for this Offer amounts to ten weeks. Thus, the Offer can be accepted between 2 March 2009 and 11 May 2009 (inclusive), 5:30 p.m., Vienna time. It is likely that, by the end of this original Acceptance Period, the Conditions Precedent as set forth in sections 2.3.1 (ii) and (iii) have not yet been fulfilled.

If a competing Offer is launched, the Acceptance Period will automatically be extended pursuant to Section 19 para. 1c ÜbG, in respect to all offers already launched, until the end of the acceptance period for the competing offer, unless the Bidder has declared that it will withdraw from this Offer (see section 2.3.2).

2.5.2 Additional Acceptance Period (*Nachfrist*, Sell-out)

In the event of this Offer being successful, the Acceptance Period will be extended pursuant to Section 19 para. 3 fig. 3 ÜbG by three months as of the day of the publication of the results for all shareholders in Austrian Airlines not accepting this Offer within the Acceptance Period (or who revoked their Acceptance Declarations following the Bidder's waiver of the Condition Precedent set forth in section 2.3.1 (iv)).

2.5.3 Austrian Paying and Depositary Agent

The Bidder has appointed UniCredit Bank Austria AG to act as the Austrian Paying Agent for this Offer, to receive the Declarations of Acceptance forwarded by the Depositary Banks on behalf of the Bidder and to pay out the Offer Price.

2.5.4 Acceptance of the Offer

The Austrian Airlines shareholders who want to accept this Offer should contact their respective Depositary Bank with any questions in regard to the technical aspects of the acceptance of this

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Offer and the technical aspects of its settlement. The Depositary Banks will be separately informed of the administration of the acceptance and the settlement of this Offer.

The Austrian Airlines shareholders can only accept this Offer vis-a-vis the Depositary Bank by means of a written Declaration of Acceptance of the Offer for a specified number of Shares, which number should in any case be indicated in the Declaration of Acceptance. The Depositary Bank promptly transfers such Declaration of Acceptances of this Offer (the "**Declaration of Acceptance**") to the Austrian Paying Agent by specifying the number of the placed client orders as well as the overall number of Shares of these Declarations of Acceptance which the Depositary Bank has received during the Acceptance Period, and will keep the deposited Shares with ISIN AT0000620158 from the time of receipt of the notice of acceptance of the Offer as well as the registration as "*Austrian Airlines – zum Verkauf eingereichte Aktien*", so that, upon registration the tendered shares can be traded under the new ISIN AT0000A0CXC4. The Offer Shares will be deposited with the Austrian Paying Agent by the Depositary Bank together with coupons starting from no. 14 to no. 20.

The Austrian Paying Agent has filed an application with OeKB for ISIN AT0000A0CXC4 "*Austrian Airlines – zum Verkauf eingereichte Aktien*" for the tendered Shares. Until transfer of ownership of the tendered Shares (see section 2.5.7), the Shares specified in the Declaration of Acceptance remain (albeit with a different ISIN) in the securities account of the accepting shareholder; however, they will be re-booked and newly registered as "*Austrian Airlines – zum Verkauf eingereichte Aktien*". The tendered Shares will be identified as ISIN AT0000A0CXC4 and can be traded at the Vienna Stock Exchange (*Wiener Börse*).

The Declaration of Acceptance is deemed to be timely, if and to the extent it has been received by the Depositary Bank within the Acceptance Period, and if and to the extent, by the third stock exchange day after the expiration of the Acceptance Period, at the latest, (i) re-booking (meaning the registration of ISIN AT0000A0CXC4 and the blocking of ISIN AT0000620158) has been effectuated and (ii) the Depositary Bank has transferred the Declarations of Acceptance to the Austrian Paying Agent by specifying the number of the placed client orders as well as the overall number of Shares of these Declarations of Acceptance which the Depositary Bank has received during the Acceptance Period.

Shares kept by their shareholders at home (*Heimverwahrung*) should be transferred to the respective Depositary Bank in a timely manner so that the Depositary Bank can inspect the accuracy and completeness of the Shares in due time. Only thereafter, a registration will be effectuated and the acceptance of the Offer will become valid.

2.5.5 Legal Consequences of Acceptance

Upon acceptance of this Offer, a contract for the purchase of the tendered Shares shall come into existence between each accepting Austrian Airlines shareholder and the Bidder on the terms and conditions set out in this Offer Document.

2.5.6 Acceptance During the Additional Acceptance Period

Sections 2.5.3 to 2.5.5 shall apply *mutatis mutandis* to the acceptance of this Offer during the additional acceptance period, provided, however, that, for technical reasons, Shares which have

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been tendered during the additional acceptance period will receive a separate ISIN and will be registered as "*Austrian Airlines – während der Nachfrist zum Verkauf eingereichte Aktien*". Shareholders of Austrian Airlines who wish to accept the Offer during the additional acceptance period should contact their Depositary Bank with any queries they may have with respect to technical aspects of the settlement.

2.5.7 Payment of the Offer Price and Transfer of Ownership

The Offer Price will be paid to these holders of Shares in Austrian Airlines who have accepted the Offer already during the Acceptance Period against transfer of the Shares (i) after the expiry of the Acceptance Period and (ii) once all Conditions Precedent have been fulfilled or waived but no later than on the tenth stock exchange day following (i) fulfilment or waiver of all Conditions Precedent and (ii) the expiry of the Acceptance Period.

The holders of Offer Shares who accept this Offer during the statutory additional acceptance period pursuant to Section 19 para. 3 ÜbG will receive the Offer Price ten stock exchange days after the expiry of such additional acceptance period, at the latest. Please refer to section 2.5.2 of this Offer Document for further details on the additional acceptance period pursuant to Section 19 para. 3 ÜbG.

2.5.8 Settlement Fees

The Bidder shall bear all reasonable and usual costs and expenses claimed by the Depositary Bank in connection with the settlement of this Offer. The Depositary Banks have been asked to contact the Austrian Paying Agent regarding the reimbursement of any costs and expenses incurred on occasion of the acceptance of this Offer by shareholders in Austrian Airlines.

Any additional costs, capital transfer taxes or stamp duties or other similar taxes are borne by the respective Austrian Airlines shareholders.

Taxes in connection with the acceptance and the settlement of this Offer due in Austria or abroad should be borne by the respective shareholder in Austrian Airlines (see section 2.4).

2.5.9 Representations and Warranties and Settlement

The owners of Offer Shares who have accepted this Offer hereby represent and warrant that all the shares covered by the Declarations of Acceptance are legally owned by them and are not encumbered by any third parties' rights.

Further, by accepting this Offer, each shareholder in Austrian Airlines declares at the same time that:

(i) he/she agrees on the re-booking of all the Shares covered by the Declaration of Acceptance pursuant to the terms and conditions of this Offer to ISIN AT0000A0CXC4 "*Austrian Airlines – zum Verkauf eingereichte Aktien*";

(ii) the Bidder will acquire title to those Shares, for which this Offer has been accepted, pursuant to the terms and conditions of this Offer, and that with the transfer of title to the Shares, all rights in connection with such Shares, including possible dividend rights for the fiscal year

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2008, shall pass to the Bidder;

(iii) he/she will instruct his/her Depository Bank to effect the re-bookings of the Shares specified in the Declaration of Acceptance to ISIN AT0000A0CXC4 "*Austrian Airlines – zum Verkauf eingereichte Aktien*";

(iv) he/she will instruct and authorise the Austrian Paying Agent through his Depository Bank via Oesterreichische Kontrollbank AG, to make available to the Bidder the tendered Shares, on the Bidder's deposit, for the purpose of transferring title to the relevant Shares, such transfer to occur without undue delay after expiry of the Acceptance Period and fulfilment or waiver of the Conditions Precedent pursuant to section 2.3.1;

(v) he/she will instruct the Austrian Paying Agent to convey to the Bidder its Declaration of Acceptance; whereby the sale and purchase agreement and the transfer of title resulting from the Declaration of Acceptance will only become effective if both the relevant Shares have been made available to the Austrian Paying Agent and all Conditions Precedent pursuant to section 2.3.1 have been fulfilled;

(vi) he/she will instruct and authorise his/her Depository Bank and the Austrian Paying Agent to take all necessary or appropriate measures and to make and to receive all necessary or appropriate declarations the settlement of this Offer and, in particular, to effectuate the transfer of title of the tendered Shares to the Bidder;

(vii) he/she will instruct and authorise his/her Depository Bank as well as possible intermediate custodians to instruct and authorise the Austrian Paying Agent to transmit to the Bidder the information on the number of tendered Shares for which re-bookings to ISIN AT0000A0CXC4 have been made.

All declarations, instructions, requests and authorizations set forth in paragraphs (i) to (vii) above are issued irrevocably in the interest of a smooth and expeditious settlement of this Offer, subject, however, to the withdrawal rights pursuant to section 2.6. They shall only lapse in the event that the conditional purchase agreement, which has come into existence as a result of the acceptance of this Offer, is validly withdrawn in accordance with section 2.6 or revoked in accordance with section 2.3.2.

2.6 Withdrawal Rights of the Shareholders in Case of Competing Offers

If a competing offer is launched during the term of this Offer, the holders of Shares may withdraw from their acceptance not later than four stock exchange days prior to the expiry of the original Acceptance Period pursuant to Section 17 ÜbG.

The declaration of withdrawal must be in writing and should be sent by the Depository Bank to the Austrian Paying Agent (see section 2.5.3).

2.7 Improvement, Conversion into a Mandatory Offer

The Bidder expressly reserves its right to subsequently improve the terms and conditions of this Offer.

Further, the Bidder expressly reserves the right to subsequently convert this Offer into a

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mandatory offer. If the Bidder, prior to the expiry of the original Acceptance Period, effectively acquires title to the ÖIAG-Shares, the Bidder might convert this voluntary Offer to acquire a controlling interest pursuant to Section 25a ÜbG into a mandatory offer pursuant to Section 22 para. 1 ÜbG on the day of publication of the acquisition of control.

Such conversion constitutes an amendment of this Offer pursuant to Section 15 ÜbG. Thus, the Bidder can declare a conversion on 23 April 2009, at the latest, i.e., 11 stock exchange days prior to the expiry of the original Acceptance Period, and grants to those Austrian Airlines shareholders who have accepted the Offer prior to the announcement of such conversion, the opportunity to revoke their Declaration of Acceptance within 10 stock exchange days from the day of the publication of such conversion (whereby the day of the publication of this declaration itself shall not be taken into account). If a shareholder does not exercise his/her right to revoke, his/her Declaration of Acceptance remains legally effective.

In case of conversion of this voluntary Offer for acquisition of control into a mandatory offer, the Conditions Precedent pursuant to sections 2.3.1 (ii), (iii) and (v) have necessarily already been fulfilled or their fulfilment has been waived. The remaining Condition Precedent pursuant to Point 2.3.1 (i) will cease to apply upon the publication.

2.8 Publication of the Result

The result of this Offer will be promptly publicized without undue delay after expiry of the Acceptance Period in the Official Gazette of Wiener Zeitung, as well as on the websites of Deutsche Lufthansa (www.lufthansa.com/austrian) and Austrian Airlines (<http://www.austrianairlines.co.at>).

The same shall also apply to all other declarations and publications made by the Bidder in connection with this Offer.

2.9 Equal Treatment

The Bidder confirms that the Offer Price is the same for all shareholders. Neither the Bidder nor any party acting in concert with the Bidder has acquired any Shares in Austrian Airlines at a price exceeding EUR 4.49 per Share within the last 12 months prior to the filing of the Offer Document, nor has an acquisition price been agreed-upon.

The Bidder and the parties acting in concert with it must not make any legal declarations, directed to the acquisition of Shares at conditions that are more favourable than those contained in this Offer, until the end of the Acceptance Period or, if applicable, until the end of the additional acceptance period (Section 19 para. 3 ÜbG), unless the Bidder improves this Offer or the Takeover Commission grants an exemption for important cause.

If the Bidder or parties acting in concert with it declares that it will acquire Shares at conditions that are more favourable than those contained in this Offer, then such more favourable conditions apply also for all other shareholders of the Target, irrespective of whether they have already accepted this Offer.

Any improvements of this Offer apply also to any shareholders having already accepted this Offer by the time of the improvement, unless they waive such right for equal treatment.

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If the Bidder or parties acting in concert with it acquire Shares within a period of nine (9) months after the expiration of the Acceptance Period or, if applicable, after the additional acceptance period and a higher price is paid or negotiated for such acquisition, the Bidder is obliged to pay the difference to all the shareholders who have accepted the Offer pursuant to Section 16 para. 7 ÜbG.

The above does not apply if the Bidder or parties acting in concert with it acquire Shares in Austrian Airlines at a higher consideration in the course of an increase of the registered capital or in case of a procedure pursuant to the Austrian Squeeze-Out Act.

If the Bidder sells a controlling interest in the Target Company for a higher consideration than the Offer Price within a period of nine (9) months after the expiry of the Acceptance Period or the additional acceptance period, if applicable, a pro-rata portion of the capital gain must be paid to all shareholders pursuant to Section 16 para. 7 ÜbG.

In case of such improvement event, the Bidder will publish an immediate announcement (see section 2.8). The settlement of such subsequent payments will be organised by the Bidder on its own cost through the Austrian Paying Agent within ten stock exchange days after the announcement. In case that no improvement event has occurred within the nine months period, the Bidder will make a respective filing with the Austrian Takeover Commission. The independent expert of the Bidder will review such filing and will confirm its content.

3. Information on the Bidder

3.1 Description of the Bidder

The Bidder is a limited liability company under Austrian law with its corporate seat in Vienna, registered with the commercial register of the Vienna Commercial Court under FN 296310 a. NewCo's business purpose is the administration and holding of shares in the Austrian aviation company, Austrian Airlines. The sole shareholders in NewCo are APF as the Austrian majority shareholder in order to secure the landing rights pursuant to the bilateral air traffic conventions concluded by the Republic of Austria and at the same time acting as Austrian core shareholder in accordance with the Privatisation Mandate, and StratCo as an affiliate of the Lufthansa Group.

3.1.1 NewCo's Management and Supervisory Board

The current managing directors of NewCo are Mr. Nicolai Ingo von Ruckteschell and Mr. Arnd Peter Schwierholz. These persons are also employees of Deutsche Lufthansa, whereby Mr. von Ruckteschell is responsible for legal affairs as general counsel and Mr. Schwierholz is heading the Mergers & Acquisitions department. In addition, a supervisory board will be established at NewCo, which shall consist of five supervisory board members to be appointed by the shareholders. Pursuant to the Shareholders' Agreement, StratCo is entitled to nominate these supervisory board members subject to the approval of APF before they are elected by the general assembly of NewCo. The majority of the supervisory board member has to hold an Austrian citizenship.

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3.1.2 Principal Shareholders of NewCo / Information about the Lufthansa Group

NewCo is a holding company, which has been acquired in view of the envisaged transaction. The sole shareholders in NewCo are APF as the Austrian majority shareholder in order to secure the landing rights pursuant to the bilateral air traffic conventions concluded by the Republic of Austria and at the same time acting as Austrian core shareholder in accordance with the Privatisation Mandate, holding 50.2%, and StratCo as an affiliate of the Lufthansa Group, holding the remaining 49.8 % of the stated capital stock in NewCo. NewCo has committed itself vis-à-vis ÖIAG not to sell any Shares held in the Target Company for a period of five years as of Closing.

APF is an Austrian private foundation constituted pursuant to the Austrian private Foundations Act (*Privatstiftungsgesetz; PSG*), whose sole founder is StratCo. As founder, StratCo waived its right of amending the deed of foundation until 31 December 2013. The majority of APF's management board members are Austrian citizens. The foundation's purpose is to secure compliance with the provisions of the Privatisation Mandate of the Federal Government of the Republic of Austria dated 12 August 2008, to secure Austrian majority shareholding and landing rights pursuant to the bilateral air traffic agreements concluded by the Republic of Austria; further, to promote air traffic by means of information, development of industry positions regarding important political air traffic issues as well as monitoring market developments in Austria and Europe.

As StratCo is entitled to nominate NewCo's supervisory board members and has a significant influence on the appointment of NewCo's managing directors, NewCo will in future be consolidated within the Lufthansa Group, headed by Deutsche Lufthansa. The history of Deutsche Lufthansa can be briefly summarized as follows:

On 6 January 1926, "Deutsche Luft Hansa Aktiengesellschaft" (since 1933 "Lufthansa" in a single word) was established through the merger of Deutsche Aero Lloyd (DAL) with Junkers Luftverkehr. After the Second World War, the complete suspension of air traffic and the liquidation of Lufthansa resulted in its deletion from the Berlin commercial register. After several years of preparatory work, the "Aktiengesellschaft für Luftverkehrsbedarf" (Luftag) came into being on 6 January 1953 in Cologne and adopted the traditional name "Deutsche Lufthansa Aktiengesellschaft" in 1954. On 1 April 1955, Lufthansa resumed to carry out regular air traffic. In March 1966, Deutsche Lufthansa's shares have for the first time been admitted to trading and official quotation at the German stock exchanges; the official quotation commenced on 14 April 1966. Today, Deutsche Lufthansa's shares are listed on the Frankfurt stock exchange under the ISIN DE0008232125, and all important indexes (i.a. DAX, Dow Jones EURO STOXX, S&P 1200) include the Deutsche Lufthansa share.

The stated capital stock of Deutsche Lufthansa is divided into 457.9 Million registered non-par value shares, held by approximately 344,000 shareholders. Almost 30.4 % of the stated capital stock is held by private shareholders; approximately 69.6% is held or administered by institutional investors. According to legally required disclosures submitted to Deutsche Lufthansa, only the AXA Group holds more than 5% in Deutsche Lufthansa (with a share of 10.56% according to a notification dated 14 July 2006). As of 31 December 2008, 77.4% of Deutsche Lufthansa's shareholders are of German nationality. Lufthansa Group's annual reports

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are being continuously published in accordance with relevant regulations and can be downloaded at Deutsche Lufthansa's website under <http://www.lufthansa-financials.de>.

Deutsche Lufthansa is a German stock corporation according to German corporate law registered with the commercial register of the district court Cologne under registration no. HRB 2168 and has its corporate seat in Cologne at the business address Von-Gablenz-Str. 2-6, D-50679 Cologne, Germany. It operates under the firm name Deutsche Lufthansa Aktiengesellschaft. The corporate headquarters are located in Flughafen-Bereich West, D-60546 Frankfurt/Main, Germany.

3.2 Parties Acting in Concert

This Offer is being submitted by NewCo. The shareholders of NewCo are StratCo and APF. On the basis of the Framework Agreement, StratCo has established a private foundation in order to secure Austrian Airlines' operating license and air traffic rights. APF is an Austrian private foundation according to Austrian law with its seat in Vienna and its business address Vienna Airport, Gebäude 992, A-1300 Vienna Airport, registered with the Vienna commercial court under FN 322954 h. In accordance with the terms and conditions of the Framework Agreement, StratCo has purchased the holding company NewCo, in which APF at the time of the publication of this Offer holds a share of 50.2%, with StratCo holding a share of 49.8% of NewCo's stated capital stock.

With regard to their shareholding in NewCo, Deutsche Lufthansa, StratCo and APF have entered into a Shareholders' Agreement. In essence, this Shareholders' Agreement between the contractual parties regulates (i) the issuance of instructions to the managing directors of NewCo in respect to the exercise of their voting rights in shareholders' meetings of Austrian Airlines, (ii) nomination rights regarding the supervisory board of Austrian Airlines and (iii) the coordination of voting rights in shareholders' meetings of NewCo. Simultaneously, StratCo and APF have agreed in this Shareholder's Agreement to establish an advisory board at Austrian Airlines, whose members shall advise Austrian Airlines' supervisory board with respect to the compliance with the terms of the Privatisation Mandate.

Pursuant to Section 23 of the Austrian Takeover Act (*Übernahmegesetz; ÜbG*), StratCo and APF as well as Deutsche Lufthansa and its affiliates, in particular SWISS, Air Dolomiti, Germanwings, are, therefore, parties acting in concert with the Bidder pursuant to Section 1 para. 6 ÜbG. In this context, the Bidder refers to Section 7 para. 12 ÜbG, pursuant to which information on entities controlled by the Bidder (Section 1 para. 6 second sentence ÜbG) can be omitted, if such controlled entities are not of relevance for the decision to be made by the shareholders.

3.3 Bidder's Shareholding in the Target Company

Neither the Bidder nor any party acting in concert with the Bidder owns any Shares in the Target Company. With the exception of the ÖIAG-Shares to be acquired at Closing, neither the Bidder nor the parties acting in concert with it have at time of publication of this Offer entered into any agreements regarding the acquisition of further Shares in Austrian Airlines.

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3.4 Significant legal relations with the Target Company

As pointed out above, at time of publication of this Offer Document, neither NewCo nor parties acting in concert with it hold any Shares in the Target Company. However, a close business cooperation between the Target Company on the one hand and the Lufthansa Group on the other hand already existed, as both companies are members in the worldwide "Star Alliance" network.

With regard to the envisaged acquisition of Shares, on 5 December 2008 the Target Company and Deutsche Lufthansa, together with the Bidder, StratCo and APF, have agreed to lay down their common understanding of the management and integration principles into guidelines (and concluded the so called *Business Integration Guidelines*). Under the current economic circumstances, these guidelines take account of the future structure of the Target Company (stock corporation according to Austrian law with its seat and headquarters in Austria), brand strategy (retention of the trademark "Austrian") and continuation of the Target Company's "Focus East" strategy. In integrating the Target Company into the Lufthansa Group, a strategy is being followed to operate and develop in parallel the hubs Frankfurt/Main, Munich, Zurich and in the future Brussels and Vienna (so called *Multi-Hub-Strategy*).

3.5 Transparency on the Bidder's Covenants to Target Company's Representatives

Neither NewCo nor parties acting in concert with NewCo have in connection with this Offer awarded, offered or promised any financial benefits to the remaining or retiring members of management board or the supervisory board of Austrian Airlines.

4. Future Participation and Business Policy

4.1 Future Business Policy

This voluntary public takeover Offer to the shareholders of Austrian Airlines is a part of a transaction which is being carried out according to the terms and conditions of the Framework Agreement and applicable legal provisions.

In view of the provisions of the Privatisation Mandate, Deutsche Lufthansa, APF, StratCo and NewCo have committed themselves in the Shareholders' Agreement and in accordance with the Business Integration Guidelines to maintain Austrian Airlines in the form of a stock corporation with its headquarters in Austria. Further, the parties committed themselves to maintain the trademark "Austrian".

In the course of the auction process, Deutsche Lufthansa has presented its objectives and intentions in a strategic concept. The strategic concept essentially is comprised of the following:

It is intended that Austrian Airlines maintains its own identity, its trademark and its services profile. Deutsche Lufthansa is convinced that Austrian Airlines can make a positive contribution to the Lufthansa Group by continuing to serve the market for short, medium, and long haul flights predominantly from its home airport in Vienna also in the future. In accordance with a unique strategy, which is based on a number of home airports, target markets and brands (*Multi-Hub-, Multi-Market- and Multi-Brand-Strategy*) Deutsche Lufthansa intends to maintain Vienna as a lively and important home airport as part of the large network of the Lufthansa Group and

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to make the best possible use of the advantages of the geographic location.

After the integration of the Target Company into the Lufthansa Group, Deutsche Lufthansa would, together with Austrian Airlines, search for ways for a successful turnaround and a long term growth prospect for the Target Company. In order to secure a lasting earning power of Austrian Airlines and its affiliates, internal as well as external cost reduction measures need to be tackled and efficiency increases need to be gained from synergistic effects; this shall particularly be achieved by turnover increases supported by joint selling activities. Simultaneously, due to the current capital, financial and revenue situation, fresh capital in the amount of EUR 500 million needs to be contributed by the Lufthansa Group, so that a further dilution of free float shareholding is to be expected.

4.2 Regulatory Framework and (De)Listing

It is the goal of the Bidder to increase its stake in Austrian Airlines after the Closing of the Offer to 100% as quickly as possible. Whether the Bidder can take measures to procure 100% of the Shares primarily depends on the number of the acquired Shares. If the Bidder owns at least 90% of the stated share capital, it can request the squeeze-out of the remaining shareholders in a proceeding pursuant to the Austrian Squeeze-Out Act (*Gesellschafter-Ausschlussgesetz*). Currently, Deutsche Lufthansa intends to carry out such a Squeeze-Out proceedings once the statutory preconditions for such squeeze-out are fulfilled.

The Target Company suffers a liquidity shortage and requires further equity capital. The Bidder will therefore provide Austrian Airlines with capital in the form of capital increase(s) with or without subscription right exclusions, or take further adequate measures in order to improve the financial situation and liquidity of the Target Company; particularly, the Restructuring Aid will be provided to the Target Company in form of a capital increase. All these measures are suited to further expand NewCo's participation in the Target Company.

The Bidder currently envisages a full integration of Austrian Airlines into the Lufthansa Group and explicitly points out the possibility of the termination of stock exchange trading with the Target Company's shares (*Delisting*). A withdrawal of the Share from official trading at the Vienna Stock Exchange is compulsory if the statutory admission requirements are do not exist any longer. The minimal shareholding diversification necessary for remaining in the market segment Prime Market is no longer met if free float shareholding falls below 25% after the Closing of this Offer, or the stock exchange capitalization of the free float shareholding in total falls below EUR 30 million. As a rule, for the purpose of calculating the free float shareholding only participations under 5% are taken into account.

The possible termination of stock exchange trading is anticipated to lead to a strongly limited liquidity of the Shares and to limit price formation on the market.

A higher consideration paid in the course of a capital increase or a potential squeeze-out of minority shareholders does not result in additional payments pursuant to Section 16 para. 7 ÜbG (for details see section 2.9).

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4.3 Implications for the Employment and Site Situation

To the extent possible, the Bidder intends to integrate Austrian Airlines into the Lufthansa Group in the future (for details see sections 3.4 and 4.1). A relocation of the headquarters is not intended and would also be in violation of the terms and conditions of the Shareholders' Agreement; based on the current information available to the Bidder also no immediate large scale reduction of staff is intended.

On 5 December 2008, Deutsche Lufthansa, StratCo, the Bidder and APF on the one side and the Target Company on the other side have agreed upon Business Integration Guidelines as guiding principles to be applied in connection with the integration of the Target Company into the Lufthansa Group. The Business Integration Guidelines particularly state that the Target Company remains an independent air traffic company with its own crew and fleet as well as with independent landing rights, independent operating license and an independent air operator's certificate (AOC), as well as that the management of the Target Company at its own responsibility represents to Deutsche Lufthansa the financial result, the earnings, the costs and the quality of the products and services of the Target Company.

Furthermore, the Business Integration Guidelines set out the following:

"Against this background, the shareholders [of the Target Company] intend and will use their best endeavours with support of the company, with sufficient demand potential and competitive quality and cost structures assumed, to

- (a) retain the current number of long haul aircrafts (currently 10 airplanes operated under the own brand), in order to offer direct intercontinental connections to and from the company's hub in Vienna;*
- (b) being aware of Austria's major political interest also in direct continental connections to important European centres as well as to CEE, these shall be offered to an appropriate extent, also to generate and cope with the feeder traffic for continental and intercontinental connecting flights; and*
- (c) through integration of the company into the Lufthansa Group and the ongoing membership in the worldwide Star Alliance network, to offer to the customers a sustainably expanded and world encompassing route network."*

The Bidder points out that the - yet to be published - statements of the management and supervisory boards of Austrian Airlines pursuant to Section 14 ÜbG will have to go into further detail on potential implications of the Offer for employees (job security, employment conditions etc.). Furthermore, Austrian Airlines' works' council has the right to issue its own statement regarding this Offer.

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5. Further Information

5.1 Financing of the Offer

Based on an Offer Price of EUR 4.49 per Share and taking into account the expected transaction and handling costs, the Bidder is looking at a total financing volume for the Offer of up to EUR 218 million.

Deutsche Lufthansa has sufficient liquid funds for financing the acquisitions of all Shares being subject to this Offer and has ascertained that these will be available on time for the Closing of the Offer. Deutsche Lufthansa has committed itself to provide StratCo with sufficient liquid funds as debt, which in turn will transfer these funds to NewCo in the form of participatory capital, which potentially may have to be repaid after ten years.

5.2 Applicable Law

This voluntary public takeover Offer as well as any purchase and transfer agreements concluded on the basis of this Offer are subject to Austrian law. The competent court in Vienna, Innere Stadt, shall have exclusive jurisdiction, except in case of consumer contracts.

5.3 Restriction of Publication

Other than in compliance with applicable law, the publication, dispatch, distribution, dissemination or granting access to this Offer Document or other documents connected with the offer outside of the Republic of Austria is not permitted. The Bidder does not assume any responsibility for any violation against the above-mentioned provision.

In particular, this Offer is not being made, directly or indirectly, in the United States of America, its territories or possessions or any area subject to its jurisdiction, nor may it be accepted in or from the United States of America. Further, this Offer is not being made, directly or indirectly, in Australia or Japan, nor may it be accepted in or from Australia or Japan.

This Offer Document does not constitute a solicitation to offer shares in the Target Company in or from any jurisdiction where it is prohibited to make such offer or solicitation or where it is prohibited to launch an offer by or to certain individuals.

Shareholders who come into possession of the offer document outside the Republic of Austria and/or who wish to accept the offer outside the Republic of Austria are advised to inform themselves of the relevant applicable legal provisions and to comply with them. The Bidder does not assume any responsibility in connection with an acceptance of the offer outside the Republic of Austria.

5.4 Advisors to the Bidder

The following advisers have been appointed by the Bidder:

- Investment Bank: J.P. Morgan plc., 10 Aldermanbury, London, EC2V 7RF, Großbritannien,
- Legal Advisor: Freshfields Bruckhaus Deringer LLP, Seilergasse 16, A-1010 Vienna,

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- Expert pursuant to Section 9 ÜbG: PwC Wirtschaftsprüfung GmbH, Erdbergstraße 200, A-1030 Vienna.

5.5 Further Information

For further information concerning this Offer and its settlement, Mr. Sebastian Steffen is available at T: +49(0)69/696-28014, F: +49(0)69/696-90990, E: AUA-tender-offer@dlh.de. The Depository Banks receive separate information regarding the settlement of this Offer.

5.6 Information on the Bidder's Expert

The Bidder has appointed PwC Wirtschaftsprüfung GmbH, Erdbergstraße 200, A-1030 Vienna (FN 88248 b, Handelsgericht Wien) as its expert pursuant to Section 9 ÜbG.

Vienna, 27 February 2009

On behalf of ÖLH Österreichische Luftverkehrs-Holding-GmbH:

Nicolai Ingo von Ruckteschell

Arnd Peter Schwierholz

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Confirmation of the Expert Pursuant to Section 9 ÜbG

According to our investigation pursuant to Section 9 para. 1 of the Austrian Takeover Act (Übernahmegesetz, "ÜbG") we have come to the conclusion that the voluntary public takeover offer pursuant to Section 25a ÜbG of the Bidder made to the shareholders of Austrian Airlines is complete and complies with all applicable laws, including the statements made with respect to the offered consideration are in compliance with legal requirements.

The Bidder has the necessary financial means to fulfil all terms and obligations under the Offer.

Mag. Dipl.-Ing. Friedrich Rödler
Wirtschaftsprüfer

Mag. Miklós Révay

PwC Wirtschaftsprüfungs GmbH, Wirtschaftsprüfungsgesellschaft

Vienna, dated 27 February 2009