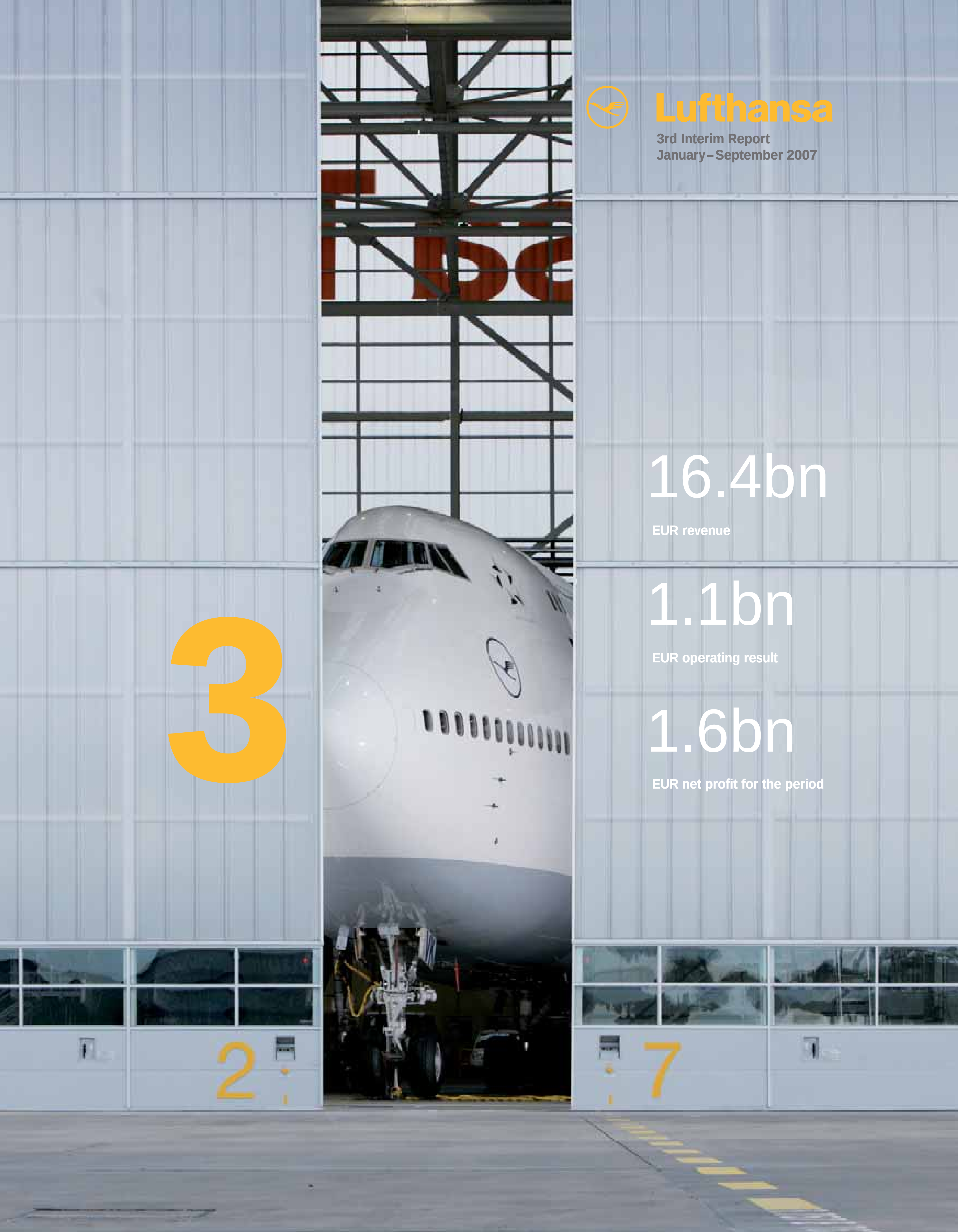


Lufthansa

3rd Interim Report
January – September 2007

3

16.4bn

EUR revenue

1.1bn

EUR operating result

1.6bn

EUR net profit for the period

Lufthansa Group overview

Key data[1]		January – Sept. 2007	January – Sept. 2006	Change in %
Revenue and Result				
Revenue	€m	16,367	14,980	9.3
- of which traffic revenue	€m	12,739	11,599	9.8
Operating result	€m	1,085	691	57.0
EBIT	€m	1,420	979	45.1
EBITDA	€m	2,274	1,780	27.8
Net profit for the period	€m	1,578	414	281.2
Key balance sheet and cash flow statement figures				
Total assets	€m	23,209	19,517	18.9
Equity ratio	%	28.7	23.8	4.9pp
Net liquidity[2]	€m	1,552	154	907.8
Cash flow from operating activities	€m	1,975	1,381	43.0
Capital expenditure	€m	925	1,313	– 29.6
Key profitability and value creation figures				
Adjusted operating margin[3]	%	7.0	5.1	1.9pp
EBITDA margin	%	13.9	11.9	2.0pp
The Lufthansa share				
Share price at quarter end	€	20.17	16.71	20.7
Earnings per share	€	3.45	0.90	283.3
Traffic figures				
Passengers	thousands	45,828	40,218	13.9
Freight/mail	thousand tonnes	1,383	1,300	6.4
Passenger load factor	%	77.8	75.4	+ 2.4pp
Cargo load factor	%	67.2	66.9	+ 0.3pp
Available tonne-kilometres	millions	22,011	19,966	10.2
Revenue tonne-kilometres	millions	16,136	14,360	12.4
Overall load factor	%	73.3	71.9	+ 1.4pp
Number of flights		546,434	498,143	9.7
Employees				
Employees as of 30 September	number	105,199	93,923	12.0

[1] Due to changes in the group of consolidated companies the comparability of the figures with those of the previous year is limited.
[2] Long-term securities serving as liquidity reserves and cashable at short notice have been included in the calculation of net liquidity.
[3] Ratio for comparability with other airlines: (operating result and reversals of provisions)/revenue.

The interim report at 30 September 2007 was prepared in accordance with the rules of IAS 34, taking into account the standards applicable since 1 January 2007.

Date of disclosure: 25 October 2007

Content

Dear Shareholders,

Lufthansa remains on a profitable growth path. In recent months we have set new records for passenger numbers and sales. Profitability has increased still further and is excellent. The nine-month result of nearly EUR 1.1bn has brought us a lot closer to our profitability targets. In comparison with last year we have improved the operating result by 57 per cent. This is primarily due to good results in the core business passenger transportation – an important confirmation of the strategic decision to focus the Group's business on our core competencies.

This higher profitability allows us to make targeted investments in the future. The fleet renewal and expansion programme continues. Another 41 long-haul and short-haul aircraft have been ordered in the last quarter, of which eleven are destined for SWISS. This means that Lufthansa Group has a total of some 170 aircraft on order, which will be delivered over the period to 2015. In the medium to long-term they will make a major contribution to decreasing unit costs and reducing the environmental footprint, as they mean that planned annual growth of around 5 per cent can take place largely without producing additional CO_2 emissions.

SWISS is also contributing to our profitable growth. It has been fully integrated with Lufthansa Group since 1 July, which is now also visible in the operating result. Thanks not least to its good operating performance we are investing in the fleet and in expanding lounge capacities in Switzerland.

The other business segments are also continuing to achieve positive results. Lufthansa Cargo is growing and by means of its partnership agreements is positioning itself extremely well in growth markets. Lufthansa Technik is steadily expanding its circle of customers and is preparing for future growth by extending maintenance capacities in Frankfurt and Hamburg. Lufthansa Systems will confirm its leading position in the aviation industry with its existing products and expertise. LSG Sky Chefs is steadily increasing its profitability and intends to develop its market position further with innovative products.

Dear Shareholders, there is a clear trend for your company in the months ahead: forward bookings in the passenger transportation segment and ongoing contracts in other business segments allow us to look to the future with confidence, apart from the ever increasing oil price. Despite this burden we are still anticipating an operating result of around EUR 1.3bn for the current year. However, the journey continues: as in many areas of quality and customer orientation we also want to use our group initiative "Upgrade to Industry Leadership" to become the best in the business in terms of profitability. Our growth path is focused on profitability, which will benefit shareholders, customers and staff equally. Please accompany us as we move forward.

Wolfgang Mayrhuber
Chairman and CEO

Stephan Gemkow
Member of the Executive Board
Chief Financial Officer

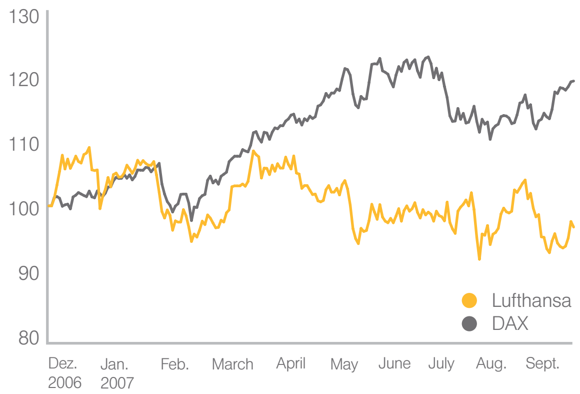
Stefan Lauer
Member of the Executive Board
Chief Officer Aviation Services and Human Resources

Share

The German share index DAX continued its upward trend in the first nine months of the year, with interruptions in March and August. The daily high of 8,151 points on 13 July brought it close to the high-water mark of the year 2000. Observers' interest in the third quarter was focused on the emerging property crisis in the USA and its effects on the financial industry, and on the uncertainty as to whether it would impact the economy in the USA or other industrialised nations. Further oil price rises and the strong euro also influenced the markets. The DAX nevertheless recorded an increase of 19 per cent since the start of the year.

Lufthansa's share price trend in compared with the DAX since begin of the year 2007

in %



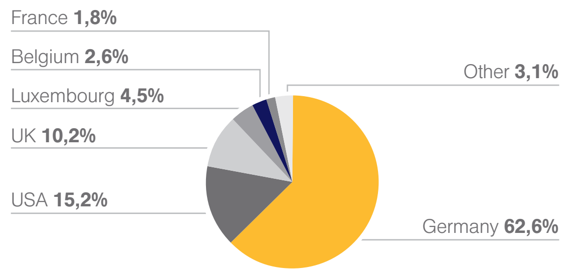
Against this background aviation shares were not a priority for investors over the past nine months. After significant price gains in 2006 the sector as a whole has suffered this year. Furthermore, valuations were in some cases distorted by ongoing speculation about consolidation in the industry. In this environment Lufthansa was able to set itself apart from the competition due to its good operating results and by taking a clear line in the discussions about consolidation.

Apart from a minor decline of 3 per cent the share was more or less able to sustain the price level it achieved at the end of 2006. The shares of key competitors such as British Airways (–27%) and Air France (–19%) were subjected to far more drastic treatment. At the end of September the Lufthansa share was valued at EUR 20.17, equivalent to a market capitalisation of EUR 9.24bn.

Lufthansa's excellent earnings position and favourable prospects for 2007 have moved several analysts to point out the possibility of an attractive dividend yield. Overall the Lufthansa share is predominantly still considered a buy.

The capital markets also appreciate the company's responsible attitude towards the environment, its staff and society. Lufthansa's membership's in the FTSE4-Good Index and the Dow Jones Sustainability World Index were reconfirmed.

Shareholder structure by nationality (30 September 2007)



The share of Lufthansa's equity held by non-German shareholders went down again. At the end of September 62.6 per cent (last year: 58.8%) of Lufthansa share capital was held by German investors. Shareholders from the US were in second place with 15.2 per cent (last year: 15.5%), followed by UK investors holding 10.2 per cent (last year: 11.8%). The largest investors are AXA Group with 10.56 per cent and Barclays Global Investors with 5.07 per cent. Institutional investors represent 76 per cent and some 24 per cent of the issued capital is in the hands of private shareholders.

Interim management report

Economic settings

Robust global economic growth continues. A slowdown in the USA was largely made up for by persistently high figures in other regions, particularly the emerging markets in Asia, as well as by sound progress in Europe. In the first nine months the global economy grew by 3.5 per cent (last year: 3.8%). The economy in Europe (EU) and Germany also continued to grow, at a rate of 2.9 per cent respectively in comparison to last year.

The aviation industry has done even better. According to information from IATA passenger numbers increased by 7.2 per cent for the period January to August and freight volumes rose by 3.9 per cent compared with last year. This represents a further increase over the situation at the end of the first half-year. The AEA members also reported further positive traffic data for Europe.

The US mortgage crisis has affected financial markets worldwide and caused financial investors to be more reticent in their acquisitions. This may mean that strategic considerations could once again come to the fore in the current consolidation process in the aviation industry. In recent months the competitive landscape in Germany has changed because of the takeover of LTU by Air Berlin. The cooperation is due to grow further in 2009 and 2010 with the acquisition of Condor.

In the third quarter the price for a barrel (159 litres) of Brent crude oil went up significantly again and broke new records in September with spot prices of over USD 80 a barrel. Over the past nine months the closing prices for Brent have fluctuated between USD 51.62 and USD 80.03 per barrel and at an average of USD 67.30 were still just below the previous year's figure of USD 67.98.

Course of business and the Group's economic position

Lufthansa's economic position has improved further over the past nine months. This is the result of solid operating performance in all business segments, supplemented by income from our ongoing portfolio management. The concentration on core competences has paid off and confirms our course. This can be seen particularly clearly looking at the operating result improvement in the passenger transportation segment of about 68 per cent. Thanks to a well diversified customer base and capacity structure the financial market crisis has not had an economic impact on Lufthansa's business.

Altogether we have made further substantial progress towards our goal of becoming the most profitable European network airline with a global offering.

Significant events On 2 April Lufthansa sold its shares in Thomas Cook to KarstadtQuelle (now known as Arcandor) and at the same time increased its stake in Condor Flugdienst GmbH from 10.0 to 24.9 per cent. Lufthansa had a pre-emption right in the planned sale of the stake in Condor held by Thomas Cook to Air Berlin, but after careful consideration this right was not exercised due to strategical and economical reasons.

In its meetings on 17 April and 19 September the Supervisory Board approved orders for 45 regional aircraft and 30 short-haul aircraft for European traffic, as well as nine long-haul and two short-haul planes for SWISS as part of the modernisation and expansion of the fleet in the passenger transportation segment. Altogether Lufthansa has placed orders for some 170 aircraft, which are to be delivered in the period up to 2015 and will further raise the profitability of the fleet by substantially reducing unit costs. Its high proportion of owned aircraft in the Group means that Lufthansa can react flexibly to any fluctuations in demand.

New pay settlements were reached for ground staff and cabin staff in February and June of this year. Basic pay was increased by a total of 3.4 per cent. Staff also participate in the company's success by means of a profit-share. A crisis agreement allows the company to adjust personnel capacities flexibly.

On 31 May 2007 the rating agency Moody's raised the outlook for Lufthansa's Baa3 credit rating from stable to positive in recognition of the positive economic developments at Lufthansa and the further improvement of the financial profile.

In order to secure its long-term financial success, Lufthansa must both increase its satisfied customer base and attract and retain qualified employees. The success of our corporate policy in these respects is demonstrated by numerous awards. Group airlines have won awards in several different competitions and the Lufthansa School of Business received plaudits once again as "Corporate University".

Changes in the group of consolidated companies
There have been major changes to the group of consolidated companies compared with the same period last year. Swiss International Air Lines and its subsidiaries were included in the consolidated financial statements of Deutsche Lufthansa AG for the first time as of 1 July 2007. In comparison with year end 2006 and 30 September 2006 the group of consolidated companies has also seen the addition and disposal of those companies listed in the table on page 23. Changes in the group of consolidated companies have had a material effect on the consolidated balance sheet and income statement compared with the same period last year. These effects are described in the respective comments and in the tables on page 22.

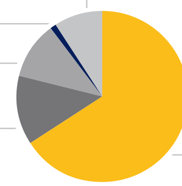
Results Lufthansa Group **traffic** rose considerably in the past nine months. Lufthansa Passenger Airlines, Swiss International Air Lines (Since 1 July) and Lufthansa Cargo expanded capacity by a total of 10.2 per cent. Sales also improved by 12.4 per cent. The overall load factor increased to 73.3 per cent (+1.4pp).

Group traffic revenue climbed by 9.8 per cent to EUR 12.7bn. Adjusted for changes in the group of consolidated companies the increase amounted to 3.6 per cent. Currency effects reduced traffic revenue by 2.5 per cent.

Traffic revenue went up by 11.9 per cent to EUR 10.8bn in the passenger transportation segment, largely due to clearly greater capacity. This includes traffic revenue of EUR 655m from SWISS. In the Logistics segment traffic revenue dropped by 4.1 per cent, despite an expanding volume and load factor, owing to lower average yields. Traffic revenue makes up 77.8 per cent of Group revenue.

Other revenue improved by 7.3 per cent to EUR 3.6bn. The MRO (Maintenance, Repair and Overhaul) business segment accounts for EUR 1.7bn (+7.1%) and the Catering segment for EUR 1.4bn (+5.0%). **Total revenue** grew to EUR 16.4bn, 9.3 per cent more than last year. Adjusted for changes in the group of consolidated companies revenue growth was 5.5 per cent.

External Revenue Share of individual business segments



Other operating income rose by 18.9 per cent to EUR 1.1bn. This includes much higher exchange rate gains than last year and effects from changes in the group of consolidated companies. Adjusted for the consolidation changes the increase in other operating income would have been 6.0 per cent. **Total operating income** went up by 9.7 per cent to EUR 17.5bn (+3.9% adjusted for changes in the group of consolidated companies).

Operating expenses developed disproportionally to revenue. The **cost of material and services** accounts for more than half the total. This includes fuel costs, which rose as a result of expanding the group of consolidated companies, but after adjustment for these changes remained more or less unchanged despite higher oil prices. This is largely due to the weakness of the US dollar. The rise in fees and charges is also largely due to changes in the group of consolidated companies, whereas the increase in other raw materials and supplies originated in growth at the MRO and Catering segments.

Higher **staff costs** reflect the larger group of consolidated companies, the pay rise for ground and cabin staff as well as one-off payments and the profit-share. As of 30 September 2007 the Group had 105,199 **employees**, 12.0 per cent more than a year ago, of which SWISS accounts for 6,866. Adjusted for all changes to the group of consolidated companies, staff numbers would have been 3.0 per cent above last year's level.

Depreciation and amortisation went up due to changes in the group of consolidated companies and also because of new aircraft and impairment losses in the IT Services segment. **Other operating expenses** mainly rose as a result of the changes in consolidation. Agency commissions remained almost unchanged and adjusted for the changes in the group of consolidated companies would even have been lower than in the previous year.

Over the nine month period all profit ratios improved significantly. The **profit from operating activities** went up by 50.2 per cent (adjusted for consolidation changes: 36.3%) to EUR 1.2bn. **Operating result** adjusted for non-recurring factors (see table on page 6) rose by 57.0 per cent to around EUR 1.1bn. For the first time this includes a result contribution of EUR 90m from SWISS for the period July to September 2007.

The "adjusted operating margin", calculated to allow comparisons with other airlines, climbed still further and is now 7.0 per cent (last year: 5.1%).

Result of investments accounted for using the equity method also grew by 63.8 per cent to EUR 357m. This includes the at equity result of SWISS for the first six months of the year (EUR 180m) as well as earnings of EUR 71m in connection with the buyback of its own shares by WAM Acquisition S.A. **EBIT** rose by a total of EUR 441m to EUR 1.4bn.

Net interest payments improved by 8.6 per cent to EUR –169m. **Income taxes** declined by 74.7 per cent to EUR 74m. This is mainly due to a change in the tax rate passed in July 2007 as part of the corporation tax reform, which led to a reduction in deferred tax liabilities of EUR 211m, reflected in the profit and loss account.

Net profit almost quadrupled to EUR 1.6bn at the end of September (last year EUR 414m). It includes a profit of EUR 503m from the sale of the Thomas Cook stake.

Operating expenses

	January–Sept. 2007 in €m	January–Sept. 2006 in €m	**Change** in %	Adjusted for changes in the group of consolidated companies in %
Cost of materials and services	8,403	7,754	8.4	2.5
- of which aircraft fuel	2,757	2,559	7.7	1.4
- of which raw materials and supplies	1,795	1,631	10.1	6.7
- of which fees and charges	2,317	2,124	9.1	3.2
Staff costs	3,963	3,718	6.6	3.9
Depreciation and amortisation	886	774	14.5	10.1
Other operating expenses	3,051	2,907	5.0	– 2.5
- of which sales commissions paid to agencies	475	472	0.6	– 5.1
- of which for external staff	187	159	17.6	16.0
- of which rent and maintenance expenses	513	465	10.3	8.6

Cash flow & capital expenditure

Operating cash flow of EUR 2.0bn (last year: EUR 1.4bn) was generated in the first nine months of the financial year 2007. Gross capital expenditure amounted to EUR 925m, after deducting cash balances purchased with the acquisition of consolidated companies. EUR 885m of the total was for final payments on three Airbus A340 and five Airbus A319, as well as for aircraft overhauls, aircraft equipment, reserve engines and initial payments for new aircraft. In addition EUR 283m were allocated to the Lufthansa Pension Trust and EUR 84m to the external trust fund for obligations for partial retirement agreements and retirement benefit obligations. Total cash flow of EUR 1.7bn was derived from asset disposals, especially the cash payment of EUR 800m from the sale of the Thomas Cook stake, the sale of current securities and interest and dividend payments. This meant that net cash flow from investment activities was positive at EUR 353m, whilst last year net cash of EUR 970m was spent. EUR 381m was required for financing activities, i.e. scheduled debt repayment, dividend payments to shareholders of Deutsche Lufthansa AG and to minority shareholders of other consolidated companies as well as current interest payments, resulting in a rise in cash and cash equivalents of EUR 1.9bn. In the first nine months of 2006 net cash of EUR 999m was used for financing activities, so that total cash and cash equivalents declined by a total of EUR 588m during the period. The internal financing ratio was 213.5 per cent (last year: 109.1%).

Reconciliation of results				
	January – Sept. 2007		January – Sept. 2006	
in €m	Income statement	Reconciliation with operating result	Income statement	Reconciliation with operating result
Revenue	**16,367**		**14,980**	
Changes in stocks	72		79	
Other operating income	1,055		887	
- of which book gains from financial investments		– 46		– 53
- of which income from reversal of provisions		– 61		– 75
- of which write-ups on capital assets		– 5		– 3
- of which period-end valuation of non-current financial liabilities		– 60		– 7
Total operating income	**17,494**	**– 172**	**15,946**	**– 138**
Cost of materials and services	– 8,403		– 7,754	
Staff costs	– 3,963		– 3,718	
- past service costs		–		–
Depreciation	– 886		– 774	
- of which impairment charge		43		–
Other operating expenses	– 3,051		– 2,907	
- of which expenses incurred from book losses and current financial investments		9		22
- of which period-end valuation of non-current financial liabilities		14		14
- of which provision for onerous contracts		–		–
Total operating expenses	**– 16,303**	**66**	**– 15,153**	**36**
Profit from operating activities	**1,191**		**793**	
Total from reconciliation with operating result		– 106		– 102
Operating result		**1,085**		**691**
Income from subsidiaries, joint ventures & associates	357		218 [2]	
Other financial items	– 128		– 32	
EBIT	**1,420**		**979** [2]	
Write-downs (incl. in profit from operating activities)	843		774	
Write-downs on financial investments (incl. at equity)	11		27	
EBITDA	**2,274**		**1,780** [2]	

[1] Rounded below EUR 1m.
[2] Previous year adjusted for Thomas Cook.

Financial position

The structure of the balance sheet as of 30 September 2007 is marked by the changes to the group of consolidated companies, particularly the initial full consolidation of Swiss International Air Lines and its subsidiaries as of 1 July 2007. This has had a number of significant effects, reflected in changes to the individual line items of the balance sheet. The effects due to changes in the group of consolidated companies are therefore included in brackets.

The consolidated balance sheet total at the end of the third quarter 2007 was EUR 23.2bn (of which EUR 1.9bn comes from the changes in the group of consolidated companies) and therefore EUR 3.7bn higher at than the equivalent figure at year-end 2006. Non-current assets went up by EUR 1.1bn (of which EUR 709m from the changes in the group of consolidated companies) to EUR 14.1bn, whilst current assets even increased by EUR 2.6bn (of which EUR 1.2bn from the changes in the group of consolidated companies) to EUR 9.1bn.

Within non-current assets the item aircraft and spare engines alone went up by EUR 969m (of which EUR 858m from the changes in the group of consolidated companies) to EUR 8.4bn, and intangible assets rose by EUR 291m (of which EUR 341m from the changes in the group of consolidated companies) to EUR 1.1bn. At the same time financial assets declined by EUR 719m due to the reversal of the stake in SWISS Group previously accounted for under the equity method.

Of the current assets, cash and cash equivalents increased notably, going up to EUR 1.9bn including liquid securities (of which EUR 919m from the changes in the group of consolidated companies). Current receivables climbed by EUR 965m due to seasonal and billing factors, as well as the changes in the group of consolidated companies. The disposal of the Thomas Cook stake, which had been accounted for using the equity method and recognised in current assets as of year-end 2006, resulted in a decline of EUR 372m. The ratio of non-current assets to total assets dropped from 66.6 per cent at year-end 2006 to 60.6 per cent now.

Shareholders' equity (including minority interests) increased by EUR 1.8bn compared with year-end 2006 and now totals EUR 6.7bn. This rise is primarily due to the high net profit after tax of EUR 1.7bn, which includes the net bookgain of EUR 503m from the disposal of the Thomas Cook stake. Group equity also went up by EUR 483m as a result of the initial consolidation of SWISS Group on 1 July and the concomitant revaluation of all its assets and liabilities. Shareholders' equity was reduced on the other hand by the dividend payment of EUR 321m to shareholders of Deutsche Lufthansa AG.

The shareholders' equity ratio climbed to 28.7 per cent, compared with 25.2 per cent at the end of the 2006 financial year.

As of 30 September 2007 net liquidity – including long-term liquidity reserves of EUR 539m – amounted to EUR 1.6bn, compared with EUR 101m at the end of 2006. A contribution to net liquidity of EUR 560m results from the changes to the group of consolidated companies.

Gearing including retirement benefit provisions is now at 31.8 per cent (year-end 2006: 75.7%).

Risks and opportunities

As an international aviation company Deutsche Lufthansa AG is naturally exposed to general business risks and industry specific risks. These principally consist of risks involving capacities and load factors, strategy, politics, operations, procurement, collective bargaining and IT as well as financial and treasury risks. Lufthansa's risk policy allows the Group to exploit commercial opportunities as they arise, as long as a risk-return profile in line with market practice is maintained and the risks are appropriate and acceptable in proportion to the value generated.

Our group-wide opportunities and risk management allows us to identify them in advance as well as analyse and quantify them and so harness their potential for the company's success. You can find information on the Group's opportunities and risk management system and the risk position of the Group in the Annual Report 2006 starting on pages 98 and 157. In the past nine months

Group fleet
Number of commercial aircraft as of 30.09.2007

Manufacturer/Type	Lufthansa AG	Swiss International Air Lines	Lufthansa Cargo AG	CityLine	Air Dolomiti	Germanwings	Eurowings	**Group**	Change as of 30.09.2006	Change as of 31.12.2006	Share Finance/ Operating Lease
Airbus A300	14	–	–	–	–	–	–	14	–	–	–
Airbus A310	4	–	–	–	–	–	–	4	– 1	–	–
Airbus A319[1)]	20	7	–	–	–	24	–	51	+ 12	+ 12	19
Airbus A320[1)]	36	17	–	–	–	3	–	56	+ 17	+ 17	13
Airbus A321[1)]	26	6	–	–	–	–	–	32	+ 6	+ 6	6
Airbus A330[1)]	10	11	–	–	–	–	–	21	+ 9	+ 11	9
Airbus A340[1)]	45	11	–	–	–	–	–	56	+ 16	+ 14	11
Boeing 747	30	–	–	–	–	–	–	30	–	–	–
Boeing 737	63	–	–	–	–	–	–	63	–	–	2
MD 11F	–	–	19	–	–	–	–	19	–	–	–
Canadair[2)]	9	–	–	57	–	–	8	74	– 5	– 4	8
BAE 146[3)]	5	–	–	–	–	–	15	20	+ 1	+ 1	19
AVRO[1)]	–	21	–	18	–	–	–	39	+ 21	+ 21	19
ATR	–	–	–	–	14	–	14	28	– 1	– 1	19
EMBRAER 145[1)]	–	4	–	–	–	–	–	4	+ 4	+ 4	4
Total	**262**	**77**	**19**	**75**	**14**	**27**	**37**	**511**	**+ 79**	**+ 81**	**129**

Leasing rate Lufthansa Group: 25%
1) Addition of SWISS in the group of consolidated companies.
2) Aircraft owned by Lufthansa and leased to Eurowings.
3) Five of Lufthansa's operating lease aircraft are leased to Air Dolomiti.

of 2007 no further significant risks for the Group have become apparent in addition to those described in detail in the 2006 Annual Report. Current general economic developments are not expected to affect the net profit for the year. Taking all known facts into account, there are currently no risks which could endanger the existence of the Group in the foreseeable future.

Outlook

Uncertainties on international financial markets, the slight downswing in the USA and record oil prices have cast a pale shadow over economic growth prospects in comparison with recent months. The strong rise of the euro against the US dollar is also a burden for the euro-zone. Nevertheless, economic experts are still forecasting that the global economy will grow by 3.6 per cent and the euro zone by 2.6 per cent in the full year 2007. Highly robust growth is still expected for 2008, supported primarily by the emerging markets in Asia.

The outlook for the aviation industry is also bright. For 2007 growth in worldwide passenger travel of between 6 and 7 per cent is expected and for freight transport of some 4 per cent. In view of the strong demand for passenger flights IATA has raised its 2007 profit forecast for the international air transport industry by USD 0.5bn to USD 5.6bn. The forecast for the development in 2008 is similar.

As in the past nine months we do not anticipate any tangible adverse effects for the full year 2007. Stable bookings in the passenger transportation and logistics segments for the months ahead and ongoing contracts in other business segments mean that we expect the positive operating situation to continue for the full financial year. Based on current economic conditions we still anticipate an operating result of around EUR 1.3bn for the full year. The Group initiative “Upgrade to Industry Leadership” started this year will also enable us to make further increases to our profitability compared with the industry in the years ahead.

Segment Passenger Transportation

Passenger Transportation					SWISS [1]
		January–Sept. 2007	January–Sept. 2006	**Change in %**	**July–Sept. 2007**
Revenue	€m	11,556	10,208	13.2	754
- of which with companies of the Lufthansa Group	€m	439	400	9.8	7
Operating result	€m	744	443	67.9	90
Segment result	€m	995	627	58.7	–
EBITDA	€m	1,606 [2]	1,207 [2]	33.1	138
Segment capital expenditure	€m	952	594	60.3	126
Employees as of 30 September	number	46,643	38,115	22.4	6,866
Passengers carried [3]	thousands	45,828	40,218	13.9	3,345
Available seat-kilometres [3]	millions	123,225	110,482	11.5	8,071
Revenue passenger-kilometres [3]	millions	95,863	83,340	15.0	6,748
Passenger load factor [3]	%	77.8	75.4	+ 2.4pp	83.6

[1] For informational purposes, given the first-time full consolidation.
[2] Before profit/loss assumed from other companies.
[3] Without Germanwings.

Course of business and economic situation The business segment passenger transportation, which consists of Lufthansa Passenger Airlines, SWISS (fully consolidated from 1 July), Germanwings and from April 2007 (at equity) SunExpress, continues to make excellent headway. Over the past nine months traffic, revenue and results have all climbed steeply.

Lufthansa is gearing its business towards the requirements of its customers: the Senator and business lounges at key German and international locations are being modernised and expanded, ground procedures are being further improved and in Munich and Frankfurt for example, quick boarding gates are being installed at all gates. From the start of the winter flight plan 2007/2008 (from 28 October) the economy seats on the long-haul fleet are successively being fitted with individual screens and will offer a wider entertainment programme.

The market is reacting positively to the various Lufthansa initiatives. The customer satisfaction index is at an all-time high. Neutral observers also confirm this success. The readers of the business travel magazine “Business Traveller Deutschland” awarded Lufthansa several prizes and we took first place in the product comparison organised by the travel magazine “Clever Reisen”. A study carried out by Oliver Wyman and published in the business journal “Wirtschaftswoche” also underlines Lufthansa’s leading role on the European market.

In the survey of “Capital” readers on the “Airline of the Year 2007” SWISS was voted Number 1 on European routes and Air Dolomiti took first place for regional traffic. SWISS was also voted “Europe’s leading airline” for the second time at the 14th World Travel Awards.

The business segment intends to pursue its course of profitable growth. As part of the modernisation and expansion of its fleet Lufthansa has therefore ordered a total of 86 new aircraft this year, of which 45 are for regional traffic and 30 from the Airbus A320 family for European traffic. Nine Airbus A330-300 and two Airbus A320 have been ordered for SWISS. Their modern fuel-saving technology will reduce unit costs substantially in the medium term, reduce the environmental footprint and provide passengers with greater comfort.

As a result of the record crude oil and kerosene prices both Lufthansa and SWISS raised their fuel surcharges from 25 September.

The success of the passenger transportation segment can also be seen in further improvements to the **traffic figures**. The Lufthansa Passenger Airlines (Lufthansa and its regional partners), carried some 42.5 million passengers from January to September 2007 (+5.6% year on year). Capacity was increased substantially and the load factor still rose by 2.0 percentage points to 77.4 per cent.

SWISS has also made excellent progress. From July to September SWISS carried 3.3 million passengers. The load factor was 83.6 per cent at considerably higher capacity.

Overall 45.8 million passengers were welcomed on board a Lufthansa or SWISS flight. The passenger load factor went up by 2.4 percentage points to 77.8 per cent. All traffic areas contributed to this result with high growth rates. Although competition in Europe has become more intense, substantially higher capacities at both Lufthansa and SWISS were both fully sold in the market, increasingly also in the growth regions of Eastern Europe. The Americas traffic region also developed extremely well. The additional capacity was fully sold and the load factor continued to rise. Lufthansa and SWISS also did particularly well in the Asia/Pacific traffic region. Passenger and sales figures grew strongly along with the load factor. In the Middle East/Africa traffic region Lufthansa’s reductions in capacity were made up for by the consolidation of SWISS. Here too, the passenger load factor went up substantially. Together, Lufthansa Passenger Airlines and SWISS offered 530,828 flights worldwide.

Germanwings is also continuing its growth path. From January to September 2007 the airline carried 6.0 million passengers (+12.8%) and maintained its passenger load factor at a respectable 82.5 per cent (last year: 82.9%).

The airlines’ positive development drove **traffic revenue** up by 11.9 per cent to EUR 10.8bn. SWISS accounted for EUR 655m (July–September) and Germanwings for EUR 462m of the total. Lufthansa was able to benefit from its market-oriented capacity and yield management. Business with premium passengers already picked up considerably last year, but this year the right marketing enabled flight capacity in the economy class to be better utilised. The share of premium revenue remained high. Average yields adjusted for currency effects at Lufthansa and its regional partners improved slightly (+0.6%) at higher capacity. Including the effects of currency rates and the changes in the group of consolidated companies, average yields declined by 2.8 per cent. Other operating income rose by 27.4 per cent to EUR 669m, largely thanks to higher exchange rate

Trends in traffic regions
Lufthansa Passage Airlines und Swiss International Air Lines[1)]

	Number of passengers in thousands		Available seat-kilometres in millions		Revenue passenger-kilometres in millions		Passenger load factor in %	
	January–Sept. 2007	Change in %	**January–Sept. 2007**	Change in %	**January–Sept. 2007**	Change in %	**January–Sept. 2007**	Change in %
Europe	35,609	14.0	38,641	14.3	26,497	18.7	68.6	2.6pp
America	5,185	13.8	44,361	12.4	36,674	14.8	82.7	1.8pp
Asia/Pacific	3,326	10.8	30,760	7.1	25,537	10.7	83.0	2.7pp
Middle East/Africa	1,689	21.3	9,396	11.9	7,111	19.2	75.7	4.6pp
Total scheduled services	**45,808**	**14.0**	**123,159**	**11.6**	**95,819**	**15.0**	**77.8**	**2.4pp**
Charter	20	– 39.5	66	– 13.9	43	– 8.3	66.0	4.0pp
Total	**45,828**	**13.9**	**123,225**	**11.5**	**95,863**	**15.0**	**77.8**	**2.4pp**

[1)] Swiss included since 1 July 2007.

gains. Total **operating income** went up by 13.9 per cent to EUR 12.2bn (adjusted for the changes in the group of consolidated companies: 5.8%).

Operating expenses also climbed to EUR 11.5bn, disproportional to operating income at 11.6 per cent. Higher individual expenses compared with last year's figures are predominantly the result of the full consolidation of SWISS from 1 July. The **cost of materials and services** amounted to EUR 6.7bn (+11.4%), of which EUR 2.4bn was for fuel (+10.5%). The weaker dollar limited fuel cost rises – despite additional capacity and higher oil prices. Adjusted for changes in the group of consolidated companies fuel expenses would have climbed by 3.1 per cent. EUR 2.1bn was paid in fees and charges, 10.7 per cent more than last year. This includes higher flight security fees of EUR 573m (+16.9%), resulting from greater capacity, fee increases and the larger group of consolidated companies. Handling and landing fees went up by 10.6 per cent. These would have been lower than last year, despite substantial capacity increases, if adjusted for the effect of the consolidation. Other purchased services increased by 11.3 per cent (adjusted for group of consolidated companies: +4.2%) to EUR 2.0bn. Therein included MRO expenses climbed by 9.5 per cent (adjusted for group of consolidated companies: +6.1%) to EUR 994m. **Staff costs** grew by 12.8 per cent (adjusted for changes in the group of consolidated companies: +7.2%) to EUR 2.1bn. The increase is due to the change in the group of consolidated companies, additional recruitment, the rise in basic salary and a one-off payment. Because of higher interest rates the allocation for retirement benefit provisions dropped compared with last year, however, to EUR 170m (–4.5%). To the end of September the number of **employees** rose by 22.4 per cent to 46,643. This includes 6,866 staff at SWISS. The operating divisions in particular employed more staff due to the increase in capacity. The larger group of consolidated companies and the fleet expansion led to higher **depreciation and amortisation** (+10.2% to EUR 593m).

Operating result rose by EUR 301m to EUR 744m (last year: EUR 443m). SWISS made an operating result contribution of EUR 90m for the months July to September. Other segment income fell by 20.6 per cent to EUR 54m due to fewer asset disposals (aircraft and engines). Other segment expenses remained largely unchanged. BMI and from the second quarter on SunExpress are included in the result of investments accounted for using the equity method. This also includes the good result from SWISS (EUR 180m) for the first half-year. Overall net income from these investments rose by 66.9 per cent to EUR 197m. **Segment result** went up by 58.7 per cent to EUR 995m.

Segment capital expenditure increased by EUR 358m to EUR 952, primarily for new aircraft and predelivery payments on planes. In comparison with last year three A340s entered service for Lufthansa, five A319s for Germanwings and three CRJ-900s for regional traffic.

In the months ahead Lufthansa will continue to invest in service, products and quality and expand its offer for business travellers. The lounges in up to 25 locations worldwide are to be refurbished and extended over the next two years at a cost of some EUR 100m. SWISS will be building new lounge areas for business class, Senator class and first class passengers in Zurich and Geneva.

Lufthansa is also continually expanding its network and flight frequencies. In the winter flight timetable 2007/2008 capacity is due to grow by 6.2 per cent. On intercontinental routes capacity will go up by 7.4 per cent and on European routes by 3.7 per cent. This means that from the start of the winter timetable customers will be offered 188 destinations (last year: 183) in 79 countries (last year: 78). The new destinations in the winter timetable are Pusan (South Korea), Tirana (Albania), Orlando (USA), Karachi (Pakistan) and Lahore (Pakistan).

From May 2008 three long-haul A340 jets will be stationed in Düsseldorf to expand business at this location. In addition to the existing connections to New York and Chicago there will also be nonstop flights to the Canadian Star Alliance hub in Toronto.

Thanks to fleet expansion at SWISS there will be a new connection from Zurich to Delhi from the start of the winter flight timetable and from spring 2008 to Shanghai, St. Petersburg, Florence and Sofia. SWISS will also increase its profile in Geneva, with flights to Bucharest and Rome.

Germanwings is also to expand its network from the start of the winter timetable, making Skopje its second destination in Macedonia.

Wide-ranging cooperation agreements have been signed to extend the Group's network even further. From the start of the winter flight timetable Lufthansa and Egypt Air will offer all flights between Germany and Egypt with common flight numbers. A code-sharing agreement has been signed with Air Astana in Kazakhstan to develop the Eastern European growth market, which will come into effect in 2008. Lufthansa also intends to use cooperation programmes with AiRUnion to develop the growing Russian market. Connections to the South American market are to be extended by collaboration with Taca and TAM. Cooperation between Lufthansa and Turkish Airlines has been in place since the start of the summer flight timetable. The Turkish carrier will become a member of Star Alliance as well as a code-share partner. Star

Alliance is the largest airline network in the world, with 17 members, and is to be extended this year to include Air China and Shanghai Airlines. On 10 October it was agreed that Egypt Air should also join Star Alliance.

As a contribution to environmental protection Lufthansa and SWISS have formed a partnership with "myclimate", a Swiss non-profit organisation. Customers can make voluntary donations via direct links on the airlines' web pages. The donations are used for climate protection projects which contribute to a direct reduction of CO_2 emissions and meet the highest quality standards.

Outlook Operating developments to date, stable bookings and the overall steady operating environment confirm the current profit forecast for the year 2007. If there are no unexpected events the passenger transportation segment expects the year to continue developing well with a substantially higher operating result than last year.

Segment Logistics

Logistics		**January – Sept. 2007**	January – Sept. 2006	**Change in %**
Revenue	€m	2,000	2,100	– 4.8
- of which with companies of the Lufthansa Group	€m	13	9	44.4
Operating result	€m	65	13	400.0
Segment result	€m	82	37	121.6
EBITDA	€m	177	137	29.2
Segment capital expenditure	€m	10	5	100.0
Employees as of 30 September	number	4,616	4,658	– 0.9
Freight/mail	thousand tonnes	1,333	1,300	2.5
Available cargo tonne-kilometres	millions	9,085	8,912	1.9
Revenue cargo tonne-kilometres	millions	6,214	5,966	4.2
Cargo load factor	%	68.4	66.9	1.5pp

Course of business and economic situation Thanks to the strong global economy and positive economic situation in Germany the freight business has made good progress. Nevertheless, over-capacities and the pressure of competition are still weighting on average yields.

In this environment Lufthansa Cargo has achieved better traffic data than last year and is pursuing its course of profitable growth. A number of different steps have confirmed the development of its market position and quality leadership as objectives. Lufthansa Cargo has launched a joint airfreight company based in Leipzig together with DHL Express, in order to build on its leading position in airfreight and express delivery. Flight operations are due to start from Leipzig/Halle airport in April 2009 with new Boeing 777 aircraft. The new company will focus on airfreight and express deliveries towards growth markets in Asia. Since the beginning of this year Lufthansa Cargo's different clusters of freight expertise are now bundled together in their own units. The optimisation programme "Excellence + Growth" was expanded by a number of sales and cost measures to secure the short-term result.

Lufthansa Cargo has been able to take a leading role in flight safety standards as the first airfreight company with IOSA (IATA Operational Safety Audit) certification. The US customs authorities have also recertified Lufthansa Cargo for membership of the "Customs Trade Partnership Against Terrorism" (C-TPAT). Amongst other things this means fast-track processing by the American customs authorities for imports and exports. The company's endeavours are also recognised by customers. In the reporting period Lufthansa Cargo was voted "Best Air Cargo Carrier Europe" by the logistics magazine "Cargo News Asia" and also received the "Best Airline Customer Care" award from "Air Cargo Week".

In response to recent record prices for crude oil and kerosene Lufthansa Cargo has increased the fuel surcharge in two stages, the latest on 8 October, to EUR 0.65 per kilogramme of cargo.

Lufthansa Cargo is growing and for the summer flight timetable the frequency of flights to Dallas, São Paulo and Shanghai was increased and two new destinations were included: Lahore (Pakistan) and Wilmington (USA).

The expansion of capacity is reflected in the **traffic figures**. In the first nine months of the financial year some 1.3 million tonnes of freight and mail were transported, 2.5 per cent more than last year. Total capacity has increased by 1.9 per cent over the last nine months. Thanks to greater freight volumes (+4.2%) the cargo load factor rose by 1.5 percentage points compared with last year to 68.4 per cent. The number of flights went down by 13.0 per cent due to lower charter activity. In the Europe traffic region capacity and freight volumes both declined, but growth in the American business was above average. Freight capacities were specifically redirected from Asia/Pacific to America and transport volumes rose in both regions.

Continuing pressure on average yields, mainly in the Asia/Pacific traffic region where they sank by 11.3 per cent, the strong euro and a deliberate reduction of joint services with other airlines (Cathay Pacific, Korean Air and Air China) have combined to bring down **traffic revenue** by 4.1 per cent to EUR 1.9bn, despite the improvement in traffic figures. Overall average yields sank by 7.9 per cent (of which 3.4% was due to currency effects). Other operating income went down by 12.9 per cent to EUR 54m due to lower valuations of foreign currency positions and reduced write-back of provisions. **Total operating revenue** declined by 5.0 per cent to EUR 2.1bn.

Operating expenses dropped disproportionately by 7.4 per cent to EUR 2.0bn. EUR 1.4bn (–5.0%) was spent on **materials and services**; this includes fuel expenses which sank by 8.9 per cent to EUR 336m. As the joint services were reduced, charter expenses declined by 5.5 per cent to EUR 637m. MRO expenses rose by 11.7 per cent to EUR 105m due to a change in the billing method for engine overhauls. **Staff costs** went down by 2.0 per cent to EUR 244m despite the new wage settlement. The **number of employees** declined by 0.9 per cent compared with September 2006 to 4,616.

The **operating result** amounted to EUR 65m, or EUR 52m above last year's level. The third quarter 2006 included a settlement for a class-action lawsuit in the USA (USD 85m). The result of investments accounted for using the equity method is EUR 10m (last year: EUR 13m). This includes the investment in Jade Cargo International Company Ltd. in Shenzhen, China. The **segment result** totalled EUR 82m (+121.6%), as last year's result was also depressed by the court settlement. Segment capital expenditure doubled from EUR 5m to EUR 10m, amongst others for the purchase of air cargo containers.

When DHL-Express's European hub opens in Leipzig Lufthansa Cargo will transfer its freighters from Cologne to Leipzig from the start of the winter timetable. Cologne will remain a Lufthansa Cargo location and will be serviced in future by Lufthansa passenger aircraft

Trends in traffic regions
Lufthansa Cargo

	Freight/Mail in thousand tonnes		Available freight-tonne-kilometers in millions		Revenue freight-tonne-kilometers in millions		Cargo load factor in %	
	January–Sept. 2007	Change in %	**January–Sept. 2007**	Change in %	**January–Sept. 2007**	Change in %	**January–Sept. 2007**	Change in %
Europe	539	– 0.2	887	– 1.6	386	– 0.8	43.5	0,4pp
America	367	7.9	3,534	9.3	2,523	12.1	71.4	1,8pp
Asia/Pacific	349	2.6	3,943	– 2.6	2,884	– 0.4	73.1	1,5pp
Middle East/Africa	78	– 2.3	720	– 1.1	421	– 1.9	58.4	– 0,6pp
Total	**1,333**	**2.5**	**9,085**	**1.9**	**6,214**	**4.2**	**68.4**	**1,5pp**

and trucks. The Chinese joint venture Jade Cargo began its flight operations in the summer. Flights from Europe are marketed exclusively by Lufthansa Cargo.

Outlook The intense competition in the logistics market, especially in Asia, is expected to persist in the months ahead. However, the economic upswing in the euro zone and favourable world economic developments will have a positive effect on sales. Lufthansa Cargo has also taken specific steps to reduce costs. Despite a challenging environment the segment is therefore now anticipating a significant improvement in profit compared with last year.

Segment Maintenance, Repair and Overhaul (MRO)

MRO

		January – Sept. 2007	January – Sept. 2006	**Change** in %
Revenue	€m	2,691	2,542	5.9
- of which with companies of the Lufthansa Group	€m	1,037	997	4.0
Operating result	€m	197	186	5.9
Segment result	€m	212	203	4.4
EBITDA	€m	280	258	8.5
Segment capital expenditure	€m	141	81	74.1
Employees as of 30 September	number	18,899	18,305	3.2

Course of business and economic situation Global demand for aircraft maintenance, repair and overhaul services continued to be strong in the third quarter 2007, which had a positive impact on business at Lufthansa Technik Group. Revenue and profit grew again and the customer base was developed and strengthened.

Since the beginning of the year 360 new contracts have been signed with an expected revenue volume of EUR 386m for the full year. This means that Lufthansa Technik has extended its circle of customers by 23 to a total of 594 worldwide. These include Aegean Airlines with an eight-year contract for over USD 100m and China East Star Airlines which signed a five-year contract with Lufthansa Technik for USD 10m. The existing contract with the largest South American airlines LAN was renewed and extended for a total volume of more than USD 200m over twelve years. The German Federal Office of Defence Technology and Procurement has selected Lufthansa Technik as general contractor for the modernisation of the German federal government's mid-range fleet of aircraft. Letters of intent were signed with VIP customers for equipping two wide-bodied Airbus A330-200 aircraft. Lufthansa Technik also reported successes in North America. Its subsidiary Lufthansa Technik Tulsa has closed a five-year contract with US Airways.

The growth path was also reflected in **revenue**, which rose by 5.9 per cent compared with last year to EUR 2.7bn. The main driver remains business with clients outside the Group, which climbed by 7.1 per cent to EUR 1.7bn. Its share of total revenue is now 61.5 per cent (last year: 60.8%). Revenue from Lufthansa Group companies went up by 4.0 per cent to EUR 1.0bn. This is due especially to the extended programme of winter rest periods, in which the final refit of the Lufthansa Business Class was completed and the larger fleet. Other operating income increased by EUR 33m to EUR 119m, primarily due to currency effects. Overall the MRO segment reported total **operating income** of EUR 2.8bn (+6.9%).

Operating expenses increased to EUR 2.6bn (+7.0%). In line with revenue development the greater part of the increase was in the **cost of materials** and services, which grew by 7.7 per cent to EUR 1.4bn as a result of higher volumes. More staff and higher provisions for phased retirement programmes pushed up **staff costs** by 5.5 per cent to EUR 733m. At the end of September Lufthansa Technik Group had 18,899 employees, 3.2 per cent more than last year. Growth was mainly at Lufthansa Technik AG and Lufthansa Technik Philippines, Inc. **Depreciation and amortisation** went up as a result of greater capital expenditure by 7.1 per cent to EUR 60m. Other operating expenses also increased by 7.2 per cent to EUR 401m due to greater deployment of external staff, larger property maintenance projects and exchange rate losses.

The **operating result** improved by 5.9 per cent to EUR 197m. Other segment income and expenses remained at roughly the same level as last year. The result of investments accounted for using the equity method (including HEICO Aerospace, AMECO, etc.) was EUR 10m (last year: EUR 9m). The **segment result** was 4.4 per cent above last year's at EUR 212m.

Segment capital expenditure climbed steeply by EUR 60m to EUR 141m. Purchases included additional spare engines, new machinery and technical equipment as well as the maintenance hangar for the A380 in Frankfurt and an office building in Hamburg.

The MRO segment will continue to invest in growth projects in future. Lufthansa Technik AG is expanding its production capacity in Germany and intends to build an additional production hangar in Hamburg for engine overhauls. Together with new processes this will increase the number of engines serviced annually from 320 to over 400.

N3 Engine Overhaul Services, the joint venture between Lufhansa Technik and Rolls Royce for repairing and overhauling aero engines, officially opened its recently built factory in Arnstadt on 14 September. Some 200 engines for the Airbus models A330, A340 and A380 will be overhauled there every year.

Lufthansa Technik AG is one of eleven Hamburg companies to have signed a voluntary undertaking to reduce CO_2 emissions. Emissions in the field of infrastructure alone are to be reduced by 15 per cent by 2012.

Outlook Although competition remains intense, Lufthansa Technik is optimistic about the future and expects to increase the operating result for the full financial year 2007 above the level of last year.

Segment IT Services

IT Services

		January – Sept. 2007	January – Sept. 2006	**Change** in %
Revenue	€m	499	477	4.6
- of which with companies of the Lufthansa Group	€m	291	275	5.8
Operating result	€m	11	30	– 63.3
Segment result	€m	– 31	29	–
EBITDA	€m	– 4	54	–
Segment capital expenditure	€m	41	35	17.1
Employees as of 30 September	number	3,122	3,309	– 5.7

Course of business and economic situation Lufthansa Systems increased its revenue over the first nine months of the year, but the result was severely affected by the cessation of the FACE project (Future Airline Core Environment). In the course of the third quarter it became evident that the commercial aim of the project was no longer achievable and development work was therefore suspended. Within the whole service framework for Lufthansa Systems Group sales activities remain focused on outsourcing projects and platform solutions for clients.

Revenue for the business segment IT Services grew by a total of 4.6 per cent to EUR 499m. Internal revenues went up by 5.8 per cent to EUR 291m as a result of substantial growth in passenger numbers at the Group's airline operations and the contract for managing and optimising the IT infrastructure for LSG Sky Chefs companies. External revenues improved by 3.0 per cent to EUR 208m. Other operating income climbed by EUR 2m to EUR 21m and **total operating income** increased by 4.8 per cent to EUR 520m.

Operating expenses came to EUR 509m (+9.2%). Growth at Lufthansa Systems led to higher **costs of materials and services** (+7.7% to EUR 28m). **Staff costs** went up by 1.7 per cent to EUR 182m, due above all to restructuring expenses. However, the **number of employees** went down by 5.7 per cent to 3,122. **Depreciation and amortisation** rose by 12.5 per cent to EUR 27m as a result of the infrastructure outsourcing for LSG Sky Chefs. Other operating expenses totalled EUR 272m (+14.8%), primarily owing to the suspension of the FACE project.

Profit figures were also affected by these non-recurring factors. The **operating result** amounted to EUR 11m, a decline of EUR 19m compared with last year. Although other segment income was nearly unchanged at EUR 1m, other segment expenses shot up to EUR 43m (last year: EUR 1m), mainly for impairment charges taken on the FACE project. This leads to a negative overall **segment result** of EUR –31m (last year: EUR 29m).

Segment capital expenditure rose by 19.4 per cent to EUR 41m. This is primarily due to the new contract for managing and optimising the IT infrastructure at LSG Sky Chefs.

Outlook The considerable need for modernisation work on IT systems will continue to stimulate demand for the segment's services and generate revenue. Lufthansa Systems is therefore expecting continuing volume increases. The suspension of FACE will, however, depress this year's result. A positive operating result is still anticipated, but which is not expected to reach the same level as last year.

Segment Catering

Catering

		January–Sept. 2007	January–Sept. 2006	**Change** in %
Revenue	€m	1,788	1,713	4.4
- of which with companies of the Lufthansa Group	€m	387	379	2.1
Operating result	€m	83	46	80.4
Segment result	€m	95	53	79.2
EBITDA	€m	157	115	36.5
Segment capital expenditure	€m	87	51	70.6
Employees as of 30 September	number	30,566	28,339	7.9

Course of business and economic situation The business segment Catering has taken advantage of the continuing boom in the aviation industry to further its own growth. Revenue went up in comparison with last year's figures and the operating result nearly doubled. This is largely due to new signings or renewals of key atering contracts, the expanded group of consolidated companies and cost cutting measures implemented in earlier years.

The catering contract with American Airlines was extended until 2012. Major customers, such as Northwest, Delta, United Airlines, US Airways and Air New Zealand have renewed or expanded their contracts. The group of consolidated companies grew by seven companies compared with last year, which contributed to the improvement in revenue and results. Three companies were merged and one subsidiary sold.

The cost cutting programmes "Lean Total Direct Cost" and "Triangle" are still being implemented and contributing to sustainable result improvements. The TIO project (Total Infrastructure Outsourcing) was successfully launched in the USA and Europe and resulted in the planned cost savings. In future the project is to be rolled out to other regions.

In the past nine months **revenue** grew by 4.4 per cent to EUR 1.8bn, whereby external revenue did considerably better (+5.0%) than the internal revenue (+2.1%). Changes in the group of consolidated companies had a positive impact of EUR 18.7m on revenue. On the other hand exchange rate fluctuations depressed revenue by EUR 39.2m.

In their local currencies all regions improved their revenue. Thanks to new orders and greater volumes business grew particularly strongly in Europe, especially in Britain, Italy and Scandinavia. Revenue also rose in the USA thanks to new customer wins. Nevertheless, the ongoing weakness of the dollar meant that revenue declined on a euro basis. The growth markets in Asia/Pacific, Latin America and the Baltics even reported above average expansion. The core business of aircraft catering increased its revenue as did the Solutions group. Other operating income sank by EUR 32m to EUR 48m as exchange rate gains were realised in the same period last year. This meant that **total operating income** only rose by 2.4 per cent to EUR 1.8bn.

Operating expenses remained at last year's level at EUR 1.8bn. Increased revenue and more outsourcing meant higher **costs of materials and services** (+5.1% to EUR 780m). This shift in the cost structure underlines the Group's aim of becoming more flexible. **Staff costs** sank by 5.5 per cent to EUR 659m. This is mainly due to the one-off payment made last year as part of the new wage settlement in the USA, but also to the dollar's weakness against the euro. Greater efficiency kept personnel costs stable in other industrialised countries. Staff numbers were increased in the growth markets. At the reporting date LSG Sky Chefs Group had 30,566 **employees** (+7.9%). **Depreciation and amortisation** declined by 4.4 per cent to EUR 43m due to the weaker dollar. Other operating expenses were slightly higher than last year at EUR 271m (+3.0%).

Higher revenue and successful cost cutting measures drove up the **operating result** by a hefty 80.4 per cent to EUR 83m. Other segment earnings dropped by EUR 4m to EUR 2m and other segment expense from EUR 8m to EUR 0m. The **segment result** increased by EUR 42m (+ 79.2%) to EUR 95m.

Segment capital expenditure totalled EUR 87m and was EUR 36m (+ 70.6%) above the figure for last year. Funds were principally used for building a new catering operation at Frankfurt Airport, which is due for completion in mid 2008. To meet ever greater demand in the Asia/Pacific region LSG Sky Chefs has opened a production facility for frozen meals in Qingdao in cooperation with China National Aviation Group Ltd. It will have an initial capacity of 35,000 meals a day. An additional frozen food facility will be set up in the existing kitchens in Pittsburgh (Pennsylvania) by the end of 2007.

Outlook As a result of higher traffic, continued implementation of cost reduction programmes and successful customer acquisition, LSG Sky Chefs still anticipates an operating result well ahead of last year's. Steps to maintain competitive cost structures and innovative customer solutions should strengthen its market position. Demand for total solutions is expected to continue growing, so LSG Sky Chefs Catering Logistics subsidiary is to be expanded.

Service and Financial Companies

Service and Financial Companies

		January – Sept. 2007	January – Sept. 2006	**Change** in %
Total operating income	€m	291	244	19.3
Operating result	€m	37	37	0.0
Segment result	€m	178	111	60.4
EBITDA	€m	161	93	73.1
Segment capital expenditure	€m	49	94	– 47.9
Employees as of 30 September	number	1,353	1,197	13.0

Course of business and economic situation The Service and Financial Companies principally consist of the AirPlus Group, Lufthansa Flight Training Group (LFT) and Lufthansa Commercial Holding, in which predominantly Lufthansa's financial equity investments are held. For the service and financial companies the first nine months of the year were characterised by extraordinary income.

AirPlus pursued its internationalisation and achieved excellent growth. Its latest innovation consists of processing climate protection donations, for which it was given the "Business Travel Show Innovation Award 2007". Global customers using the AirPlus Corporate Cards appreciate the integrated payment and analysis systems for business travel. Alliances with airlines and banks were further developed.

LFT also made good progress over the last nine months as the flight simulators were well booked.

The **operating result** for Service and Financial companies remained unchanged over last year at EUR 37m, of which AirPlus accounted for EUR 13m (+ 53.1%). This more than made up for the start-up expenses which had weighed on result in the first half-year. The operating result at LFT climbed to EUR 19m (last year: EUR 15m).

Other segment income increased by EUR 52m to EUR 183m, largely as a result of investment income in connection with the share buyback for EUR 71m by WAM Acquisition S.A. As a result of this share buyback Lufthansa Commercial Holding received a payment of EUR 101.2m in the third quarter. The transaction did not affect the shareholders' percentage stakes. Other segment expenses declined by 26.3 per cent to EUR 42m. The **segment result** went up considerably to EUR 178m (last year EUR 111m).

Consolidated income statement January – September 2007

in €m	**January – Sept. 2007**	January – Sept. 2006	**July – Sept. 2007**	July – Sept. 2006
Traffic revenue	12,739	11,599	5,000	4,162
Other revenue	3,628	3,381	1,278	1,170
Revenue	**16,367**	**14,980**	**6,278**	**5,332**
Changes in inventories and work performed by the enterprise and capitalised	72	79	11	24
Other operating income	1,055	887	375	350
Cost of materials and services	– 8,403	– 7,754	– 3,254	– 2,749
Staff costs	– 3,963	– 3,718	– 1,368	– 1,211
Depreciation and amortisation	– 886	– 774	– 344	– 257
Other operating expenses	– 3,051	– 2,907	– 1,128	– 1,034
Profit/loss from operating activities	**1,191**	**793**	**570**	**455**
Result from investments accounted for using the equity method	227	149	36	80
Other income from subsidiaries, joint ventures and associates	130	69	81	22
Interest income	124	202	29	25
Interest expenses	– 293	– 387	– 97	– 115
Other financial items	– 128	– 32	– 100	3
Financial result	**60**	**1**	**– 51**	**15**
Profit/loss before income taxes	**1,251**	**794**	**519**	**470**
Income taxes	– 74	– 292	72	– 152
Profit/loss from continuing operations	**1,177**	**502**	**591**	**318**
Profit/loss of discontinued operations of the Leisure Travel segment	**503**	**– 26**	**0**	**45**
Result after taxes	**1,680**	**476**	**591**	**363**
Result attributable to minority shareholders	– 102	– 62	– 5	– 34
Results attributable to shareholders of Deutsche Lufthansa AG	**1,578**	**414**	**586**	**329**
Basic earnings per share in €	3.45	0.90	1.28	0.71
Diluted earnings per share in €	3.43	0.90	1.27	0.71

Consolidated balance sheet as of 30 September 2007

Assets			
in €m	**30 Sept. 2007**	31 December 2006	30 Sept. 2006
Intangible assets with an indefinite useful life	802	589	590
Other intangible assets	250	172	157
Aircraft and spare engines	8,374	7,405	7,201
Repairable aircraft spare parts	574	540	527
Investment property	3	20	20
Other tangible assets	1,702	1,505	1,447
Investments accounted for using the equity method	334	791	1,036
Other financial items	1,485	1,526	1,535
Receivables and other assets	211	158	120
Derivative financial instruments	76	21	50
Actual income tax assets	82	90	0
Deferred income tax assets	177	152	162
Non-current assets	**14,070**	**12,969**	**12,845**
Inventories	507	457	473
Trade receivables on other assets	3,976	3,011	3,362
Derivative financial instruments	233	93	126
Actual income tax assets	19	1	4
Securities	1,989	2,083	2,091
Cash and cash equivalents	2,398	455	582
Assets held for sale	17	392	34
Current asset	**9,139**	**6,492**	**6,672**
Total assets	**23,209**	**19,461**	**19,517**

Shareholders' equity and liabilities			
in €m	**30 Sept. 2007**	31 December 2006	30 Sept. 2006
Issued capital	1,172	1,172	1,172
Capital reserve	1,366	1,366	1,366
Fair value reserves	– 61	– 11	61
Retained earnings	2,551	1,293	1,390
Net profit/loss for the period	1,578	803	414
Equity share of the shareholders of Deutsche Lufthansa AG	6,606	4,623	4,403
Minority interests	59	280	249
Shareholders' equity	**6,665**	**4,903**	**4,652**
Retirement benefit obligations	3,674	3,814	3,979
Other provisions and accruals	445	329	361
Borrowings	3,099	2,730	2,831
Other liabilities	49	59	71
Payments received on account and deferred income	62	63	11
Derivative financial instruments	322	242	210
Deferred income tax liabilities	565	633	763
Non-current provisions and liabilities	**8,216**	**7,870**	**8,226**
Other provisions and accruals	1,495	1,443	1,471
Borrowings	247	226	186
Trade payables and other liabilities	4,043	3,368	3,258
Liabilities from unused flight documents	1,886	1,115	1,231
Payments received on account and deferred income	84	104	126
Derivative financial instruments	465	278	253
Actual income tax liabilities	108	154	114
Current provisions and liabilities	**8,328**	**6,688**	**6,639**
Total shareholders' equity and liabilities	**23,209**	**19,461**	**19,517**

Consolidated statement of changes in shareholders' equity

in €m	Issued capital	Capital reserve	Fair value reserves hedging instruments	Fair value reserves other financial assets	Currency translation differences	Retained earnings	Net profit/ loss for the period	Equity share of share-holders of Lufthansa AG	Minority interests	Total
Balance on 31 December 2005	**1,172**	**1,366**	**0** [1]	**74**	**– 90**	**1,357**	**453**	**4,332**	**190**	**4,522**
Transfers	–	–	–	–	–	224	– 224	–	–	–
Dividends/minorities	–	–	–	–	–	–	– 229	– 229	–	– 229
Group/minority results	–	–	–	–	–	–	414	414	62	476
Currency translation differences	–	–	–	–	13	–	–	13	– 4	9
Changes in fair value of financial investments and cash flow hedges	–	–	18	72	–	–	–	90	–	90
Transfers to acquisition cost	–	–	– 20	0 [1]	–	–	–	– 20	–	– 20
Transfers to the income statement	–	–	– 82	– 1	–	–	–	– 83	–	– 83
Other neutral changes	–	–	–	–	–	– 114	–	– 114	1	– 113
Balance on 30 September 2006	**1,172**	**1,366**	**– 84**	**145**	**– 77**	**1,467**	**414**	**4,403**	**249**	**4,652**
Balance on 31 December 2006	**1,172**	**1,366**	**– 156**	**145**	**– 130**	**1,423**	**803**	**4,623**	**280**	**4,903**
Transfers	–	–	–	–	–	482	– 482	–	–	–
Dividends/minorities	–	–	–	–	–	–	– 321	– 321	– 6	– 327
Group/minority results	–	–	–	–	–	–	1,578	1,578	102	1,680
Currency translation differences	–	–	–	–	– 59	–	–	– 59	13	– 46
Changes in fair value of financial investments and cash flow hedges	–	–	– 32	– 41	–	–	–	– 73	–	– 73
Transfers to acquisition cost	–	–	21	–	–	–	–	21	–	21
Transfers to the income statement	–	–	0 [1]	2	–	–	–	2	–	2
Other neutral changes	0 [1]	0 [1]	–	–	–	835	–	835	– 330	505
Balance on 30 September 2007	**1,172**	**1,366**	**– 167**	**106**	**– 189**	**2,740**	**1,578**	**6,606**	**59**	**6,665**

[1] Rounded below EUR 1m.

The difference resulting from currency translation is shown in the balance sheet under retained earnings.
The neutral changes in the share capital and in the capital reserve in 2007 result from a conversion of the convertible bonds (Lufthansa Convertible bond 2002/2012) on 5 April 2007 amounting to EUR 40,000.
The neutral changes in retained earnings in 2007, amounting to EUR 815m in total, were due to the revaluation of assets and liabilities (EUR 483m) and the acquisition of minority shares (EUR 332m), both as part of the initial consolidation of the SWISS Group.
Further changes in other neutral changes are the result of applying the equity method, of which associates account for EUR –4m (previous year: EUR –25m). The other neutral changes in retained earnings in 2006 EUR –102m are due to the repayment of the Lufthansa convertible bond in January 2006.

Changes in equity with and without effect on results

in €m			
As at 31 December 2005	**4,332**	**190**	**4,522**
Neutral changes	– 241	– 3	– 244
Changes with effect on results	414	62	476
Dividends/Conversion of convertible bond	– 102	–	– 102
As at 30 September 2006	**4,403**	**249**	**4,652**
As at 31 December 2006	**4,623**	**280**	**4,903**
Neutral changes	726	– 317	409
Changes with effect on results	1,578	102	1,680
Dividends	– 321	– 6	– 327
As at 30 September 2007	**6,606**	**59**	**6,665**

Consolidated cash flow statement

in €m	**Januar – Sept. 2007**	Januar – Sept. 2006
Cash and cash equivalents on 1 January	**455**	**1,173**
Profit/loss before income taxes	1,251	794
Depreciation of fixed assets (net of reversals)	892	783
Depreciation of repairable aircraft spare parts	61	91
Result from fixed asset disposal	– 11	– 28
Income from subsidiaries, joint ventures and associates	– 357	– 218
Net interest	169	185
Income taxes paid	– 125	– 84
Change in working capital[2]	95	– 142
Cash flows from operating activities	**1,975**	**1,381**
Purchases of tangible assets and intangible assets	– 1,180	– 790
Purchase of financial assets	– 59	– 385
Additions to repairable aircraft spare parts	– 82	– 115
Proceeds from sale of non-consolidated equity investments	832	–
Proceeds from sale of consolidated equity investments[3]	0[1]	– 2
Acquisition of non-consolidated equity investments	– 27	– 138
Acquisition of consolidated equity investments[4]	341	–
Proceeds from disposals of intangible assets, tangible assets and other financial assets	116	153
Interest received	114	189
Dividends received	151	85
Net cash used in investing activities	**206**	**– 1,003**
Acquisition of securities/fixed-term deposits[5]	– 367	– 283
Disposal of securities/fixed-term deposits	514	316
Net cash used in investing activities and cash investments	**353**	**– 970**
Net capital increase[6]	0[1]	–
Repayments of conversion options from 2002 convertible bond	–	– 102
Long-term borrowings	258	687
Repayment of long-term borrowings	– 178	– 1,166
Other borrowings	13	17
Dividends paid	– 325	– 229
Interest paid	– 149	– 206
Net cash used in financing activities	**– 381**	**– 999**
Net decrease in cash and cash equivalents	**1,947**	**– 588**
Effects of exchange rate changes	– 4	– 3
Cash and cash equivalents on 30 September	**2,398**	**582**
Securities	1,989	2,091
Total liquid funds	**4,387**	**2,673**
Net increase/decrease in liquid funds	1,849	– 925

[1] Rounded below EUR 1m.
[2] Working capital is defined as the difference between changes in inventories, receivables, payables and provisions and accruals.
[3] Disposed cash in the previous year of EUR 2m.
[4] Net of purchased cash and cash equivalents of EUR 357m.
[5] Including allocation of funds to Lufthansa Pension Trust of EUR 283m (previous year: EUR 283m) and allocation of funds to an external trust for securing claims from partial retirement and retirement benefit contracts of EUR 84m.
[6] From conditional capital from the conversion of a nominal EUR 40,000 of the convertible bond from 2002/2012.

Notes to the financial statements

1) Standards used and changes in the group of consolidated companies

This interim report as of 30 September 2007 has been prepared in accordance with IAS 34. In preparing the interim financial statements the standards and interpretations applicable from 1 January 2007 have been applied. Otherwise the same accounting principles were applied as for the 2006 consolidated financial statements. The interim financial statements and the interim management report have not been reviewed by the auditors.

Swiss International Air Lines and its subsidiaries have been included in the consolidated financial statements of Deutsche Lufthansa AG for the first time as of 1 July 2007. The table on page 23 also shows the companies which have joined or left the group of consolidated companies compared with year-end 2006 and 30 September 2006.

Changes in the group of consolidated companies had the following material effects on the consolidated balance sheet and the consolidated income statement in comparison with the prior half-year. These changes are shown in the following tables.

Income statement

in €m	**Group January–Sept. 2007**	of which from changes in the group of consolidated companies compared with the interim reporting in Sept. 2006	**Group January–Sept. 2006**	of which from changes in the group of consolidated companies compared with the interim reporting in Sept. 2005
Revenue	16,367	841	14,980	385
Operating income	17,494	909	15,946	403
Operating expenses	– 16,303	– 763	– 15,153	– 376
Profit/loss from operating activities	1,191	146	793	27
Financial result	60	3	1	– 10
Income taxes	– 74	– 8	– 292	– 14
Profit of discontinued operations of the Leisure Travel segment	503	–	– 26	–
Profit/loss after income taxes	1,680	141	476	3

Balance sheet [1]

in €m	**Group 30 Sept. 2007**	of which from changes in the group of consolidated companies of the year 2007
Non-current assets	14,070	709
Current assets	9,139	1,239
Total assets	23,209	1,948
Shareholders' equity	6,665	677
Non-current provisions and liabilities	8,216	434
Current provisions and liabilities	8,328	837

[1] In the previous year no balance sheet effects due to changes to the group of consolidated companies.

Changes in the group of consolidated companies in the period 01.10.2006 – 30.09.2007

Name, Corporate domicile	Addition as of	Disposal as of	Reason
Passenger Transportation			
Lufthansa Leasing GmbH & Co. Alfa-Golf KG, Grünwald		15.12.06	End of business activity
Lufthansa Leasing GmbH & Co. Alfa-Mike KG, Grünwald		15.12.06	End of business activity
Lufthansa Leasing GmbH & Co. Alfa-Tango KG, Grünwald		15.12.06	End of business activity
Lufthansa Leasing GmbH & Co. Alfa-November KG, Grünwald		15.12.06	End of business activity
Lufthansa Leasing GmbH & Co. Bravo-Juliett KG, Grünwald		15.12.06	End of business activity
Lufthansa Leasing GmbH & Co. Bravo-Mike KG, Grünwald		15.12.06	End of business activity
Lufthansa Leasing GmbH & Co. Bravo-November KG, Grünwald		15.12.06	End of business activity
LLG Nord GmbH & Co. Charlie oHG, Grünwald		01.01.07	End of business activity
Miles & More International GmbH, Neu-Isenburg	01.01.07		Consolidated for the first time
Lufthansa WorldShop GmbH, Frankfurt/Main	01.01.07		Consolidated for the first time
Swiss Aviation Software AG	01.07.07		Consolidated for the first time
Swiss Aviation Training Ltd.	01.09.07		Consolidated for the first time
Swiss European Air Lines AG	01.07.07		Consolidated for the first time
Swiss International Air Lines AG	01.07.07		Consolidated for the first time
Logistics			
time:matters GmbH, Kelsterbach		23.12.06	Disposal
Lufthansa Leasing GmbH & Co. Fox-Whiskey oHG, Grünwald		01.01.07	End of business activity
Lufthansa Leasing GmbH & Co. Golf-India oHG, Grünwald		01.01.07	End of business activity
Catering			
Aerococina S.A. de C.V., Mexico City, Mexico	01.10.06		Acquisition of majority
Arlington Transition Corporation, Wilmington, USA		31.12.06	Merger
Arlington Services Holding Corp., Wilmington, USA		31.12.06	Merger
AIRO Catering Services - Ukraine, Kiev, Ukraine	01.01.07		Consolidated for the first time
LSG Sky Chefs Birmingham Ltd., Alcester, UK	01.01.07		Consolidated for the first time
LSG Sky Chefs (India) Private Ltd., Mumbai, India	01.01.07		Consolidated for the first time
Inflight Catering Services Limited, Dar es Salaam, Tansania	01.01.07		Consolidated for the first time
LSG Sky Chefs US Holding 2, Inc.		01.03.07	Merger
LSG Sky Chefs Istanbul Catering Hizmetleri A.S.	01.06.07		Consolidated for the first time
LSG Sky Chefs Havacilik Hizmetleri A.S.	01.06.07		Consolidated for the first time
Agencia de Servicios del Sur S. A.		01.04.07	Disposal
Service and Financial Companies			
CAMANA Grundstücks-Verwaltungsgesellschaft mbH	01.10.06		Wound up
Lufthansa Flight Training Berlin GmbH, Berlin	01.01.07		Consolidated for the first time
AirPlus International AG, Kloten, Schwitzerland	01.01.07		Consolidated for the first time
AirPlus International, Inc., Springfield, USA	01.01.07		Consolidated for the first time
AirPlus International Limited, London, UK	01.01.07		Consolidated for the first time
AirPlus International S.r.l., Roma, Italy	01.01.07		Consolidated for the first time
DG Hawk Fonds		01.01.07	Merger
Fonds DB-Falcon		01.01.07	Merger
HI-EAGLE-Fonds		01.01.07	Merger

2) Contingencies and events after the reporting date

Due to the low probability of their use, several separate provisions with a total potential effect on profit of EUR 301m in following years could not be made. At the 2006 reporting date the figure was EUR 233m.

Of the contingent receivable described in the 2006 consolidated financial statements in connection with the disposal of an equity investment, a maximum of EUR 9m can still be realised, of which EUR 3m will probably be received in 2007 and the rest over the following years. Contracts for the sale of four CRJ 200 aircraft which were already formally signed at year-end 2006 generated total cash flow of EUR 16m and disposal gains of EUR 4m in the first nine months of 2007. The sale of the two remaining CRJ 200 is expected to yield additional proceeds of EUR 9m and a gain on disposal of EUR 2m in 2007. Sales contracts for an Avro RJ85 and an ATR42 will also generate proceeds of EUR 8m by the end of the year, with a disposal gain of EUR 2m.

Contingent liabilities		
in €m	**30.09.2007**	31.12.2006
From guarantees, bills and cheque charges	781	724
From warranty agreements	881	923
From collateralisation of third-party liabilities	3	3

Assets held for sale			
in €m	**January – Sept. 2007**	Financial Statements 2006	January – Sept. 2006
Assets			
Aircraft and spare engines	15	19	34
Financial assets	–	372	–
Other assets	2	1	–
Equity/liabilities from assets held for sale			
Equity	–	– 81	–
Liabilities	–	–	–

A sales contract was also closed in the first quarter for an ATR42 aircraft. Proceeds of EUR 5m were received in the second quarter, with a disposal gain of EUR1m.

The contingent receivable from a D&O policy described in the 2006 consolidated financial statements in connection with an insurance event in Scandinavia is still being carried at EUR 130m. A civil law suit has been brought to recover the remaining EUR 23m in insurance cover and a further EUR 102m from the second layer. In June the Regional Court in Cologne dismissed the claim for insurance cover of EUR 23m under the first layer. Lufthansa has appealed against the judgement.

At the end of September purchase commitments of EUR 8.0bn exist for capital expenditure on property, plant and equipment and intangible assets. As of 31 December 2006 purchase commitments of EUR 6.6bn were disclosed. Of the total increase in purchase commitments EUR 0.7bn is due to changes in the group of consolidated companies.

3) Subscribed capital

In the second quarter 2007 a nominal amount of EUR 40,000 from the Deutsche Lufthansa AG convertible bond for 2002/2012 was converted into 2,014 ordinary shares at a conversion price of EUR 19.86 per share. Following this conversion subscribed capital went up in the course of the contingent capital increase by EUR 5,155.84 to a total of EUR 1,172,320,184.32.

At the Annual General Meeting held on 16 June 2004 the Executive Board was authorised until 15 June 2009 to increase issued capital by up to EUR 25m with the approval of the Supervisory Board by issuing new registered shares to employees for payment in cash. The shareholders' subscription rights do not apply.

In accordance with a resolution taken at the Annual General Meeting on 18 April 2007 the distributable profit of EUR 321m recognised in the annual financial statements of Deutsche Lufthansa AG was distributed to shareholders. The dividend for the financial year 2006 amounted to EUR 0.70 per ordinary share.

On 30 September 2007 Deutsche Lufthansa AG held 784,050 its own shares with a face value of EUR 2,007,168, corresponding to around 0.4 per cent of issued capital. The shares were purchased for distribution to employees as part of profit-sharing schemes at an average price of some EUR 19.68. The cost of EUR 15,426,721 was deducted from shareholders' equity.

4) Segment reporting Lufthansa Group

Business segment information January – September 2007

in €m	Passenger Transportation [2]	Logistics [2]	MRO	IT Services	Catering [2]	Service and Financial Companies [2]	Segment total	Reconciliation	Group
External revenue	11,117	1,987	1,654	208	1,401	–	16,367	–	16,367
- of which traffic revenue	10,751	1,909	–	–	–	–	12,660	79	12,739
Inter-segment revenue	439	13	1,037	291	387	–	2,167	– 2,167	–
Total revenue	11,556	2,000	2,691	499	1,788	–	18,534	– 2,167	16,367
Other operating income	669	54	119	21	48	291	1,202	– 246	956
Total operating income	**12,225**	**2,054**	**2,810**	**520**	**1,836**	**291**	**19,736**	**– 2,413**	**17,323**
Operating expenses	11,481	1,989	2,613	509	1,753	254	18,599	– 2,361	16,238
- of which cost of materials	6,692	1,359	1,419	28	780	23	10,301	– 1,898	8,403
- of which staff costs	2,083	244	733	182	659	65	3,966	– 3	3,963
- of which amortisation and depreciation (on schedule)	593	95	60	27	43	23	841	2	843
Operating result	**744**	**65**	**197**	**11**	**83**	**37**	**1,137**	**– 52**	**1,085**
Other segment income	54	7	6	1	2	183	253	– 82	171
Other segment expenses	0 [1]	0 [1]	1	43	0 [1]	42	86	– 21	65
- of which impairment charge	–	–	–	43	–	–	43	–	43
Result of investments accounted for using the equity method [3]	197	10	10	–	10	0 [1]	227	– 227	–
Segment result [3]	**995**	**82**	**212**	**– 31**	**95**	**178**	**1,531**	**– 340**	**1,191**
Segment assets [3]	10,759	1,161	2,393	262	1,169	3,501	19,245	3,964	23,209
- of which from investments accounted for using the equity method [3]	137	25	107	–	61	4	334	–	334
Segment liabilities	8,558	610	1,371	227	606	1,422	12,794	3,750	16,544
Capital expenditure	952	10	141	41	87	49	1,280	– 355	925
- of which from investments accounted for using the equity method	58	–	–	–	–	–	58	– 58	–
Other significant non-cash items	202	20	49	10	22	3	306	–	306
Employees at the balance sheet date	46,643	4,616	18,899	3,122	30,566	1,353	105,199	–	105,199

[1] Rounded below EUR 1m.
[2] Due to changes in the group of consolidated companies the comparability of the figures with those of the previous year is limited to some extend.
[3] Excluding discontinued business segment Leisure Travel (previous year adjusted).

Business segment information January – September 2006

in €m	Passenger Transportation [2]	Logistics [2]	MRO	IT Services	Catering [2]	Service and Financial Companies [2]	Segment total	Reconciliation	Group
External revenue	9,808	2,091	1,545	202	1,334	–	14,980	–	14,980
- of which traffic revenue	9,608	1,991	–	–	–	–	11,599	–	11,599
Inter-segment revenue	400	9	997	275	379	–	2,060	– 2,060	–
Total revenue	10,208	2,100	2,542	477	1,713	–	17,040	– 2,060	14,980
Other operating income	525	62	86	19	80	244	1,016	– 188	828
Total operating income	**10,733**	**2,162**	**2,628**	**496**	**1,793**	**244**	**18,056**	**– 2,248**	**15,808**
Operating expenses	10,290	2,149	2,442	466	1,747	207	17,301	– 2,184	15,117
- of which cost of materials	6,007	1,430	1,317	26	742	25	9,547	– 1,793	7,754
- of which staff costs	1,846	249	695	179	697	54	3,720	– 2	3,718
- of which amortisation and depreciation (on schedule)	538	100	56	24	45	15	778	– 4	774
Operating result	**443**	**13**	**186**	**30**	**46**	**37**	**755**	**– 64**	**691**
Other segment income	68	11	8	0 [1]	6	131	224	– 87	137
Other segment expenses	2	0 [1]	0 [1]	1	8	57	68	– 33	35
- of which impairment charge	–	–	–	–	–	–	–	–	–
Result of investments accounted for using the equity method [3]	118	13	9	–	9	0 [1]	149	– 149	–
Segment result [3]	**627**	**37**	**203**	**29**	**53**	**111**	**1,060**	**– 267**	**793**
Segment assets [3]	8,869	1,270	2,344	269	1,105	2,918	16,775	2,742	19,517
- of which from investments accounted for using the equity method [3]	547	30	110	–	65	4	756	280	1,036
Segment liabilities	7,279	660	1,502	221	674	896	11,232	3,633	14,865
Capital expenditure	594	5	81	35	51	94	860	453	1,313
- of which from investments accounted for using the equity method	3	–	13	–	–	–	16	– 16	–
Other significant non-cash items	188	19	41	8	21	3	280	–	280
Employees at the balance sheet date	38,115	4,658	18,305	3,309	28,339	1,197	93,923	–	93,923

[1] Rounded below EUR 1m.
[2] Due to changes in the group of consolidated companies the comparability of the figures with those of the previous year is limited to some extend.
[3] Excluding discontinued business segment Leisure Travel (previous year adjusted).

Geographical segment information January–September 2007

in €m	Europe	North America	Central and South America	Asia/Pacific	Middle East	Africa	Other	**Segment Total**
Traffic revenue [2]	8,268	1,951	274	1,789	196	261	–	12,739
Other operating revenue	1,914	726	67	623	219	79	0 [1]	3,628
Total revenue	10,182	2,677	341	2,412	415	340	0 [1]	16,367

[1] Rounded below EUR 1 m.
[2] Traffic revenue ist allocated by original place of sale.

Geographical segment information January–September 2006

in €m	Europe	North America	Central and South America	Asia/Pacific	Middle East	Africa	Other	**Segment Total**
Traffic revenue [2]	7,416	1,776	262	1,708	177	260	–	11,599
Other operating revenue	1,654	761	116	582	185	83	0 [1]	3,381
Total revenue	9,070	2,537	378	2,290	362	343	0 [1]	14,980

[1] Rounded below EUR 1 m.
[2] Traffic revenue ist allocated by original place of sale.

5) Related party transactions

As discussed in item 47 of the notes to the consolidated financial statements for 2006, the business segments in the Lufthansa Group provide numerous services to related parties in the course of their normal business and equally purchase services from these parties. These extensive supplier relationships for products and services continue to take place at market rates. There have been no major changes compared with that reporting date. The contractual relationships with related parties described in item 48 of the notes to the consolidated financial statements also exist unchanged, but are not of material significance for the Group.

6) Confirmation by the legal representatives

To the best of our knowledge and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

The Executive Board, 25 October 2007

Wolfgang Mayrhuber
Chairman and CEO

Stephan Gemkow
Member of the Executive Board
Chief Financial Officer

Stefan Lauer
Member of the Executive Board
Chief Officer Aviation Services and Human Resources

Credits

Publisher
Deutsche Lufthansa AG
Von-Gablenz-Straße 2 – 6
50679 Cologne, Germany

Entered in the Commercial Register of
Cologne District Court under HRB 2168

Editing
Frank Hülsmann, Erika Laumer, Johannes Hildenbrock
Deutsche Lufthansa AG, Investor Relations

Concept and Design
Kirchhoff Consult AG, Hamburg, Germany

Printed by
Broermann Offset Druck, Troisdorf, Germany

The 3rd Interim Report 2007 is a translation of the original German Lufthansa 3. Zwischenbericht Januar – September 2007.

Please note that only the German version is legally binding.

Disclaimer in respect of forward-looking statements

Information published in the 3rd Interim Report 2007 with regard to the future development of the Lufthansa Group and its subsidiaries consists purely of forecasts and assessments and not of definitive historical facts. Its purpose is exclusively informational identified by the use of such cautionary terms as "believe", "expect", "forecast", "intend", "project", "plan", "estimate" or "intend". These forward-looking statements are based on all discernible information, facts and expectations available at the time. They can, therefore, only claim validity up to the date of their publication.

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

Financial Calendar 2008

Contact

Deutsche Lufthansa AG
Investor Relations

Frank Hülsmann
Lufthansa Aviation Center, Airportring
60546 Frankfurt/Main, Germany
Phone: +49 69 696 - 28001
Fax: +49 69 696 - 90990
Email: investor.relations@dlh.de

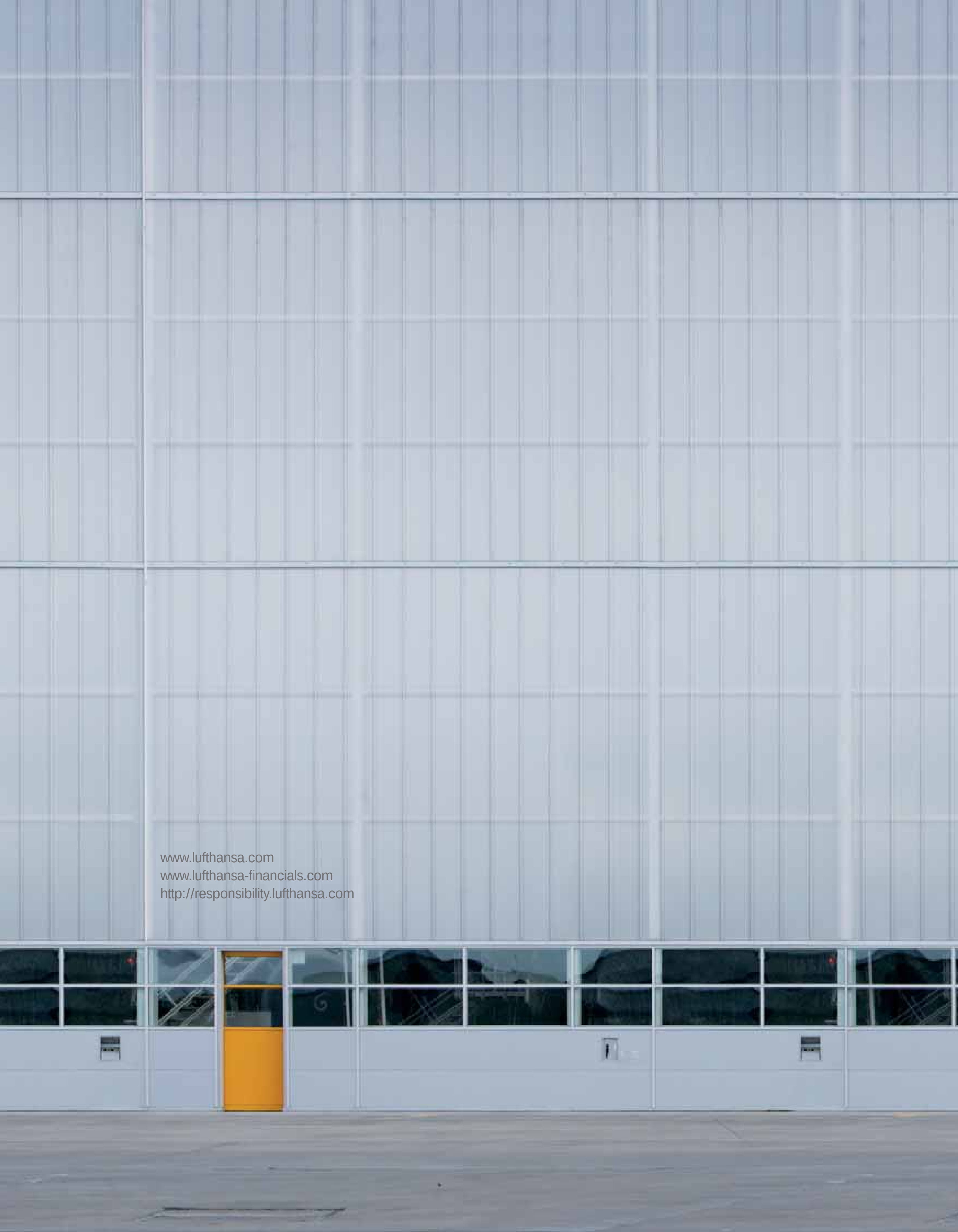
Ralph Link
Axel Pfeilsticker
Lufthansa Aviation Center, Airportring
60546 Frankfurt/Main, Germany
Phone: +49 69 696 - 6470 or - 90997
Fax: +49 69 696 - 9 0990
Email: investor.relations@dlh.de

You can order the annual and interim reports in German or English via our website or from:
Deutsche Lufthansa AG, FRA IR
LAC, Room C6.800, Airportring
60546 Frankfurt/Main, Germany
Phone: +49 69 696 - 28008
Fax: +49 69 696 - 90990
Email: cgnirsek@dlh.de

Latest financial information on the internet:
http://www.lufthansa-financials.com

Deutsche Lufthansa AG supports sustainable forest management. This report is printed on PEFC-certified paper (Euro-Bulk).

12 March	Press Conference and Analysts' Conference on 2007 result
25 April	Release of Interim Report January – March 2008
29 April	Annual General Meeting in Cologne
30 July	Release of Interim Report January – June 2008
29 Oct.	Press Conference and Analysts' Conference on interim result January – September 2008



www.lufthansa.com
www.lufthansa-financials.com
http://responsibility.lufthansa.com