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COMP/M. 5440 – LUFTHANSA / AUSTRIAN AIRLINES

SECTION 1.2

Description of the concentration

(12) On 5 December 2008, Österreichische Industrieholding Aktiengesellschaft ("ÖIAG") Deutsche Lufthansa AG („Lufthansa“), Gomele Beteiligungsverwaltungs GmbH, meanwhile renamed to ÖLB Österreichische Luftverkehrs-Beteiligungs-GmbH ("StratCo"), which is solely owned by Lufthansa, Sobire Beteiligungsverwaltungs GmbH, meanwhile renamed to ÖLH Österreichische Luftverkehrs-Holding-GmbH ("NewCo"), which in turn is solely owned by StratCo, and Austrian Airlines AG ("Austrian Airlines") have entered into a Framework Agreement and several related agreements, including a Share Purchase Agreement, under which NewCo will acquire 41.56% of the shares in Austrian Airlines currently held by ÖIAG. Simultaneously, StratCo will transfer a shareholding of 50% plus € 70 in NewCo to the newly established Austrian Private Foundation "ÖLP Österreichische Luftverkehrs-Privatstiftung" ("APF") whose main purpose is to ensure Austrian majority ownership and effective control of Austrian Airlines. APF will transfer its shares in NewCo to StratCo as soon as certain requirements (in particular, securing of third-country traffic rights) have been met.

(13) NewCo has launched a public offer for all remaining shares in Austrian Airlines (except for 3.45% in treasury shares currently held by Austrian Airlines itself). The public offer as well as the Framework Agreement are conditional, *inter alia*, upon regulatory approval, including merger control approval by the Commission, and an acceptance quota of 75%. As a result of the contemplated transaction, Lufthansa, will, for purposes of the Merger Regulation, gain sole control over Austrian Airlines.

(14) Lufthansa provides air transport of persons and cargo and related services (MRO services, in-flight catering, and IT services).

(15) Austrian Airlines provides air transport of persons and limited air cargo and charter services.

(16) Lufthansa and Austrian Airlines already cooperate extensively and are both members of the Star Alliance.

(17) The proposed transaction concerns the market for scheduled air transport and the market for air cargo transport.