

Public Offer

by

AirTrust Ltd, Zug

for all publicly held

Registered Shares with a Nominal Value of CHF 18 each

of

Swiss International Air Lines Ltd, Basle

Offer Price: CHF 8.96 net in cash for each registered share of Swiss International Air Lines Ltd with a nominal value of CHF 18 each, minus the gross amount of any dilution effects (e.g. dividend payments, capital increases with an issuance price per share below the stock market price, issuance of options, and repayments of capital) for each registered share of Swiss International Air Lines Ltd, to the extent that these occur until the consummation of the Offer.

Offer Period: May 4, 2005, until June 2, 2005, 16:00 hours CEST

Banks commissioned to conduct the technical handling:

Credit Suisse First Boston

UBS AG

Swiss International Air Lines Ltd, Basle	Securities Number	ISIN	Ticker Symbol
Registered shares with a nominal value of CHF 18 each	1 326 969	CH 001 326969 8	SWIN
Offered registered shares (second trading line)	2 132 662	CH 002 132662 1	SWINE

Offer Prospectus of May 4, 2005

Sales Restrictions

General

This public tender offer (the **Offer**) to the public shareholders of Swiss International Air Lines Ltd, Basle (**Swiss**), will not be made in any jurisdiction, where it breaches applicable law or where the applicable law requires AirTrust Ltd, Zug (**AirTrust**), Deutsche Lufthansa Aktiengesellschaft, Cologne (**Lufthansa**), or Almea Foundation, Zug (**Almea**), in any way to change the Offer, to submit an additional application to any authorities or other institutions, or to take any additional actions in connection with this Offer. It is not intended to extend the Offer to any such jurisdictions. Documents related to the offer may neither be distributed in such jurisdictions nor be sent into such jurisdictions. Such documents may not be used to solicit purchases of equity securities of Swiss by persons in such jurisdictions.

U.S. Sales Restrictions

AirTrust, Lufthansa and Almea are not soliciting the tender of shares of Swiss by any holder of such shares in the United States of America. The Offer is not made in or into the United States of America and may only be accepted outside the United States of America. Accordingly, copies of this offer prospectus are not being made and should not be mailed or otherwise distributed or made available or sent in, into or from the United States of America, and persons receiving this offer prospectus (including custodians, nominees and trustees) must not distribute or send them or any related documents in, into or from the United States of America.

U.K. Sales Restriction

This communication is directed only at persons in the United Kingdom who (i) have professional experience in matters relating to investments, (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc") of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (as amended) or (iii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This communication must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons.

France

Nous attirons votre attention sur le fait que l'offre est régie par les lois en vigueur en Suisse et sera mise en œuvre conformément aux dispositions de la loi sur les bourses et le commerce des valeurs mobilières et de ses ordonnances d'exécution. Aucun projet d'offre n'a été déposé en France auprès de l'Autorité des marchés financiers et l'opération n'est pas soumise à son approbation préalable.

A. Background and Initial Situation of the Public Offer

Introduction

AirTrust has made a pre-announcement of the Offer at hand in the electronic media to the public shareholders of Swiss on March 23, 2005 (**Pre-Announcement**). AirTrust now submits this Offer to the public shareholders of Swiss and offers for each registered share of Swiss with a nominal value of CHF 18 each (**Swiss Share**) CHF 8.96 net in cash.

AirTrust submits this Offer with regard to a takeover of Swiss by Lufthansa. In a Business Integration Agreement of March 22, 2005 (**Business Integration Agreement**), Swiss and Lufthansa have agreed on the integration of Swiss into the Lufthansa Group, whereby the integration and the acquisition of the Swiss Shares by Lufthansa has to take place in several steps in order to ensure that the relevant traffic rights of Swiss are secured in the best possible way.

Overview of the Individual Transaction Steps

Participation of Lufthansa in AirTrust

In a first step, AirTrust was established on March 22, 2005, solely for the purpose of directly acquiring and holding the Swiss Shares (*cf.* Clause C.3 and C.4). Until all required competition-law approvals have been granted, Almea, a Swiss foundation established solely for this purpose (*cf.* on Almea Clause C.7), holds 89% of the AirTrust shares; at this stage, Lufthansa holds the remaining 11% AirTrust shares.

Under an option agreement (*cf.* Clause C.3), Lufthansa and Almea have granted each other reciprocal options for the purchase (**Call Option 1**), respectively, the sale (**Put Option 1**) of additional 38% of the AirTrust Shares by, respectively, to Lufthansa. The options 1 are exercisable as soon as this Offer is successful (i.e., all of its conditions are fulfilled, particularly all competent competition authorities have consented to the transaction).

In principle, Lufthansa can acquire the remaining 51% AirTrust shares only after it has been ensured that Swiss will not lose the most important air traffic rights as a result of Lufthansa acquiring (indirect) control over Swiss. The options 2, which Lufthansa and Almea have granted each other reciprocally for the purchase (**Call Option 2**), respectively the sale (**Put Option 2**) of the remaining 51% of the AirTrust shares by, respectively to, Lufthansa are therefore, in principle, exercisable only when it is ensured that Swiss will not lose any air traffic rights in the most important destinations as a result of Lufthansa acquiring control over Swiss (*cf.* Clause C.3). Lufthansa and Swiss expect these conditions to be fulfilled during fall 2006.

Furthermore, the Call Option 2 can be exercised prior to September 22, 2006, – i.e., if the air traffic rights have not yet been secured – only in the case of a so-called “dramatic emergency situation.” Such situation would exist, if an event occurred that affects all or most of the European network carriers and permanently and severely deteriorates the financial situation or the business prospects of Swiss and if, in addition hereto, circumstances existed, which make an immediate action (by Lufthansa) imperative, because Swiss would take objectively inappropriate measures or fail to take objectively necessary measures in this situation. After September 22, 2006, the Call Option 2 may be exercised at any time.

The Put Option 2 cannot be exercised, even if the air traffic rights are secured, if circumstances occurred with respect to Swiss, however, not with respect to other European network carriers, which result in a permanent and severe deterioration of the financial situation or of the business prospects, the cause of which lies in the sphere of influence of Swiss, Almea, or of federal bodies of the Swiss Confederation, and which were not caused by the integration of Swiss into Lufthansa.

Participation of AirTrust in Swiss

Prior to the execution of the Business Integration Agreement, seventeen shareholders of Swiss, obliged to Swiss under a lock-up agreement (so-called **Lock-up Shareholders**) and collectively holding 82.88% of all Swiss Shares issued as of April 26, 2005, have committed themselves under an exchange agreement to transfer their Swiss Shares to AirTrust. Until April 26, 2005, an additional former Lock-up Shareholder holding 1.67% of the Swiss Shares issued as of April 26, 2005, has committed itself under an exchange agreement, to transfer its Swiss Shares to AirTrust (*cf.* Clause C.10).

As consideration, AirTrust will assign to all of these Lock-up Shareholders a share of an earnout (*Besserungsschein*) issued by Lufthansa. Precondition for a payment under the earnout is, *inter alia*, that the market price of the Lufthansa shares outperforms the indexed development of the weighted share prices of three comparable airlines (Air France-KLM, British Airways, Iberia) during the period from March 21, 2005, until and including March 20, 2008. The maximum amount payable for each Swiss Share under the earnout will, both with and without taking the discount rate into account, in any case be less than CHF 8.96. According to the earnout, Lufthansa is then entitled to fulfill its payment obligation under the earnout by delivering Lufthansa shares equivalent to the payment amount instead of effecting a cash payment.

AirTrust intends to acquire the remaining, publicly-held Swiss Shares through this Offer.

Goals of the Takeover of Swiss by Lufthansa

With the takeover of Swiss by Lufthansa, both companies intend to combine their strengths in order to secure the future of Swiss in the long term and to effectively increase the competitiveness of Lufthansa and Swiss in a combined system. The integration of Swiss into the Lufthansa Group is to achieve the following goals in particular:

- Securing the best possible continental and intercontinental network of routes, particularly an attractive portfolio of direct connections for Switzerland as an economic center;
- Increasing the attractiveness of Swiss for customers by opening up the global destinations serviced by the Lufthansa Group and by the Star Alliance; as well as
- Preserving and further developing both Swiss as an airline with its seat in Switzerland and the brand “Swiss.”

Lufthansa is aware of the fact that Switzerland has a great political and economic interest in continental and intercontinental direct connections to the most important economic centers. Therefore, Lufthansa does not only want to maintain all hubs of the future Lufthansa system, including the hub in Zurich, with respect to their importance and quality of connections while taking into account the required economic efficiency, but also to develop them further in a fair manner in accordance with the market potential, the customer preferences, and the quality and cost structures.

Support of the Offer by the Board of Directors of Swiss

The Board of Directors of Swiss recommends that the public shareholders of Swiss accept the Offer of AirTrust.

B. Public Offer

1. Pre-Announcement

AirTrust has made a Pre-Announcement of this Offer in the electronic media for all publicly-held Swiss Shares on March 23, 2005. The Pre-Announcement was published on March 29, 2005, in the press (Neue Zürcher Zeitung and Le Temps).

2. Offer

The Offer is aimed at all publicly-held registered shares of Swiss with a nominal value of CHF 18 each (**Swiss Share**), including Swiss Shares issued to employees of Swiss until the end of the additional acceptance period utilizing the conditional capital.

Not covered by the Offer are those Swiss Shares that AirTrust acquires under exchange agreements entered into by April 26, 2005, with the following Lock-up Shareholders (cf. also Clause C.10): AMAG Automobil- und Motoren AG, Zurich; Coop Schweiz, Basle; Credit Suisse Group, Zurich; DB Industrial Holdings GmbH, Frankfurt am Main; F. Hoffmann-La Roche AG, Basle; Holcim (Schweiz) AG, Würenlingen (AG); Canton Zurich; La Genevoise, Compagnie d'Assurances sur la Vie, Geneva; Nestlé AG, Vevey and Cham; Novartis Pharma AG, Basle; Swiss Confederation; Schweizerische Rückversicherungs-Gesellschaft, Zurich; Swisscom AG, Ittigen (BE); Schweizerische Lebensversicherungs- und Rentenanstalt, Zurich; UBS AG, Zurich and Basle; Zürcher Kantonalbank, Zurich; "Zürich" Versicherungs-Gesellschaft, Zurich; and "Zürich" Lebensversicherungs-Gesellschaft, Zurich.

Accordingly, the Offer is for 8,302,963 Swiss Shares pursuant to the following breakdown (on the share capital of Swiss cf. Clause C.9):

Existing shares

Swiss Shares issued as of April 26, 2005,	53,354,519
minus Lock-up Shares to be acquired (cf. above)	45,113,214
Number of existing shares to which the Offer pertains	8,241,305
	<u>(15.45%)</u>

Shares to be created

plus the maximum number of Swiss Shares to be created until the end of the additional acceptance period utilizing the conditional capital (cf. under Clause C.9 below)	<u>61,658</u>
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Total

Maximum number of Swiss Shares to which the Offer pertains	<u><u>8,302,963</u></u>
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3. Offer Price

For each Swiss Share, AirTrust offers **CHF 8.96** net in cash.

The offer price is adjusted for the gross amount of any dilution effects (e.g. dividend payments, capital increases with an issuance price per share below the stock market price, issuance of options, and repayments of capital) for each Swiss Share, to the extent that these occur until the consummation of the Offer. No such dilution effects are known until April 26, 2005.

The total purchase price owed by AirTrust to the Swiss shareholders tendering under the Offer for the tendered Swiss Shares (number of tendered Swiss Shares multiplied with the offer price) is rounded commercially (example: 3 Swiss Shares × CHF 8.96 = CHF 26.88, rounded up CHF 26.90; 6 Swiss Shares × CHF 8.96 = CHF 53.76, rounded down CHF 53.75).

The sale of Swiss Shares deposited with banks in Switzerland occurs in the course of the Offer and during the Offer Period and additional acceptance period free of charges and levies for the Swiss shareholders. AirTrust will bear the Swiss stamp duties arising from the sale.

The offer price corresponds to the minimum price required under stock exchange laws, which was determined in accordance with Article 37 BEHV-EBK. Since trading in Swiss Shares was suspended during the course of these 30 last trading days on March 21 and 22, 2005, i.e. on the two days preceding Pre-Announcement, the opening prices of the Swiss Shares on the SWX Swiss Exchange of the 28 trading days prior to March 21, 2005, were used for determining the offer price.

The following shows the price development of the Swiss Shares on the SWX Swiss Exchange (opening prices in CHF):

	2002	2003	2004	2005*
High	56.20	21.30	13.40	11.25
Low	22.50	2.80	7.05	8.51

* January 1, 2005, until April 26, 2005,

(Source: Datastream)

4. Offer Period

The Offer Period begins on May 4, 2005, and ends on June 2, 2005, 16:00 hours CEST.

AirTrust reserves the right to extend the offer period up to a total of 40 trading days. In this case, the beginning of the additional acceptance period as well as the closing dates pursuant to Clauses K. and L. are postponed accordingly. An extension of the Offer Period beyond 40 trading days may occur only with the consent of the Takeover Board.

5. Additional Acceptance Period

If the Offer is successful, an additional acceptance period of ten trading days for a subsequent acceptance of the Offer will be added in accordance with the statutory obligation after the expiration of the (possibly extended) offer period. If the offer period is not extended, the additional acceptance period is expected to run from June 9, 2005, until June 22, 2005, 16:00 hours CEST.

6. Conditions

The following conditions apply to the Offer:

- a) The required competition-law approvals or clearance certificates for Lufthansa's acquisition of control over Swiss are granted by the competent competition authorities.
- b) Until the expiration of the possibly extended Offer Period, no circumstances or events have occurred or have become known that:
 - (i) lie within the sphere of influence of Swiss, Almea, or federal bodies of Switzerland; and
 - (ii) do not affect all or most of the European network carriers;

and which by themselves or together (according to the opinion of the review body):

 - (iii) reduce or are likely to threaten to reduce the consolidated equity of the Swiss group compared with its amount as of March 1, 2005, by CHF 75 million or more; or

- (iv) are likely to cause the consolidated operating result (EBIT) from ordinary business activities (i.e. without restructuring costs) in 2005 to amount to a higher loss than minus CHF 137 million.
- c) No court or public administration has issued a decision or order that prevents or materially complicates the consummation of this Offer.

The conditions are deemed conditions precedent within the meaning of Article 13 paragraph 1 UEV-UEK. After the expiration of the possibly extended offer period, condition a) is deemed a condition subsequent within the meaning of Article 13 paragraph 4 UEV-UEK.

AirTrust reserves the right to waive one or several of the conditions stated under a) to c), or to withdraw the Offer if one or several of the aforementioned conditions are not fulfilled.

If condition a) is not fulfilled when the possibly extended Offer Period expires and if AirTrust has not waived the fulfillment of such condition, AirTrust has the right:

- a) to declare the Offer as being nevertheless successful, whereas AirTrust may postpone the consummation of the Offer by no more than three months, if condition a) is not fulfilled after the expiration of the offer period (whereas the Offer lapses, if condition a) is not fulfilled even after three months and AirTrust has not waived it either); or
- b) to declare the Offer as not being successful.

C. Information about the Offeror

- 1. **Name, Seat** AirTrust Ltd, Baarerstrasse 8, CH-6301 Zug.
- 2. **Capital** The share capital of AirTrust amounts to CHF 100,000 and is divided into 100 fully paid-in registered shares with a nominal value of CHF 1,000 each.
- 3. **Shareholders** AirTrust has two shareholders holding the following shareholdings (as of: April 26, 2005):

Almea: 89% of the capital and voting rights

Lufthansa: 11% of the capital and voting rights

Shareholder's Agreement between Lufthansa and Almea

Lufthansa and Almea have agreed in a shareholder's agreement of March 22, 2005, (the **Shareholder's Agreement**) on the exercise of voting rights during the general meetings of AirTrust and of Swiss as well as on all other material issues of corporate governance at AirTrust and Swiss.

Option Agreement between Lufthansa and Almea

In an option agreement of March 22, 2005, (the **Option Agreement**), Lufthansa and Almea have granted each other reciprocal options for the purchase (Call **Option 1**), respectively, the sale (**Put Option 1**) of additional 38% of the AirTrust shares by, respectively to, Lufthansa. The options 1 are exercisable as soon as this Offer has become successful, i.e. all of its conditions are fulfilled, and particularly all competent competition authorities have consented to the transaction. The Call Option 1 and the Put Option 1 expire, if the competition approvals have not been

issued by December 31, 2006, or if neither the Call Option 1 nor the Put Option 1 has been exercised by December 31, 2007.

In the Option Agreement, Lufthansa and Almea have furthermore granted each other options for the purchase (**Call Option 2**), respectively, the sale (**Put Option 2**) of the remaining 51% of the AirTrust shares by, respectively to, Lufthansa. These options are exercisable only after it is ensured that Swiss will not lose its relevant air traffic rights as a result of Lufthansa acquiring control over Swiss. Lufthansa and Swiss expect these preconditions to be fulfilled during fall 2006.

Furthermore, the Call Option 2 can be exercised prior to September 22, 2006, – i.e., if the air traffic rights have not yet been secured – only in the case of a so-called “dramatic emergency situation.” Such situation would exist, if an event occurred that affects all or most of the European network carriers and permanently and severely deteriorates the financial situation of the business prospects of Swiss and if, in addition hereto, circumstances existed, that make an immediate action (by Lufthansa) imperative, because Swiss would take objectively inappropriate measures or fail to take objectively necessary measures in this situation. After September 22, 2006, the Call Option 2 may be exercised at any time.

The Put Option 2 cannot be exercised, even if the air traffic rights are secured, if circumstances occurred with respect to Swiss, however, not with respect to other European network carriers, which result in a permanent and severe deterioration of the financial situation or of the business prospects, the cause of which lies in the sphere of influence of Swiss, Almea, or of federal bodies of the Swiss Confederation, and which were not caused by the integration of Swiss into Lufthansa (so-called “substantial asymmetrical deterioration”).

Call Option 2 and Put Option 2 expire, if neither the Call Option 2 nor the Put Option 2 has been exercised by December 31, 2008, or upon the occurrence of a “substantial asymmetrical deterioration” (cf. see preceding paragraph) at Swiss, however, in the latter case only if Lufthansa confirms in writing and without undue delay after receiving a declaration about the exercised of Put Option 2 that such “substantial asymmetrical deterioration” exists at Swiss.

In respect to the consequences of a potential non-exercise or the expiration of the Options, cf. Clause C.10 at the end.

4. Business Activity

The purpose of AirTrust is the acquisition and holding of Swiss Shares. AirTrust was established on March 22, 2005, specifically for conducting the acquisition of all outstanding Swiss Shares, including the submission of this Offer.

5. Annual Report

Since AirTrust was established only on March 22, 2005, and registered in the commercial register of the Canton Zug as of March 23, 2005, no annual report is available yet.

6. Persons Acting in Concert

In respect to the acquisition of all Swiss Shares by AirTrust, the following persons are acting in concert with AirTrust:

- Lufthansa and all companies controlled by it;
- Almea;
- Swiss and all companies controlled by it.

7. Information about Almea

Almea is a foundation under the laws of Switzerland domiciled in Zug. Almea was also established on March 22, 2005, for the purpose of holding a temporary shareholding in AirTrust (and thus indirectly in Swiss) and registered in the commercial register of the Canton Zug as of March 23, 2005. During the initial phase, it is to hold 89% of the AirTrust shares, but after obtaining the competition-law approvals only 51%, and it is to transfer these 51% to Lufthansa only after the relevant air traffic rights of Swiss are secured also for the case of the acquisition of (indirect) control by Lufthansa over Swiss (*cf.* on the Option Agreement, Clause C.3).

The foundation council of Almea is comprised of three council members. Not eligible as council members are: supervisory board and management board members of Lufthansa, or members of the Board of Directors of Swiss, or of a company controlled by Lufthansa or Swiss; management members of Lufthansa or Swiss or of a company controlled by Lufthansa or Swiss; employees of Lufthansa or Swiss or of companies controlled by Lufthansa or Swiss. The first election of the president and vice-president of the foundation council occurred in the deed of formation, taking into account the proposals of Swiss. These two council members then appointed another member, taking into account the proposals of Swiss.

8. Information about Lufthansa

Lufthansa is a stock corporation under German law domiciled in Cologne. The share capital of Lufthansa amounts to EUR 1,172,275,200 and is divided into 457,920,000 registered shares with no par value and with restricted transferability. Accordingly, each share represents a 457.9millionth part of the share capital; this corresponds to a value of EUR 2.56 per share.

86.36% of the shares of Lufthansa are free-float. GENUJO Achte Beteiligungs GmbH, Frankfurt am Main, is the largest shareholder of Lufthansa and holds 8.6% of its shares; DWS Investment GmbH, Frankfurt am Main, holds 5.04% of the votes. Since October 13, 1997, the Federal Republic of Germany no longer holds any participation in Lufthansa.

Lufthansa is an aviation group that is active in six strategic business areas; the group comprises more than 400 subsidiaries and affiliated companies. The group's main area of activity consists of the operation of its national and international scheduled passenger and airfreight service. It services more than 450 destinations all over the world. In addition, the Lufthansa Group provides air traffic-related services such as maintenance and overhaul of aircraft, catering, IT services, as well as instruction and training of flying personnel. The company is also active in the areas of leisure travel, financial services, and other services. All of these functions were organized in independently responsible subsidiaries, respectively, in the business area Passage Airline.

In 2004, the Lufthansa Group generated operating profits of EUR 383 million (2003: EUR 36 million). The earnings after taxes amounted to EUR 404 million (2003: EUR -984 million).

Lufthansa's consolidated financial statements for the business year 2004 may be downloaded from Lufthansa's website under www.lufthansa-financials.de and obtained from Deutsche Lufthansa AG, Investor Relations, CGN IR, Von-Gablenz-Str. 2-6, 50679 Köln, Germany.

9. Share Capital of Swiss and Outstanding Option Rights

Share Capital of Swiss

According to the commercial register excerpt of April 26, 2005, Swiss has a fully paid-in share capital of CHF 948,067,290, divided into 52,670,405 registered shares with a nominal value of CHF 18 each. The Swiss Shares are listed on the SWX Swiss Exchange. According to its articles of association in their currently applicable version of May 6, 2004, Swiss has a conditional share capital of CHF 31,342,950, which entitles to the issuance of 1,741,275 registered shares with

a nominal value of CHF 18 for granting participations to employees of Swiss and persons in similar positions. Since then and until April 26, 2005, 684,114 Swiss Shares with a total nominal value of CHF 12,314,052 were issued under this conditional capital. Accordingly, the currently issued share capital of Swiss amounts to CHF 960,381,342, divided into 53,354,519 registered shares with a nominal value of CHF 18 each. As of April 26, 2005, Swiss did not hold any own shares.

Option Rights of Swiss Employees

Pursuant to an agreement of November 24, 2004, between Swiss and the labour union Aeropers, employees of Swiss, who are union members of Aeropers, are entitled to the following rights pertaining to the acquisition of Swiss Shares as of April 26, 2005: (i) yet 14,013 Swiss Shares from the basic compensation for the year 2004; (ii) until the end of April 2005, between 25,000 and 62,500 Swiss Shares as variable, success-based compensation for the year 2004; (iii) until the end of January 2006, 600,000 Swiss Shares as basic compensation for the year 2005; and (iv) until the end of April 2006, between 25,000 and 62,500 Swiss Shares as variable, success-based compensation for the year 2005.

The basic compensation for the year 2004 (cf. (i)) is comprised of Swiss Shares, which have not yet been subscribed to. Until April 26, 2005, employees entitled to 7,783 of these Swiss Shares have registered themselves and intend to acquire these. The corresponding Swiss Shares will, however, yet have to be created using the conditional share capital of Swiss.

In respect to the variable, success-based compensation for the year 2004 (cf. (ii)), the number of Swiss Shares to be issued was determined as 39,805. These Swiss Shares will also yet have to be created using the conditional share capital of Swiss.

All other rights related to the acquisition of Swiss Shares (basic compensation for the year 2005 (cf. (iii)); variable, success-based compensation for the year 2005 (cf. (iv))) cannot be exercised prior to the expiration of the additional acceptance period.

Accordingly, as of April 26, 2005, a maximum of 716,318 option rights for Swiss Shares are outstanding for the benefit of the Aeropers members under the agreement of November 24, 2004, between Swiss and Aeropers. In addition, 7,840 option rights for Swiss Shares are outstanding as of April 26, 2005, under an internal Swiss "Service Duration Presents Regulation" (so-called "anniversary shares").

In accordance with his employment agreement, Dr. Christoph Franz, CEO of Swiss, is entitled to the issuance of 100,000 Swiss Shares as a consequence of the future change of control (cf. also Clause I.1, "Report of Board of Directors of Swiss").

Swiss Shares, to which employees are entitled from the exercise of option rights, are allocated via the Foundation SWISS Employee Participation (*Stiftung SWISS Mitarbeiterbeteiligung*) (cf. on the Foundation SWISS Employee Participation also Clause C.10). The Foundation SWISS Employee Participation obtains the Swiss Shares required herefor from the conditional capital of Swiss and allocates these to the corresponding employees, respectively, forwards these to such employees.

In respect to the outstanding option rights of employees of Swiss for Swiss Shares, Swiss and Lufthansa are currently considering, taking into account the principle of equal treatment and in the context of the upcoming collective labour agreement negotiations, finding a solution with the entitled employees and their unions.

Shareholders with More Than 5% of the Voting Rights in Swiss

The following shareholders held more than 5% of the voting rights in Swiss as of April 26, 2005 (stated figures are based on the total number of Swiss Shares issued as of April 26, 2005):

Swiss Confederation	20.08%
UBS AG	10.26%
Canton Zurich	10.04%
Credit Suisse Group	9.86%
AMAG Automobil- und Motoren AG	6.69%

These shareholders have already committed themselves prior to the Pre-Announcement of this Offer to transfer their Swiss Shares to AirTrust (*cf.* also Clause C.10, "Exchange Agreements with Lock-up Shareholders").

10. Shareholding of AirTrust and those Acting in Concert with AirTrust in Swiss

Except for the transactions described in Clause C.9 and under "Exchange Agreements with Lock-up Shareholders" below, AirTrust has not purchased or sold Swiss Shares or option rights entitling to the acquisition of Swiss Shares since its formation.

Lufthansa and the companies controlled by it as well as Almea have not purchased or sold any Swiss Shares or option rights entitling to the acquisition of Swiss Shares during the 12 months prior to the publication of the Pre-Announcement as well as since the Pre-Announcement.

Those acting in concert and the beneficial owners Almea and Lufthansa as well as Swiss and all companies controlled by them, except for the Foundation SWISS Employee Participation (*cf.* C.9, "Option Rights of Swiss Employees"), did not hold any Swiss Shares as of April 26, 2005. The Foundation SWISS Employee Participation obtains employee shares from the conditional share capital of Swiss for the entitled Swiss employees and forwards these to the employees. On April 26, 2005, the Foundation SWISS Employee Participation held 5,710 Swiss Shares. The Foundation SWISS Employee Participation intends to transfer these Swiss Shares prior to the expiration of the Offer Period, respectively, the additional acceptance period to entitled employees of Swiss so that these Swiss employees are able to tender the corresponding Swiss Shares during the Offer. The Offer also pertains to these 5,710 Swiss Shares (*cf.* Calculation in Clause B.2.).

Exchange Agreements with Lock-up Shareholders

On March 22, 2005, the following Lock-up Shareholders have entered into exchange agreements with AirTrust, pursuant to which they have committed themselves to transfer their Swiss Shares to AirTrust: AMAG Automobil- und Motoren AG, Zurich; Coop Schweiz, Basle; Credit Suisse Group, Zurich; F. Hoffmann-La Roche AG, Basle; Holcim (Schweiz) AG, Würenlingen (AG); Canton Zurich; La Genevoise, Compagnie d'Assurances sur la Vie, Geneva; Nestlé AG, Vevey and Cham; Novartis Pharma AG, Basle; Swiss Confederation; Schweizerische Rückversicherungs-Gesellschaft, Zurich; Swisscom AG, Ittigen (BE); Schweizerische Lebensversicherungs- und Rentenanstalt, Zurich; UBS AG, Zurich and Basle; Zürcher Kantonalbank, Zurich; "Zürich" Versicherungs-Gesellschaft, Zurich; and "Zürich" Lebensversicherungs-Gesellschaft, Zurich. Under these exchange agreements, AirTrust will acquire a total of 44,220,357 Swiss Shares (82.88% of all Swiss Shares issued as of April 26, 2005). AirTrust has committed itself, to pay for the acquisition of these Swiss Shares by assigning a pro-rata share of the earnout issued by Lufthansa (*cf.* Clause A, "Overview of the Individual Transaction Steps").

Between March 22 and April 26, 2005, AirTrust entered into another exchange agreement with DB Industrial Holdings GmbH, Frankfurt am Main, a subsidiary of Deutsche Bank Aktiengesellschaft, Frankfurt am Main, and former Lock-up Shareholder. Under this exchange agreement, AirTrust will acquire 892,857 Swiss Shares (1.67%). AirTrust has also committed itself towards DB Industrial Holdings GmbH to pay for the acquisition of its Swiss Shares by assignment of a pro-rata share of the earnout (*Besserungsschein*) issued by Lufthansa (cf. Clause A, "Overview of the Individual Transaction Steps").

Pursuant to the eighteen exchange agreements entered into by April 26, 2005, AirTrust will accordingly acquire a total of 45,113,214 Swiss Shares (84.55% of all Swiss Shares issued as of April 26, 2005).

The maximum amount payable for each Swiss Share under the earnout will, both with and without the taking into account of the discount rate, in any case be less than CHF 8.96.

The transfer of title to the Swiss Shares pursuant to the exchange agreements will take place only after the relevant competition-law approvals, respectively, clearance certificates have been obtained, however, pursuant to the exchange agreements no later than by the closing of this Offer. The acquisition of ownership is then subject to a condition subsequent. If:

- a) this Offer does not become successful by December 31, 2006, due to the non-fulfillment of one of its conditions or lapses; or
- b) either (1) neither the Call Option 1 nor the Put Option 1 is exercised by December 31, 2007, or (2) neither the Call Option 2 nor the Put Option 2 is exercised by December 31, 2008;

the exchange agreements will be rescinded with the result that the corresponding Swiss Shares are transferred back to the Lock-up Shareholders; any Swiss Shares acquired by AirTrust in the course of this Offer remain with AirTrust.

D. Financing of the Offer

The Offer is financed using funds from a loan granted by Lufthansa to AirTrust for purposes of submitting the Offer.

E. Information about the Target Company

1. Intentions of AirTrust, respectively Lufthansa regarding Swiss

Lufthansa intends, after acquiring control over AirTrust (and thus indirectly over Swiss), to integrate Swiss into the Lufthansa system as an independent subsidiary with its own brand.

Lufthansa intends to leave the domicile of Swiss in Switzerland and to maintain all hubs of the future Lufthansa system, including the hub in Zurich, with respect to their importance and quality of connections while taking into account the required economic efficiency, and to develop them further in a fair manner in accordance with the market potential, the customer preferences, and the quality and cost structures.

In accordance with the Shareholder's Agreement (cf. Clause C.3), Lufthansa and Almea will work towards having the Board of Directors of AirTrust see to it, that the Board of Directors of Swiss will be newly appointed immediately after the complete consummation of the Offer. Except for the changes already announced by Swiss prior to April 26, 2005, no further changes in the management of Swiss are currently planned.

After the consummation of the Offer, the delisting of the Swiss Shares from the SWX Swiss Exchange will be reviewed. If AirTrust holds more than 98% of the voting rights of Swiss after the consummation of the Offer, it will apply for the remaining publicly-held Swiss Shares to be cancelled within the meaning of Article 33 BEHG. If AirTrust holds more than 90% but less than 98% of the voting rights of Swiss after the consummation of the Offer, it will review a merger of Swiss with AirTrust or potentially with a swiss company also controlled by AirTrust against compensation of the remaining shareholders.

2. Agreement between Lufthansa, Almea, and Swiss as well as their Bodies and Shareholders

Business Integration Agreement

On March 22, 2005, Lufthansa, Almea, and Swiss executed a Business Integration Agreement governing the transaction steps for the acquisition of Swiss Shares by Lufthansa (cf. Clause A). A further foundation to be established will accede to the Business Integration Agreement after its formation (cf. below regarding this foundation). The Business Integration Agreement and the attached agreements, to which reference is made, particularly govern (cf. also Clause A):

- the formation of Almea and of AirTrust, the stages of Lufthansa's participation in AirTrust (11, 49, 100%) and the conditions that must be met herefor (cf. Clause C.3);
- the intended, and since then largely completed (i.e., contractually agreed but not yet consummated) acquisition of Swiss Shares by AirTrust from the Lock-up Shareholders under the exchange agreements (cf. Clause C.10);
- the obligation of Lufthansa to issue an earnout (*Besserungsschein*) to AirTrust for this;
- the obligation of AirTrust to submit this Offer;
- the obligation of Lufthansa to make the funds required for this Offer available to AirTrust in the form of a loan; as well as
- the formation of another foundation, corporate governance issues pertaining to AirTrust and Swiss and questions pertaining to the integration of Swiss into the Lufthansa system.

Additional Foundation to Be Established

The purpose of the aforementioned additional foundation to be established will be to promote and accompany the development of air traffic and of the air traffic structure in Switzerland for a period of 10 years. Thereafter, the foundation is to be dissolved. As soon as it is established, this foundation has the right to comment on general issues pertaining to air traffic in Switzerland in a general form. It also has the right, after consulting with Swiss or Lufthansa, to publicly comment on their business policy or on issues governed by the Business Integration Agreement. The foundation will have the right to submit a proposal to the supervisory board for the election of a supervisory board member of Lufthansa and, after the acquisition of control, to the Lufthansa management board for the election of two members of the Swiss Board of Directors (corresponding to two-fifth of the members). It is also entitled to make non-binding recommendations to the

Swiss management and, if applicable, to the Lufthansa management board in respect to general subjects of the integration goals relating to Swiss.

3. Confidential Information

AirTrust, Lufthansa, Almea, and the companies controlled by Lufthansa confirm that they have not directly or indirectly received any confidential information about Swiss from Swiss or through companies controlled by it, which could have a decisive effect on the decision of the addressees of the Offer.

F. Publication

This Offer Prospectus as well as all other publications in connection with the Offer will be published in the *Neue Zürcher Zeitung* in German and in *Le Temps* in French. The Offer Prospectus will also be delivered for publication to at least two of the important electronic media publishing exchange information.

G. Report of the Review Body Regarding the Offer Prospectus Pursuant to Article 25 of the Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act)

As auditors recognised by the supervisory authority to review public takeover offers in accordance with the Stock Exchange Act, we have reviewed the offer prospectus taking into account the exemptions required from the Takeover Board. The report of the Board of Directors of the target company and the fairness opinion of ABN AMRO Bank N.V. were not the subject of our review.

The offer prospectus is the responsibility of the offeror. Our responsibility is to issue an opinion thereon based on our review.

Our review was conducted in accordance with the standards promulgated by the Swiss profession, which require that a review be planned and performed to verify the formal completeness in accordance with the Stock Exchange Act and its ordinances and to obtain reasonable assurance about whether the offer prospectus is free from material misstatements. We have examined, on a test basis, evidence supporting the information in the offer prospectus. Furthermore, we have verified the compliance with the Stock Exchange Act and its ordinances. We believe that our review provides a reasonable basis for our opinion.

In our opinion:

- the offer prospectus complies with the Stock Exchange Act and its ordinances;
- the offer prospectus is complete and accurate;
- the requirement for equal treatment of the offer recipients has been complied with;
- the provisions regarding the minimum price have been adhered to; and
- the financing of the Offer is secured and the necessary funds will be available on the closing date.

Basle, April 27, 2005

PricewaterhouseCoopers Ltd

Dr. L. Imark Ph. Amrein

H. Recommendation of the Takeover Board

The Offer of AirTrust was submitted together with the report of the Board of Directors of Swiss to the Takeover Board prior to its publication. By recommendation of April 28, 2005, the Takeover Board has decided:

- The Offer of AirTrust is in compliance with the Federal Act on Stock Exchanges and Securities Trading of March 24, 1995;
- The Takeover Board grants the following exemptions from the Takeover Ordinance (Article 4 UEV-UEK): consent to conditions subsequent (Article 13 paragraph 4 UEV-UEK); exemption from the obligation to observe the waiting period (Article 14 paragraph 2 UEV-UEK).

I. Report of the Board of Directors of Swiss

1. Statement of the Board of Directors

Together with the management, the Board of Directors of Swiss has analyzed the short- and long-term prospects of Swiss as an autonomous and independent enterprise and, before this background, diligently considered the benefits of combination with Lufthansa.

Based on its analysis and the recommendations of its advisors, the Board of Directors concludes that combining with Lufthansa is sensible and in the interest of Swiss, its customers, shareholders, and employees. By combining the forces of Swiss and Lufthansa, significant synergies can be utilized and the competitiveness and overall profitability of the joined partners can be increased permanently. Considering the fundamental change and consolidation process in the European airline industry, the targeted synergies can only be achieved through an integration, not through a conventional alliance or cooperation. Lufthansa is a very well-positioned airline with financial strength, identical concept of quality as Swiss, a multi-hub concept, access to the global airline system Star Alliance, and a decentralized management philosophy, which enables Swiss to operate as an independent swiss subsidiary within the Lufthansa system (with its own brand, crew, and fleet as well as its own air traffic rights and operating licenses) with far-reaching autonomy for its decisions and independent responsibility.

The Board of Directors of Swiss has instructed ABN AMRO Bank N.V. (**ABN AMRO**) to review the Offer as to its financial adequacy and to issue a Fairness Opinion in this respect. In its Fairness Opinion of April 27, 2005, ABN AMRO concludes, based on the assumptions the Fairness Opinion is subject to, that the Public Offer is fair from a financial perspective (*cf.* Clause J. Fairness Opinion).

The Board of Directors of Swiss has therefore resolved unanimously to recommend to the shareholders of Swiss to accept the Offer of AirTrust.

2. Potential Conflicts of Interests of Members of the Board of Directors and of the Management

Under the Business Integration Agreement, Swiss has committed itself to work towards having the Board of Directors of Swiss recommend in its report to the public shareholders after receiving a Fairness Opinion, to accept the takeover offer by AirTrust. Swiss has also committed itself to publicly support the takeover offer by AirTrust and to refrain from all negative activities and statements, which could negatively affect the takeover offer.

The Board of Directors has no knowledge of potential financial effects of the Offer by AirTrust on individual members of the Board of Directors or of the senior management, which could give rise to a conflict of interest of individual of its members or of members of the senior management, except for those set forth below.

In the context of a long-term incentive program, the president of the group management and CEO Dr. Christoph Franz is entitled to up to 100,000 shares pursuant to his employment agreement, provided that certain goals are achieved; such shares would be issued in 2008. This claim becomes due prematurely in case of a future change of control. The exact time at which this claim becomes due is currently still unclear.

Under the Business Integration Agreement and the Shareholder's Agreement, the parties have committed themselves to appoint a new Board of Directors of Swiss after the consummation of the public takeover offer on the occasion of an extraordinary general meeting, where three members will be nominated by the Almea foundation and two members by Lufthansa. One representative of Lufthansa or one member nominated by the representatives of Lufthansa will become the chairman of the Board of Directors. At this time, the Almea foundation and Lufthansa have not yet decided about their nominations. No severance payments are owed to the members of the Board of Directors and of the senior management. With regard to the senior management's composition and conditions of employment of Swiss, no changes are planned.

3. Intentions of Shareholders Holding More Than 5% of the Voting Rights

The shareholders holding more than 5% of the voting rights in Swiss (*cf.* Offer Prospectus, Clause C.10) have committed themselves prior to the Pre-Announcement to transfer their Swiss Shares to AirTrust.

The Board of Directors has no knowledge of other shareholders, who hold more than 5% of the voting rights in Swiss.

4. Annual financial statements and changes since then

The financial year of Swiss ends on December 31. The Board of Directors has no knowledge of material changes of the asset, financial, and income situation or of the business prospects, which have occurred since December 31, 2004. During the first quarter of 2005, Swiss will also report a net loss. The quarterly report of Swiss will be available from May 19, 2005, on the website of Swiss (www.swiss.com).

April 28, 2005

Prof. Pieter Bouw
Chairman of the Board of Directors of
Swiss International Air Lines Ltd

J. Fairness Opinion

The Fairness Opinion prepared by ABN AMRO for the Board of Directors of Swiss, in which ABN AMRO, based on the assumptions the Fairness Opinion is subject to, concludes that the offer price offered to the shareholders is, from a financial perspective, adequate as of April 27, 2005, may be obtained from Swiss (Tel. +41 (0)848 20 21 22) and downloaded from the website of Swiss (www.swiss.com).

K. Consummation of the Offer

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| 1. Information / Registration | <p><i>Bank Depositors</i></p> <p>Shareholders, who keep their Swiss Shares in an open securities deposit account, will be informed about the Offer by the depositary bank and are asked to proceed in accordance with the instructions of their depositary bank.</p> <p><i>Home Depositors and Swiss Employees</i></p> <p>Shareholders, who keep their Swiss Shares at home or in a bank safe as well as Swiss employees who keep their shares at the share register of Swiss will be informed about the Offer via the share register of Swiss and are asked to proceed in accordance with the instructions of the share register.</p> |
| 2. Banks Commissioned to Conduct the Technical Handling of this Offer | <p>Credit Suisse First Boston, Zurich
UBS AG, Zurich</p> |
| 3. Acceptance and Payment Agents | <p>Each branch of Credit Suisse and UBS AG in Switzerland.</p> |
| 4. Tendered Swiss Shares and Exchange Trading of Tendered Swiss Shares | <p>Tendered Swiss Shares receive the separate securities number 2.132.662. The SWX Swiss Exchange was asked to open a second trading line for the tendered Swiss Shares from May 4, 2005. The trading on the second trading line will probably be discontinued after the expiration of the additional acceptance period.</p> <p>When selling or buying tendered Swiss Shares on the second trading line, the usual exchange fees and commissions become due, which are to be borne by the selling, respectively, buying shareholders of Swiss.</p> |
| 5. Payment of the Offer Price | <p>Assuming that no extension of the offer period and no postponement of the closing date occur pursuant to Clause B.4. above, the closing date for the payment of the offer price for the Swiss Shares tendered during the Offer is presumably June 29, 2005.</p> |
| 6. Cost Allocation Dues and Taxes | <p>The purchase of those Swiss Shares by AirTrust, which are deposited with banks in Switzerland and which are tendered during the offer period and the additional acceptance period to the Offer, occurs free of fees and charges. AirTrust will bear the swiss stamp duty imposed on the purchase.</p> <p>In general, the following income, respectively, profit tax consequences will probably result for the tendering shareholders who are only taxable in Switzerland: in accordance with the principles applying to the swiss income tax, shareholders holding their Swiss Shares as private assets and who tender their Swiss Shares to the Offer achieve either a tax-free private capital gain or a non-tax-deductible</p> |

capital loss, unless the shareholder qualifies as a securities trader. Shareholders holding their Swiss Shares as business assets as well as shareholders qualifying as securities traders, who tender their Swiss Shares to the Offer, realize either a taxable capital gain or a tax-deductible capital loss in accordance with the principles applying to the swiss income, respectively, profit tax.

The tendering shareholders are advised to have the tax effects of this Offer assessed by their own tax advisor.

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| 7. Invalidation and Delisting | As stated in Clause E.1., AirTrust intends to delist the Swiss Shares and to have the Swiss Shares, which are not tendered to it, declared invalid, to the extent that the corresponding statutory preconditions are fulfilled. |
| 8. Applicable Law and Place of Jurisdiction | All reciprocal rights and obligations resulting from the Offer are subject to swiss laws. Exclusive place of jurisdiction is Zurich 1. |

L. Indicative Timetable

Commencement of the Offer Period:	May 4, 2005
General Meeting of Swiss:	May 19, 2005
End of the Offer Period:	June 2, 2005, 16:00 hours CEST
Commencement of the Additional Acceptance Period:	June 9, 2005
End of the Additional Acceptance Period:	June 22, 2005, 16:00 hours CEST
Closing Date:	June 29, 2005

AirTrust reserves the right to extend the Offer Period once or several times in accordance with Clause B.4. and to postpone the Closing Date.

This Offer Prospectus may be obtained free of charge in German, French, or English from:

- Credit Suisse First Boston, Department FBSC, P.O.-Box 900, CH-8070 Zurich
Tel.: +41 (0)44 333 43 85
Fax: +41 (0)44 333 23 88
E-Mail: equity.prospectus@csfb.com

or from:

- UBS Investment Bank, Prospectus Library, P.O.-Box, CH-8098 Zurich
Tel.: +41 (0)44 239 47 03
Fax: +41 (0)44 239 21 11
E-Mail: swiss-prospectus@ubs.com

Please direct any questions in connection with this Offer or the planned integration of Swiss into the Lufthansa Group by phone at the toll-free hotline at +41 (0)848 20 21 22 or by e-mail (kaufangebot@swiss.com).

The banks commissioned to conduct the technical handling of this Offer:

Credit Suisse First Boston

UBS AG

