

Brussels, 28 August 2009

State aid: Commission approves the restructuring of Austrian Airlines

The Commission has today decided to close the formal investigation procedure into the privatisation and restructuring of Austrian Airlines concluding that the restructuring following its sale to Lufthansa is compatible with community law. The Commission has concluded that the price to be paid by Lufthansa involves State aid but that such aid is compatible in accordance with the Community framework for rescue and restructuring of firms in difficulty.

European Commission Vice-President and Commissioner for Transport Antonio Tajani said "This decision is yet another step taken favouring the consolidation of the airline sector. It will lead to a market that is undistorted by state aid, with an ultimate benefit for passengers."

Following a privatisation procedure Lufthansa has been selected to buy the Austrian State's stake (41.56%) in Austrian Airlines. The other shareholders (free floating and institutional) will also be bought out by Lufthansa. The price to be paid is made up of three elements:

- Lufthansa will pay a purchase price of €366.268,75
- the State receives a debtor warrant, which may lead to an additional payment
- Lufthansa has requested that Austria recapitalise Austrian Airlines with EUR 500 million to compensate for Austrian Airlines' high level of historical debt. Without the State recapitalisation Lufthansa will not buy Austrian Airlines.

Having opened an investigation into the sale and the restructuring plan¹ and having examined the evidence provided by Austria and the observations received from over 40 interested parties, the Commission has reached the conclusion that the (negative) price paid by Lufthansa for Austrian Airlines reflects the value of the enterprise at the time it was being sold. However, as bankruptcy would have been a cheaper option for the State the decision of Austria to accept a negative price amounted to a grant of State aid.

¹ See [IP/09/248](#) of 11.02.2009

The Commission has therefore examined the restructuring plan submitted by the Austrian authorities and has concluded that this plan is in conformity with the applicable Community rules. The aid is kept to a minimum and a reduction in capacity combined with a cap on growth will be sufficient to address any competitive concerns raised by the acquisition. The capacity of Austrian airlines will be reduced by 15% from its January 2008 level by the end of 2010. Thereafter Austrian Airlines' growth will be capped at the average of the growth rate observed for member airlines of the Association of European Airlines. Such cap will remain in place until end 2015 or until Austrian Airlines reaches an operational break even, whichever comes first. Austrian Airlines will also reduce its shareholding in Schedule Coordination Austria GmbH to 25%.

Today, the Commission has also approved the acquisition of Austrian Airlines by Lufthansa under the Merger Control Regulation².

² See [IP/09/1255](#) of 28.08.2009