GSC Research

Report on the Annual General Meeting

of

Flughafen Wien AG

WKN 884216 ISIN AT0000911805

on 29 April 2008 in Vienna

The company continues its growth course.

Agenda

1. Report on the 2007 financial year

2. Allocation of distributable profit

3. Release of the Management Board and Supervisory Board from liability

4. Remuneration for the Supervisory Board

5. Elections to the Supervisory Board

5. Election of the auditor for the 2008 financial year

Report on the Annual General Meeting of Flughafen Wien AG

The 18th Annual General Meeting of Flughafen Wien AG (VIE AG) was held in the Austria Center Vienna on 29 April 2008 with roughly 280 shareholders and guests, including Dorothee Schlosser of GSC Research. As in the preceding years, Johannes Coreth, Chairman of the Supervisory Board, opened the meeting with a short film. This film was entitled “The airport as an economic driver“ and demonstrated the importance of VIE AG for the economy of Vienna and the surrounding region. Vienna International Airport is responsible for 1.1% of the Austrian GDP and also serves as the largest employer in the eastern section of this country.

After the film, Mr. Coreth introduced Rupert Blix as the recording notary public. Following a reading of the usual formalities, he turned the meeting over to Herbert Kaufmann, member and speaker of the Management Board.

Report of the Management Board

Mr. Kaufmann again reported on a record year, and expressed his satisfaction over the sound development of traffic at VIE AG. On the evening prior to the annual general meeting, the company’s share traded at a high of EUR 81.67. With an increase of 11.3%, the number of passengers again outpaced the European average of 6.5%. VIE AG recorded revenue of EUR 521.4 million in 2007, which represents a plus of 12.4% over the previous year. “Our benchmark is earnings before interest, taxes, depreciation and amortisation (EBITDA)”, indicated Kaufmann.

Mr. Kaufmann indicated that EBITDA had risen 12.6% to EUR 191 million in 2007. The EBITDA margin also exceeded the conservative target of 35%, which he categorised as excellent given the ongoing construction activity at the airport combined with the related capital expenditure and other negative effects. Group net profit after minority interest totalled EUR 87.7 million and reflected an increase of 14.2% over the previous year. A recommendation will be made to the annual general meeting to distribute 60% of Group net profit to shareholders as a dividend of EUR 2.50 per share, for a plus of 13.6% compared with 2006.

Income before interest and taxes (EBIT) rose by 16.1% to EUR 120.3 million and the EBIT margin improved to 22.5%. Operating expenses were 12.3% higher at EUR 344.7 million, and resulted in part from an increase in the number of employees working in the security area and additional expenditures for marketing and external services. This figure also reflects the year-on-year rise in energy prices.

Kaufmann indicated that the decline in financial results from EUR 1.8 million to EUR 6.4 million was the result of two factors. Interest expense exceeded the prior year level by EUR 3.1 million due to the scheduled increase in external financing to support the investment programme, and the difficult climate on capital markets was reflected in a decline in the fair value of securities as of 31.12. 2007. This second effect was reflected in write-downs of EUR 3.9 million.

In conclusion, Mr. Kaufmann explained the revenue structure of the company’s operating segments – Handling, Non-Aviation and Airport. The Airport Segment, which also includes the current VIE-Skylink expansion project, generated the highest revenue in the Flughafen Wien Group. Revenue totalled EUR 242.2 million, which represents a 46.5% share of Group revenue as well as an increase of 14.6% over the previous year.

The Handling Segment provides a full range of services for scheduled, charter and general aviation flights. Revenue in this segment rose by 5.3% to EUR 147.0 million, and equalled 28.2% of Group revenue. Apron handling was responsible for almost 70% of the revenue recorded by this segment.

The Non-Aviation segment generated revenue of EUR 132.2 million, for an increase of 17.2% over the prior year. This segment generated 25.3% of Group revenue, whereby security services alone were responsible for revenue of EUR 33.8 million. Mr. Kaufmann indicated that this solid development was supported by the expansion of business activities at Vienna International Airport Security Services Ges.m.b.H., a wholly owned subsidiary of Flughafen Wien AG:

As Mr. Kaufmann explained, security services carry a low-margin, but are a rapidly growing area of business. He also explained the revenue structure without ground handling. In this case, the Non-Aviation segment would be responsible for roughly 37% of Group revenue – "a benchmark figure", indicated the CEO.

Mr. Kaufmann then discussed the investments made during the past financial year. The total investment volume equalled EUR 277.1 million, whereby EUR 193.8 million of this total were related to intangible assets and property, plant and equipment. As in the prior year, the most important project was the terminal expansion (VIE-Skylink), which is scheduled to open before the peak traffic period in 2009. Nearly EUR 30.9 million were directed to the acquisition of companies, i.e. Mazur Parkplatz GmbH, the World Trade Centers and a stake in Flughafen Friedrichshafen GmbH.

Capital expenditure, excluding land, for the period 2008 to 2012 is forecasted to equal approx. EUR 589 million. The largest project will be the expansion of the terminal at EUR 333 million, which includes the VIE-Skylink as well as the renovation of terminal 2 and Pier West. The construction of a third runway is projected for the period from 2010 to 2012 at an estimated cost of approx. EUR 208 million. However, a decision has not yet been made on the start of construction.

The balance sheet total rose by 7.7% to EUR 1,560.9 million in 2007, as reported by Mr. Kaufmann. Substantial growth was recorded in property, plant and equipment and investments accounted for at equity. In addition, equity increased 1.9% to EUR 734.9 million. In combination with the investment-related increase in financial liabilities, the equity ratio declined from 49.8% to 47.1% as of year-end 2007.

A further focal point of the report by the Management Board was the development of traffic. Mr. Kaufmann indicated that traffic results for 2007 again outpaced the European average and listed three main factors for this growth: the strong development of traffic to the Middle East (+18.5%) and Eastern Europe (+24.8%) as well as an increase in business by the low-cost carriers (+57.2%). In a comparison of international airports, the Flughafen Wien Group offers more frequencies than Frankfurt with nearly the same number of destinations. In 2007 the largest number of passengers was handled by Austrian Airlines with 52.6%, followed by the low-cost carriers Air Berlin and Niki with a total of more than 12%.

For 2008 the CEO expects an increase of 8.0% in the number of passengers and 6.0% each in maximum take-off weight (MTOW) and flight movements. MTOW represents an indicator for the calculation of landing tariffs, explained Mr. Kaufmann in this connection. These sound forecasts are based on the expected development of the Austrian Airlines Group as well as above-average growth by the low-cost carriers, added Mr. Kaufmann. According to the airport's long-term forecasts, the number of passengers should reach nearly 30 million by 2015. This would require an increase in the workforce to 30,000 employees.

Mr. Kaufmann next discussed the strategy of the Flughafen Wien Group and provided details on the three main segments of business.

The main objective in the Airport Segment is to grow by one percent more than European average. The focus on Eastern Europe and the low-cost carriers as well as efforts to establish Vienna International Airport as the most efficient transfer hub in Europe form the core strategy. The terminal expansion (VIE-Skylink) and the one-roof concept will allow Vienna to maintain its minimum connecting time of 25 minutes, which not only represents a top value in European comparison, but is also a key competitive advantage, commented the CEO.

For the Handling Segment, the indicator chosen by Flughafen Wien AG is punctuality compared with the 27 European airports that have a similar share of transfer passengers. The goal of Vienna is to become number one in Europe – which would represent an improvement over the current standing as the third most punctual airport in Europe. This ranking is based on statistics published by the Association of European Airlines (AEA) for 2007. In the Non-Aviation Segment, the completion of the VIE-Skylink will substantially expand gastronomy and shopping space beginning in 2009. The airport's parking facilities will be enlarged in 2008, and the objective in the area of security services is to achieve a leading market position with VIAS Services Ges.m.b.H.

The CEO next reported on the Group's international holdings. Kosice Airport was able to record an increase of 29% in traffic, and this investment made a contribution of EUR 1.6 million to profit before taxes in 2007. Malta Airport, in which VIE AG controls the majority of voting rights, reported an increase of 10.4% in traffic. Mr. Kaufmann classified the results registered by Friedrichshafen Airport as stagnating and "not terribly exciting", whereby the elimination of a daily flight by Ryanair was responsible for this development.

Mr. Kaufmann then spoke about the proceedings to evaluate a possible violation of environmental impact audit regulations. As announced in an ad-hoc report on 27 March 2008, the Republic of Austria and the EU Commission have reached an agreement. An "ex-post environmental impact report" will now be prepared and evaluated by the authorities in accordance with the relevant EU guideline. Mr. Kaufmann indicated his relief that important progress has been made on this issue.

In conclusion, Mr. Kaufmann thanked the shareholders and guests for their attention. He also thanked his colleagues on the Management Board and Supervisory Board as well as the employees of the Flughafen Wien Group for their commitment during the past financial year. The shareholders and guests applauded. The Chairman of the Supervisory Board then opened the general discussion.

General Discussion

The first contribution to the discussion was made Michael Knap, Vice-President of the Shareholders' Interest Group ("Interessenverbandes für Anleger" (IVA)), who expressed his opinion on media reports in 2007, which indicated a possible interest by VIE AG in the acquisition of stakes in other airports. The airports mentioned were Skopje and Prague as well as opportunities in Southern India. Mr. Knap also inquired as to possible plans for the acquisition of further shares in the Slovakian KSC-Holding a.s. He then requested detailed information on the consulting fees recorded for 2007, which totalled EUR 6.166 million.

Herbert Kaufmann answered these questions, and explained that airport acquisitions are often prolonged and accompanied in part by emotional factors. With reference to the Macedonian airport in Skopje, it is a known fact that VIE has officially expressed an "interest". In connection with Prague Airport, Kaufmann indicated that the tender has not started.

The CEO confirmed the Group's business activities in Southern India. However, these activities are taking place without any financial risk because VIE AG is only providing know-how. The Group has been approached by two partners, but VIE AG would never initiate this type of project alone because it is completely unfamiliar with the country. Mr. Kaufmann indicated that work has started on two projects in the emerging South Indian province of Karnataka. With a view to KSC Holding, he announced that discussions with two consortium partners are in progress and the Group is awaiting the outcome.

Christian Domany, member of the Management Board, answered the question on the consulting fees. He indicated that the consulting firm AT Kearney had received TEUR 678 for its consulting services in connection with the tender for the VIE-Skylink. In addition, the consulting firm McKinsey & Company had received TEUR 350 for the preparation of an internationalisation strategy that included an analysis of demographic developments, tourism developments and a wide-ranging passenger survey. According to Mr. Domany, the passenger survey was essential and formed the basis for the preparation of the strategies.

A shareholder affected by flight noise than spoke and requested new solutions. This shareholder, who lives in Giesshübl, expressed his satisfaction with the results reported for the period and the good performance of the company's share, but considers his quality of life to be substantially impaired. Gerhard Schmid, member of the Management Board, stated that he is well aware of this issue and added that a range of measures have been undertaken to limit negative effects on neighbouring residents. These measures include the implementation of noise protection guidelines, limits on night flights and the creation of an environmental fund. Schmid also emphasised the strong commitment of management and referred to his participation in the meetings of the Dialogue Forum on behalf of the Management Board.

A further question from shareholders involved the process to evaluate a possible violation of environmental impact audit regulations. The shareholder inquired whether there is a difference between the environmental impact report and the audit regulations. In answer to this question, Mr. Domany explained that an official ruling issued by the province of Lower Austria in 2001 clearly indicated that an environmental impact audit was not required. He also emphasised that these proceedings concerned the Chancellery of the Republic of Austria and the EU, and did not involve Flughafen Wien AG. The environmental impact report represents an “ex-post“ measure and should be completed by 2009. This report is based on an EU guideline and not on the requirements of the Austrian environmental impact audit act.

Voting

Prior to the start of voting, the Chairman of the Supervisory Board announced the attendance as 266 shareholders, representing 12,397,649 of 21,000,000 shares or 51.04% of share capital. All points of the agenda were approved with over 95% of the votes in accordance with the objectives of management.

The individual resolutions included the distribution of a dividend of EUR 2.50 per share from retained earnings (point 2 of the agenda), the release of the Management Board and Supervisory Board from liability (point 3 of the agenda), the determination of remuneration for the Supervisory Board (point 4 of the agenda), elections to the Supervisory Board (point 5 of the agenda) and the election of the auditor (point 6 of the agenda).

Summary

In contrast to other European airports – London-Heathrow can by all means take a look at Vienna – Vienna International Airport is one of the most punctual and reliable airports in Europe. This fortunate circumstance represents a benefit for transfer passengers – Vienna serves as an east-west hub – and thereby made an important contribution to the new record results recorded by Flughafen Wien AG. The share was not really influenced by the mortgage crisis in the USA, and closed the year at 6.2% over the ATX.

If the aviation industry remains on an upward trend, the targeted growth of 8% in the number of passengers for Vienna International Airport in 2008 appears to be realistic.

Contact Address

Flughafen Wien AG
P.O. Box 1
A-1300 Wien-Flughafen

Tel.: +43 (0) 1 / 7007 - 0
Fax: +43 (0) 1 / 7007 - 23805
Internet: http://www.viennaairport.com

Contact for Investor Relations

Robert Dusek

Tel.: +43 (0) 1 / 7007 - 23126
Fax. +43 (0) 1 / 7007 - 23058
E-Mail: r.dusek@viennaairport.com

About GSC Research

GSC Research is an independent research house that operates with a decentralised network of roughly 70 permanent and freelance employees in Germany and Austria. Activities focus on the preparation of comprehensive studies, analyses and interviews as well as reports on annual general meetings.

Each year GSC reports on roughly 1,000 annual general meetings in Germany and Austria. Other publications include numerous studies with detailed background information on listed and unlisted companies as well as extensive interviews with members of managing boards and speakers of companies.

The customers of GSC Research include private and institutional investors who utilise the Internet offering and individual inquiries through a subscription as well as listed and pre-market companies, above all in the area of small and mid-caps, which use the independent GSC research reports to inform their shareholders.

GSC Research GmbH

Immermannstr. 35
D-40210 Düsseldorf
Tel.: 0211 / 17 93 74 - 0
Fax: 0211 / 17 93 74 - 44

Email: info@gsc-research.de
Internet: www.gsc-research.de