

Munich Airport Annual Press Conference February 2, 2006



Munich Airport Annual Press Conference 2006



The Executive Board of Munich Airport:

Dr. Michael Kerkloh (center)
President and Chief Executive Officer

Walter Vill (left)
Vice President and Chief Financial Officer

Peter Trautmann (right)
Chief Operating Officer

Statement by Dr. Michael Kerkloh, CEO of Munich Airport, at the FMG annual press conference on February 2, 2006

Airport growth continues

The quintessence of what can be said about our airport after the year 2005 is the following: Munich Airport keeps on growing – and this applies not only to the business figures and traffic statistics, but also to the airport itself. By setting the stage for airport expansion—which means the start of the planning phase for the third runway – we met a key prerequisite last year for the long-term success of Munich Airport. The vital importance of this capacity expansion measure for our airport is clearly illustrated by the strong growth of traffic we experienced in 2005. This brings me to the traffic statistics for the year just ended, which once again show new records in practically every category.

7 percent gain in passengers

The 28.6 million passengers represent a gain of 1.8 million travelers compared with the previous year. No other German airport achieved an increase on this scale in 2005. The rise in volume in Munich represents a jump of nearly 7 percent. Among Europe's Top 10 airports in terms of passenger volume, only the two Spanish hubs, Madrid and Barcelona, posted stronger growth rates than Munich. We topped all the others, some by a wide margin.

European ranking secured

Munich is therefore still a reliable growth engine for international air traffic at the European level and has further solidified its position in the competition among the major European hubs. Like last year, we again held the number eight spot in the European Top 10. However, the distance to number seven, Rome Airport, has now diminished to a very narrow gap. To be exact: In 2005 we fell just 418 passengers short of the figure reported by the airport in Italy's capital.

We also set a record last year at Munich Airport for the total number of take-offs and landings: The 387,000 commercial aircraft movements marked a 4 percent increase over the

**Load factor over
70 percent**

2004 result. And the fact that take-offs and landings showed a lower growth rate than the passenger volume is an indicator of the increasing efficiency of the air transportation hub in Munich: On the one hand, the airlines operating in Munich were able to further increase their load factors. The average load factor of the aircraft flying to and from Munich topped the 70 percent mark for the first time in 2005. In addition, the trend for airlines to use larger aircraft on routes to and from Munich continued. The average weight of planes using Munich Airport increased by more than one metric ton to more than 59 tons.

**Airfreight up 15
percent**

Once again in 2005, the largest gains reported at Munich Airport were in the airfreight sector. The 350,000 metric tonnes of freight handled at the airport represent a 15 percent increase over the previous year. The flown airfreight exceeded 200,000 tonnes for the first time ever, and was actually 19 percent above the 2004 level. Incidentally, a large majority of the airfreight flown is still accounted for by co-loaded freight carried by passenger aircraft, which indicates that the rapid growth in the freight business is also a reflection of the expansion in hub traffic – especially in the long-haul segment. Naturally, the airfreight business is especially attractive on intercontinental routes – this traffic segment accounts for two of every three tonnes of airfreight.

**Booming long-haul
segment**

At Munich Airport, the intercontinental segment posted 13 percent growth in the total number of passengers and aircraft movements in 2005, a figure well above the airport's overall growth rate. In terms of total traffic, the share of intercontinental flights in the overall passenger volume increased to 12 percent. This shows that we are without doubt on the right track, but we definitely have some way to go. By comparison: At Frankfurt Airport, long-haul flights make up 36 percent of the total air traffic.

There is no doubt that the continual expansion of hub traffic by Lufthansa and its Star Alliance partners is and will

continue to be the main growth engine for Munich Airport. The success of the Munich hub is also reflected in the continuing rise in the share of connecting passengers using the airport. In 2005, travelers changing planes in Munich accounted for 34 percent of total passenger traffic.

28 percent rise in low-cost traffic

However, we also achieved significant growth in other traffic segments in 2005. This applies especially to the so-called low-cost, or low-fare, segment, where the passenger total increased 28 percent during the past year to 3.5 million. As a result, the market share of the budget airlines in the total passenger volume in Munich has now passed the 12 percent mark. We are the third-biggest location for low-fare traffic in Germany after Cologne/Bonn and Berlin, and we are actually number two when it comes to low-fare domestic flights. By far the largest operator among the low-price airlines at our airport is the Munich home carrier dba. Following its takeover of numerous international routes from Germana Express, dba raised its passenger count in Munich by more than 40 percent last year.

Excellent prospects in low-cost segment

Also adding impetus to growth in the low-fare segment were Germanwings, which expanded its route network served from Munich in 2005, and Hapag-Lloyd Express, which started operations at our airport this past year. I also see excellent growth opportunities in the future development of the low-cost market, particularly in view of the rising demand in Munich. However, it is also important to bear in mind that, alongside the carriers actually operating in the low-cost segment, the more traditional airlines are also increasingly offering flights at similarly low fares. Condor, for instance, has just announced plans to operate 10 new bargain-priced connections from Munich to major cities.

Revenues rise to 687 million Euros

All in all, we are very pleased with the traffic trends over the past year. The increases we achieved are naturally reflected as well in our financial results, which the available figures indicate will be better than we assumed when we prepared our budget at the start of the year. These figures show that

our total revenues of €687 million in 2005 are higher than both the previous year's level and our budget target. This figure represents a revenue increase of approximately 5 percent as compared with 2004. Group revenues grew even faster, showing a 7 percent increase to €842 million in 2005. This above-average gain at the Group level is clear evidence that an increasing share of our business is taking place within our subsidiaries.

**Positive net
income**

According to the preliminary figures, we will report a small overall net profit of €5 million for 2005. We have thus achieved our goal of returning Munich Airport to profit two years earlier than originally planned. Last year at this press conference I stated that we did not expect to return to profit until 2007. In view of the positive business trend we are now confident that our net profit in 2006 is likely to be well within the double-digit millions. Our cash flow in 2005 was approximately €97 million. These funds were more than sufficient for taking care of long-term investments.

Loan repayment

However, our cash flow will not be enough to fund more than a small portion of the requested repayment of parts of the loans provided by our shareholders for the original financing of the new airport. Consequently, we will have to raise the funds for the repayment, totaling €785 million, on the capital market. This issue will not yet have a major impact our financial results in 2006, however, since the agreement does not require us to make repayments until the end of the year. Consequently, our interest expenses will not increase until 2007 and thereafter.

Alongside the strong traffic growth during the past year, another major factor contributing to our pleasing figures was our "M-Power" program for refocusing our strategic orientation and improving financial results. One of the objectives of this program, which was launched in 2003, is to achieve an aggregate improvement in profits of €100 million by 2007. It is now evident that we will not only

meet this ambitious target — we will actually exceed it by a significant margin. The M-Power measures already implemented will alone yield cumulative profitability gains of €109 million by 2007.

New Group structure

A key element of the M-Power process was the restructuring of our company. Since the beginning of 2005, our company has been divided into five business divisions, five group-level divisions and four service divisions. The core business is reflected in the five divisions of aviation, property management and development, retail and services, ground handling and the Terminal 2 operating company. Ground handling is without doubt the area currently facing the most serious pressure resulting from the structural changes in international air transportation. To ensure that we can continue to compete in this sector, we set up a new subsidiary, mucground Services, at the end of March last year, and are now successfully putting it into operation, mainly to cover traffic peaks at present. But on its own, that measure will not be enough by any means.

New subsidiary formed

Consequently, we will present a restructuring plan for ground services by April. The plan is currently being worked out in intensive negotiations with the staff representatives. The goal is to achieve lasting gains in the efficiency and competitiveness of our ground handling activities through new working time models, a streamlined organizational structure and optimized operational processes. More extensive measures affecting the collective wage structures will be discussed with the union in the near future. We cannot avoid steps of this kind if we hope to keep ground services within the Group. If we do not succeed in putting an end to the losses in the ground handling segment within a few years, the FMG Group will be forced to pull out of this market entirely.

Restructuring of ground services

The airport's timetable and its business performance will be greatly enhanced in the long term by the construction of a

**Planning
underway for
third runway**

third runway. The expansion of the runway system is also absolutely essential if we want Munich Airport's success story to continue in the coming years. As you know, we received the approval of our shareholders in July of last year to begin planning a third runway. The expansion project will add a new runway to the existing system, increasing the number of schedulable take-offs and landings from 90 per hour, as will be possible in the summer of 2006, to at least 120 schedulable aircraft movements per hour.

**Bolstering national
transportation
infrastructure**

This expansion of our capacity hub traffic at Munich Airport to continue increasing in the coming years. In particular we will be able to offer more long-haul connections to match the levels of the other major European hubs. As an airport operating company, we share the view of our partner in expansion, Lufthansa, that the Munich hub can successfully compete among the major European hubs in the long term only if we move forward decisively in the coming years with the development of this airport. However, the success of our expansion project will have substantial consequences not only for Munich Airport. Ultimately, it is also the quality and future-readiness of our national transportation infrastructure that is at stake.

As you are aware, airport projects are currently being pushed ahead in Berlin and Frankfurt. We welcome the efforts being made at these two sites because they are of vital importance for securing the long-term interests of the German aviation sector and the economy as a whole. However, because these projects are only inching forward, it is crucial to air transportation in this country for the Munich expansion option to be utilized swiftly and decisively.

**Dialog with
neighbors**

Even when I stress the importance of this project, however, I am aware that the construction of a third runway will also mean additional burdens for our neighbors. This makes it all the more important to us to ensure that the nearby

communities are involved in the planning process right from the start and can voice their interests. For this purpose, a Regional Advisory Council has been set up to address all relevant aspects of the runway project. This body has in the meantime held six meetings and discussed a large number of issues. For example, the council met yesterday evening with members of the Bavarian state government and the federal government to discuss current shortcomings in the landside transportation infrastructure in the airport region and measures to improve this situation.

**Striving for
consensus**

For us as the airport operating company, the dialog within the Regional Advisory Council is extremely important. Whenever possible, the suggestions and requests that we hear from the representatives of the surrounding region are integrated into our ongoing planning process. Of course we will not be able to reach agreement on all points. However, the discussions that have so far taken place in the Regional Advisory Council – which I would call open, goal-driven and constructive – have already demonstrated that there are many specific issues where it is actually possible to reach a consensus. I am therefore confident that it will in fact be possible to implement many priorities of the region through this consulting body.

With regard to the site selection for the third runway, we are now carrying out detailed studies of the three locations currently on the shortlist of potential sites. For these sites, which are to the north of the present northern runway, we now have to calculate stress-tested capacity limits. In addition, the runway sites are being reviewed in terms of their impact on humans and nature. And of course these investigations also include economic considerations. We plan to present the results of the studies to the Regional Advisory Council in the spring.

At this point I would like to emphasize once again that we are still in an early planning phase of the expansion project. It

Complex planning process

is therefore by no means certain that the preferred option ultimately selected will be entirely identical to any of the runway sites currently under investigation. The final site selection cannot be made until the results of all studies are on the table. After all, the planning of a three-runway system of this kind is a highly complex undertaking involving the interplay of a large number of factors and criteria. The general public is not usually confronted with the complexity of a planning procedure of this kind, because it is not involved as a rule until the plans are complete. In Munich, by contrast, the airport's neighbors will be involved through the Regional Advisory Council in every step of the planning right from the start – and will thus also be affected by all delays and any adjustments as the planning process goes forward.

Regional planning process by end of 2006

What lies ahead in the “third runway” expansion project? The project timetable provides for the submission of an application for a regional planning process with the District Government of Upper Bavaria in the first half of 2006 so that we can complete the regional planning this year. We hope that we can then begin with the planning approval proceedings in the course of 2007. This would mean, from today’s standpoint, that the third runway could go into operation as of 2011.

Of course it is not only the airport where the steady increase in air traffic calls for a substantial increase in capacity, but also on the access routes. The balanced development of landside and airside traffic capacity – the so-called balance of capacity – must be preserved if bottlenecks are to be avoided. In our efforts to obtain better transportation links to the airport, we are on the same side as our neighbors.

Progress on landside links

As far as the road links are concerned, we can definitely report significant progress at the moment. The eight-lane expansion of the A 9 autobahn between the Munich North and Neufahrn interchanges was finished on schedule, and the planning approval process for the B 388a regional road – to

close the gap between Fischerhäuser and Hallbergmoos – will probably be completed this year. But it is crucial that construction must begin without delay after the completion of the approval process. On the eastern tangent road, connecting the A 92 and A 94 autobahns to the east of the airport, construction is about to begin on two additional segments.

All of these projects are steps in the right direction. However, they do not add up to satisfactory road links for the airport. Consequently, additional road construction projects such as the two six-lane widening projects on the A 92 autobahn between Feldmoching and Neufahrn and the A 8 autobahn from Ulm via Augsburg to Munich are still on the agenda. As was again made clear at yesterday's meeting of the Regional Advisory Council, there is also an urgent need for relief in the immediate area, for example a bypass of Freising by means of the B 301.

New government promotes Transrapid

I see progress in the link-up to mainline rail services through the Transrapid. We were delighted to see that Germany's new government has made an explicit commitment to the Transrapid maglev train in the coalition agreement. At the same time, the new Bavarian minister of transportation, Erwin Huber, clearly stated when taking office that the Bavarian government still firmly believes in this innovative transportation system. This support is also backed up by the big Transrapid fan Otto Wiesheu, who plans to use his new position on the management board of Germany's railway to do everything in his power to promote the maglev train.

Planning approval process launched for maglev train

The planning approval process for the project has been underway since the start of the year, and the planning documents will be on public display following the Easter holidays. A decision on planning approval is expected by mid-2007. All of this adds up to a strong tailwind for a project that would indeed be a quantum leap in the transportation infrastructure of southern Germany and would provide a

long-term boost to Munich's competitiveness as a business location. The Transrapid, which will depart Munich's main railway station every ten minutes and will take just ten minutes to whisk passengers to the airport, is in our opinion the optimal link between air transportation and the mainline train network.

**Ring link-up
indispensable**

And that is the real purpose of a maglev link: It will overcome the lack of a mainline rail connection to the airport, but will by no means replace the existing S-Bahn line. The S-Bahn will continue to play a key role for us as a regional feeder train, and will become even more important when the Erding ring line is completed. We are confident that the Free State of Bavaria will do everything it can to push forward the planning work for this extremely important project. The uninterrupted S-Bahn link from Erding through the airport to Freising is also an essential element in the transportation projects that we plan to push forward in the Southeastern Bavaria Airport Railway Initiative, working shoulder to shoulder with the affected districts and communities.

The initiative also includes the improvement and electrification of the Markt Schwaben-Mühldorf-Freilassing line and the construction of the Walpertskirchen link, which will connect this line to the Erding ring line. With these measures we could create efficient links to the airport for southeastern Bavaria, a region that also harbors enormous workforce potential for the airport. Better connections to northeastern Bavaria also remain an urgent priority for us. A first step toward an improvement could be achieved by realizing the Neufahrn link. Unfortunately there is still no commitment to finance these important railway projects or implement them in the near future. It is up to the Free State of Bavaria and the federal government to clearly state their intentions and set a timetable.

Air Transport

The issue of intermodality, in other words better linkage between air transportation and other modes of transport, also

Initiative remains on the agenda of the German Air Transport Initiative. For nearly three years now we have been part of this initiative alongside FRAPORT AG, Lufthansa and German Air Traffic Control, working for improvements in overall conditions to enhance Germany's competitiveness. In its coalition agreement, the new federal government has explicitly promised to support the German Air Transport Initiative and to take its master plan for the development of airport infrastructure as the basis for its future policy work in this area.

Eliminating redundant screening The German Air Transport Initiative is also hoping for the support of the federal government in connection with security regulations. The current situation, with uncoordinated, isolated measures being carried out parallel to one another, inevitably leads to inconvenience or redundant screening with no gain in security. The partners in the initiative therefore want the approval of any new EU standards for aviation security to be preceded by a mandatory cost-benefit analysis. The objective of the aviation initiative is ultimately "one-stop security" that would be very simple – and equally effective.

Costly renovations For example, there is no reasonable explanation why connecting passengers arriving from New York, Hong Kong or Tel Aviv and landing in Munich have to be singled out and screened here. After all, the screening they undergo before departure are by no means less thorough than what passengers face at EU airports. Consequently, we are counting on the initiatives of the German federal government, which is working at the European level to reach agreements under which the EU and non-EU states will mutually recognize their security procedures. If these efforts bear fruit, then we will be able to cut back considerably on the renovation work required in Terminal 2 in connection with security regulations. As was already announced, we will otherwise be facing investments totaling as much as €60 million.

Consequently, I will once again expressly appeal to the EU transportation policymakers to examine the subject of security standards of non-EU countries with an open mind, using the relevant factual information and maintaining a sense of proportion. A European Union that declares all airports outside the EU as automatically insecure in the end not only hurts the reputation of its partner countries, but also member countries such as Germany, which will have to pay dearly for this policy.

**New Aviation
Noise Act**

With regard to legislation planned at the national level, the aviation initiative has also adopted a clear position. This relates to the amended Aviation Noise Act, for example, which the previous government did not manage to pass. We agree that there is an urgent need for an amended version of the old aviation noise legislation, which was first passed more than 30 years ago – but not in the version left behind by Germany's former minister of the environment Trittin. The cabinet voted yesterday to move forward with the legislative process on the basis of this problematic draft legislation, which fails to provide either side – the neighboring communities or the airport operators – with the desired clear legal framework.

**Expansion plans
need certainty**

The German airports and their association, the ADV, have repeatedly stressed that this draft law needs thorough revision in key areas. We need a law that measures up to practical needs, which on the one hand defines reasonable noise protection measures and appropriate noise limits, but also provides clear guidelines for managing the settlement of areas around airports. With regard to our ability to plan new construction or expand existing facilities, we are currently at a serious competitive disadvantage as compared with other European airports. Consequently, the air transport initiative also sees an urgent need to implement the acceleration measures announced by the grand coalition in Berlin for the planning and implementation of infrastructure projects.

Ready for World Cup

In 2006, the Football World Cup will put our country at center stage in front of a worldwide audience. In a sense, the major airports will be the nation's shop windows. Munich Airport will be welcoming the guests en route to the opening match, which means that our airport, in a sense, will also be "the first goal of the World Cup." We are very conscious of this special role and will therefore be doing all we can to ensure that the fans arriving at our airport from around the world will feel the official World Cup slogan come alive: "A time to make friends."

As a spectacular aviation highlight, we will be treating our World Cup visitors to the first-ever landing of an Airbus A 380 at Munich Airport. Airbus has already given us their promise of a World Cup visit by their giant jet, and we'll be announcing the exact date and program closer to the event. But we'll also be giving football its due: for those who have come away from the battle for World Cup tickets empty-handed, we will be presenting an exciting football spectacle on a large stage in the Munich Airport Center. They'll be able to watch all 32 World Cup matches free of charge on a huge 42-square-meter (474 square foot) LED screen. And when King Football has left the field, another major event looms in September: the visit of Pope Benedict XVI. Naturally we will also carry out intensive preparations in the lead-up to this big arrival.

Setting the stage for the airport of tomorrow

We are also starting out in an exciting year in the development of our airport. In 2006 we will be taking decisive steps toward the airport of tomorrow with our planning work for the third runway. The success of this expansion project will decide whether Munich can finally establish itself in the long term as a European air transportation hub.

We have an excellent starting position. We are – and I believe that, in all modesty, I can conclude with this

**Number 1 in
Europe**

statement – one of our country’s last major locomotives for economic growth. Despite the difficult conditions – due to factors such as higher energy prices, heightened security requirements, pressure on margins in the aviation sector – our traffic statistics and financial results for 2005 have not only met our quite ambitious budget targets: In some cases we have considerably exceeded them. In a world-wide survey of more than 5 million air travelers by the renowned London-based institute Skytrax, we were selected as the best airport in Europe and the fourth-best in the world.

**All forecasts
beaten**

We will pass the 30 million mark in total passengers in 2006 and continue our dynamic growth in the succeeding years. According to the current traffic forecast from Intraplan Consult GmbH, Munich Airport can expect to handle close to 56 million passengers and 610,000 take-offs and landings in 2020. All of those who tend to see such growth forecasts as the product of euphoria need a gentle reminder of the history of air traffic forecasting at Munich Airport: The one thing that all such forecasts in Munich have had in common is that they have always been far exceeded by the actual traffic trends. An incidentally: With the year 2006 barely started, we’re already well ahead of our most recent projections.

In a time when the news is full of factory shutdowns and the transfer of production to far off locations, Munich Airport remains a reliable job-generating asset. Our home carriers Lufthansa and dba have just announced plans to create hundreds of new jobs at our airport this year. And the special thing about the airport as a workplace: it offers jobs for everyone – from highly skilled IT managers to untrained laborers. And one more thing: A job at Munich Airport stays where it is – this kind of employment is hard to export.

To sum up, ladies and gentlemen: Munich Airport enhances the quality of the infrastructure and creates competitive advantages; it boosts the economy and employment and, by buying goods and services and paying millions of euros in taxes, it lets the airport region share in its success.



**Munich Airport
International**

**Informationen für die Presse
Press Release**

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Record figures at the airport: more flights, more passengers, more freight

Passenger traffic in Munich up 7 percent to 28.6 million

Munich Airport has posted new records with the traffic results presented for 2005. With more than 28.6 million passengers – an increase of 1.8 million over the previous year – passenger figures were up nearly 7 percent in the operating year just ended. This strong growth rate, which exceeded the industry average, was a decisive factor in the airport's return to profit in 2005.

In the "Top Ten" list of Europe's busiest airports in terms of passenger volume, Munich is still among the group displaying the strongest growth. In 2005, Munich Airport remained number 8 in Europe for total passengers handled, but is fast edging up on Rome's Fiumicino, in seventh place. The president and CEO of Munich Airport, Dr. Michael Kerkloh, believes that this traffic trend will secure Munich's hub function in the long term: "Munich is still a reliable growth engine for international air traffic at the European level, and has further solidified its position in the competition among the major European hubs."

In the 14 operating years since it opened in May 1992, Munich Airport has regularly reported higher figures, with the exception of the crisis year 2002. Commercial aircraft movements have also increased consistently, with higher numbers now reported in 14 consecutive years. The nearly 387,000 commercial take-offs and landings represent a gain of four percent in total aircraft movements.

As in the previous year, the airfreight sector achieved particularly strong growth. The flown airfreight handled at Munich Airport exceeded 200,000 metric tonnes for the first time ever. When trucked airfreight is added in, the volume of freight handled at the airport in the past operating year amounts to more than 350,000 metric tonnes—a 15 percent increase as compared with the previous year.

The strong upward trend in traffic figures also had a positive impact on the airport's financial results. Preliminary figures show an increase in total revenues in 2005 to approximately 687 million Euros. Following a loss of 54 million Euros in the previous year, the 2005 figures have given Munich Airport a smooth "landing" with an annual profit of 5 million Euros. CEO Kerkloh: "We have thus achieved our goal of returning Munich Airport to profit two years earlier than originally planned." Contributing factors to the airport's above-budget results, in addition to traffic growth, were the revenues from the so-called non-aviation business and the "M-Power" program for refocusing the airport's strategy and improving financial results.

The most important growth engine for Munich Airport remains the hub traffic of Lufthansa and its Star Alliance partners. The share of connecting passengers in the total passenger volume increased an additional percentage point in the reporting year to 34 percent. A major factor in this trend is the steady increase in intercontinental flights from Munich. In 2005, there was a 13-percent increase both in the number of long-haul flights and the passengers traveling on these routes. Substantial gains were also achieved in the so-called low-cost segment. This traffic segment carried a total of 3.5 million passengers, some 800,000, or 28 percent, more than in the previous year. A driving force behind this development, and by far the largest among the low-cost

carriers in Munich, is dba. Following its takeover of numerous international routes from Germania Express, this home carrier at Munich Airport raised its passenger count in Munich by more than 40 percent last year.

The largest increases in the long-haul segment in 2005 were achieved on Asian routes, where the gains exceeded 20 percent. Growth in the North Atlantic sector was also very stable, at 8 percent. Still in strong demand are flights to Eastern Europe, where gains of approximately 15 percent were posted. Above-average gains were also seen in passenger flows on routes between Munich and the Scandinavian countries Norway, Sweden, Denmark and Finland, where the increases averaged 25 percent.

Traffic statistics for 2005 also included a number of individual records: the busiest day was Friday, September 30, 2005, when the airport handled 112,355 passengers. The new single-day record for aircraft movements is now 1,257 (Thursday, April 14, 2005). Munich Airport also made big gains in the number of destinations served, with 13 more cities on the timetable than a year earlier. Munich now has regular flights to 250 cities in 67 countries, flown by 113 airlines – an enormous competitive advantage for all of southern Germany in the global competition among economic regions.

The aircraft operated by airlines at Munich Airport were more heavily booked in 2005 than ever before: because growth in the total passenger volume again exceeded the increase in the total number of seats available, the load factor at Munich Airport topped 70 percent for the first time.

Overview of annual figures of Munich Airport:

<u>Traffic figures</u>	2005	2004	Change
Passenger volume			
Commercial traffic	28,619,427	26,814,505	+ 6.7 %
Take-offs and landings			
Commercial traffic	386,841	370,534	+ 4.4 %
Airfreight turnover: total (metric tonnes)			
	356,844 t	309,828 t	+ 15.2 %
Flown airfreight (metric tonnes)	202,844 t	170,828 t	+ 18.7 %
Trucked airfreight (metric tonnes)	154,000 t	139,000 t	+ 10.8 %

<u>Financial results</u> (€m)	2005*	2004
Total revenues	687	655
EBITDA	105	113
Net investment income from subsidiaries	2	-14
EAT (earnings after taxes)	5	-54
Cash flow	97	91

* The financial results for 2005 are based on preliminary calculations

The complete press folder for the annual press conference is available for downloading at <http://www.munich-airport.de/DE/index.html>



**Munich Airport
International**

**Informationen für die Presse
Press Release**

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February 2, 2006

Planning phase launched for third runway

Airport committed to dialogue with neighbors in expansion project

Since the summer of 2005 Munich Airport has been moving forward with planning operations for a third runway. At the same time as the airport's shareholders gave the green light for the start of the planning phase, a regional advisory council was set up. This council gives the representatives from the airport region the opportunity to present their interests in connection with the expansion and, where possible, to get involved in the planning process.

At the annual press conference, airport CEO, Dr. Michael Kerkloh, described the dialogue with the surrounding communities as "extremely important." The discussions, which have taken place in six meetings to date, have been "open, constructive and goal-driven," said Kerkloh. He noted that it is already apparent that many individual issues lend themselves to consensus-based solutions, adding that "I am confident that it will be possible to implement many priorities through the regional advisory council."

The focus is currently on the land situated to the north of the existing northern runway for a suitable location for the third runway. Following completion of the current studies, which will generate more detailed results in the areas of capacity, environment and profitability for three potential locations, FMG intends to present its findings to the regional advisory council in March. By June 2006, the airport operating company plans to submit the documents for a regional planning process to the District Government of Upper Bavaria. At present it appears possible that a third runway could be in operation as of 2011.

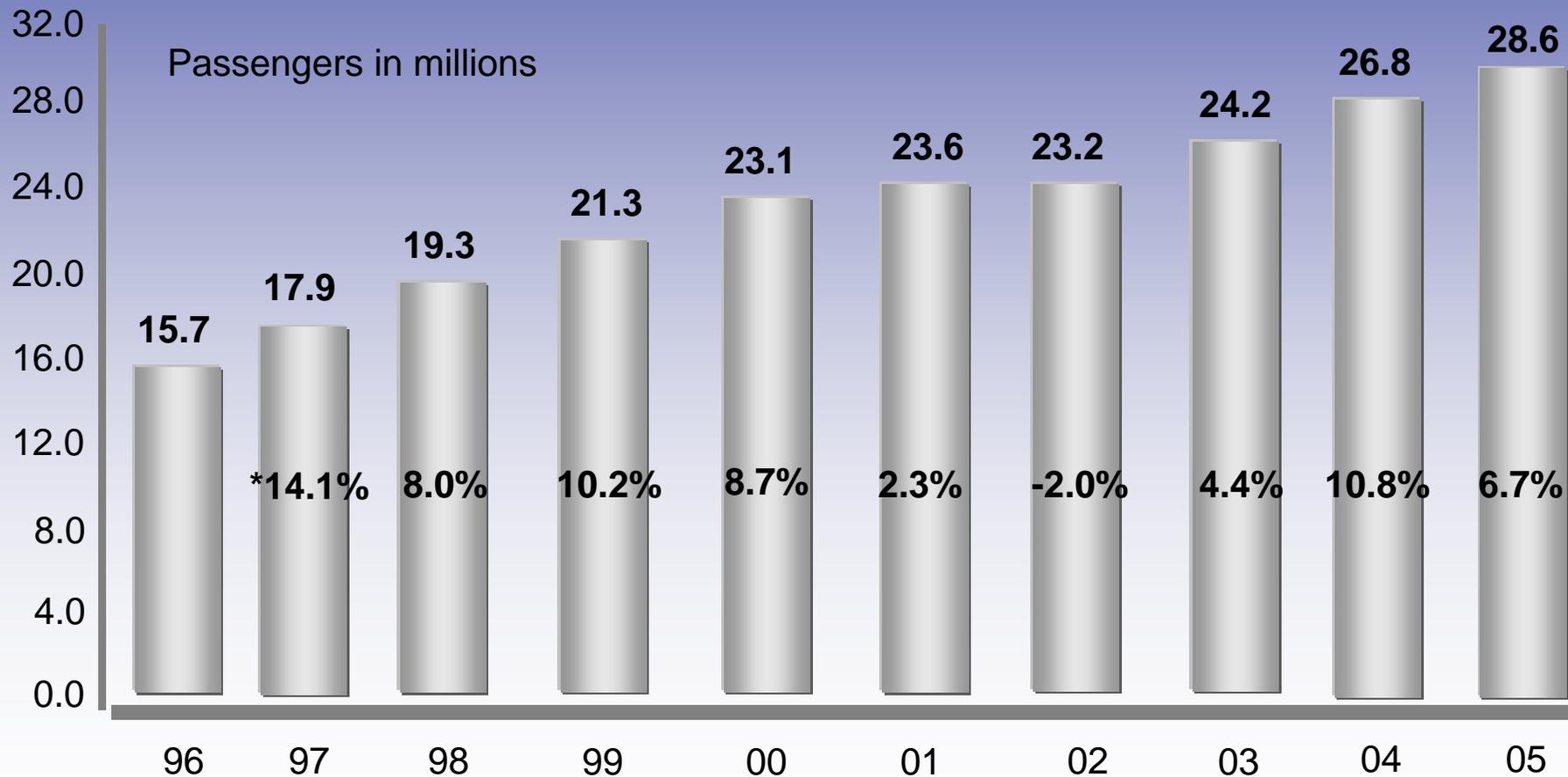
The planning of the third runway will set the stage for the continuation of the successful growth of Munich Airport. The continuous traffic growth in recent years is beginning to put a strain on the capacity limits at peak periods at Munich Airport, with its two existing runways. For Munich Airport to secure long-term status as an air transportation hub with a significantly higher percentage of long-haul flights, the maximum capacity in terms of scheduled commercial aircraft movements must be increased by one-third from the current 90 to at least 120 take-offs and landings per hour.

According to a current traffic forecast from Intraplan Consult GmbH, Munich Airport will handle 55.8 million passengers and 610,000 commercial aircraft movements per year in 2020. There is no way that the existing two-runway system could cope with those traffic levels. On the contrary: Munich Airport will already be facing serious capacity bottlenecks in the handling of air traffic in 2008, and as of 2010 the existing resources will be strained to the limit.

With these concerns in mind, Kerkloh again stressed the importance of the capacity expansion at the annual press conference. "The success of these expansion plans will determine whether Munich can establish itself as a European hub in the long term."



Commercial passenger traffic 1996 - 2005

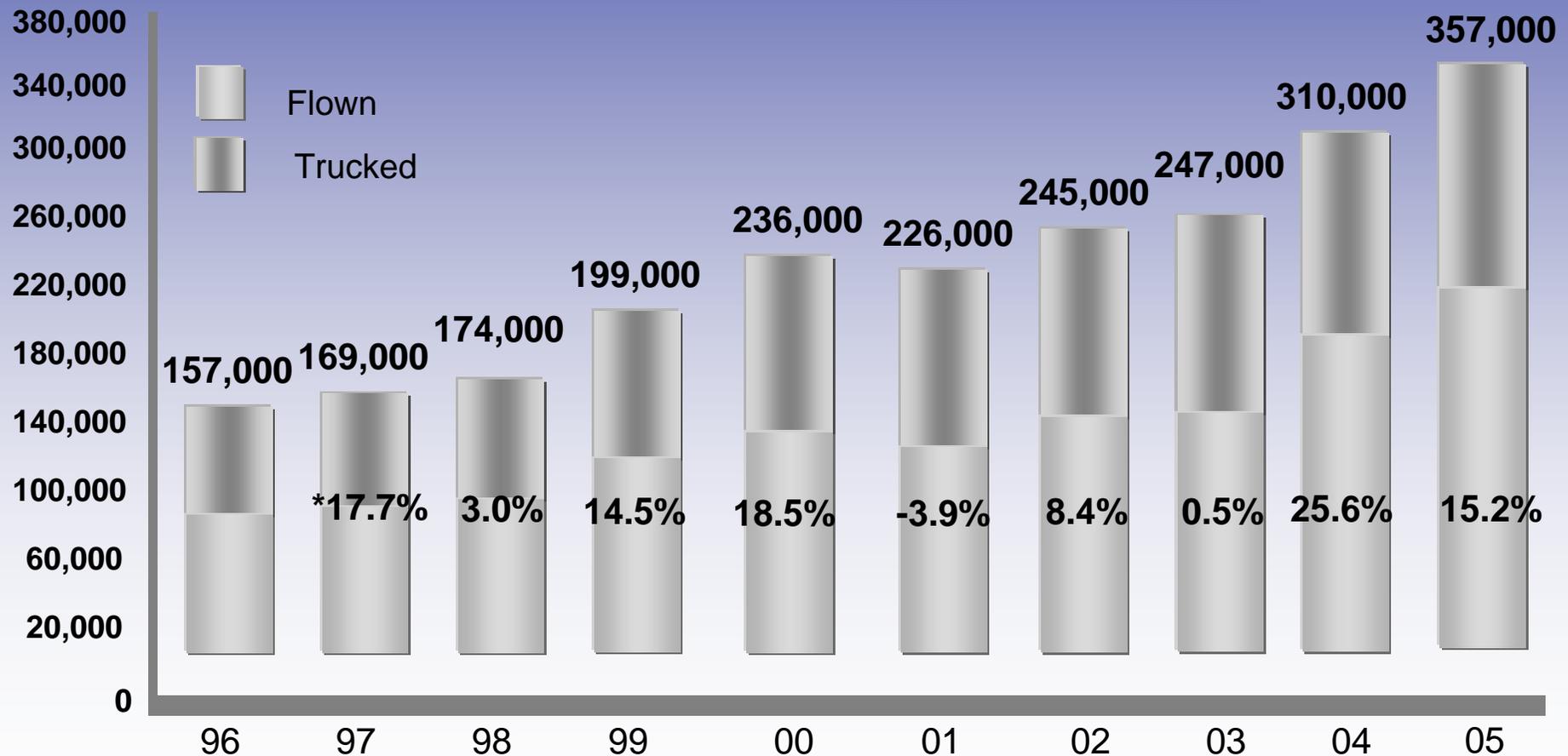


*change in percentage over previous year

Cargo

1996 - 2005

Cargo in metric tonnes



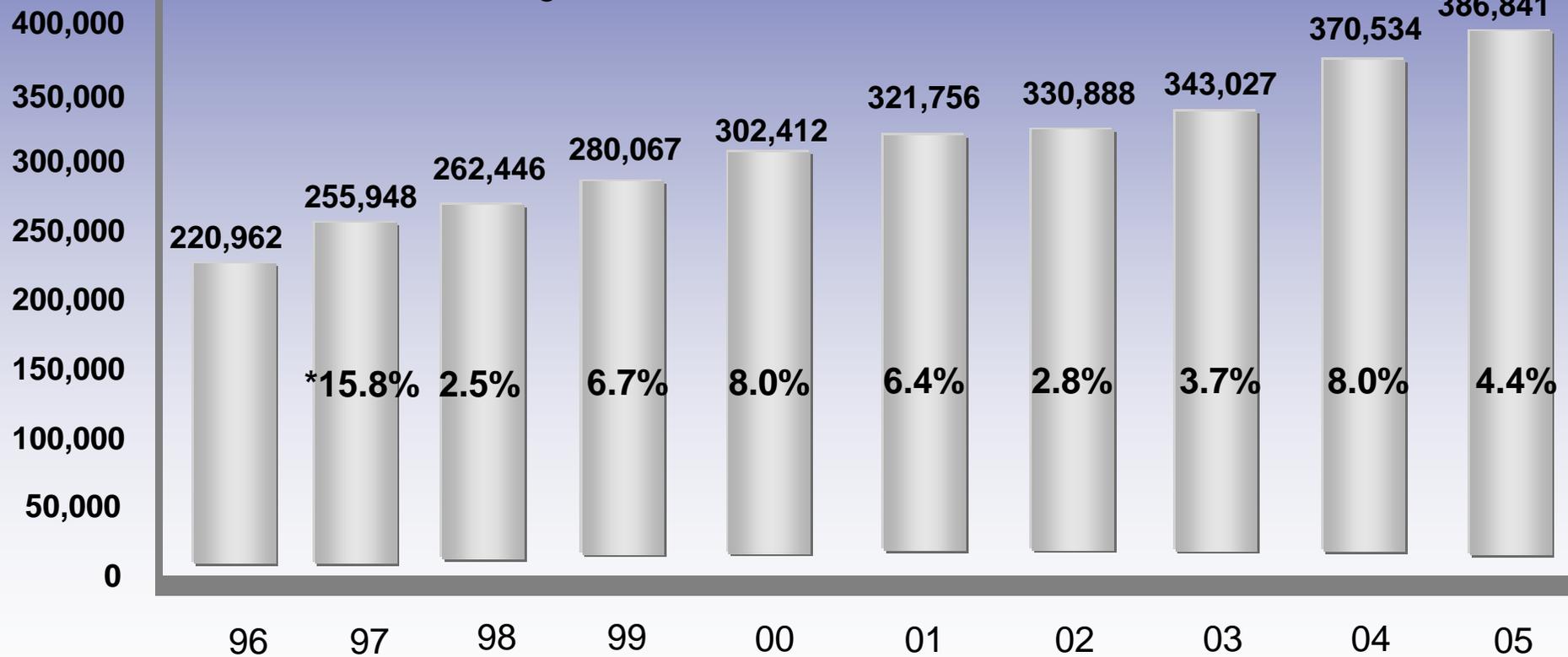
*change in percentage over previous year

Commercial aircraft movements

1996 - 2005



Take offs and landings in thousands



*change in percentage over previous year

Passenger results for European airports 2005



1	London-Heathrow	67.9	million	+ 0.8 %
2	Paris-Charles-de-Gaulle	53.8	million	+ 4.9 %
3	Frankfurt	52.2	million	+ 2.2 %
4	Amsterdam	44.2	million	+ 3.8 %
5	Madrid	41.9	million	+ 8.4 %
6	London-Gatwick	32.8	million	+ 4.2 %
7	Rome-Fiumicino	28.6	million	+ 2.0 %
8	Munich	28.6	million	+ 6.7 %
9	Barcelona	27.1	million	+ 10.5 %
10	Paris-Orly	24.9	million	+ 3.3 %



Record Results at Munich Airport



- New record of 28.6 million passengers in 2005
- 1.8 million more passengers than in 2004
- 387,000 commercial movements—also a new record
- First time average load factor exceeds 70 percent
- Cargo increases to over 350,000 metric tonnes

Boom in the long-haul segment



- Above-average increase in intercontinental traffic
- 13 percent more long-haul flights and passengers
- Amount of long-haul passengers increases to over 12 percent of total passenger traffic

Growth engines at Munich Airport



- Expansion of hub traffic with Lufthansa and Star Alliance partners
- Transfer passengers now 34 percent of total
- 28-percent increase in low-cost traffic
- Home carrier dba grows over 40 percent

Munich Airport-financial results



- Total revenues climb to €687 million
- Positive EAT (earnings after taxes) of €5 million
- Return to profit two years earlier than originally planned
- Cashflow of €97 million

Restructuring of ground handling services



- Ground handling subsidiary, mucground, established
- Negotiations regarding restructuring measures
- Unavoidable changes in collective wage structures and organizational structure

Planning phase launched for 3rd runway



- Goal: to gain capacity for 120 scheduled commercial movements per hour
- Airport region & community involved in planning process
- Regional planning process to be completed in 2006
- Possible start of operations in 2011

Improved landside links to Munich Airport



- Progress made with road links/ access
- Transrapid in planning approval process
- Progress needed on rail bypass / ring link
- Focus on Southeastern Bavaria Airport Railway Initiative

Important demands from the German Air Transport Initiative



- „One-Stop-Security“ in aviation
- Mutual recognition of security procedures
- Need for practicable Aviation Noise Act

Conclusions and perspectives for the future



- Infrastructure expansion plans ensure success in future
- Munich Airport is and will remain a growth engine
- Over 30 million passengers expected in 2006 at Munich Airport
- Airport is a reliable and consistent generator of new employment

Munich Airport in Statistics

Air Traffic Results in the year 2005

	<u>2 0 0 5</u>	<u>2005/2004</u>
<u>Aircraft movements:</u>		
Scheduled / Charter Traffic:	374,626	+ 4.2 %
General Aviation (commercial):	12,215	+ 11.4 %
Total Commercial Traffic:	386,841	+ 4.4 %
General Aviation (non-commercial):	11,997	- 4.6 %
Total:	398,838	+ 4.1 %
<u>Passengers:</u>		
Scheduled / Charter Traffic:	28,591,429	+ 6.7 %
Other Commercial Traffic:	27,998	+ 10.6 %
Total of Commercial Traffic:	28,619,427	+ 6.7 %
Non-commercial Traffic:	19,677	- 5.1 %
Total Traffic:	28,639,104	+ 6.7 %
<u>Air Freight:</u>		
Ferried Air Freight:	202,844	+ 18.7 %
Trucking:	154,000	+ 10.8 %
Total of Air Freight:	356,844	+ 15.2 %
<u>Air Mail:</u>	15,205	- 28.7 %

Airlines in the year 2005 :

[2004 in brackets]

Scheduled- / Charter-Traffic:	113	[110]
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Destinations in regular* traffic in the year 2005 :

	<u>Total</u>	Total
Domestic:	22	[23]
European Union**:	114	[107]
Europe Non-E.U.:	45	[39]
Africa:	18	[16]
Asia:	25	[28]
America:	26	[24]
Total:	250	[237]

Countries in regular* traffic in the year 2005 :

	<u>Total</u>	Total
European Union**:	24	[24]
Europe Non-E.U.:	13	[11]
Africa:	8	[8]
Asia:	16	[16]
America:	6	[6]
Total:	67	[65]

* = Scheduled-traffic and IT-Charter - passenger-services only

** = EU incl. + 10 also for comparison with total year 2004

On-time statistics in the year 2004 :

Scheduled and IT-charter traffic	79.9%	[81.4 %]
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Peak days in the year 2005:

[2004 in brackets]

Commercial traffic

Arrivals and Take-offs	Thursday, April 14, 2005	1,257	[1,232]
Passengers	Friday, September 30, 2005	112,355	[105,040]
Airfreight (t)	Wednesday, October 19, 2005	920 t	[862 t]
Airmail (t)	Wednesday, January 19, 2005	118 t	[145 t]

Peak month in the year 2004:

Commercial traffic

Aircraft movements		September	[September]
		35,016	[34,037]
	Average value per day:	1,167	[1,135]
Passengers		September	[September]
		2,871,074	[2,711,969]
	Average value per day:	95,702	[90,399]

Average value per day in the year 2004 :

Commercial traffic

Aircraft movements		1,060	[1,012]
Passengers		78,409	[73,264]
Air freight (without trucking)		556 t	[467 t]
Air mail		42 t	[58 t]