W.E.B continues to grow

WEB Windenergie AG

Annual Report 2010

Condensed version

front gatefold cover

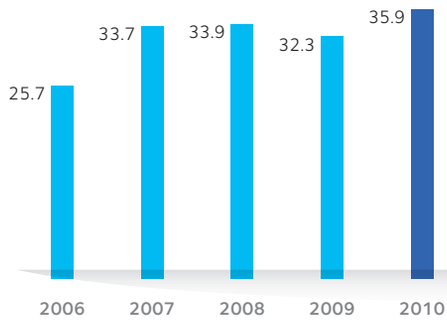
Key figures
W.E.B Windenergie Group

Financial figures	2010	2009	2008	2007	2006
EUR m					
Revenue	35.9	32.3	33.9	33.7	25.7
Results from operating activities	13.3	10.9	13.1	15.6	13.5
Financial results	-6.6	-5.2	-11.8	-5.9	-4.8
Profit from ordinary activities	6.7	5.7	1.3	9.6	8.7
Group net profit	4.4	4.1	1.2	6.3	5.2
Total assets	244.1	246.0	221.9	231.2	141.1
Equity	76.0	66.3	68.7	68.4	61.2
Equity ratio (%)	31.1	26.9	31.0	29.6	25.4
Cash flow from operating activities	21.9	18.2	13.1	29.3	8.6
Investments	23.0	29.5	11.4	4.9	53.8
Return on equity (%)	6.4	6.2	1.7	9.2	8.4

Electricity generation	2010	2009	2008	2007	2006
MWh					
Total electricity generation	**444,367**	**420,460**	**428,241**	**436,561**	**326,998**
thereof wind power	430,063	414,705	421,414	430,183	324,665
thereof hydropower	8,592	4,850	6,047	6,189	1,991
thereof photovoltaics	4,741	89	5	5	—
thereof other	971	816	775	184	342

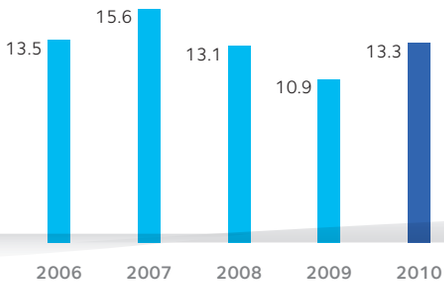
Power plants	2010	2009	2008	2007	2006
Number as at Dec. 31					
Total number	**141**	**140**	**131**	**125**	**125**
thereof Austria	76	75	70	66	65
thereof Germany	51	51	49	48	49
thereof Czech Republic	7	7	6	5	5
thereof France	6	6	6	6	6
thereof Italy	1	1	—	—	—

Power generating capacity	2010	2009	2008	2007	2006
MW as at Dec. 31					
Total capacity	**220.9**	**219.0**	**201.7**	**196.3**	**196.9**
thereof Austria	118.3	116.4	106.9	103.5	103.5
thereof Germany	80.6	80.6	76.6	76.5	77.1
thereof Czech Republic	7.3	7.3	6.2	4.3	4.3
thereof France	12.0	12.0	12.0	12.0	12.0
thereof Italy	2.7	2.7	—	—	—



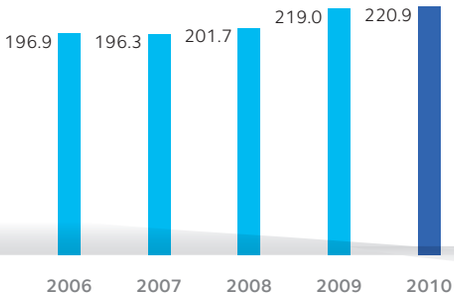
Revenue

EUR m



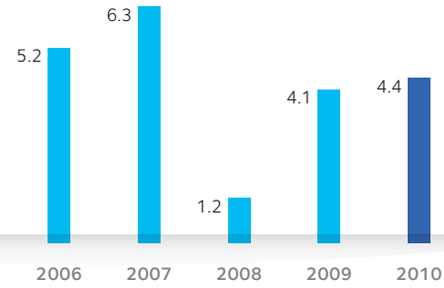
Results from operating activities

EUR m



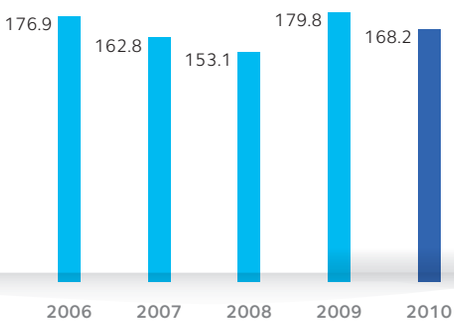
Installed capacity

MW



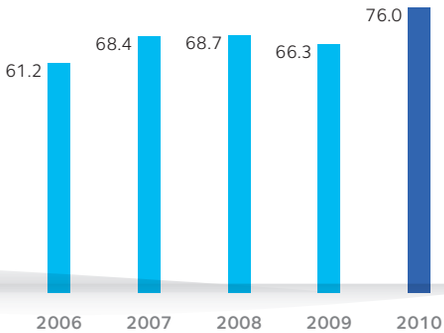
Group net profit

EUR m



Borrowed capital

EUR m



Equity

EUR m

Contents

The W.E.B Windenergie Group

The W.E.B Windenergie Group headquartered in Pfaffenschlag in Lower Austria designs and operates a total of 142[1] power plants in Austria, Germany, the Czech Republic, France and Italy. The focus is on its core business area of wind energy, with 135[1] power plants. The company supplements this offering by operating in the fields of solar energy and hydropower as well.

The first 16 years of the W.E.B and its predecessor companies were characterised by steep growth. In the meantime, the W.E.B Windenergie Group is the largest independent Austrian producer of wind power.

In 2010, the annual production of the W.E.B Windenergie Group including its strategic interests totalled 444,367 MWh of clean electric power. Compared to electricity generated from fossil energy (coal, gas), W.E.B saved about 373,000 tonnes of the environmentally harmful gas carbon dioxide (CO_2). The 142[1] power plants currently operated by W.E.B boast a total capacity of 225[1] MW and can thus indirectly cover the electricity requirements of 156,000 households. In the years to come W.E.B aims to continue its success path and plans to double its installed power plant capacity to 450 MW by 2015.

This annual report in English is a condensed version of the annual report which was originally published in German. The Notes to the consolidated financial statements are only available in the German version.

[1] Status: May 2011

Key figures »

W.E.B

WEB Windenergie AG
Annual Report 2010

142 power plants
5 countries
225 MW
54 employees
36 sites

Highlights 2010

Capital-raising measures 2010: Proceeds of EUR 15.4 million provide a basis for future investments

Technical plant availability reaches outstanding level of 98%

Revenue up 11.1% to EUR 35.9 million

Decision to double installed capacity to 450 MW by 2015

Profit before tax significantly improves by 17.1% to EUR 6.7 million

The new W.E.B wind power plant in Maustrenk pushes Austria above the 1,000 MW installed capacity threshold

Building commences on W.E.B's Höflein Wind Park with an installed capacity of 12 MW

W.E.B plans market entry in Canada, planning activities initiated on Canada's East Coast

Launch of direct marketing of W.E.B electricity in Germany

Editorial

W.E.B continues to grow

2010 was a year in which W.E.B took fundamental steps to set the future course of the company. After two years of restructuring and repositioning, we defined an ambitious growth objective: We aim to double the installed capacity of our power plants to 450 MW by 2015, and thus actively take part in the dynamic development of the market for renewable energies.

To provide a basis to fulfill this target, we not only issued new shares as well as a green electricity bond—the first of its kind in Austria—and thus raised a total of EUR 15.4 million to finance planned investments. We also considerably optimised our technical and operational performance and thus safeguarded our ongoing earnings. At the same time, we are very actively involved in project development, and have thus ensured that our project pipeline is well filled.

Thus all signs point to growth. For the benefit of the environment and future generations. And naturally for the benefit of our shareholders and investors.

Sincerely yours,

Andreas Dangl
Chief Executive Officer

Interview with the Management Board
"... the project pipeline is well filled ..."

A discussion with the Management Board members of WEB Windenergie AG, Andreas Dangl, Michael Trcka and Frank Dumeier.

Mr. Dangl, if you look back at the year 2010, what do you consider to be the most important highlights?

Andreas Dangl: One could describe 2010 as the "catapulting year" of W.E.B. Following the restructuring and repositioning of the company over the previous two years—of which I would specially like to mention the realignment of our internal structures and the expansion of the Management Board to three members—we fired the starting shot to mark an ambitious growth path. This will feature a doubling of our installed power plant capacity to 450 MW over the next five years. First we specifically defined this goal and then initiated the process to resolutely implement it. And at the end of the year the first perceptible "jewels" became visible in the form of specific projects we aim to carry out starting in 2011. With respect to the building of facilities, we focused more on project development and creating the necessary prerequisites for further expansion in 2010, due to the current funding landscape.

Doubling capacity is a rather ambitious target. Can this objective be realistically achieved?

Frank Dumeier: Definitely, in light of the fact that our project pipeline is well filled. Moreover, in the past year we technically secured our existing portfolio of power plants to such an extent that we will be able to produce electricity reliably in the long term. With respect to the availability of our plants, the parameter we have chosen to measure the functioning of our facilities, we reached the industry benchmark. This primarily succeeded on the basis of a more efficient service organisation as well as new, improved contracts with our suppliers. Thus we have created a basis to really pick up speed, because we need ongoing earnings for the desired growth.

Quite a lot also happened in 2010 in terms of financing.

Michael Trcka: In 2010 we actually placed a very innovative double offering on the market consisting of new shares and bonds. As a result, we were able to raise about EUR 15 million. The capital-raising measures thus comprise a further important building block for growth. Our 5% corporate bond with a five-year term to maturity was particularly innovative and also successful. By the way, it was the first green electricity bond ever to be issued in Austria. Here W.E.B was once again a pioneer. The first tranche of the offering was completely subscribed, so that we had to introduce a second tranche. Simultaneously, by issuing new shares we continued the series of capital increases and further strengthened our equity base.

And how do these proceeds of approximately EUR 15 million relate to the investments required to expand capacity to 450 MW?

Michael Trcka: The expansion of our power plant capacity by 200 MW will cost about EUR 300 million. Following the successful

Andreas Dangl:
"2010 could be described as the 'catapulting' year of W.E.B."

capital-raising measures carried out in 2010, we can cover our own share of an investment volume of EUR 70-80 million. Thus the measures taken in the past year were only an initial step. If we want to achieve the designated growth target, we will have to raise additional capital in the future.

This means you are planning further offerings in the future?

Michael Trcka: On the basis of the good experience with our corporate bond and the generally high level of demand for fixed-interest products, we plan to regularly offer new bonds to investors in the years to come. We are considering terms to maturity of ten years, which would appropriately fit the financing cycle of wind power plants. Depending on the market situation, we also want to combine the issuing of bonds with capital increases, so that investors can choose between the two financial instruments of bonds and shares. From our point of view, this combination proved to be highly successful.

Otherwise how was 2010 for the company financially speaking?

Andreas Dangl: Despite relatively weak wind revenues 2010 was a financially stable year. We managed to increase total revenue by 11%, and earnings even posted a disproportionately high increase of 17%. The reasons were two-fold: First, we were able to reap major earnings from photovoltaics for the first time and second, earnings from existing wind power facilities also rose due to their higher availability.

Frank Dumeier: In 2010 we succeeded in boosting technical availability to 98%, which is a very good figure compared to the sector as a whole. Thus we managed to a large extent to compensate for the weaker wind flow conditions, which only comprised a level of 96% in relation to a normal year for W.E.B European sites.

Frank Dumeier:

"In 2010 we created the basis for the effective long-term operation of our power plants based on new service contracts".

Michael Trcka: On balance, our optimisation efforts raised total revenue by about EUR 0.5 million. In the light of these good results we will propose to the Annual General Meeting to distribute a dividend for the first time, amounting to EUR 5 per share.

Andreas Dangl: This is a milestone in the history of our company, but we believe that W.E.B has now definitely left the start-up phase. We want to strengthen the confidence of investors in W.E.B, also by regularly paying modest dividends. In this way we are fulfilling the wish of a large percentage of our shareholders, who would like to see regular returns on their investment.

And how would you assess the development of the W.E.B share price?

Michale Trcka: Since the capital increase the share price has fallen somewhat, but this happens time and again in the case of such transactions, because investor interest peaks within the course of the transaction. In the meantime, the price is once again about the same as the level at the time of the capital increase, and thus confirms the pricing for the new shares.

Turning to the proposed amendment to the Austrian Green Electricity Act, how will the planned reduction of subsidised tariffs affect your expansion plans?

Andreas Dangl: We are active in five countries, so that the discussion about funding in one of our markets should be seen in context. We manage the strategic geographical distribution of our projects depending on the favourable funding framework prevailing at that specific time. This means we invest when and where it makes sense economically. Furthermore, in the past we learned that there are always good windows of opportunity for investments. Naturally this also applies to our domestic market. It should be noted that the discussion relating to Austria's Green Electricity Act has still not yet been concluded.

When you speak about five markets, isn't the market entry in Canada just around the corner?

Andreas Dangl: Canada is more than just an additional market, and one that is beyond Europe's borders, but it also exudes a particular charm for W.E.B for two main reasons. First, the funding model is relatively similar to Europe's. In addition, the country is huge and therefore also offers enormous growth and development potential. For this reason we will pay more attention to Canada in the future.

Frank Dumeier: In addition to the similarities to Europe, where we feel at home and which we know well, Canada is an ideal country for generating wind power featuring wind speeds matching the upper limits of those prevailing in Europe. This naturally comprises perfect conditions for expanding wind energy. In short, the wind, the funding and the environment all fit.

Michael Trcka:
"We plan to regularly offer new bonds to investors in the years to come."

In 2010 you began directly marketing your electricity. What are the precise advantages of doing this?

Frank Dumeier: In the meantime subsidies are expiring for our facilities, and this process will continue in the years to come. In order to counteract the risk that we will have to fall back upon basic tariffs, we have begun with the marketing and decentralised delivery of wind power which should help us to reap more than the market price. Potential customers here are primarily public utilities. For example, in Germany meanwhile all the electricity generated by our power plants is being directly supplied to such customers.

And what generally happens with wind power if there is no need for it at a specified time?

Frank Dumeier: In this case, the electricity is fed into the public power grid at the currently valid market price. In order to avoid this in the medium-term, we are now extensively focusing on the issue of storage. Here we are conducting intensive research and development work with partners on storage possibilities for wind energy.

This brings us to the topic of technology. Are there any new innovations for the power plants themselves?

Andreas Dangl: In fact there are very important ones. We are intensively preparing for the upcoming generations of wind energy facilities, and recently approved the first 3 MW turbines for W.E.B. In this case we will have a rotor diameter of over 110 m and tower heights of over 130 m.

As a result, we will be able to generate double the electricity with such a power plant than with conventional ones operating at present.

Frank Dumeier: We are simultaneously working together with a partner to develop a tracker system for photovoltaic facilities to ensure that the panels are optimally aligned to the solar radiation. In the meantime, we are now ready for production after going through three development cycles. In this way we can increase the yields from solar power by about 30%, and thus compensate for the general downward trend for solar electricity.

Michael Trcka: In both areas the overriding objective of technical development is to bring the economic costs for green electricity closer to the electricity market price. In the medium-term, it appears feasible to align the costs borne by electricity providers to generate wind power with wholesale electricity prices. With respect to solar energy, the initial target is to reach "grid parity" i.e. a cost level in which a normal household could produce solar energy itself from photovoltaics. This is currently at about 20 cents per kWh.

What is happening at the company with respect to new sites and projects?

Andreas Dangl: In 2010 the expansion of the Maustrenk Wind Park in Lower Austria came on stream. As a result, the entire Austrian wind power capacity surpassed the 1,000 MW mark for the first time. In 2010 we also built the W.E.B photovoltaic facility in Montenero, Italy, our biggest power plant in this segment which commenced operations at the beginning of 2011 with a capacity of close to 4 MW.

Our project development work in France was also successful in 2010. Here we have progressed to the point that we will build the Plaine d'Artois Wind Park in 2011 and open it in 2012. Many good projects in Austria are also ready for building or in the final licensing and approval phase. We can invest here at any time depending on the stipulations of the Green Electricity Act. More specifically, I am talking about projects in Dürnkrut (Lower Austria), Neuhof (Burgenland) and Matzen/Klein Harras (Lower Austria). The Höflein project in Lower Austria with a capacity of 12 MW is currently under construction.

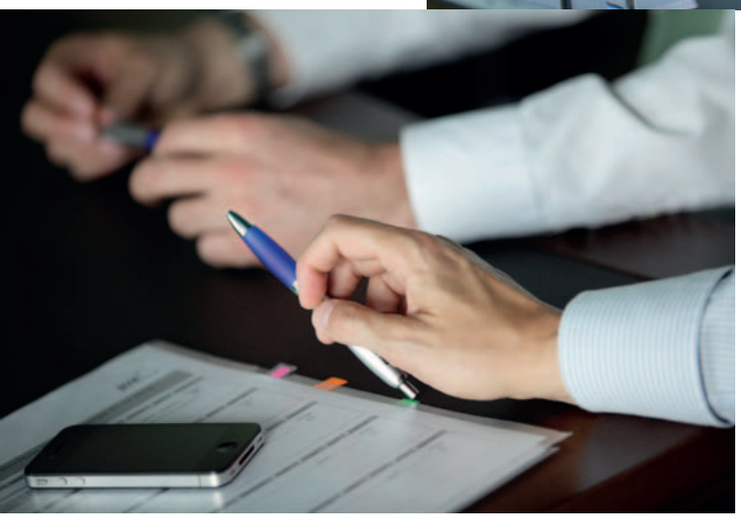
Frank Dumeier: We have also set up a very effective project planning competence center in the field of photovoltaics, which should be able to get one good project going each year in challenging markets.

Micheal Trcka: It is noteworthy that we are continually being confronted with interest on the part of investors, who would like to acquire and realise our ready-to-go projects. But our objective is to implement these projects ourselves.

Besides Canada, have you defined any other regional priorities?

Andreas Dangl: We are also just launching a very interesting initiative in Austria, I mean in our immediate native Waldviertel region. Up until now we have not been able to build any wind power plants here. But the region will now also be open to development on the basis of the new plant technology. It even seems to be probable that the entire electricity requirements of the Waldviertel region could be generated with a manageable number of facilities. We are in the midst of very interesting talks with decision makers and interest groups in the region about exploiting this energy potential, which ultimately should lead to a multi-phase plan. Based on this, the "Waldviertel Wind Power Initiative" was

Andreas Dangl:
"We have successfully initiated the process to implement our ambitious growth target to double our power plant capacity."



founded, whose main sponsors consist of around 30 important figures in the Waldviertel area. If we can actually realise this expansion of wind power, we could potentially trigger the biggest investments ever made in the area over the next ten years, and create jobs in a structurally weak region, which also serves as the headquarters of the company.

Finally, one more question: What are your plans and what is the outlook for 2011?

Andreas Dangl: In 2011, as mentioned earlier, we are beginning to a build a wind park in France, and we hope to be able to commence in the near future with building the Dürnkrut Wind Park. The Höflein Wind Park will be put into operation. In addition, to continue our capital-raising measures, an important milestone will be issuing another corporate bond to enable us to raise enough funding for planned investments.

Frank Dumeier: At the same time we will further optimise our organisation. We have positioned ourselves with a broader offering in all areas, based on the outstanding resources at our disposal. Thus today we are able to perform many services ourselves that we were forced to purchase externally in the past, and implement them even more efficiently.

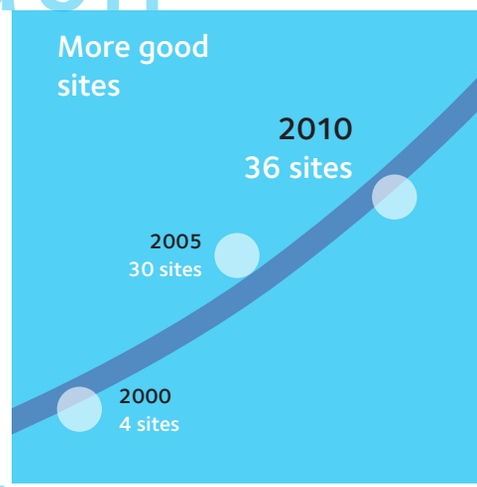
Michael Trcka: In terms of our business development, we could potentially surpass the EUR 40 million revenue mark this year if the corresponding wind flow conditions are favourable. Ten years ago nobody would have considered this possible. I think we can all be proud of what we have achieved.

Thank you for this discussion.

Growing carrying capacities

Long wind turbine wings carry us farther. That is why W.E.B is spreading out its wings even farther in the search for new sites, in order to ensure its economic viability in the future as well.

Weener
Vösendorf
Hohenruppersdorf-Spannberg
Michelbach
Hagenbrunn
Grafenschlag
Vauvillers
Görmin
Glaubitz
Gols
Parbasdorf
Pottenbrunn
Montenero di Bisaccia
Bantice
Oberstrahlbach
Breitenlee
Matzen
Neuhof
Langmannersdorf
Aspersdorf
Upgant Schott
Wörbzig
Auersthal
Imst
Dobšice
Stattersdorf
Pensin
Pfaffenschlag
Kuhs
Seyring
Sigleß
Maustrenk
Eberbach
Parndorf
Altentreptow
Březany



The company

Fundamentals

Our roots

The cornerstone for today's W.E.B Windenergie Group was laid in 1994 with the construction of the first wind power plant in Michelbach (Austria).

This project could be implemented thanks to the involvement of committed people who were interested in wind energy for various reasons. Confidence and optimism for the future of renewable energy served as the basis for them to find common ground and still forms the foundation for the existence of the W.E.B Windergie Group today.

The company has expanded continuously over the past 16 successful years by carrying out numerous new in-house projects as well as incorporating plants of other operators. In addition to the domestic market of Austria, the WEB Energie Group operates today in Germany, the Czech Republic, Italy, France—and in the near future also in Canada. In the meantime the installed capacity of the 142[1] wind power, photovoltaic and hydropower plants amounts to 225[1] MW. The volume of energy generated corresponds to the electricity requirements of 156,000 Austrian households.

[1] Status: May 2011

Milestones in the history of the W.E.B Windenergie Group

1994

A small group of wind pioneers, including Erna and Andreas Dangl, founded Waldwind KG and Michelbacher Windkraft GmbH, the predecessor companies to WEB Windenergie AG.

1995

Michelbacher Windkraft GmbH, the predecessor company to W.E.B, produces its first kilowatt hour of electricity.

1998

Entry into the German market with the installation of the wind turbine in Kühndorf/Thuringia.

1999

WEB Windenergie AG is established with a capital stock of EUR 500,000.

2002

The company expands to the Czech Republic by setting up a wholly owned subsidiary WEB Vetrná Energie s.r.o.

2003

The W.E.B Traderoom is opened. This online platform brings sellers and buyers together quickly and in an uncomplicated manner, and thus greatly facilitates trading W.E.B shares.

2004

W.E.B penetrates the French market by acquiring the Vauvillers/Picardie Wind Park (start-up in 2006).

Our values

What moves us, what we move

- **Our focus:** value-oriented, solid **growth** in accordance with the principle of **ecological responsibility**.
- **Our basis:** a comprehensive, **sustainability-oriented understanding of profit**, which also takes account of our inheritance to be passed on to future generations.
- **Our top priority: to create value for all stakeholders** in our company, e.g. shareholders, employees, abutting owners, suppliers, etc. on the basis of a positive corporate development.
- **Our growth: ongoing** and **sustainable**—not only geographically, but also by complementing our core business in wind power with hydropower and photovoltaics.
- **Our region:** from our headquarters in Austria's **Waldviertel** region, in the **heart of Europe**, we acknowledge our roots and simultaneously emphasize the supra-regional orientation of the Group.

2005

The Group moves into the hydropower and photovoltaic business and thus expands the scope of its business operations.

2007

The first photovoltaic facility and the company's 125th power station, with an output of 5 kWp is put into operation at the head office in Pfaffenschlag. Generating capacity surpasses the 200 MW mark for the first time.

The company moves into its new headquarters, a low energy building.

2008

WEB Italia Energie Rinnovabili s.r.l. is founded as a 100% subsidiary.

2009

W.E.B enters the large photovoltaic market by acquiring the Dobšice (CZ) and Montenero (I) plants.

2010

W.E.B decides to enter the Canadian market in the field of wind energy, and launches planning activities in the Ontario region.

The sector surpasses the 1,000 MW mark for installed wind power capacity in Austria thanks to the W.E.B wind turbine in Maustrenk.

W.E.B achieves a new level of quality in engineering and operations by further optimising its operational management.

Sustainable business model

Extensive industry experience

Over the course of 16 years of successful operations in the field of renewable energy, W.E.B has gained extensive experience in this generally very stable business area. This know-how particularly benefits our shareholders.

Booming sector

The W.E.B Windenergie Group operates in an extremely dynamic growth sector, whose importance in the energy business is continually increasing. Due to the declining availability of fossil raw materials, which leads to high prices and growing price volatility, renewable energy sources are becoming increasingly important. Furthermore, the use of conventional energy technologies has a variety of negative effects on human beings and the environment. In contrast, exploiting renewable energy sources results in practically no greenhouse gas emissions, nor does it depend on expensive and environmentally harmful energy resources. Wind is freely available, as is sunlight and water.

For these reasons, this approach to generating energy corresponds to the principle of sustainable and responsible economic development, and is actively promoted and funded by the public sector in line with the targets stipulated in the Kyoto Protocol and the EU's 20-20 directive on climate change. Accordingly, an attractive rate is paid for green electricity, the purchase of which is legally ensured. These measures are designed to firmly position renewable energy as affordable, sustainable energy solutions and thus important pillars of the energy supply. State investments and subsidies in these technologies already make a vital contribution today to a secure supply of energy in Europe, and also to global energy price stability on a medium and long-term basis.

A true public limited company

WEB Windenergie AG is a company with public participation, whose shares are mostly held in free float by close to 3,300[1] private shareholders. No shareholder owns more than 4% of the shares and thus the voting rights. W.E.B shares are not listed on the stock market, and therefore the registered shares are directly traded among shareholders. The online Traderoom, established for this purpose, enables the uncomplicated sale and acquisition of shares.

[1] Status: May 2011

Solid performance

The success story of the W.E.B Windenergie Group is demonstrated by several relevant indicators. Revenues and earnings show a long-term upward trend. The company boasts a very solid balance sheet and financing structure. The cash flow, which also has continuously increased in line with the company's development, comprises a stable basis for further investments. Measured by its return on equity, W.E.B has generated an attractive average return on the capital invested by shareholders.

Solar energy as a second pillar

Solar power generation should ideally complement the W.E.B Windenergie Group's core competence in wind power by providing up to 10% of installed power plant capacity on a medium-term basis: thus putting the stable business model on an even broader basis. Whereas wind power reaches its peak in the colder part of the year, the output from photovoltaic plants reaches its maximum during summer. Accordingly, combining these two technologies will broaden the company's earnings base. The company profits from effectively harvesting the wind in months featuring more favourable wind flow conditions, whereas the photovoltaic facilities generate power at full capacity in the daytime during the summer months when winds are generally not so strong.

Risk diversification based on geographical spread of sites

A constantly growing portfolio of sites and power generating facilities ensure increasingly stable and ongoing energy production. Moreover, the balanced geographical diversification of the power plants optimally compensates for unfavourable climactic conditions that may arise. A constantly high output is ensured due to the fact that neither high pressure nor low pressure systems can ever extend across all of Europe at any given time. As a result, a fiscal year in Austria characterised by weaker winds can only reduce Group revenue to a limited extent, because such losses are usually compensated by a variety of other power plants. The further expansion activities of the W.E.B Windenergie Group will serve to even more effectively exploit these risk diversification effects in the future.

Energy policy and funding

Development of renewable energy production on the upswing

Europe has defined a target of generating 20% of its energy requirements from renewable energy sources by the year 2020. To achieve this goal, each EU member state has been assigned individual targets corresponding to the respective total gross annual energy consumption. Within the context of the EU Directive 2009/28/EC to promote the use of energy from renewable energy sources, Austria, for example, is committed to increase its shares from 23.3% in 2005 to 34% in the year 2020, and to implement effective measures to meet these objectives. These binding measures were stipulated in the National Action Plan for Renewable Energies (NAP Renewable Energies) in June 2010. Wind power and solar electricity will make a major contribution to achieving the EU's objectives on the basis of their expansion in Austria as well as on a European level. Energy generation from wind power could potentially be more than tripled in Austria by 2020 (from 2,100 GWh at present to 7,300 GWh), by building new facilities as well as by repowering existing sites.

Subsidized feed-in tariffs ensure profitability

Electricity generation from wind and solar energy facilities is being financially promoted. The feed-in tariffs are legally set in the EU member states at an economically reasonable level for the operators. In order to sustainably ensure the profitability of these power plants, the feed-in tariffs are guaranteed for a period of 13-20 years at the rates prevailing at the time the respective power plant was put into operation. The specific terms and conditions underlying funding programmes vary in different countries and also with respect to different energy technologies (wind power and solar energy).

In the meantime, most European countries have established feed-in systems in addition to offering tax incentive measures. Therefore the power generating companies receive a legally stipulated rate for a guaranteed period of time. This model has proven to be the most effective funding mechanism throughout Europe up until now on the basis of the planning and financing reliability it offers to alternative energy providers.

Such a feed-in model is also being applied in Austria at the present time. In line with the Green Electricity Act, the green electricity clearing and settlement agency OeMAG is required to purchase the green electricity at the feed-in tariffs set by the Green Electricity Ordinance.

Growing portfolio of sites and facilities

The obligation to take delivery of the green electricity that is being generated by new plants only extends to the allocated annual production volume eligible for subsidies. Thus the building of new wind power plants is subject to a quota system and depends on the available budget. However, it will be essential to increase the subsidised green electricity production volume to enable Austria to fulfill its obligation to raise the share of energy produced by renewable energy sources to 34% by 2020.

W.E.B exploits favourable conditions

Due to its economic pillar on the domestic market of Austria, the future legally binding funding framework will influence the geographical expansion strategy of WEB Windenergie AG. The international orientation of its strategy enables W.E.B to sustainably balance the different conditions prevailing on national markets and optimally take advantage of the favourable terms and conditions for funding to build further wind power and photovoltaic facilities.

Germany

8 WP Weener
2 x 1,650 kW

9 WT Görmin
1 x 660 kW

10 WP Upgant Schott
2 x 600 kW

13 WP Glaubitz
10 x 850 kW

16 WP Wörbzig
12 x 1,650 kW

18 WP Altentreptow
12 x 2,000 kW
3 x 2,000 kW
2 x 2,000 kW

21 WP Kuhs
3 x 2,000 kW

30 HPP Eberbach
1,100 kW

32 WP Pensin
3 x 2,000 kW

France

31 WP Vauvillers
6 x 2,000 kW

Italy

38 PV Montenero
2,752 kW_p
3,675 kW_p

Czech Republic

25 WP Březany
5 x 850 kW

36 WT Bantice
1 x 2,000 kW

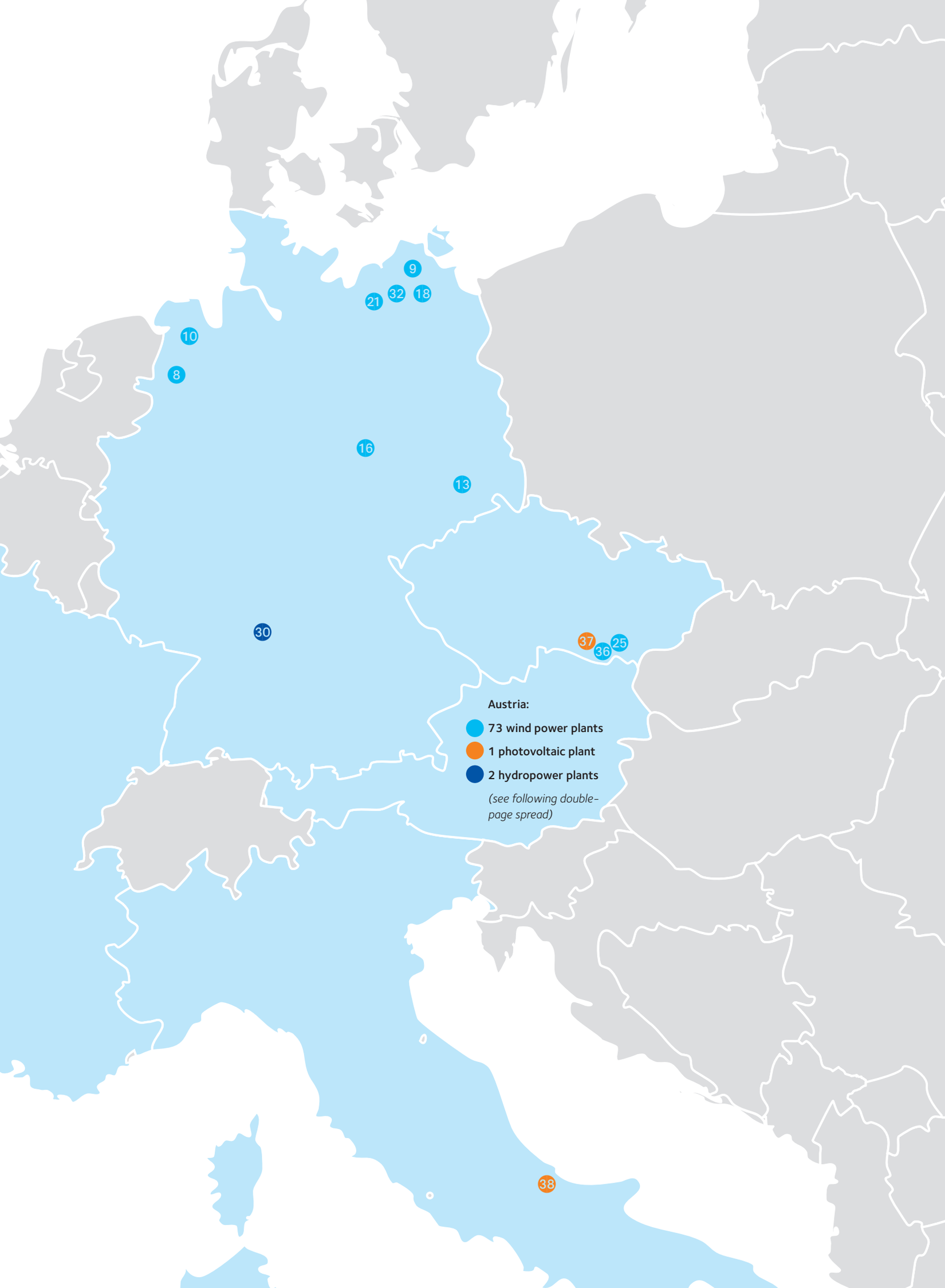
37 PV Dobšice
1,029 kW_p

Numbering according to the building/acquisition date of the plant

PV ... Photovoltaic plant
WT ... Wind turbine
HPP ... Hydropower plant
WP ... Wind park

kW ... Kilowatt
kWh ... Kilowatt hour
kWp ... Kilowatt peak

Status: May 2011


9
21
32
18
10
8
16
13
30
37
36
25
38
Austria:
73 wind power plants
1 photovoltaic plant
2 hydropower plants
(see following double-page spread)

Austria

1 **WT Michelbach**
1 x 225 kW

2 **WP Hagenbrunn**
1 x 600 kW
3 x 660 kW

3 **WT Vösendorf**
1 x 600 kW

4 **WT Grafenschlag**
1 x 600 kW

5 **WP Ober-strahlbach**
3 x 600 kW

6 **WP Parbasdorf**
3 x 600 kW

7 **WP Pottenbrunn**
5 x 500 kW
2 x 600 kW
1 x 2,000 kW

11 **WP Seyring**
1 x 600 kW
1 x 660 kW
1 x 750 kW

12 **WT Matzen**
1 x 750 kW

14 **WP Breitenlee**
3 x 850 kW

15 **WP Tauernwind**
4,550 kW
20% share

17 **WP Sternwald**
6,860 kW
49% share

19 **WP Neuhof**
11 x 2,000 kW

20 **WP Lang-mannersdorf**
2 x 2,000 kW

22 **WP Stattersdorf**
4 x 600 kW

23 **WT Aspersdorf**
1 x 2,000 kW

24 **WP Maustrenk**
6 x 2,000 kW
1 x 2,000 kW

26 **WP Sigleß**
3 x 2,000 kW

27 **WP Hohen-ruppersdorf-Spannberg**
3 x 2,000 kW

28 **WP Gols**
3 x 2,000 kW

29 **WP Auersthal**
10 x 2,000 kW

33 **HPP group Imst**
Upper level: 380 kW
Lower level: 474 kW

34 **PV Pfaffenschlag**
5 kW_P

35 **WT Parndorf**
1 x 850 kW

Numbering according to the building/acquisition date of the plant.
Shares are marked in grey.

PV ... Photovoltaic plant
WT ... Wind turbine
HPP ... Hydropower plant
WP ... Wind park

kW ... Kilowatt
kWh ... Kilowatt hour
kWp ... Kilowatt peak

Status: May 2011

All facilities in the Group are monitored around the clock at W.E.B's control center.

New power plants and expansion projects

The ongoing increase in power generating capacity to secure sustainable earnings on a long-term basis ranks among the primary strategic objectives of the W.E.B Windenergie Group. W.E.B considerably expanded its project department in 2010 as a basis for even more effectively coordinating the complex processes involved in planning and implementing new facilities.

The focus of this ramp-up was to strengthen the company's professional capabilities and human resources in the areas of planning, wind measurement and legal project management. The increased use of "in-house" know-how and expertise considerably contributes to even more profitably planning and realising current and future projects as well as coordinating the time-consuming and complex approval and licensing process.

The additional resources can increasingly carry out all these tasks in-house, and thus more quickly and efficiently than possible with the help of external partner companies. Furthermore, W.E.B continues to cooperate with longstanding and reliable partners, and thus puts its planning and project development activities on a solid and sustainable basis.

In addition to new personnel and professional resources, modern project management methods and new planning software were implemented in 2010.

Start-ups in 2010

Maustrenk II (A)—Wind energy

The expansion of the existing wind park in Maustrenk included a 2 MW Vestas V90 turbine. Stephan Pernkopf, Lower Austria's provincial councilor for energy affairs, officially inaugurated the new facility and pressed the start button in the presence of the entire W.E.B Management Board and numerous representatives from politics and business. This start-up not only represents a further step on W.E.B's growth path. At the same time, the installed wind power capacity in Austria surpassed the 1,000 MW mark.

A milestone was achieved: Stephan Pernkopf, Lower Austria's provincial councilor for energy affairs, pressed the start button on July 21, 2010, and thus officially put the new Maustrenk facility into operation.

Work on the building site in Höflein.

Projects under construction in 2010

Höflein (A)—Wind energy

The Höflein Wind Park with a planned output of 12 MW was already approved in 2009 and has been under construction since fall of 2010. Six units of the tried and tested Vestas V90 turbines will be built in a technically advanced form on a tubular steel tower reaching a height of 105 m. The assembly work for the wind energy plant will be carried out in June 2011, and the transformer station will be finished by August 2011. So the wind park will be able to come on stream. The site is located in one of Austria's best wind regions and will generate about 33,000 MWh of electricity each year.

Montenero di Bisaccia II (I)—Photovoltaics

The extremely positive results of the first solar power station in Montenero di Bisaccia, in operation since December 2009, were the basis for the decision to expand the facility on a nearby site. Montenero II, built on a southern slope featuring poor soil quality for agricultural purposes, successfully commenced operations on February 1, 2011. It is the biggest W.E.B photovoltaic facility at the present time, boasting an annual production of 3.7 MW.

Generally, W.E.B ensures that the unused open spaces in the facility area can continue to be used for agricultural purposes, especially for livestock farming, or that its photovoltaic facilities are built in areas that can hardly be put to any other use.

Completion of the eastern section of the Montenero II facility in October 2010.

Project planning and implementation in 2010

The project development work of the W.E.B Windenergie Group once again focused on the company's core markets of Austria, Germany, the Czech Republic, Italy and France, as well as the two core technologies, wind power and photovoltaics.

In addition, W.E.B prepares to enter the Canadian market. Canada offers an optimal environment for W.E.B's market launch thanks to comparable economic and legal conditions as in W.E.B's other existing markets, and a great need to catch up in the field of renewable energies. An extensive offering of available land as well as numerous successful examples of public participation models are additional reasons why Canada is an attractive future market. From today's perspective, W.E.B will be active in the provinces Ontario, Nova Scotia and New Brunswick on Canada's East Coast.

Dürnkrut (A)—Wind energy

The Dürnkrut-Götzendorf Wind Park with an output of 20 MW, located in the proven Weinviertel wind region, was jointly planned in cooperation with the company Windkraft Simonsfeld AG. W.E.B envisions building and operating five technically developed versions of Vestas V90 turbines with a capacity of 2 MW each. The annual production will amount to 26,200 MWh.

All the required permits, licenses and certificates have been granted. Due to the fact that green electricity subsidies for the years 2010 and 2011 have been completely used up, the companies are waiting to see what the amendment to the Green Electricity Act, which is currently being subject to an expert appraisal, will bring. From today's point of view, it is likely that the revised law will increase the volume of subsidised green electricity. In the light of EU guidelines stipulating the expansion of renewable energies and the related national green electricity targets, it can be assumed that it will be possible to implement this project in the near term.

Matzen/Klein Harras (A)—Wind energy

It will also be possible to realise this wind park project with a capacity of 16.1 MW immediately after the corresponding amendment to the Green Electricity Act came into effect, because W.E.B has received all the necessary permits to begin building. The planned towers at a height of 138 m will be the highest among the company's entire portfolio of wind power plants. Thus W.E.B is joining the worthwhile trend towards building fewer but higher, larger and more powerful turbines to replace many quickly rotating turbines.

It is planned to purchase the components for this wind park from the German technological leader Enercon. Its model E82 will be equipped with water-cooled ring generators with a capacity of 2.3 MW. Seven of these turbines will be built in the Matzen/Klein Harras Wind Park, which will ultimately be able to generate about 42,500 MWh of electricity annually.

Plaine d'Artois (F)—Wind energy

This wind park comprises a further expansion step on the French market. The 12 MW wind park which is likely to include 15 Enercon E53/800 kW turbines will produce 25,000 MWh of electricity each year. At present the final contracts are being completed. The ground-breaking ceremony is expected to take place in the fall of 2011.

Further Austrian wind energy projects

Additional facilities in Austria featuring a total of 44.1 MW of installed capacity and a total annual electricity production of about 109,000 MWh are currently in different stages of the planning process.

In W.E.B's native Waldviertel region, the company launched the "Waldviertel Wind Initiative" together with regional political decision makers, municipal associations and regional interest groups. Spearheaded by W.E.B, the initiative is currently evaluating various possibilities to optimally exploit the green energy potential of the entire region on the basis of the latest wind technologies. New, sustainable plant models could create a significant ecological and economic added value as well as numerous green jobs. For W.E.B, this ambitious concept could potentially result in the largest investments ever made by the company in the Waldviertel area.

Outlook: International wind energy projects in Italy, Germany, France, the Czech Republic and Canada

W.E.B is currently developing several projects with varying degrees of effort until they are ready for construction. In this regard, the company also carries out partial planning in collaboration with international partners. From today's vantage point, this means that in the next five years a total of about six to ten projects in W.E.B's core markets with an installed capacity of 100-150 MW will be ready for building. According to present estimates, most of the new projects will be located in Canada.

W.E.B Competence Center for Solar Energy (Italy, Germany, France, Austria, Czech Republic)

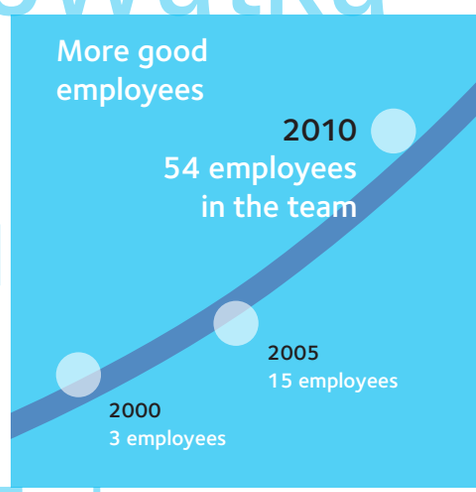
On the basis of its experience in building and operating photovoltaic facilities with a capacity of 8 MW in the meantime, W.E.B has created an internal photovoltaic core team consisting of project, site and plant managers as well as technicians. The objective is to enter new markets and drive forward the extended application of photovoltaic technologies within the company. The implementation of projects depends on the respective conditions in the individual markets in which the W.E.B Windenergie Group operates.

In order to boost the profitability of existing plants, an innovative and cost-effective tracker system was developed with a technology partner, enabling the fully automatic alignment of the photovoltaic modules according to the position of the sun. The company also plans to offer this technology to interested W.E.B shareholders as a kit for their private use.

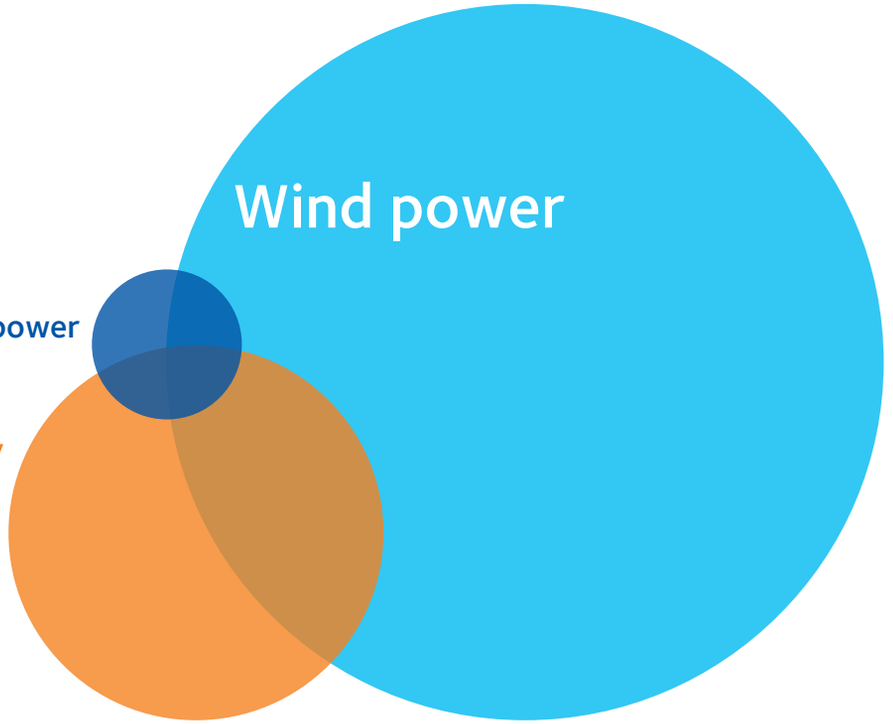
A growing number of tasks

Jobs featuring major challenges only attract the best manpower. W.E.B offers qualified applicants the chance to climb up the career ladder.

Michaela Luzova
Patrick Kühhas
Andreas Flicker
Johanna Seidl
Dieter Eberle
Philipp Winkelbauer
Volker Ludebühl
Mathias Dangl
Markus Fischnaller
Andreas Dangl
Volker Köbis
Bettina Haider
Johann Schmutz
Martina Willfurth
Wilhelm Heily
Claudia Redl
Christine Weiß
Matthias Boehm
Daniel Gruber
Katharina Schmid
Stefan Winkelbauer
Markus Haidl
Manuela Müller
Thomas Dangl
Andreas Lindner
Christian Böhm
Theresa Willmann
Michael Schönberger
Fritz Peinschab
Anja Krüger
Udo Garmisch
Rudolf Karner
Markus Höllrigl
Gabriele Syrowatka
Marianna Jelinek
Frank Dumeier
Bernd Brantner
Manuela Schuster
Björn Machill
Erna Dangl
Wolfgang Kolm
Reinhard Kainz
Claudia Böhm
Stefanie Markut
Michael Trcka
Karin Peinschab
Detlef Krollpfeiffer
Dario di Stefano
Sandra Tamara Gartner
Dietmar Schweighart
Christoph Dunkl
Dorota Kropik
Roman Prager
Thomas Pascher



Strategy



Our vision: everything stays better

WEB Windenergie AG is **Austria's largest publicly-owned company in the field of renewable energy**. This shall not change in the future.

In order to maintain its leadership position, W.E.B has defined the following priorities:

- The existing **power plant portfolio** will be continually **expanded**. By 2015, W.E.B plans to double the installed capacity to a total of 450 MW on the basis of new building, acquisitions and the repowering of existing plants. In this regard, wind power will continue to be its main pillar, comprising 90% of total installed capacity. Solar power and hydropower will optimally complement the core business of wind energy.

- W.E.B is **expanding** its **geographical radius** from the current core markets of Austria, Germany, the Czech Republic, France and Italy also across the Atlantic to Canada. There the wind energy sector is in a state of infancy and is currently comparable with the situation in Europe about twelve years ago. Energy needs are high, and due to the huge geographical dimensions sufficient sites are available. Moreover, Canada's public participation models on a local and regional level represent a common and practical investment option.

- First class performance with respect to engineering is enormously important for ensuring long-term, stable business operations. Therefore, for W.E.B the ongoing **professionalisation and improvement** of its service and maintenance concepts is an important pre-requisite in order to surpass the defined target of outperforming industry benchmarks for plant availability and service costs in the future as well.

- In the extremely dynamic industry of renewable energies, it is vital **to focus attention on the factor of innovation**. For this reason, W.E.B is developing new concepts and technologies to improve energy yields in close cooperation with experts, research facilities and other operators. W.E.B continually strives to identify, test and implement new technological developments. At present the technological development efforts of

"Due to additional environmental influences such as pollution and shading, the quality of on-site operations is particularly important for photovoltaic plants. We are continually working on optimising these processes and can thus extend the operating life of these facilities and achieve our ambitious goals with respect to plant availability and earnings."

Frank Dumeier, COO

W.E.B concentrate on wind power steadiness in order to ensure a highly stable and continuous output from wind power plants. In Germany, for example, W.E.B is directly marketing electricity from its wind parks to public utility companies. In peak load times electricity derived from hydropower serves as balancing energy.

Wind power: Core competence of W.E.B

Wind power is the key energy among all the renewable energy sources. Electricity production on the basis of wind energy boasts enormous development potential due to its cost effectiveness and ecological sustainability. W.E.B has longstanding experience and top-notch know-how in this field. Therefore the building of new facilities or the expansion of existing plants in Austria and international markets is a key strategic pillar of W.E.B's future business development.

At present, the turbine towers of W.E.B have a height of up to 105 m and rotary blade diameters of 90 m, with a performance level of 2 MW. W.E.B is already working on realising the next generation of wind turbines. Starting in 2013 it is planned to use turbines with a capacity of at least 3 MW, rotary diameters of more than 110 m and tower heights exceeding 130 m. Thus those sites which were not sufficiently profitable with conventional wind turbines can now be developed.

Solar energy as an optimal addition

The sunny summer months usually bring strong earnings in the photovoltatics segment. For this reason, it ideally complements wind power. Photovoltaic facilities can optimally compensate for the less favourable wind conditions at various times of the year. The combination of these two technologies contributes to a constant generation of energy. South East Europe is the regional focus for the building of new photovoltaic facilities due to its climactic conditions. Although the funding terms and conditions with regards to subsidies are currently more attractive in these markets than in Austria, W.E.B also aims to implement new photovoltaic projects on its domestic market as well.

"In the meantime green energy has become a highly professional industry, and ecologically-oriented investments are no longer only appealing to ecologically-conscious visionaries. Based on the first wind power bond ever issued in Austria, W.E.B is also a pioneer in the field of corporate financing."
Michael Trcka, CFO

The worldwide potential to exploit solar energy is enormous. In recent years, technological advances in photovoltaics have led to cost reductions in building and operating these power plants as well as a significant rise in their output. Thefore WEB Windenergie AG is striving to further expand its activities in this segment. In its photovoltaic parks, W.E.B will rely in the future on innovative tracking systems, in order to consistently align the facilities to solar radiation as a means of optimising power generation.

Hydropower rounds off the portfolio

W.E.B also operates one hydroelectric power plant group with two power plants in Austria and one in Germany at the present time in order to round off its portfolio. Central Europe has a very dense network of hydropower plants. For this reason, new building is limited and development potential for hydropower has been exhausted for the most part.

"In the medium-term wind power will feature stable prices and thus give us back what we are investing today in the form of subsidies".
Andreas Dangl, Founder and CEO

Engineering and operations

Operational management and plant availability at the top of the agenda

Review: Important achievements in 2010

- Further increase in plant availability
- Defects down 80%
- Replacement of large components accomplished (ten gearboxes and five generators)
- Gearbox hall for large components set up in the Municipality of Vitis
- Reaction time for generator replacement at a maximum of 24 hours
- Power plants in Germany optimised for network compatibility, securing an earnings bonus for five years

ongoing professionalisation and improvement of its service processes. Relevant industry benchmarks clearly show that W.E.B is excellently positioned, constantly performing better than comparable operators. Meanwhile, the company achieved a technical availability of its facilities exceeding 98% without exhausting all its optimisation potential. The resolute focus on this issue was further enhanced by appointing a Management Board member serving as Technical Director. Since April 2010, Frank Dumeier has been responsible for engineering, operations and service. In addition to the specialisation of the company's own service team, the plant-specific service cooperation with Vestas ensures ongoing optimisation as well as a further increase in output and earnings.

High plant availability ensures sustainable earnings

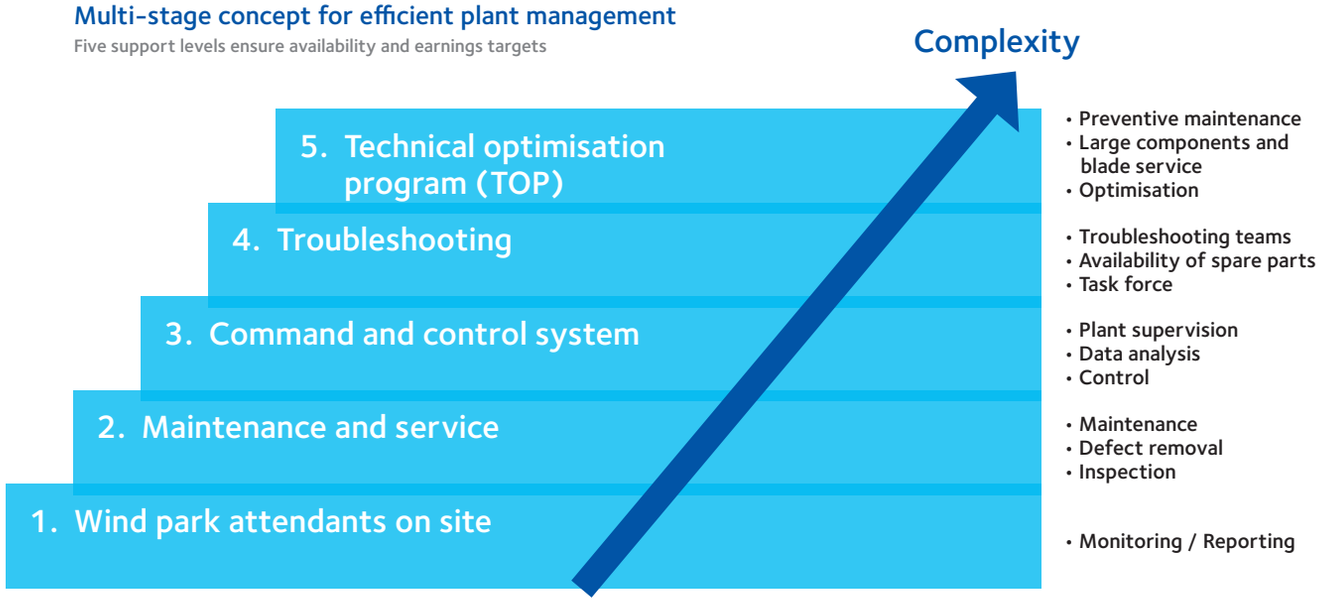
Top class performance in providing maintenance and service comprises an important pre-requisite for the long-term profitable operations of W.E.B's power plants. The company meets this challenge on the basis of the

"Most operators talk about 97% availability, but they only mean the technical kind. In 2010 we reached a total availability of 97.1%, which corresponds to a technical availability of over 98%. Thus we are at the absolute forefront in an industry comparison".

Frank Dumeier, COO

Multi-stage concept for efficient plant management

Five support levels ensure availability and earnings targets



Perceptible performance improvements were also achieved in W.E.B's other power plants on the basis of inspections. For example, technical updates successfully increased the turbine performance of the company's **hydropower plants**. Thus the output of Turbine 2 in the German Eberbach hydropower station could be raised by 20% in 2010.

"An increase of 1.5% in plant availability corresponds to an amount of more than EUR 800,000 we can earn in the interests of our shareholders".
Michael Trcka, CFO

A further important pillar of the company's technical and operational optimisation efforts is the know-how and smooth interaction of all employees involved, serving as the basis for the company to continually act and react quickly and efficiently in day-to-day operations. This professional expertise made it possible for the W.E.B engineering team to carry out a complete generator replacement in the previous year within 24 hours after the defect report was filed.

Strong partners

For many years W.E.B has closely cooperated with the leading wind turbine manufacturers, thus ensuring high plant availability and the highest possible technical standards. In recent months this cooperation was intensified once again.

Comprehensive service agreements with Vestas, the market leader, ensure the long-term, trouble-free operations of existing plants. These contracts provide for a tailor-made W.E.B service structure for individual facilities. A customised service and maintenance agreement is concluded for each plant after economic, technical and logistical criteria are taken into account.

Moreover, in February of the past fiscal year, an attractive agreement for W.E.B was concluded with Vestas Germany pertaining to the service and support for the foundations of the wind energy facilities manufactured by Vestas. Within the framework of this agreement, Vestas will assume responsibility for the inspection, repair and maintenance of the foundations, and if necessary the required restoration work. Another comprehensive service cooperation agreement was signed with Vestas in September 2010. This long-term service package amounts to a total volume of EUR 25 million and encompasses services for a total of 105 current W.E.B wind power facilities in several European countries.

In addition, WEB Windenergie AG concluded a comprehensive delivery contract with Enercon in September 2010 along with an additional agreement with Vestas stipulated the supply of components for W.E.B's planned facilities during the years to come. The cooperation with at least two manufacturers ensures the optimal plant technology as well as the maximum profitability for each site.

The W.E.B manufacturer strategy allows for a maximum of three suppliers of wind power facilities, in order to avoid an overly high level of complexity based on the use of many different types of equipment.

New technologies result in major progress

WEB Windenergie AG is continually involved in testing and implementing state-of-the-art technologies in order to improve the output, performance and earnings of its power plants. In this regard, an important further development pertains to the design of the next generation of **wind power plants**. They will be built higher, due to the fact that wind speed increases with every additional meter of height. The next generation of W.E.B plants involve turbine tower heights of up to 140 metres. At the same time, the length of the rotor blades will be expanded. In the long term, many quickly-turning wind energy plants will be replaced by fewer but higher, larger and more productive facilities. A single facility of the most advanced type of power plant generates the same amount of energy as 30 comparable plants in use during the "start-up phase".

In the field of **solar energy**, the W.E.B Windenergie Group is striving to operate smaller and more efficient facilities. Moreover, they can also be installed in more isolated spots, for example in mountainous regions. The use of "solar trackers", in which the solar modules follow the position of the sun in the course of the day enabling the most favourable angle of light to be exploited, ensures the increasing output of these plants.

Moreover, W.E.B is forging new paths in the field of **energy distribution**. In an initial research project, W.E.B is evaluating the smart grid approach i.e. intelligent network control based on communications among all network participants from the producer to the consumer, as well as suitable implementation alternatives for W.E.B's portfolio of power plants.

Inspection of a 2 MW gearbox by a W.E.B service technician

Sustainability

An integral part of business activities

Since it put its first wind power plant in operation in 1995, WEB Windenergie AG has ranked as a trailblazer with respect to Austria's change in energy policy. Since then, it has connected many power plants operating on the basis of regenerative energy sources to the power grid. The energy generating facilities of the W.E.B Windenergie Group produce clean, climate-friendly and environmentally-compatible electricity. Thus the company makes an important contribution towards a sustainable energy strategy on its domestic market of Austria as well as the future foreign markets of W.E.B. Accordingly, sustainability on an economic, environmental and social level is an integral part of the company's business activities and the corporate philosophy of the Group.

Renewable energies ensure the security of energy supplies

The investments of W.E.B in new power plant facilities serve to expand a tried and tested future-oriented technology. Due to the fact that global energy consumption is continually rising and the reserves of fossil raw materials are continually declining, this form of energy generation makes an important contribution to ensuring the reliability and security of the energy supply and a stabilisation of today's enormously volatile energy and raw material prices in the medium-term. The unbalanced supply of energy based primarily on oil and gas in the light of their decreasing availability increasingly leads to unstable political conditions in many regions of the world, and also has perceptible effects on the developed industrial nations of Europe. In contrast, the energy plants such as those operated by W.E.B help to effectively counteract these developments, in order to provide for a secure and affordable energy supply in the future as well.

Rapid energetic amortisation

Wind power plants comprise a particularly efficient technology for the sustainable generation of electrical energy. Depending on the quality of the site and the types of machinery involved, a wind power plant can already amortise itself in energy terms within three to six months. This means that after this period of time the facilities have generated as much energy as originally required for building and putting into operation. By the time the wind power plants of the W.E.B Windenergie Group have been dismantled, they will have produced 50-100 times more than the previous consumption of energy.

On the basis of the enormous development potential, photovoltaics will also comprise a key technology for generating energy from renewable energy sources. The production of photovoltaic components for a solar power plant is a complex and energy-intensive high-tech industrial process. In this case, the energetic amortisation time of the facilities amounts to about two to four years at the present time, depending on the quality of the site and the technology applied. On balance, a photovoltaic park generates about ten times the amount of energy during its technical life cycle than was originally needed for the production of the raw materials and components and the construction logistics. By exploiting further technological development potential, the energy yield in the future will be improved and thus the amortisation time will be continuously shortened.

Resource conservation and climate protection

By taking advantage of the natural energy sources of wind, solar and hydropower to generate clean electrical energy, W.E.B contributes to the sustainable conversation of resources. Moreover, the regenerative energy sources which feed W.E.B's power

W.E.B electricity production = 444,367 MWh

≙ 373,268 tonnes of CO_2 saved (100%)

- 531 tonnes of CO_2 emissions (0.14%)

= 372,737 tonnes of CO_2 saved (99.86%)

plants represent a viable alternative to fossil fuels, as already mentioned. The expanded use of regenerative energies reduces the share of those power stations which operate on the basis of oil, coal and gas. In addition, the emissions of the environmentally harmful gas carbon dioxide are also reduced. This is demonstrated by means of specific figures. Each kilowatt of electricity generated from regenerative instead of fossil energy sources (e.g. oil, coal) saves 840 grams of CO_2.[1] Green energy from W.E.B's facilities thus considerably contributes to climate protection.

[1] Source: e-Control Stromkennzeichnungsbericht 2010

Ecological balance sheet of W.E.B

W.E.B's electricity production in 2010 amounted to 444,367 MWh. This corresponds to CO_2 savings of 373,268 tonnes of CO_2. The CO_2 emissions generated by W.E.B in its business operations totalled 531 tonnes. The difference in the CO_2 balance—the carbon footprint—thus comprises a very positive total of 372,737 tonnes of CO_2, which could be saved as a result of the company's power plants.

The 531 tonnes of CO_2 generated by W.E.B in 2010 within the context of its business activities are comprised of the following:

Electricity production	Energy consumption for	Distance travelled	Amount of CO_2	
		km	t	
Mobility	Vehicles (company fleet, private cars)	975,400	195.08	
	Railway travel	6,450	0.32	
	Bus/taxi	3,850	0.23	
	Airplane travel	273,831	82.15	
Buildings	Electricity supply (also for cooling)		0	Building supplied with green electricity
	Heating		0	Energy from biomass (pellets and wood chips)
Power plants	Electricity production		253	For those power plants not supplied with green electricity[1]
Total			**530.78**	

[1] Source: International Energy Agency, IEA Statistics

Rooted in the region

Economic activity in the region

Since 2001 WEB Windenergie AG has been a major employer in the northern region of Austria (Waldviertel), and has created more than 50 additional jobs in a sector with a promising future. In this way the company makes an important contribution to creating high-quality jobs in the region.

W.E.B is a member of the "Waldviertel Economic Forum", in which numerous successful companies in the Waldviertel area are committed to jointly working with political representatives to promote the sustainable development of the Waldviertel as an economic area and a viable living space. In this regard, efforts are made to identify and exploit the extensive development potential in order to ensure sustainable value creation in the region extending into the future.

In addition, the "Qualifizierungsverbund Waldviertel" (Waldviertel Qualification Network), a platform of companies designed to jointly support the professional advancement of employees, also does its share to secure and promote qualified jobs. WEB Windenergie AG has belonged to this initiative since 2010.

People as a resource—responsibility for employees

Progress begins in the mind, and demands that people broaden their own horizons. For this reason, the progress of a company requires the ongoing development of the qualifications of its employees. The greentech industry is characterised by a particularly high level of innovation and development potential. The growing number of green jobs also increases the specific demands on employees in this promising sector. Therefore, in addition to promoting the individual career potential of each person, W.E.B also attaches particular importance to the professional development and further education of its employees. In this regard, the company invested about EUR 524 per person in continuing education and training in the year 2010.

The increasing demands placed on employees also include a high degree of flexibility and commitment. In order to take these circumstances into consideration, W.E.B supports the flexibilisation of the working environment. The use of state-of-the-art communications technologies enables the location-independent and closely networked implementation of operational processes among the company's employees at all its national and international sites.

It goes without saying that the W.E.B Windenergie Group furnishes its workplaces with modern equipment. At the same time, the company attaches considerable importance to the careful use of all the working materials at its disposal. W.E.B is striving to optimise its office operations in the direction of a "paperless office".

The "W.E.B Rose Program" provides a vital balance to a challenging working day. Voluntary activities such as "Body time—fit in the day", offerings such as "Fruit for employees" and warm lunches delivered freshly from the region everyday ensure a balanced and pleasant working environment.

Employee structure

The exploitation of wind energy has become a major economic factor. In the meantime, the entire wind energy sector with suppliers and service companies has created jobs for 3,300 people in Austria.

Employees[1]	2010	2009
Salaried	30	26
Non-salaried	12	12
Total	**42**	**38**

In 2010 the second management level at W.E.B was further expanded. A total of eleven department managers report directly to the Management Board. On this level there is a numerical balance between female and male managers.

Furthermore, a new structure for the subsidiaries was implemented. The principle of "dual management responsibility" now applies to the management of the foreign subsidiaries of WEB Windenergie AG. This means that two managing directors share responsibility in each subsidiary. This four-eyes principle ensures the ongoing quality assurance and control of all operational processes.

Equal treatment of female and male employees has always been a standard at the W.E.B Windenergie Group. Accordingly the basic salaries for the same work in the respective departments are identical for women and men. This also applies to career development opportunities within the company.

Number of employees / Areas of expertise 2010[1]	Female	Male
Management Board	0	3
Project planning	2.5	1.5
Marketing & communications	1	0
Housekeeping	1.25	0
Engineering and operations	1	5.25
Control centre	0.5	4
Service	0	10
Procurement & logistics	1	1
Finance & controlling	3.5	1
Legal affairs	1	0
IT	0	1.25
Backoffice	3.25	0
Total	**15**	**27**

During the year under review, the average age of the employees was 36.

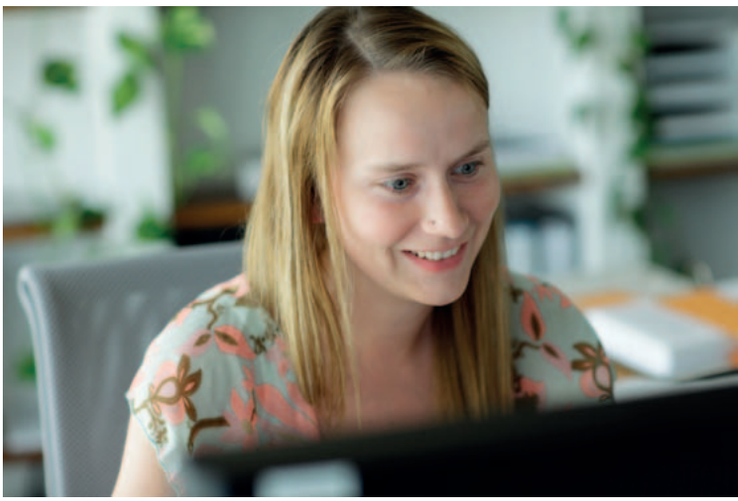
[1] Annual average in full-time equivalents

Internal communications and transparency

The highest possible level of transparency for all employees is an important cornerstone of W.E.B's corporate philosophy. In bi-monthly meetings, department managers are promptly informed about the latest developments and directly pass this knowledge onto their staff. The company also distributes an internal newsletter entitled "W.E.B Intern" designed as an additional channel of information. The Management Board directly communicates the most important information pertaining to the company and the latest industry news to all employees.

One-on-one appraisal interviews are held once a year serving a mandatory exchange of views between managers and employees. The individuals involved discuss specific topics such as performance targets and appraisals, further education, personal feedback, developmental opportunities, unresolved issues, etc. These talks are based on a special handbook developed in accordance with the company's specific requirements.

Corporate headquarters in Pfaffenschlag, Lower Austria—a low energy building realised according to state-of-the-art environmental criteria.



Working in the midst of greenery

Since 2007, the corporate headquarters of WEB Windenergie AG have been located in a low energy office building in the midst of a spacious green landscape in Pfaffenschlag. Built primarily out of wood and glass according to state-of-the-art environmental criteria, the corporate headquarters are housed in a particularly livable building featuring ecological energy management. W.E.B has also remained faithful to its corporate philosophy in supplying energy to this edifice. Energy consumption of the operation building, which is completely derived from renewable energy sources, is in the low energy standard range of a residential building. The energy concept serves as the basis for the economical use of the most important resources, and at the same time ensures a pleasant atmospheric environment.

In addition to air conditioning exploiting the cooling effect of the ground, water consumption also takes ecological considerations into account. Water which cannot be absorbed by the green roof area of the building is stored in a rainwater storage tank and used as rinsing water for the sanitary facilities.

Social responsibility—appreciation and relationship management

The stakeholders of the company, namely investors, partners, employees, abutting owners, suppliers etc., are of special importance to W.E.B and are thus the focal point of its sustainability-oriented corporate management. Their interests are deliberately taken into account in all areas of the company's operations. Naturally the W.E.B Windenergie Group precisely complies with all legal regulations in building its facilities, and continually evaluates the environmental impact of its activities. In addition to environmental impact assessments, this approach also encompasses maintaining a suitable distance between the facilities and residential areas and the highest possible level of environmental compatibility. Maintaining contact and good relations to the company's neighbours and local communities is of primary importance. W.E.B assumes its corporate social responsibility in its native region as well as at its international sites.

Within the context of promoting local sports activities for youth, W.E.B supports, amongst other projects, the junior handball team of Waidhofen an der Thaya. W.E.B has also sponsored the local soccer club since the building of its photovoltaic facility in Montenero di Bisaccia.

Martin Legner, Austria's most successful wheelchair tennis player and longstanding W.E.B shareholder, was also supported within the context of W.E.B's sponsoring programme in 2010.

Networking in the industry

The IG Windkraft is the Austrian interest group for wind energy operators, plant manufacturers and wind energy sponsors, and offers a platform for information and exchange of views to all environmentally-conscious supporters of wind energy. As an active member of IG Windkraft, W.E.B maintains regular contact to the responsible decision makers in the wind energy sector. Within the context of its activities, W.E.B representatives also participate as lecturers in various information campaigns organised by IG Windkraft. For example, the workshop "Wind energy—quo vadis?" held in 2010 discussed the future of wind energy and upcoming technological innovations.

In order to be able to effectively help shape future developments on a European level, and benefit from the experience of interest groups in other countries, IG Windkraft belongs to the European Wind Energy Association (EWEA) as well as the European Renewable Energies Federation (EREF). Thus within the context of the interest group IG Windkraft, W.E.B also has a strong presence on the international stage.

W.E.B on the capital market

From public participation to a public limited company

WEB Windenergie AG, which was founded on the basis of the idealistic commitment of a group of enthusiasts, succeeded in expanding this original idea at an early stage to also make it a profitable, long-term investment in the "conventional" form of a public limited company. The successful bundling of a sense of responsibility and investment enables WEB Windenergie AG to take enduring steps designed to develop a secure and profitable supply of energy.

Considerable importance is attached to ensuring a high level of management transparency, to serve as the basis allowing every shareholder to actively participate in shaping the future of the company. The direct contact to shareholders and investors is of particular importance to W.E.B. Ensuring quick, comprehensive and above all individual responses have traditionally comprised one of the top priorities of the company. The fact that W.E.B shares are generally registered shares further contributes to the direct relationship the company cultivates with its shareholders.

Capital-raising measures in 2010: Net issue proceeds of more than EUR 15 million

After years of successful development work, W.E.B is striving to double its installed power plant capacity to 450 MW by the end of 2015 within the context of its next major growth initiative. The planned investment volume in this period totals EUR 300 million. With its capital-raising measures implemented in the year 2010, W.E.B fulfilled an important precondition enabling it to enter this next business phase.

WEB Windenergie AG simultaneously placed two financial products on the market based on the combined offering of new shares from a capital increase and a corporate bond. Thus it offered the best of two worlds. Depending on their interests and demands, investors could choose the ideal option (share or bond).

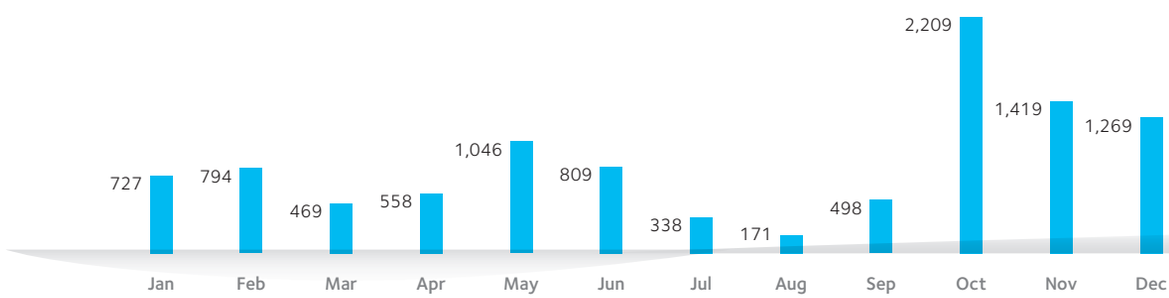
W.E.B proved to be a pioneer also in corporate financing with its **5% corporate bond 2010-2015**—the first wind power bond ever issued in Austria. The bond comprised an offer to investors to generate a consistent and predictable annual return on the capital invested in wind energy. For its part, the **W.E.B share** continues to be a product featuring interesting growth perspectives and above-average performance.

The capital increase carried out in 2010 became legally effective with its entry into the company register at the Provincial Court of Krems an der Donau as at December 24, 2010. The net proceeds from the capital-raising measures in 2010 amounted to EUR 15.4 million. The bond raised EUR 10.16 million in fresh capital, whereas the remaining EUR 5.24 million was derived from investors subscribing to new shares.

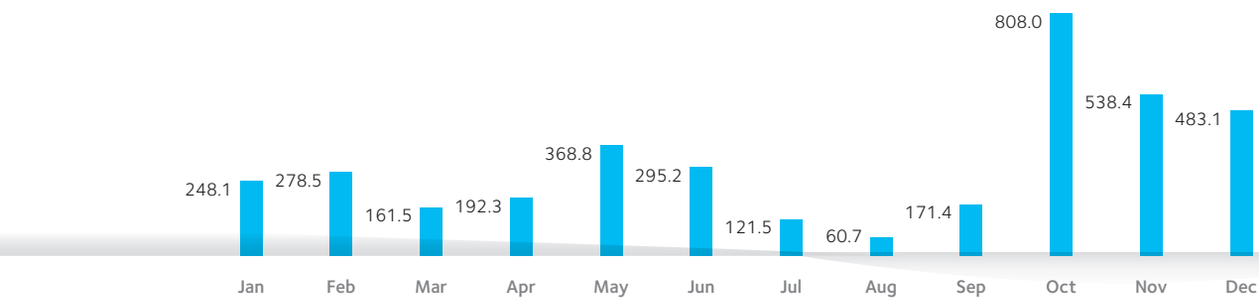
The W.E.B share

A share is generally the most easily manageable form of participating in a company. Moreover, a special feature of WEB Windenergie AG is that the share is not listed on the stock market. This enables share trading with practically no related costs, and thus also avoids being a major target for investors aiming to reap short-term gains. Experience has shown that the shareholders of WEB Windenergie AG are more interested in a long-term and sustainable investment. The company's statutes stipulate a maximum voting rights threshold of 10%. For this reason, decisions made in the Annual General Meeting actually reflect a broadly diversified group of small shareholders.

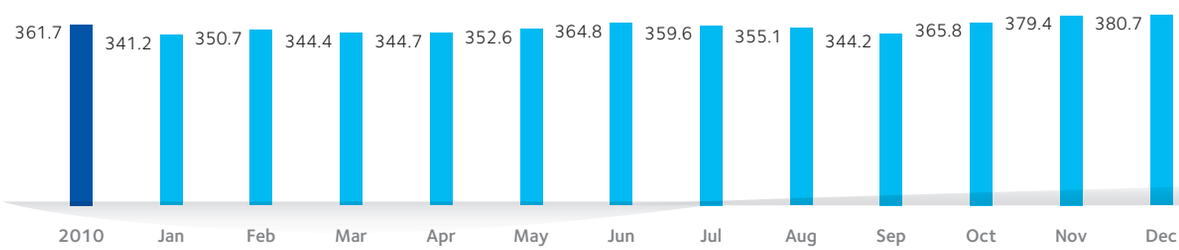
Up until now, the profits generated by the company have been reinvested, thus contributing to ensuring or safeguarding further growth. Once the original investments required to finance the power plants have been recouped, it is planned to distribute part of the net profit to shareholders in the future. Thus, shareholders should not only benefit from an enhancement in the value of the W.E.B share, but also from moderate dividends, provided that suitable profits are achieved.



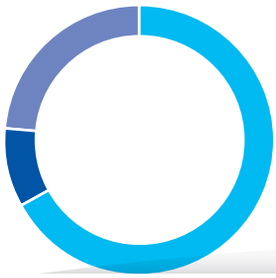
Shares traded in the Traderoom in 2010
Number of shares
Total for 2010: 10,307



Trading volume in the Traderoom in 2010
TEUR
Total for 2010: TEUR 3,727.5



Average price in the Traderoom in 2010
EUR



Traded W.E.B shares

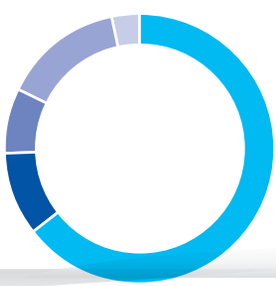
10,307 shares	In the Traderoom
1,476 shares	Private share trading with price quotation
3,613 shares	Private share trading without price quotation

Number of traded W.E.B shares

	2010	2009	2008	2007	2006
In the Traderoom	10,307	10,798	14,621	13,732	8,617
Outside the Traderoom	5,089	1,491	1,732	1,563	2,602
Total	**15,396**	**12,289**	**16,353**	**15,295**	**11,219**

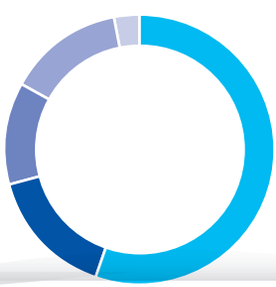
Online Traderoom facilities share trading

As previously mentioned, W.E.B shares are registered shares (and every shareholder is personally entered into the W.E.B share register). This may seem unusual, but the advantage is that a shareholder does not require a securities depot, and no fees arise in the course of concluding transactions. Sales and purchases of shares can be simply and conveniently processed via the so-called Traderoom on the Internet (www.traderoom.at), which is a platform where sellers and buyers of W.E.B shares meet and can directly carry out business transactions with each other. These transactions are carried out without the interference or help of WEB Windenergie AG, which in turn subsequently administers the concluded transactions at no charge and coordinate their entry into the share register. Of course transactions involving W.E.B shares can also be implemented outside of the Traderoom.



Distribution of shareholders by region

64.49%	Lower Austria
10.03%	Vienna
7.89%	Upper Austria
14.53%	Rest of Austria
3.06 %	Abroad



Distribution of capital by region

55.46%	Lower Austria
15.54%	Vienna
12.33%	Upper Austria
13.89%	Rest of Austria
2.78%	Abroad

In the 2010 fiscal year, a total of 10,307 shares valued at about EUR 3.7 million were traded in the Traderoom. The peak month for trading in quantitative terms was October 2010, featuring a trade volume of 2,209 shares. On average, the WEB Windenergie AG share was traded at a price of approximately EUR 362 in the Traderoom.

Shareholders and ownership structure

During the 2010 reporting period, the number of shareholders of the Group parent company WEB Windenergie AG totalled 3,153 people.

The ownership structure was as follows: 3,083 shareholders each possess a stake of less than 0.1% in the company. These shareholders comprise by far the largest shareholder group, holding 144,780 of the 288,453 outstanding shares. 97.22% of WEB Windenergie AG is under Austrian ownership.

The W.E.B corporate bond

First wind power bond in Austria

As previously discussed, W.E.B also proved to be a pioneer in 2010 with respect to corporate financing. The 5% corporate bond 2010-2015 offered as part of the capital raising drive in 2010 is Austria's first bond issued by a wind power company. Whereas the W.E.B share is not traded on the stock market, in the meantime the bond is quoted on the Third Market of the Vienna Stock Exchange. Thus this security can be traded on the normal capital market. The bond features a fixed term to maturity and thus a limited investment horizon, compared to the W.E.B shares with an unlimited duration. Moreover, the bond offers a fixed interest rate and is taxed at source. On balance, the 2010 corporate bond was subscribed to the amount of EUR 10.16 million.

Investor Relations

Active communications—highest level of transparency

WEB Windenergie AG attaches great importance to transparency in managing the company. As a result, each shareholder and bond owner is provided with comprehensive information about the company and its future plans on an ongoing basis. In addition to an extensive offering of general information, this also involves the most direct communications possible between shareholders and the Management Board, which pursues this dialogue within the framework of various events as well as per telephone and e-mail.

The focus of the information published by W.E.B is its Website www.windenergie.at, which was relaunched in 2010 as part of W.E.B's new corporate design. It provides regular up-to-date information on the company as well as an overview of media reports on W.E.B, amongst other services.

The magazine "W.E.B. aktuell" published in German for shareholders and bond owners appears three times annually and provides a compact presentation of the most important current events and developments at W.E.B.

In 2010, extensive communications activities were carried out to support the capital-raising measures. The annual report of WEB Windenergie AG has also been expanded since the 2009 edition.

Management and supervision

Corporate governance

Commitment to the Austrian Corporate Governance Code

The **Austrian Corporate Governance Code** provides Austrian public limited companies with a framework for the management and monitoring of the company oriented to prevailing international standards, relevant EU recommendations and the stipulations contained in Austrian stock corporation law. These public companies can voluntarily choose to apply these rules. For WEB Windenergie AG, the code represents a key building block enabling the company to strengthen the confidence of shareholders, business partners, employees and the general public in the company.

Since the middle of 2006, WEB Windenergie AG has voluntarily committed itself to complying with the Austrian Corporate Governance Code in accordance with the following explanatory notes.

The Austrian Corporate Governance Code (in the January 2010 version) contains a total of 83 rules, which stipulate various levels of obligation for the particular company committed to compliance:

- **L-Rule (Legal Requirement):** The rule is based on mandatory legal requirements.
- **C-Rule (Comply or Explain):** The rule should be followed, but any deviation must be explained and the reasons stated.
- **R-Rule (Recommendation):** The nature of this rule is a recommendation; non-compliance with this rule requires neither disclosure nor explanation.

Implementation of the Austrian Corporate Governance Code by WEB Windenergie AG in the 2010 fiscal year

The Management Board and Supervisory Board continually strive, to the best of their ability, to comply with all rules contained in the Austrian Corporate Governance Code, and to optimise internal company standards on an ongoing basis. In those cases in which the company does not fully comply, it will provide a detailed explanation of the relevant reasons for its behaviour. Aside from the relatively small size of the company, the starting position of WEB Windenergie AG fundamentally differs from those of other public companies due to the fact that it is not listed on the stock market, and it maintains regular personal contact with its shareholders, who are consistently registered shareholders.

The following rules contained in the Austrian Corporate Governance Code (January 2010 version) were not complied with or only partially complied with during the period under review:

C-Rule 31: "The fixed and performance-linked annual remunerations of each individual Management Board member are to be disclosed in the Corporate Governance Report for each financial year. This shall also apply if the remuneration is paid through a management company."

The remuneration paid to the entire Management Board and the principles underlying the total amount paid are disclosed. The remuneration paid to the individual board members is not disclosed on the grounds of protecting the private sphere of the people involved.

C-Rule 36: "The Supervisory Board shall discuss the efficiency of its activities annually, in particular, its organisation and work procedures (self-evaluation)".

A formal and explicit self-evaluation on the part of the Supervisory Board does not take place. However, the Supervisory Board regularly discusses and evaluates the effectiveness of its activities and their impact on the company within the framework of the Supervisory Board meetings.

C-Rule 39: "The Supervisory Board shall set up expert committees from among its members, depending on the specific circumstances of the enterprise and the number of Supervisory Board members. These committees shall serve to improve the efficiency of the work of the Supervisory Board and shall deal with complex issues. However, the Supervisory Board may discuss the issues of the committees with the entire Supervisory Board at its discretion. Each chairperson of a committee shall report periodically to the Supervisory Board on the work of the committee. The Supervisory Board shall ensure that a committee has the authorisation to take decisions in urgent cases. The majority of the committee members shall meet the criteria for independence of the C-Rule 53. The Corporate Governance Report shall state the names of the committee members and the name of the chairperson. The Corporate Governance Report must disclose the number of meetings of the committees and discuss the activities of the committees."

The Supervisory Board of WEB Windenergie AG consists of a maximum of five members, and currently consists of only four members. Due to the small number of members, but also due to the specific nature of the company's operations, the company does not consider it useful to establish committees. As a result, the Supervisory Board performs its duties as a whole. The Austrian Corporate Governance Code also first stipulates the setting up of a nomination committee pursuant to C-Rule 41 respectively a remuneration committee pursuant to C-Rule 43 once the Supervisory Board expands to six members, i.e. reaches a "critical mass", a criteria which WEB Windenergie AG and its four Supervisory Board members do not fulfil at the present time. The internal rules of procedure of the Supervisory Board principally allows for establishing committees if necessary without requiring further authorisation.

In any case, consideration is given in the appointment of Supervisory Board members to an appropriate diversity of their professional competence.

C-Rule 49: "The company shall disclose in the Corporate Governance Report the object and remuneration of contracts subject to approval pursuant to L-Rule 48. A summary of contracts of the same kind shall be permitted".

The company does not publish a Corporate Governance Report in the absence of a legal obligation to do so. However, information on contracts subject to approval pursuant to L-Rule 48 is contained in the Notes to the consolidated financial statements (Section 7.3; in the German version of the report only). This applies to the mandate agreement with the law firm Sattler & Schanda (Supervisory Board member Mr. Schanda is a partner of this law firm), as well as the hire-purchase agreement of WEB Windenergie AG with QR Dumeier Köbis GbR (the wife of the Management Board member Frank Dumeier is a managing partner of QR Dumeier Köbis GbR).

C-Rule 53: "The majority of the members of the Supervisory Board elected by the general meeting or delegated by shareholders in accordance with the articles of incorporation shall be independent of the company and its Management Board. A member of the Supervisory Board shall be deemed as independent if said member does not have any business or personal relations to the company or its Management Board that constitute a material conflict of interests and is therefore suited to influence the behaviour of the member.

The Supervisory Board shall define on the basis of this general clause the criteria that constitute independence and shall publish them in the Corporate Governance Report. The guidelines in Annex 1 shall serve as further orientation. According to the criteria defined, it shall be the responsibility of every member of the Supervisory Board to declare its independence vis-à-vis the Supervisory Board. The Corporate Governance Report shall clearly explain which members are deemed independent according to this assessment".

The majority of Supervisory Board members can be seen as being independent in accordance with this rule. There is one exception in the case of Stefan Bauer, who was first appointed to the Supervisory Board in 2005. Stefan Bauer is the nephew of Andreas Dangl. He performs his duties with the same prudence and diligence as every other member, and also refers to the aspect of liability laws. The Supervisory Board of W.E.B has not explicitly defined the criteria that constitute independence.

C-Rule 64: "The company shall disclose on its website—if it has knowledge thereof—the current shareholder structure broken down by geographical origin and type of investor, any cross-holdings, the existence of syndicate agreements, restrictions on voting rights, registered shares and their related rights and restrictions. Current changes in voting rights shall be disclosed without delay on the website of the company."

The disclosure of the shareholder structure is contained in the annual report, which is, in turn, available for downloading on the website. Current changes in voting rights, inasmuch as they are relevant, are announced in the quarterly information report "W.E.B aktuell", which is also available on the website for downloading.

C-Rule 66: "The company shall prepare quarterly reports in accordance with International Financial Reporting Standards, as adopted by the EU (IAS 34)."

The company prepares annual and half-yearly financial statements pursuant to the stipulations contained in the IFRS. The quarterly reports of the W.E.B Windenergie Group are not completely prepared in accordance with international accounting principles.

C-Rule 68: "The company shall publish annual financial reports, half-yearly financial reports and any other interim reports in English and German language, and shall make these available on the company's website. If the annual financial report contains consolidated financial statements, the financial statements prepared under business law contained in the annual report need to be published and made available only in German language".

The company makes its annual financial report available on the company's website in both German and English. In the absence of a stock market listing, the half-yearly financial reports and other interim reports are not published on the website. However, corresponding information is personally sent to the shareholders.

C-Rule 74: A calendar of corporate financial events shall be posted at least two months before the start of the new business year on the Website of the company and shall contain all dates of relevance for investors and other stakeholders such as the release of the annual and quarterly reports, annual general meetings, ex-dividend day, dividend payout day and investor relations activities."

WEB Windenergie AG publishes the most important dates of its fiscal year in the financial calendar on the company's website www.windenergie.at. WEB Windenergie AG continually strives to keep shareholders and other interest parties informed about the latest developments. In this regard, the relevant dates are announced on the website at the earliest possible time and continually updated.

From left to right: Josef Schweighofer, Stefan Bauer, Michael Trcka, Andreas Dangl, Frank Dumeier, Reinhard Schanda, Andreas Zajc

Board members

Supervisory board

Josef Schweighofer
Chairman of the Supervisory Board
Business Unit Controller, responsible for circuit breakers and switches at the Power Distribution Components Division of Eaton GmbH, Schrems/Vienna. Member of the Supervisory Board until July 5, 2002. Term of office expires with the Annual General Meeting in 2011.

Andreas Zajc
Deputy Chairman of the Supervisory Board
Employee of an international IT group, founding shareholder of WEB Windenergie AG. Member of the Supervisory Board since September 7, 2001. Term of office expires with the Annual General Meeting in 2011.

Stefan Bauer
Procurement Engineer at the Power Distribution Components Division in the Region EMEA at Eaton GmbH (Electrical Sector), Schrems, and shareholder of WEB Windenergie AG since the incorporation of Waldwind KG. Member of the Supervisory Board since May 1, 2005. Term of office expires with the Annual General Meeting in 2011.

Reinhard Schanda
Lawyer and energy law expert, member of the advisory board of the Austrian Wind Energy Association IG Windkraft. Member of the Supervisory Board since June 19, 2009. Term of office expires with the Annual General Meeting in 2014.

Management Board

Andreas Dangl
Chief Executive Officer
Born on November 2, 1962
Born in the Waldviertel region of Austria, he is the founder of WEB Windenergie AG and co-founder of the Austrian Wind Energy Association IG Windkraft. Current Management Board mandate: January 1, 2010 to June 30, 2013.

Frank Dumeier
Chief Operating Officer
Born on March 29, 1962
Holding a PhD in engineering, he assumed the position of COO of W.E.B after working for an internationally operating company. He owns a wind turbine himself and contributes his extensive experience in operational management to the Management Board. His responsibilities encompass engineering and operations. Current Management Board mandate: April 1, 2010 to March 31, 2015.

Michael Trcka
Chief Financial Officer
Born on November 10, 1970
With a doctorate in business administration, he has been managing the finance division of W.E.B since May 1, 2009. His responsibilities also include coordinating the work of the IT and legal departments. Current Management Board mandate: May 1, 2009 to April 30, 2014.

Organisational structure

CEO Andreas Dangl	COO Frank Dumeier	CFO Michael Trcka
Project Management	Operational Management	Finance & Controlling
Communications	Control Centre	Legal
Backoffice	Engineering and Service	IT
Housekeeping	Procurement & Logistics	Human Resources

W.E.B Windenergie Group companies

100% subsidiaries

WEB Windenergie Betriebsgesellschaft Deutschland GmbH	Germany
WEB Energie du Vent SAS	France
Energie Verte Plaine d'Artois SAS	France
Société d'Electricité du Nord Sarl	France
WEB Vetrná Energie s.r.o	Czech Republic
WEB Italia Energie Rinnovabili s.r.l.	Italy
Regenerative Energy Bulgaria EOOD	Bulgaria

> 25% stake

WEB Energo d.o.o.	Bosnia and Herzegovina
Sternwind Errichtungs- und BetriebsgmbH	Austria
Sternwind Errichtungs- und BetriebsgmbH & Co KG	Austria
Windkraftanlagen Eschenau GmbH	Austria
PS-KW Energieoptimierungs GmbH	Austria
WEB energie regenerative srl	Romania

< 25% stake

Tauernwind Windkraftanlagen GmbH	Austria
The Wind Company GmbH	Austria
Weinviertler Energie GmbH & Co KG	Austria
BEB Bioenergie AG	Austria
oekostrom AG	Austria
Windkraft Simonsfeld AG	Austria

Group management report

General, scope of business

The W.E.B Windenergie Group (in short: W.E.B Group or W.E.B) designs and operates power plants based on renewable energy sources, in particular wind power. The Group's activities are mainly concentrated in Austria, Germany, France, Italy and the Czech Republic.

Renewable or regenerative energies encompass sustainable sources of power such as wind and solar energy as well as hydropower, which are available in unlimited quantities, in contrast to fossil or nuclear energy carriers. Their conversion to electricity does not reduce the reserves of the planet's raw materials, and thus corresponds to the concept of sustainable and responsible economic development. In the light of the continually growing global energy needs, the focus must be on measures to ensure a secure, future-oriented basic supply of energy, as well as to safeguard our irreplaceable living space and natural structures.

The parent company of the W.E.B Windenergie Group is WEB Windenergie AG, Pfaffenschlag. Information on those companies included in consolidation can be found on page 69.

Market and industry

The implementation of the EU directive passed in December 2008, which stipulates an increase in the share of renewable energy sources to 20% of total electricity production by the year 2020, remains the most important driving force for the expanded use of renewable energies in Europe. In this regard, there are differences in the way each country is moving to fulfil this target.

General conditions

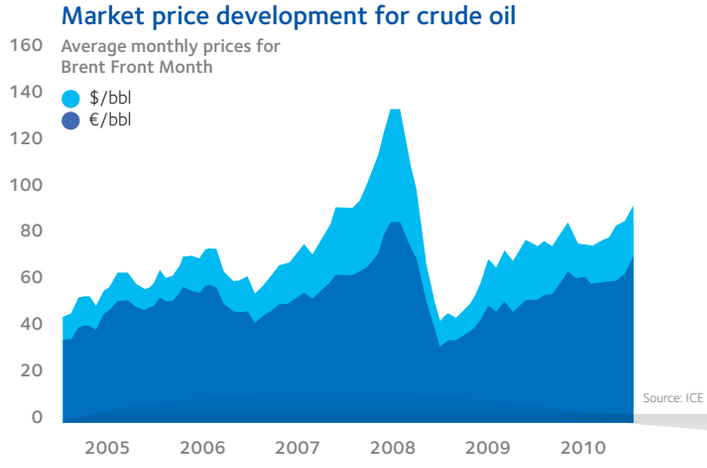
Economic environment

Following the recession in the year 2009, the most serious in the last 60 years, the global economy was able to recover in the course of 2010. For example, in Austria real GDP growth amounted to 2.0%.[1]

The economic upturn in 2010 was accompanied by an increase in electricity consumption, which thus once again came close to the level prevailing before the outbreak of the economic crisis. Moreover, the cyclical recovery and the cool weather also led to higher energy use.

[1] WIFO (Austrian Institute of Economic Research) forecast March 2011

Market price development for crude oil



Compared to the previous year, the share of renewable energies remained unchanged in 2010. Power generation from "new" sources of renewable energy such as wind power, solar energy, biomass and geothermal heat did actually increase. However, this was not sufficient to compensate for the weather-related decline in energy production from hydropower. Austria continues to derive more than 70% of its energy needs from fossil fuels such as crude oil, coal and natural gas.

The economic upturn resulted in considerable price hikes in 2010 on fuel markets, particularly for crude oil. Nevertheless, prices were still far below the comparable levels in the period immediately prior to the global financial and economic crisis.

Regulatory environment

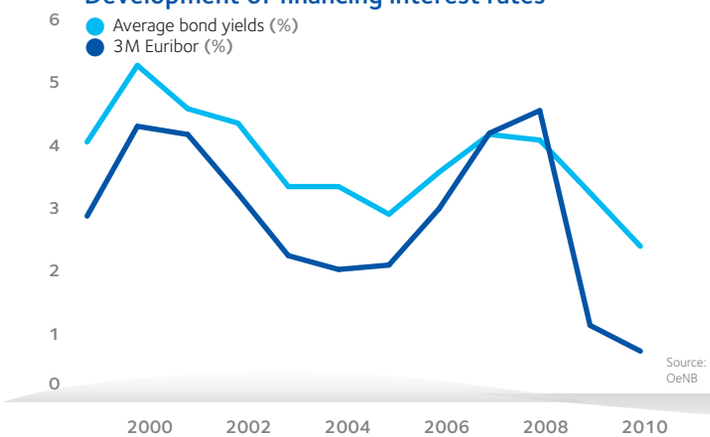
In November 2010, the European Commission presented its energy strategy "Energy 2020—A Strategy for Competitive, Sustainable and Secure Energy". This action plan stipulates five priorities, or areas of action to enable the EU to achieve its energy objectives for the year 2020: energy efficiency, completion of the internal energy market, technological leadership, consumer protection and international partnerships.

The European Commission defined its main objective as being the realisation of the energy efficiency targets contained in the EU climate and energy package. Accordingly, Europe is committed to reducing its primary energy consumption by 20% compared to projections for the year 2020. Energy supply companies are required to motivate their customers to save energy, amongst other measures. Furthermore, energy efficiency should emerge as a key assessment criterion in approving new power generation capacities.

Financial markets—interest rates

In the year 2010, W.E.B once again profited from low interest rates. The development of average bond yields and the three month Euribor rate, which is relevant for short-term financing, is presented in the following chart:

Development of financing interest rates



Country-specific subsidy conditions

For the core domestic market of Austria, the Green Electricity Act passed in 2009 stipulates a feed-in tariff of 9.7 ct/kWh for electricity generated by wind power, and is thus a major incentive for new wind power projects.

With its new Renewable Energy Law, **Germany** offers a stable framework for the expansion of wind and photovoltaic projects. The reference site model also ensures the profitability of less attractive locations.

Due to changes in legal regulations in the **Czech Republic** and the related taxation of renewable energy projects, the Czech market has lost much of its appeal for investors.

In **Italy**, the laws passed in 2010 and tariff decreases made conditions more difficult. However, the good level of sunlight continues to make this market interesting to investors, particularly for photovoltaic projects.

Although **France** already ranks among Europe's most extensive users of wind energy, this is still considerable potential here for further projects.

Irrespective of its outstanding wind conditions, the **Bulgarian market** must be considered as an insecure market at the present time, due to various uncertainties, for example in connection with network capacity, currency development, legal changes, etc.

In several provinces of **Canada**, feed-in regulations feature fixed tariffs, similar to the European system. The resulting predictability and feasibility of new projects makes the market an attractive one for W.E.B.

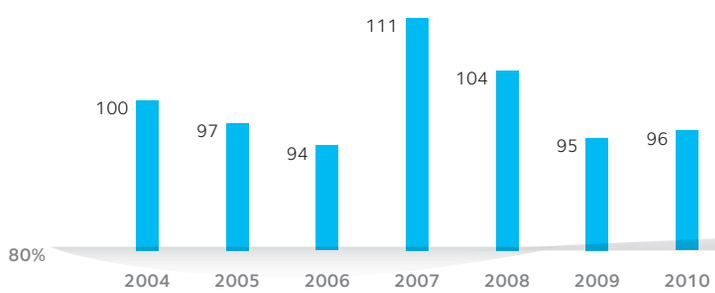
Business development

For W.E.B, the 2010 fiscal year was characterised by average wind conditions and the related decline in proceeds from electricity sales, as well as lower financing costs due to the lower interest rates. The wind level in Austria was somewhat higher than in the previous year.

At the same time, the company continued on its growth path by investing about EUR 16 million in one wind and one photovoltaic park.

Influencing factors

The W.E.B Windenergie Group focuses on income diversification as a means of managing risk. This strategy is based on the geographical spread of its wind, hydropower and photovoltaic power plants throughout Europe. Due to fluctuating meteorological conditions, actual output is frequently either higher or lower than the targeted figures. Whereas the company's power plants in Austria generated 1.1% more electricity in 2010 than expected, power generation of the facilities in Germany was 11.2% below the budgeted level. Electricity production in the Czech Republic was 10.1% lower than expected, France's output was down 0.7% from the targeted performance, whereas power generation in Italy was 5.5% below the expected production figure. It was unusual that all technologies were subject to similar unfavourable weather conditions during the reporting period. Wind power and photovoltaics were 4% below expectations, and hydropower stations generated 3% less energy than originally planned. On balance, the power coefficient of 96% in 2010 resulted in a total energy production of the W.E.B Windenergie Group which was 15,665 MWh below the level calculated for average weather conditions. The resulting decline in revenues amounted to about EUR 1.5 million compared to an average year.



Production coefficient of the W.E.B power plants
% of targeted level

Earnings

Profit after tax (= net profit for the period) rose by TEUR 281.2 year-on-year. This is the consequence, amongst other reasons, of higher revenue, greater plant availability as well as a revaluation of fixed assets.

Consolidated income statement	2010	2009
TEUR		
Revenue	**35,899.3**	**32,311.1**
Other operating income	2,400.1	1,455.4
Operating income	**38,299.4**	**33,766.5**
Consumables and services used	-1,542.0	-1,250.6
Personnel expenses	-2,515.7	-1,894.0
Depreciation, amortisation and impairment	-13,715.1	-12,722.3
Other operating expenses	-7,242.0	-7,015.6
Subtotal	-25,014.8	-22,882.5
Results from operating activities (EBIT)	**13,284.7**	**10,884.0**
Financial results	**-6,632.1**	**-5,205.1**
Profit before tax	**6,652.6**	**5,678.9**
Income tax	-2,255.9	-1,563.5
Profit after tax = Net profit for the period	**4,396.6**	**4,115.4**

Revenue

Revenue in the year 2010 rose to EUR 35.9 million, up about EUR 3.6 million from the prior-year level. Production increases based on the power plants which first came on stream in the years 2009 and 2010 as well as increased plant availability were the primary reasons underlying the revenue improvement.

Electricity generation	2010		2009	
	Capacity	Production	Capacity	Production
	kW	kWh	kW	kWh
Austria	102,724	241,307,939	100,750	223,294,829
Germany	80,560	133,421,049	80,560	127,840,521
France	12,000	25,958,976	12,000	28,771,716
Czech Republic	7,280	10,740,026	7,280	9,419,525
Italy	2,752	3,631,978	2,752	51,110
Total	**205,316**	**416,059,968**	**203,342**	**389,377,701**

Other operating income

In the year 2010, other operating income rose by TEUR 944.7, to TEUR 2,400.1. The biggest single item of TEUR 711.0 was the reversal of an impairment loss on fixed assets. In turn, this development was related to the write-up in the value of the Imst hydropower plant as a consequence of granted investment subsidies.

Consumables and services used

This item encompasses costs for payments for network losses and electricity network utilisation fees (TEUR 726.0; previous year: TEUR 761.1) as well as the expenditures for materials used and costs than can be passed on. The overall rise in consumables and services used by TEUR 291.4 can be primarily attributed to the increase in costs than can be passed on.

Personnel expenses

Total personnel expenses in 2010 at TEUR 2,515.7 were TEUR 621.7 higher than in the year 2009.

Other operating expenses

Other operating expenses rose in the 2010 fiscal year by TEUR 226.4, to TEUR 7,242.0. This development is mainly related to higher maintenance and operating costs as well as expenditures connected to project development work.

Financial results

The interest rates prevailing in the year under review were about the same as in the previous year. All in all, the financial results declined by TEUR 1,427.0 to TEUR -6,632.1. This can be attributed to negative foreign currency valuations (TEUR -260.4; previous year: TEUR 1,330.5) as well as the disposal of financial assets and valuation results (TEUR -929.5; previous year: TEUR -927.0).

Consolidated balance sheet	Dec. 31, 2010		Dec. 31, 2009	
	TEUR	%	TEUR	%
Non-current assets	226,650.1	92.8	214,472.7	87.2
Current assets	17,475.3	7.2	24,160.7	9.8
Assets available for sale	0.0	0.0	7,389.1	3.0
Total assets	**244,125.5**	**100.0**	**246,022.5**	**100.0**
Equity	75,972.3	31.1	66,277.4	26.9
Non-current liabilities	137,159.1	56.2	136,509.4	55.5
Current liabilities	30,994.1	12.7	35,846.6	14.6
Liabilities to affiliated companies	0.0	0.0	6,706.1	2.7
Liabilities held for sale	0.0	0.0	683.0	0.3
Total equity and liabilities	**244,125.5**	**100.0**	**246,022.5**	**100.0**

In December 2010, W.E.B carried out a capital increase including agio of TEUR 5,237. It also issued a bond featuring a subscribed capital of TEUR 10,163.

At the end of the 2010 fiscal year, W.E.B acquired a 100% stake in the company Energie Verte Plaine d'Artois SAS (in short, EVPA; headquartered in Lille, France), which in turn directly holds a 100% shareholding in the firm Société d'Electricité du Nord Sarl (in short, SEN; headquartered in Lille, France).

For a more detailed description of the balance sheet items, refer to the Notes to the consolidated financial statements, Section 3, German version of the report only.

Financial position	2010	2009
TEUR		
Cash flow from operating activities	21,893.0	18,177.6
Cash flow from financing activities	-8,945.9	19,620.1
Cash flow from investing activities	-23,045.0	-30,415.2
Total cash flow	**-10,098.0**	**7,382.5**

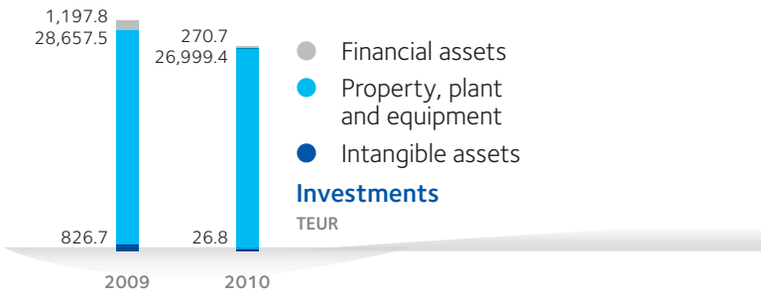
For a more detailed description of the cash flow statement, refer to the Notes to the consolidated financial statements, Section 7.1, German version of the report only.

Dividends and distribution of the profits

In the past, W.E.B reinvested its profits to ensure further growth. This policy will be discussed at the 12th Annual General Meeting held in June 2011.

Investments	2010	2009
TEUR	27,296.9	30,682.0

Investment activity in the 2010 fiscal year mainly related to the photovoltaic facility Montenero II, Italy, the wind power plant in Maustrenk, Austria, and the wind park being planned in Höflein, Austria.



Financing

The acquisition of a 100% stake in Energie Verte Plaine d'Artois SAS (headquartered in Lille, France), which in turn directly holds a 100% shareholding in Société d'Electricité du Nord Sarl (headquartered in Lille, France) was financed from the cash flow generated by W.E.B.

A long-term bank loan in euro was taken to finance the building of the wind power plant in Maustrenk (A). In addition to this financing, a short-term line of credit was used in order to finance an increase in working capital.

External financing is expected to be concluded in the first half of 2011 for the second photovoltaic park located in Montenero, Italy.

In the 2010 fiscal year, partial debentures with a nominal value of EUR 1,000 were issued. The issue price of the partial debentures was stipulated at 100% of the nominal value, thus EUR 1,000 per partial debenture. As of December 10, 2010, the interest rate on the partial debentures will amount to 5% p.a. The interest is due for payment on December 10th of each year and payable (in each case on the "interest payment date"). The first interest payment date is thus December 10, 2011. The term to maturity of the partial debentures lasts until December 9, 2015. On balance, bonds totalling TEUR 10,163.0 were issued. Furthermore, a capital increase (including agio) was carried out in the reporting year amounting to TEUR 5,236.8.

Performance indicators

Indicators	2010	2009
EBIT margin	33.60%	33.99%
Net gearing	170.55%	171.69%
Return on equity	6.41%	6.21%

EBIT margin
The EBIT margin indicates the ratio of EBIT to revenue and thus shows the profitability of the company excluding the financial results, extraordinary items and taxes.

The W.E.B Windenergie Group was able to keep its EBIT margin at a very high level of 33.60% in 2010.

Net gearing
The indicator net gearing comprises the ratio of net debt to the equity of the company, calculated on the basis of non-current financial liabilities less cash and cash equivalents. It is thus an important indicator used to evaluate the stability of a company.

The W.E.B Windenergie Group succeeded in significantly improving this performance indicator, thanks to high loan repayments and the considerable growth in equity arising as a result of the capital increase. This represents an enhanced risk buffer for lenders.

Return on equity
The return on equity refers to the ratio of the profit after tax (Group net profit for the year) to equity. It serves to measure the return on the capital supplied by investors within a specified period after deducting income tax.

In 2010, the return on equity of W.E.B reached a level of 6.41%. (This does not take account of the capital increase carried out by WEB Windenergie AG in December 2010.)

Weighted average cost of capital
The costs of the capital employed are calculated by multiplying the capital employed by the weighted average cost of capital—WACC). The indicator WACC encompasses the weighted average of the rate of return demands of providers of equity and borrowed capital, and is derived from the return expectations observed on the capital market. The equity risk premium is determined with the help of the capital market pricing model. Equity and borrowing costs are weighted on the basis of the target capital structure.

The WACC of W.E.B in 2010 after deducting taxes was 5.09%, and is calculated as follows:

		Risk-free interest rate	3.64%
		+ Credit spread	1.60%
		= Borrowing costs before tax	**5.24%**
		– Income tax	25%
Cost of equity	**8.57%**	**= Borrowing costs after tax**	**3.93%**
Equity ratio	**25%**	**Debt ratio**	**75%**
WACC after tax			**5.09%**
WACC before tax			**6.79%**

Employees

Employees comprise a key resource for a quickly growing company such as the W.E.B Windenergie Group. In the year 2010, the company pressed ahead with establishing a second management level, in order to create a more effective internal structure and thus provide improved support for the future development of the W.E.B Windenergie Group.

The W.E.B Windenergie Gorup is also continually investing in the further education and professional development of its employees in line with the growth of the company.

	2010	2009	2008
Employees as at Dec. 31 (number)	52	40	40
Direct training costs per employee (EUR)	524	1,159	538
Average age as at Dec. 31 (years)	36	35	35

Significant events after the balance sheet date

Following the required preliminary work, building commenced on the new wind park in Höflein (Austria, Bruck an der Leitha district) in March 2011. About one year after the first W.E.B photovoltaic park in Montenero (Italy, Molise region), the 3.7 MW facility of the subsidiary WEB Italia Energie Rinnovabili S.r.l. in Montenero was connected to the power grid on February 1, 2011.

In February 2011, a supply agreement for new power generation facilities was concluded with the market leader Vestas. In particular, this contract stipulates the delivery of the plants to the planned W.E.B sites in Höflein (Austria, 12 MW), Dürnkrut (Austria, 20 MW) and Auersthal (Austria, 4 MW), as well as other facilities in major W.E.B markets in the upcoming years.

Otherwise there were no significant events requiring disclosure after the balance sheet date.

Expected development

Risks and uncertainties

Risk management of the W.E.B Windenergie Group

The W.E.B Windenergie Group considers risk management to be a key instrument of corporate management. The aim of W.E.B's risk management is to protect the Group's assets, financial position and earnings, safeguard the existing and future potential for success and growth and react promptly to changes in the business environment.

The risk situation of the W.E.B Windenergie Group is being continually evaluated by the management, which identifies, discusses and assesses the most significant opportunities and risks. A formal and systematic risk management system has not yet been implemented.

Measures are developed and carried out to deal with the discernible risks. These measures are designed to reduce the potential damage as well as to decrease their probability of occurrence. The potential interdependencies between opportunities and risks are taken into account.

The Executive Board is currently working on the implementation of a formal risk management system encompassing all Group subsidiaries.

Price and political risk

Long-term guaranteed tariffs have been set for most of the electricity generated by the power plants operated by the W.E.B Windenergie Group. For this reason, the Group is only subject to market price and cyclical risks to a very small extent.

These rates have been determined by existing regulations. Any changes to these laws or elimination of electricity tariff subsidies would comprise a significant threat to the profitability of the power generating facilities, but are highly unlikely.

Guaranteed tariffs	Share of planned generation volume 2010	Share of planned generation volume 2009
Up to 1 year	7.0%	6.9%
1 to 5 years	1.7%	3.0%
5 years and more	91.3%	90.1%

Technical risks

WEB Windenergie AG and its subsidiaries operated a total of 141 own power plants as at December 31, 2010. This figure encompasses 135 wind power plants, three hydropower plants and three photovoltaic facilities. 124 of the wind turbines were purchased from the global market leader Vestas (including the plants from the manufacturer NEG Micon which merged with Vestas), and eleven plants from the German producer Enercon. Accordingly, the W.E.B Windenergie Group exclusively relies on manufacturers with longstanding market experience, thus keeping the technical risk to a minimum.

Foundations

Foundation damage in the form of crack formation occurred at several Vestas 2 MW-class plants in Austria during the year under review. Within the context of an agreement reached with the manufacturer in 2010, Vestas will assume responsibility for the maintenance and monitoring of the foundations, thus ensuring their long-term stability.

Gear systems

After the experience gained in recent years, gearbox and generator damage occasionally occurs with the turbines manufactured by Vestas. For this reason, the W.E.B Windenergie Group has built up its own internal damage prevention capabilities, and has also created the technical and logistical prerequisites required to be able to promptly carry out repairs on large components with its own resources.

Climatic and meteorological conditions

The production of energy from wind power and photovoltaic facilities strongly depends on weather conditions. The wind level is subject to considerable seasonal and annual fluctuations. The management takes account of this risk in selecting project sites.

Rotor blades

The inspections carried out by independent experts during the reporting period did not detect any irregularities or damage to blades. A special team removed environmental damage.

Operational management

The network availability of all wind power plants operated by the W.E.B Windenergie Group could be increased to 97.07% in 2010 (previous year: 95.84%). This top performance could be achieved on the basis of the efficient interaction of all technical and operational departments. The measures taken include an increase in the available spare parts, the leasing of an own warehouse for large components, equipping the service team with special tools and expanding their specific expertise. Moreover, the early detection of defects on the basis of remote diagnostics could be further improved.

Photovoltaics

In 2010 a large photovoltaic park was operated by the W.E.B Windenergie Group for the first time. After dealing with construction defects and guarantee deficiencies, the browning of the module was identified as a long-term risk. As a result, an agreement was reached with the manufacturer stipulating its assuming the warranty in case a breakdown or malfunction of the module should arise. In addition, climate chamber and aging tests were carried out on the new park to begin with.

Project planning

The development of new power plant sites involves considerable risks. The danger exists in every single phase—from evaluation and planning to obtaining the required building permits and operating licenses—that a project will have to be cancelled, and thus the project costs must be written down as an expense. Strict cost management and the regular evaluation of project costs, project feasibility and the probability of obtaining the necessary building and operating permits contribute to keeping this risk as low as possible.

Financial risks

Currency risks

The financing of the W.E.B Windenergie Group's power plants in the Czech Republic takes place in the local currency. This comprises a natural hedge, as the currency risk from compensatory feed-in remuneration is significantly reduced. This can be attributed to the fact that the feed-in remuneration, interest on loans and loan repayments all occur in the same currency.

In addition, W.E.B has secured lines of credit in Swiss Francs and Japanese Yen. However, their share of the total financing volume of the W.E.B Windenergie Group is relatively small. Thus it is not necessary to implement hedging transactions for foreign currency loans. More information is available in the notes to the consolidated financial statements in Note 13. Financial liabilities—German version of the report only.

Interest rate risk

Loans for financing power plants are mostly subject to variable interest rates. A significant interest rate risk exists because power plant revenues are fixed (fixed feed-in tariffs). Roughly 76% of the risk involving financial liabilities is hedged by fixed interest rate agreements (interest rate swaps).

An increase in the interest rate of 1% would burden earnings to the amount of approximately TEUR 397 p.a.

Financial instruments

The existing original financial instruments used by the W.E.B Windenergie Group primarily consist of equity stakes, securities, loans and borrowings, trade receivables, cash at banks, financial liabilities and trade payables. The derivative financial instruments existing on the balance sheet date relate to interest rate swaps, and are explained in detail in the notes to the consolidated financial statements, Note 14. Derivative financial instruments—German version of the report only.

Contingent liabilities amounting to TEUR 65.4 (previous year: TEUR 70.7) mainly relate to guarantees to financial institutions assumed on behalf of associated companies.

The amounts reported under assets and contingent liabilities comprise the maximum credit risk and default risk as at the balance sheet date.

With the exception of the interest rate swaps (see the Notes to the consolidated financial statements—German version of the report only), no specific hedging transactions were concluded in the 2010 fiscal year.

Financial futures/derivatives

Reference is made to the existing contracts and their financial accounting and valuation in Note 14. Derivative financial instruments in the Notes to the consolidated financial statements—German version of th report only.

Default risk

The W.E.B Windenergie Group supplies energy generated by its own power plants to both partially state-owned companies and private electricity traders with the highest credit ratings.

The lion's share of the revenue derived in Austria (approximately 90%) is achieved with OeMAG, Green Electricity Settlement Austria, and the rest with private companies with which a good business relationship has existed for many years.

The subsidiaries in Germany, the Czech Republic, France and Italy each deliver to the electricity companies responsible for purchasing green electricity in their markets.

Liquidity risks

All power plants in the Group are financed on a long-term basis, so that no liquidity risk will arise from the building or acquisition of additional power stations. Comprehensive collateral agreements for power plant facilities and the assignment of receivables have been concluded with financial institutions for existing financing. Furthermore, the W.E.B Windenergie Group has committed itself to comply with pre-defined financial performance indicators. Falling short of these targets could entitle a financial institution to immediately demand repayment. The effects of fluctuations in the cash flow from operating activities (above all fluctuations in electricity revenues due to the wind situation) are counteracted by active liquidity management.

Development of the company

The Green Electricity Act passed in 2009 stipulates a feed-in tariff of 9.7 ct/kWh. As a result, the building of wind turbines in Austria made good economic sense once again. After years of interruption, the new framework also enabled W.E.B to build new wind power plants in Austria once again. A new facility came on stream in 2010, and building permits were obtained in 2010 for further projects with a total capacity of about 50 MW. Of the newly approved projects, one wind park with a capacity of 12 MW will be put into operation in 2011. The building of the other wind parks depends on the availability of subsidies within the context of the Green Electricity Act.

WEB Windenergie AG intends to use the net proceeds from its capital-raising measures implemented in 2010 to support the organic and external growth of the company, particularly in Austria as well as in Germany, France and the Czech Republic. Moreover, on the basis of targeted acquisitions along with the expansion of the infrastructure and activities in the field of photovoltaics, WEB Windenergie AG intends to improve its market position in these countries.

Research and development

The W.E.B Windenergie Group is continually working on expanding its know-how with respect to the optimal operation of existing facilities in order to minimise operating costs and maximise earnings. In this context, important development projects are implemented.

Development

Within the context of evaluating its key performance indicators, the sensor analysis concept derived from the Formula 1 races has been further developed and successfully used for 2 MW wind power plants. Significant potential could be exploited on the German market to increase earnings by installing network-stabilising components as well as initiating direct marketing activities.

With respect to measures designed to improve the profitability of photovoltaics, a tracker was developed into a marketable product together with an Italian partner.

Research

The research activities of the W.E.B Windenergie Group focus on enhancing the consistent performance of energy produced from regenerative sources. For this purpose, the company has further expanded its contacts to universities and research institutes. In addition, initial feasibility studies on the production of methane gas with the help of wind power were carried out. Furthermore, W.E.B promotes relevant basic research by supporting degree dissertations.

Initial possibilities are being explored to make reliable short-term wind power predictions based on combining meteorological forecast data and dynamic turbine power curve measurements.

Otherwise no further research and development activities are being carried out.

Branch offices

WEB Windenergie AG does not operate any branch offices.

Pfaffenschlag, May 11, 2011
The Management Board

Andreas Dangl

Michael Trcka

Frank Dumeier

Consolidated financial statements (IFRS)

Consolidated income statement Jan. 1 – Dec. 31, 2010

TEUR	Note	2010	2009
Revenue	**16**	**35,899.3**	**32,311.1**
Other operating income	17	2,400.1	1,455.4
Operating income		**38,299.4**	**33,766.5**
Consumables and services used	18	-1,542.0	-1,250.6
Personnel expenses	19	-2,515.7	-1,894.0
Depreciation, amortisation and impairment	20	-13,715.1	-12,722.3
Other operating expenses	21	-7,242.0	-7,015.6
Subtotal		**-25,014.8**	**-22,882.5**
Results from operating activities		**13,284.7**	**10,884.0**
Share of profit/loss of associates	3	-68.0	-336.2
Result from other investments		128.6	57.9
Interest income	22	80.2	132.4
Interest expense	23	-5,409.1	-5,303.7
Other financial results	24	-1,363.8	244.5
Financial results		**-6,632.1**	**-5,205.1**
Profit before tax		**6,652.6**	**5,678.9**
Income tax		-2,255.9	-1,563.5
Profit after tax (= Net profit for the period)		**4,396.6**	**4,115.4**
thereof profit attributable to equity holders of the parent company		4,396.6	3,778.1
thereof profit attributable to minority interest		0.0	-337.3
Earnings per share[1] (EUR)		**16.00**	**13.76**
Dividend per share (EUR)		0.00	0.00

[1] There is no difference between undiluted and diluted earnings per share.

Consolidated statement of comprehensive income

TEUR	2010	2009
Profit after tax	**4,396.6**	**4,115.4**
Currency translation differences	75.4	14.3
Revaluation of financial instruments held for sale	333.7	65.6
Revaluation of cash flow hedges	32.7	-265.2
Income tax on the other result	-108.1	51.5
Total other comprehensive income	**333.7**	**-133.8**
thereof profit attributable to equity holders of the parent company	333.7	-143.0
thereof profit attributable to minority interest	0.0	9.2
Total comprehensive income after tax	**4,730.3**	**3,981.6**
thereof profit attributable to equity holders of the parent company	4,730.3	3,635.1
thereof profit attributable to minority interest	0.0	346.5

Consolidated balance sheet as at Dec. 31, 2010

TEUR

	Note	Dec. 31, 2010	Dec. 31, 2009
Assets			
Intangible assets	1	4,484.0	5,289.4
Property, plant and equipment	2	216,826.7	202,824.0
Investments in at-equity associates	3	2,208.3	2,087.3
Other financial assets	4	3,103.1	4,245.8
Other non-current receivables	5	28.0	26.2
Non-current assets		**226,650.1**	**214,472.7**
Inventories	6	1,819.0	1,428.9
Trade receivables	7	5,257.2	4,106.7
Other receivables and assets	8	6,516.9	4,658.4
Assets available for sale	Section 3.1	0.0	7,389.1
Cash and cash equivalents	9	3,882.4	13,966.7
Current assets		**17,475.3**	**31,549.8**
Total assets		**244,125.5**	**246,022.5**
Equity and liabilities			
Share capital		28,845.3	27,450.0
Capital reserves		23,323.8	19,754.6
Other reserves		-412.2	-745.9
Retained earnings		24,215.3	19,818.7
Attributable to WEB AG shareholders		*75,972.3*	*66,277.4*
Equity	**Section 3.4**	**75,972.3**	**66,277.4**
Non-current financial liabilities*	13	115,087.8	127,020.9
Corporate bond	10	9,852.4	0.0
Deferred tax liabilities	12	8,347.5	5,255.7
Non-current provisions	11	3,825.1	3,496.0
Other non-current liabilities*	10	46.4	736.8
Non-current liabilities		**137,159.1**	**136,509.4**
Current financial liabilities*	13	17,911.6	28,905.0
Current provisions	11	952.5	728.0
Liabilities to affiliated companies	Section 3.1	0.0	6,706.1
Liabilities held for sale	Section 3.1	0.0	683.0
Other current liabilities*	14,15	12,130.0	6,213.6
Current liabilities		**30,994.1**	**43,235.7**
Total liabilities		**168,153.2**	**179,745.1**
Total equity and liabilities		**244,125.5**	**246,022.5**
Equity per share (EUR)		**276.5**	**241.4**

* Previous year's figures partly adjusted, see Section 2.1.2 in the Notes—German version of the report only

Consolidated cash flow statement

TEUR		2010	2009
Profit before tax		**6,652.6**	**5,678.9**
+ / –	Depreciation/ Revaluation of intangible assets and property, plant and equipment	13,004.1	12,722.3
+/–	Non-cash share of income from investments in associates	68.0	336.2
+/–	Revaluation and depreciation on financial assets	688.3	302.5
– / +	Gains/ Losses from currency translations	258.3	-2.3
+/–	Gains/losses on the disposal of financial assets and other non-current assets	-86.1	328.0
+/–	Losses/gains on the disposal of non-current assets	705.9	622.5
+ / –	Increase/ Decrease of non-current provisions	329.0	264.6
+/–	Change in deferred tax assets and liabilities	2,983.7	548.6
+/–	Other non-cash changes	0.0	29.9
– / +	Increase/ Decrease in inventories and receivables	-3,004.6	-577.6
+ / –	Increase/ Decrease in current provisions	224.5	-164.2
+ / –	Increase/ Decrease in trade payables and other liabilities	2,325.3	-348.3
–	Income tax	-2,255.9	-1,563.5
Cash flow from operating activities		**21,893.0**	**18,177.6**
+	Payments received on the disposal of non-current assets	362.7	173.2
+	Payments received for financial assets and other non-current assets	955.9	93.4
–	Net payments made for acquisitions of interests in associates	-1,100.0	0.0
–	Payments made for investments in intangible assets and property, plant and equipment	-22,992.9	-29,484.2
–	Payments made for the purchase of financial assets and other non-current assets	-270.7	-1,197.6
Cash flow from investing activities		**-23,045.0**	**-30,415.2**
–	Capital increase	4,964.6	0.0
+	Increase in financial liabilities	17,316.6	36,578.0
–	Decrease in financial liabilities	-31,227.1	-16,957.9
Cash flow from financing activities		**-8,945.9**	**19,620.1**
Net change in cash and cash equivalents		**-10,098.0**	**7,382.5**
Net change in cash and cash equivalents[1]			
Cash and cash equivalents at the beginning of the period		13,966.7	9,902.8
Currency translation differences		13.7	0.0
Acquisition of cash and cash equivalents due to restructuring		0.0	0.0
Reclassifcation of cash and cash equivalents in the item "Assets held for sale"[2]		0.0	-3,318.6
Cash and cash equivalents at the end of the period		3,882.4	13,966.7
Net change in cash and cash equivalents		**10,098.0**	**-7,382.5**

[1] For additional information see Note 7.1 Consolidated cash flow statement—German version of the report only

[2] Compare Notes Section 3.1—German version of the report only

Consolidated statement of changes in equity

TEUR

	Share capital	Capital reserves	Retained earnings	AFS reserves
Adjusted equity as at Jan. 1, 2009	**27,450.0**	**19,754.6**	**18,892.8**	**-169.6**
Profit after tax reported directly in equity from ...				
Currency translation differences	0.0	0.0	0.0	0.0
Revaluation of securities	0.0	0.0	0.0	41.6
Cash flow hedges and other hedges	0.0	0.0	0.0	0.0
Profit after tax reported directly in equity	**0.0**	**0.0**	**0.0**	**41.6**
Profit after tax in 2009	0.0	0.0	3,778.1	0.0
Net profit for the period	**0.0**	**0.0**	**3,778.1**	**41.6**
Acquisition of non-controlling interests via capital increase	0.0	0.0	-543.4	-14.5
Acquisition of non-controlling interests via planned spin-off	0.0	0.0	-2,583.2	-28.5
Other adjustments from the previous year[1]	0.0	0.0	274.4	0.2
Adjusted equity as at Jan. 1, 2010	**27,450.0**	**19,754.6**	**19,818.7**	**-170.8**
Profit after tax reported directly in equity from ...				
Currency translation differences	0.0	0.0	0.0	0.0
Revaluation of securities	0.0	0.0	0.0	241.7
Cash flow hedges and other hedges	0.0	0.0	0.0	0.0
Profit after tax reported directly in equity	**0.0**	**0.0**	**0.0**	**241.7**
Profit after tax in 2010	0.0	0.0	4,396.6	0.0
Net profit for the period	**0.0**	**0.0**	**4,396.6**	**241.7**
Capital increase	1,395.3	3,841.5	0.0	0.0
Issuing costs	0.0	-272.2	0.0	0.0
Adjusted equity as at Dec. 31, 2010	**28,845.3**	**23,323.8**	**24,215.3**	**70.9**

[1] For information on adjusted figures compare Notes Section 2.1.2—German version of the report only

Hedging reserve	Currency translation differences	W.E.B shareholders	Minority interest	Total
-351.8	**-38.6**	**65,537.3**	**3,190.0**	**68,727.4**
0.0	14.3	14.3	0.0	14.3
0.0	0.0	41.6	9.2	50.8
-198.9	0.0	-198.9	0.0	-198.9
-198.9	**14.3**	**-143.0**	**9.2**	**-133.8**
0.0	0.0	3,778.1	337.3	4,115.4
-198.9	**14.3**	**3,635.1**	**346.5**	**3,981.6**
0.0	0.0	-557.9	557.9	0.0
0.0	0.0	-2,611.7	-4,094.4	-6,706.1
0.0	0.0	274.6	0.0	274.6
-550.7	**-24.3**	**66,277.4**	**0.0**	**66,277.4**
0.0	75.4	75.4	0.0	75.4
0.0	0.0	241.7	0.0	241.7
16.6	0.0	16.6	0.0	16.6
16.6	**75.4**	**333.7**	**0.0**	**333.7**
0.0	0.0	4,396.6	0.0	4,396.6
16.6	**75.4**	**4,730.3**	**0.0**	**4,730.3**
0.0	0.0	5,236.8	0.0	5,236.8
0.0	0.0	-272.2	0.0	-272.2
-534.1	**51.1**	**75,972.3**	**0.0**	**75,972.3**

Consolidation range

The consolidation range of the W.E.B Windenergie Group encompasses:

Name	Shareholding	Method of consolidation
WEB Windenergie AG (AT)		Full consolidation
WEB Windenergie Betriebsgesellschaft Deutschland GmbH (DE)	100%	Full consolidation
WEB Italia Energie Rinnovabili s.r.l. (IT)	100%	Full consolidation
WEB Větrná Energie s.r.o. (CZ)	100%	Full consolidation
WEB Energie du Vent SAS (FR)	100%	Full consolidation
Energie Verte Plaine d'Artois SAS (FR)	100%	Full consolidation
Société d'Electricité du Nord Sarl (FR)	100%	Full consolidation
Regenerative Energy Bulgaria EOOD (BG)	100%	Not fully consolidated due to immateriality
WEB Energo d.o.o. (BA)	70%	Not fully consolidated due to immateriality
Tauernwind Windkraftanlagen GmbH (AT)	20%	at equity
Windpark Eschenau GmbH (AT)	30%	at equity
Sternwind Errichtungs- und BetriebsgmbH (AT)	49%	at equity
Sternwind Errichtungs- und BetriebsgmbH & Co KG (AT)	49%	at equity
PS-KW Energieoptimierungs GmbH (AT)	30%	at equity
WEB energie regenerativa srl (RO)	50%	at equity

Report of the Supervisory Board

Pursuant to Section 96 Austrian Stock Corporation Act (AktG)

Members of the Supervisory Board

Josef Schweighofer
Chairman

Stefan Bauer
Member

Andreas Zajc
Deputy Chairman

Reinhard Schanda
Member

During the entire 2010 fiscal year, the Supervisory Board consisted of four members: Josef Schweighofer (Chairman), Andreas Zajc (Deputy Chairman) as well as the members Stefan Bauer and Reinhard Schanda. The Supervisory Board bearing responsibility for 2010 held a total of nine meetings during the year, carrying out the legally stipulated duties imposed upon it by law and by the company's Articles of Association. The Supervisory Board issued the required approvals or rejections of specific transactions.

At its meetings, the Supervisory Board discussed the operational business policies and earnings situation as well as the future strategic direction of the company on the basis of reports submitted on a regular and timely way in writing and in person by the Management Board. The comprehensive reporting provided by the Management Board formed the basis of the Supervisory Board's ongoing monitoring of the management activities of the Management Board. The supervision, which came into being through the open discussions between the Management Board and the Supervisory Board, did not give rise to any objections.

On 1st April 2010, Frank Dumeier assumed his position as a Member of the Management Board responsible for technology and operations. The appointment of a Management Board consisting of three members has created the pre-requisites required for the efficient and best possible implementation of the tasks arising from the operation of existing facilities and the planned growth strategy. For this purpose the entire company organisation was adjusted in order to also optimally equip the second management level to master the upcoming challenges.

During the past financial year, a 2 MW wind power facility was set up and put into operation in Maustrenk. Also completed in 2010 was the second photovoltaic facility in Montenero, Italy. It has an output of 3.7 MW, and was commissioned as of the turn of the 2010/2011 years. Received was the authorization to set up a wind park in Höflein with an output of 12 MW. At present six of the 2 MW turbines are under construction and are expected to come on stream by the end of the year. In further moves, all requisite approvals were secured for a wind park in Dürnkrut-Götzendorf, which will be comprised of five wind power facilities, each of 2 MW. The site also received confirmation of being certified as a green power facility. The funding associated with this certification has, however, already been exhausted for 2010 and 2011, meaning that it was not yet possible to enter into an agreement of support comprising electricity offered at green rates. The rendering of this commitment as to the date of commencement of the authorization to feed in electricity at this green rate has, however, to precede the actual realisation of the project. Secured was also the approval to embark upon a further phase of growth in France. This phase was launched by the acquisition of a company possessing

projects whose total output is some 22 MW of wind power. To further the company's strategy, the Management Board was given the authorization to investigate sites for wind parks in Canada. Furthermore, a resolution was passed to pursue the stepping up of project work in photovoltaics in Italy. The current tariff situation comprises a business challenge which will strongly depend on the development of price levels in the solar cell sector. In September 2010 a comprehensive, long-term service and maintenance agreement for W.E.B's existing facilities was concluded with Vestas, the world market leader. Framework supply contracts werde concluded with the leading manufacturers Vestas and Enercon pertaining to the purchase of new power plants.

In Germany and as of July 1, 2010, an "adjustment of corporate structures" was undertaken. It led to the merging of WEB Windenergie International GmbH with WEB Windenergie Betriebsgesellschaft Deutschland GmbH. Consequently, Erste Windpark WEB Weener GmbH & Co. KG was liquidated and all of its assets and liabilities were transferred to WEB Windenergie Betriebsgesellschaft Deutschland GmbH. Merged with the latter was also WEB Windenergie Glaubitz GmbH, leaving as a result WEB Windenergie Betriebsgesellschaft Deutschland GmbH as the company's only subsidiary in Germany. It thus holds all assets and liabilities of the German activities. In a further move, taking effect on January 1, 2010, the wind power operations of Neuhof I Windkraftanlagen Errichtungs- und Betriebs GesmbH were merged into WEB Windenergie AG.

The Supervisory Board granted its approval to the performing of a capital increase and to the issuing of bonds necessitated by the steps planned to induce further growth in the years to come. These capital-increasing measures resulted in the securing of some EUR 15.4 million. The issuing of a total of 13,953 new shares caused the company's share capital to go from EUR 27,450,000 to EUR 28,845,000. Received through this were EUR 5.45 million. In addition, bonds with a total volume of EUR 10.13 million featuring a term to maturity of five years and an interest rate of 5% p.a. were issued. Summing it up, it is possible to say that the capital increase did not live up to expectations, whereas the demand for bonds exceeded them.

The Management Board submitted the financial statements and the management report of WEB Windenergie AG to the Supervisory Board as at December 31, 2010. KPMG Niederösterreich GmbH, Wirtschäftsprüfungs- und Steuerberatungsgesellschaft, A-2340 Mödling, which had been appointed the auditor for the 2010 fiscal year, audited the financial statements for the 2010 fiscal year and the management report, and issued an unqualified audit opinion. As stipulated, the financial statements were duly discussed in a joint session of the Management Board, the Supervisory Board and the auditor.

The Supervisory Board concurred with the results of this audit, and approved the annual financial statements as at December 31, 2010 that had been submitted by the Management Board, along with the related management report of the Management Board and the proposal for the appropriation of the profits. Accordingly, the annual financial statements are considered to be formally adopted in accordance with Section 96 Para. 4 Austrian Stock Corporation Act (AktG). Notable about the appropriation of profits is that, the first time in the history of WEB Windenergie AG, the Management Board has proposed the payout of a dividend amounting to EUR 5 (five euros) per share. The Management Board's proposal was approved by the Supervisory Board.

The Management Board presented the consolidated financial statements of WEB Windenergie AG as at December 31, 2010 and the Group management report to the Supervisory Board. KPMG Niederösterreich GmbH, Wirtschäftsprüfungs- und Steuerberatungsgesellschaft, A-2340 Mödling, which was appointed as the auditor for the 2010 fiscal year, audited the consolidated financial statements for the 2010 fiscal year and the Group management report, and issued an unqualified audit opinion. As stipulated, the consolidated financial statements, including the Group management report, were duly discussed in a joint session of the Management Board, the Supervisory Board and the auditor. The Supervisory Board acknowledged and approved the consolidated financial statements, including the Group management report.

Finally, the Supervisory Board would like to sincerely thank the Management Board members Andreas Dangl, Michael Trcka and Frank Dumeier and the company's employees for the commitment and dedication that they showed in the 2010 fiscal year.

Pfaffenschlag, May 2011

On behalf of the Supervisory Board

Josef Schweighofer
Chairman of the Supervisory Board

Glossary

Corporate terms

20-20 Directive of the EU: The 20-20 Directive of the EU requires all member states to generate 20% of their electricity from renewable energy sources by the year 2020.

Alternative energies: Alternative energies (also: *renewable* or *regenerative energies*) are energy sources or carriers that are considered to be inexhaustible from a human perspective (including biomass, geothermal, oceanic, solar, hydraulic and wind energy), in contrast to exhaustible fossil fuels.

Carbon dioxide (CO_2): *Carbon dioxide* (colloquially termed "carbon dioxide" or, incorrectly "carbonic acid") is a chemical compound of carbon and oxygen, making it one of the carbon oxides. Others are carbon monoxide, carbon suboxide and the unstable carbon trioxide. The chemical formula is CO_2. Carbon dioxide is largely responsible for the greenhouse effect. For this reason, a high priority is placed upon the avoidance of emissions of CO_2, as stipulated by the Kyoto Protocol and other climate protection initiatives.

Constant supply: Changes in natural operating conditions cause the energy produced at facilities using such regenerative sources as primarily wind and photovoltaics to fluctuate. The overlapping of various kinds of energy and the uncoupling of energy supply from the final consumption of energy can assure the maintenance of a constant supply of energy.

Direct marketing: Operators of facilities can also sell during the term of investment support the electricity produced by them to third parties. The facilities of W.E.B in Germany are already producing electricity that is being directly supplied to such third parties as municipal power authorities. Once the above term has expired, such electricity can be sold on the open market.

Feed-in tariff: Payment for the feeding-in of green electricity into the public power grid is stipulated by legal regulations or ordinances. The tariff is designed to ensure the profitable operation of facilities generating green electricity, inasmuch as it guarantees a fixed rate for electricity produced from renewable energy sources over a pre-determined period of time. The tariff is oriented to the costs of the particular type of energy.

Fossil energy: *Fossil energy* is derived from fossil fuels, such as brown coal, peat, natural gas and crude oil, which originated from biological decomposition in prehistoric geological time. The future supply of these energy sources is no longer ensured due to the disproportionately high extraction of these energy sources from the earth over the past decades.

Glass fibre reinforced plastic (GRP): *Glass fibre reinforced plastic*, or *GRP*, is a fibre-plastic composite made of plastic and glass fibres. This material is incorporated into power houses and blades.

Global radiation value: The *global radiation value* is the most important indicator used in the planning of solar facilities. It refers to the emitting of sunlight, and is the sum of the direct and indirect irradiation upon a horizontal surface. It is usually reported as kWh per m^2 of irradiated surface. The alignment and the tilt of the facility determine how much of the incoming energy is transformed into heat or electricity.

Green electricity: The term *green electricity* refers to electrical energy generated in an ecologically compatible manner from renewable energy sources, i.e. in harmony with nature and acceptable from a sustainability perspective.

Green electricity support: This term refers to financial support (subsidies) provided to promote power generation from renewable energy sources, as well as measures designed to save energy or increase energy efficiency. Also refer to the explanation provided for *feed-in tariff*.

Hydropower/Hydropower plant (HPP): *Hydropower* (also: hydro energy) refers to the energy of flowing water which can be converted to mechanical energy using suitable machines (water wheels, turbines). A *hydropower plant* is a facility for the energetic use of the mechanical energy in water. In the past, energy was used directly in mills, whereas today it is primarily converted into electrical energy.

kW (kilowatt): One *kW (kilowatt)* corresponds to 1,000 watts. Named after the Scottish inventor James Watt, this unit of power relates to the change in energy for each interval of time (1 watt = 1 joule per second). The output of the human heart is 1.5 watts.

kWh (kilowatt hour): The energy unit *kWh (kilowatt hour)* corresponds to 1,000 watt hours. A watt hour is the energy consumed or generated at 1 watt for a period of one hour.

MW (Megawatt): One *MW (megawatt)* equals one million watts. Also refer to the explanation provided for *kW*.

Photovoltaics: *Photovoltaics* refers to the direct conversion of radiant energy, primarily sunlight, into electrical energy.

Power generation volume: The *power generation volume* refers to the annual output of electricity derived from a power plant or power generation network.

Pumped storage plant: *Pumped storage plants* are hydropower plants at which water is pumped to storage sites at higher elevations (artificial lakes, underground reservoirs). This allows for the storage of large quantities of electrical energy during periods of low demand for use in peak times. Pumped storage plants thus comprise an interesting addition to the green electricity generation portfolio. This is due to the fact that wind energy, for example, is not so abundantly available when electricity consumption peaks, but can be more flexibly deployed to some extent at certain times.

Regenerative energy (sources): Refer to *alternative energies.*

Renewable energy (sources): Refer to *alternative energies.*

Smart grid/intelligent electricity network: The term *smart grid*, or *intelligent electricity network*, encompasses the communicative link and management of electricity producers, storage facilities, electricity users and network resources in the electricity transmission and distribution networks. This allows for the monitoring and optimal coordination of all parts of the network. The aim is to create a more efficient and reliable system and thus a more secure energy supply. In particular, the reduction of the peak load in the network and the load transfer during periods of low demand enables a redimensioning of the infrastructure and results in cost advantages.

Solar power plant: Refer to *photovoltaics.*

Wind energy (WEF) or power (WEP) facility: A *WEF* or *WPF* takes the kinetic energy contained in wind and converts it into electricity. This is then fed into the public power grid. This transformation is a result of the kinetic energy in the wind being absorbed by rotor blades, causing them to turn. The rotor subsequently transmits the energy to gears that adapt the rotation-produced energy for use by a generator, which converts this force into electrical energy.

Wind park (WP): A *wind park (WP)* refers to a site upon which two or more *wind energy facilities (WEF or WEP)* have been located.

Business terms

Bond: A *bond* is an instrument used to secure outside capital on capital markets. It features precisely-stipulated conditions involving its interest rate, term and repayment obligations. This instrument is a form of security enabling the securitising of the claims of creditors.

Cash value: The *cash value* equals the present value of a future payment flow.

Corporate governance/Corporate Governance Code: *Corporate governance* is the international term used for the responsible management and supervision of a company. The Austrian *Corporate Governance Code* combines all the relevant rules in Austria on this issue. Inasmuch as individual rules are not legally binding, compliance with the code is principally on a voluntary basis.

Discounted cash flow (DCF): This describes a procedure used to determine the value of companies and of the market value of real estate. It employs the financial concept of using the discounting of cash flows in the establishment of net present value.

EBIT margin: The *EBIT margin* refers to the ratio of EBIT to the revenue generated. It is an indicator demonstrating the profitability of a company independent of the financial result, extraordinary items and taxes.

EURIBOR: The *EURIBOR* is the interbank interest rate for term deposits and fixed deposits in euros. This rate is quoted by representative banks (EURIBOR panel banks, currently consisting of 57 banks, of which 47 are in the Eurozone, four in other EU countries and six outside of the EU), that actively participate in the euro money market. The highest and lowest 15% of the obtained values are eliminated before averaging.

Goodwill: *Goodwill* refers to the difference between the acquisition price and the net asset value of a company.

IAS: Refer to *International Financial Reporting Standards (IFRS).*

Impairment: Refer to *Impairment test.*

Impairment test: An *impairment test* is a valuation test in which the book value (carrying amount) of an asset is compared with the actual market value (fair value/recoverable amount). If this is lower than the book value, a loss in value (*impairment*) is recognised.

International Financial Reporting Standards (IFRS)/ International Accounting Standards (IAS): The *International Financial Reporting Standards (IFRS)* comprise international accounting and reporting standards applicable to publicly listed companies in the EU. As a company that is not publicly listed on the stock market, WEB Windenergie AG voluntarily prepares consolidated financial statements in accordance with the IFRS in order to provide corporate information in a comparable form.

Net gearing: *Net gearing* is an important indicator to evaluate the stability of a company, and comprises the ratio of net debt to the equity of the company, calculated on the basis of non-current financial liabilities less cash and cash equivalents.

Return on capital employed: The *return on capital employed* refers to the net profit for the year in relation to the capital employed. It is a measure of the returns realised on capital employed by the equity investors after deducting income taxes within a specified period of time.

The W.E.B performance figures until 2009 are compiled on the basis of the balance sheet date of December 31st. These figures were not adjusted for reasons of comparability with the last annual reports.

Return on equity (ROE): The *return on equity* refers to the ratio of the profit after tax to equity and measures the earnings performance of a company.

Third Market of the Vienna Stock Exchange: Listed on this segment are those securities that have not been authorized for official or regulated OTC trading. The Third Market is unregulated. Its preconditions for authorization of listing are laid down in Austria's Stock Exchanges Act.

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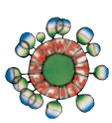
This annual report has been prepared with the utmost care. Despite this, typographical errors cannot be excluded. The use of IT in carrying out calculations can also give rise to errors of rounding off. This annual report also contains forward-looking statements and estimates based on all currently available information. We wish to point out that a wide variety of factors could cause actual circumstances, and thus actual results, to deviate from the forecasts contained in this report.

Statements referring to people are valid for both men and women.

Editorial deadline: May 31, 2011



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