

Vienna Stock Exchange – a young company with a long tradition

The Vienna Stock Exchange – One of the oldest stock exchanges in the world

As one of the first exchanges in the world, the Vienna Stock Exchange was founded in **1771** by Maria Theresia, making it one of the oldest stock exchanges in the world.

Over time, it developed into the central capital market of the Habsburg Empire. At first, only bonds, bills of exchange and foreign currencies were traded. Trading in stocks started in **1818**. At the time, stock issues supplied the capital for industry and for the foundation of banks. Oesterreichische Nationalbank was the first stock corporation to list on the Vienna Stock Exchange; the Vienna Stock Exchange was publicly accessible in this era and on some days, there were up to 2,000 people on the trading floor.

By the **mid-19th century**, the Vienna Stock Exchange had achieved an international reputation due to its political and economic significance for the Habsburg Empire. The fast pace of industrialization fuelled very strong economic expansion and many companies turned to the exchange to raise financing through stock issues. The prevailing liberal economic environment encouraged an overeager, and in some cases, rather unsound company start-ups. The Viennese stock market crash of May **1873** ended the wave of speculation and government bonds became more important in exchange trading.

It took years until the stock market of Vienna recovered from this setback. In the meantime, new stock market laws and regulations became necessary to ensure an orderly market for increasingly livelier trading. In **1875**, the third Stock Exchange Act in the history of the Vienna Stock Exchange was passed that guaranteed the complete autonomy of the exchange and smooth trading procedures. In **1877**, the historic stock exchange building on Schottenring designed by Theophil von Hansen opened with an inauguration ceremony.

Although the importance of the Vienna Stock Exchange as a financial market was drastically diminished by the collapse of the monarchy, it retained its significance for Southeast Europe.

Many securities from the successor states of the former monarchy are still traded in Vienna – for example, from Hungary and the Czech Republic.



Trading on the Vienna Stock Exchange in the 1920s

After Austria's Anschluss into the German Reich in **1938**, the Vienna Stock Exchange lost its independence and became subject to the German Stock Exchange Act. Nevertheless, trading did continue until shortly before the end of the Second World War. In **1948**, the exchange reopened, although the stock market was certainly not as broad due to the nationalization of some industrial sectors after the WWII.

It was only in the **1960s** that a gradual recovery started on the Austrian stock market. The big bang came in **1985** when an American analyst triggered a stock market rally by pointing out the extremely high potential of the Austrian stock market. Trading volumes surged sixfold, which also helped to change the rather reserved stance of economic policymakers towards the stock market.

In the **1990s**, some major changes took place: a fully revised Stock Exchange Act entered into force. The cash and derivatives markets were merged to pave the way for the new exchange operating company, Wiener Börse AG.

In **1999**, the stock exchange was fully privatized and Wiener Börse AG founded. The trading system was switched to the fully automated trading system Xetra® and a new market segmentation was introduced.



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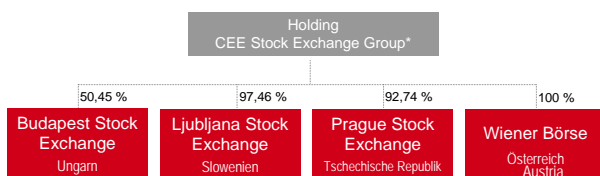
An international reputation based on CEE expertise

Austrian companies were very successful in becoming established in the markets of Central and Eastern Europe after the fall of the Iron Curtain. This development also boosted the prices of ATX stocks. The rally on the Vienna Stock Exchange attracted the interest of domestic and international investors to the Austrian capital market. Since then, the Vienna Stock Exchange has deepened its CEE expertise, especially in the area of index development. As early as in 1996, when the Eastern Europe story was still fresh, the experts of the Vienna Stock Exchange started computing the first index for the Central and East European region.

In **2004**, the Vienna Stock Exchange started enlarging its exchange network. The partnership with the Budapest Stock Exchange was the cornerstone for foundation of the exchange alliance, which is constantly growing through cooperation agreements with many exchanges from Southeast Europe such as Bucharest, Zagreb, Belgrade, Sofia, Sarajevo, Montenegro, Banya Luka and Macedonia.

In **2008**, the Vienna Stock Exchange was also drawn into the wake of the turmoil on international financial markets. Nonetheless, in the same year, the exchange increased its stake in the Budapest Stock Exchange. The Vienna Stock Exchange also acquired majority stakes in the exchanges of Prague and Ljubljana.

The Vienna Stock Exchange became a subsidiary of the CEE Stock Exchange Group – the largest exchange group in Central and Eastern Europe – in **2010** just like the exchanges of Budapest, Ljubljana and Prague.



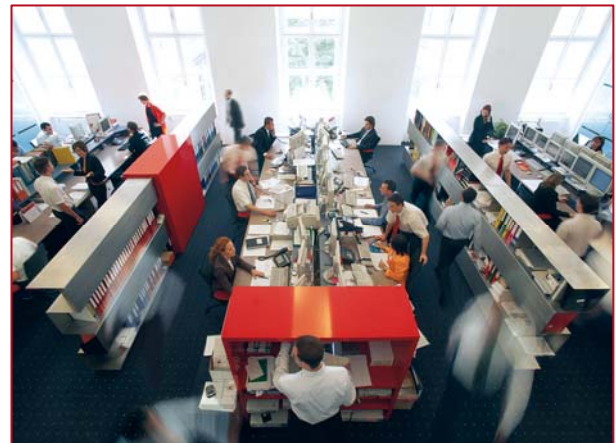
* Owners: 52.59% Austrian banks, 47.41% VSE listed companies

The Vienna Stock Exchange today

Today, the Vienna Stock Exchange is a modern, customer and market-orientated financial services company that plays a key role in the Austrian capital market. It is the driving force behind the progress achieved on the Austrian market.

The principal business areas of the exchange are cash market trading (equity market, bond market), derivatives market trading and trading in structured products. Additional services include data vending, index development and index management, and financial market seminars and training courses.

The Vienna Stock Exchange operates the only securities exchange in Austria as well as the Austrian power exchange EXAA and the CEGH Gas Exchange of the Vienna Stock Exchange. The Vienna Stock Exchange provides state-of-the-art infrastructure, market data and information to secure the smooth and efficient execution of exchange trades as well as the intermediation functions for market participants.



Trading on the Vienna Stock Exchange today

Austrian Traded Index (ATX)

- Since January 1991, the Vienna Stock Exchange has been computing the ATX, which is an index of the 20 most liquid stocks on the Vienna Stock Exchange.
- Twenty years ago, the value of all companies in the ATX was EUR 8.4 billion; as of 31 December 2010, market capitalization was EUR 70.9 billion.
- Regular index adjustments – an independent Committee reviews the ATX twice a year – have changed the composition of the index many times. Of the original companies in the ATX, the following are still in the index: OMV, RHI, Verbund and Wienerberger.
- The ATX not only tracks the price trends of the blue chips of the Vienna Stock Exchange. It is also a reflection of Austria's economy.

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