

Three-time Formula One world champion Niki Lauda has tested himself as few have. On the racetrack. In the boardroom. In the sky. His is a will literally forged by fire. He knows what he wants and usually gets it. Whatever the obstacle. His high-profile journey has taken him to his present position as founder and CEO of Lauda Air. From its headquarters in Vienna, its leading-edge fleet provides scheduled flights to five continents and charter services to some of the world's premier business and vacation destinations. As of April 2000, Lauda Air joins the 11-member Star Alliance Network, comprised of such well-known airlines as Air Canada, Lufthansa and United. So what's left? "The next two years we really have to make the alliance work well, for us and for them," Niki Lauda says. "Personally, as long as I'm enjoying myself and have new challenges, I'll continue what I'm doing. If that changes, I will think of something else." As he has before.

Lauda Air

The Power of Will



As a young man, Niki Lauda went his own way. He refused to attend the university and join the family business as his prominent Viennese family wanted. Instead, he entered the precarious world of racing. "I invested so much time in getting away and doing it my way," Lauda says, "maybe it was good for me." Lauda won his first championship at age 26, the first driver to get into Formula One on borrowed money. A year later he crashed at the German Grand Prix, suffering such severe burns and toxic fumes that he was given last rites. Yet, 30 days later, he was back in the cockpit. The following year he won his second world championship for Ferrari.

In 1979, Lauda left the sport for a new dream: Lauda Air. Years of legal fights followed. Austrian Airlines, which enjoyed a monopoly, wasn't about to let this upstart encroach upon its territory. Lauda returned

to Formula One. Incredibly, he won his third championship, this time for McLaren. He continued racking up wins until finally retiring in 1985.

His focus returned to Lauda Air. Finding himself shut out of all short-haul routes, Lauda purchased a long-haul jetliner for scheduled flights to Bangkok, Hong Kong and Sydney. Early on the day of the inaugural flight, Lauda received a call saying he didn't have all the proper papers and wouldn't be allowed to land in Sydney. He considered for a moment, then replied, "Then you'll just have to shoot me down." Lauda personally piloted the aircraft, arriving to find bands playing, city leaders giving speeches – and an attentive media. Lauda seized the moment, gaining grassroots support for his airline's right to fly. Adding to the day's public-relations coup, Lauda distributed vouchers for a free flight to Bangkok. Hundreds responded.

FORMULA ONE WORLD CHAMPIONSHIPS

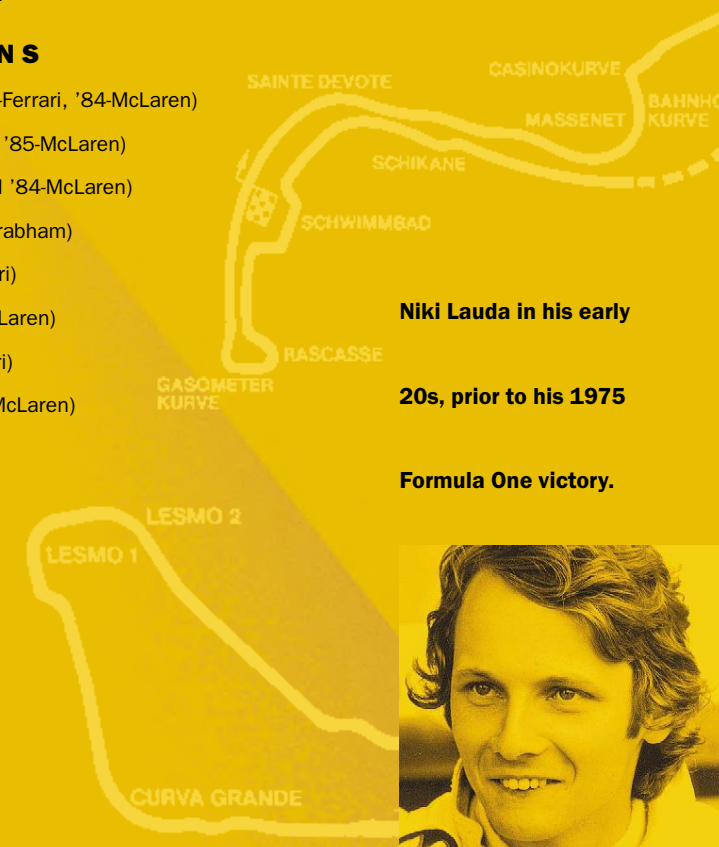
'75 and '77-Ferrari, '84-McLaren

GRAND PRIX WINS

- 3 South African GP ('76 and '77-Ferrari, '84-McLaren)
- 3 Dutch GP ('74 and '77-Ferrari, '85-McLaren)
- 3 British GP ('76-Ferrari, '82 and '84-McLaren)
- 2 Swedish GP ('75-Ferrari, '78-Brabham)
- 2 Monaco GP ('75 and '76-Ferrari)
- 2 French GP ('75-Ferrari, '84-McLaren)
- 2 Belgian GP ('75 and '76-Ferrari)
- 2 Italian GP ('78-Brabham, '84-McLaren)
- 1 Spanish GP ('74-Ferrari)
- 1 German GP ('77-Ferrari)
- 1 Brazilian GP ('76-Ferrari)
- 1 USA West GP ('82-McLaren)
- 1 USA GP ('75-Ferrari)
- 1 Austrian GP ('84-McLaren)

OTHER WINS

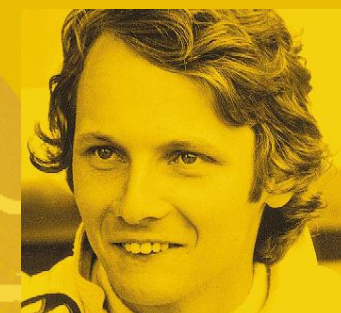
- 1 San Marino GP ('79-Brabham)



Niki Lauda in his early

20s, prior to his 1975

Formula One victory.



Lauda began his Formula

One career in 1971 with

March-Ford. He drove this

March 721X at Monaco,

his fourth Grand Prix.



"The effect on the fans was colossal, 99% helpful, encouraging, often touching. People wrote and telephoned offering their skin, or their ears, told me their experiences of burns and skin transplants. A little boy sent me his toy Ferrari, because he had heard mine was burnt." —About his near-death crash in 1976, from *My Years With Ferrari* by Niki Lauda.



A Conversation with Niki Lauda

Lessons of the Road

Universally regarded as one of the most competent and consistent race-car drivers of all time, Niki Lauda developed a racing style based on a thorough understanding of Formula One technology – and his own talent. Lauda did just what was needed to win.

“Racing teaches you very quickly what it takes to be successful, because you see the results each week. You go out there every Sunday, and there’s no question about the judging. The first is the first, the second is the second. There is nothing to discuss. You have to adapt to a very simple, non-excuse lifestyle. If you do not win, first you must look to yourself. Then if you can’t find a solution, you work with your car or crew. When you start doing this at age 18, it becomes ingrained.

Racing taught me discipline. When things go wrong, I work hard. If I’m convinced that I’m on the right road, I fight problems through to the end. In racing, you’re not always winning. Sometimes you’re losing, crashing, ending up in the hospital. Racing shaped my personality. Now, in running Lauda Air with 2,000 people and 22 aircraft, I use the same approach – which is sometimes hard for my employees. I know what it takes to be successful. People who have not been through these experiences sometimes wonder, ‘Why is he asking me this?’ or ‘Why does he care about that?’

I work easily with people who are honest. If they make a mistake and say ‘I screwed up,’ I won’t think about it again, because I know that they have realized their mistake and will correct it in the future. The worst are those people who blame everyone else. Time goes by, and they never change. This is exactly what you cannot do in racing, because then you are never successful.

Through racing, I learned how to accomplish things quicker. Whenever someone says, ‘Let’s do this,’ I say, ‘Fine, but tell me how long it will take you.’ Many people have the same idea, but success goes to the one who can accomplish it first. Many people have ideas, but they struggle because, until that last detail is finished, their idea will not work 100 percent. Success starts with creativity, but it is realized by taking care of every little detail.

I hate big meetings. The other day we had a boring meeting with 30 people. The next meeting, I will do without chairs.

Then, perhaps, we’ll be less likely to run an hour too long. I want to be efficient with less time. If you achieve that in a company, you blow everyone else away. If you find a company that is more efficient, you have to be even better.

I take a hands-on approach in running Lauda Air. I’m type-rated on our jetliners and normally fly as a captain. By flying myself, I know whether the passengers are happy and if everything is as it should be. I can more easily discuss problems when I get home. That way I’ve been there, I know what I’m talking about. I try to do just enough in the company to know something about everything. If two people have a discussion in front of me, I know enough to provide direction.

I try to keep the right balance of work and life quality. I like my life. I work in the office, then when I get fed up, I go and fly on the lines. I also fly for our executive charter division. We just received our second Learjet 60. To me, this is the fun airplane. To fly a scheduled airplane is like driving a bus from A to Z.

The Learjet 60 especially is the perfect airplane for me. It has the right size. It has six hours and more range. It is the perfect companion to our Challenger.

If you just retire from racing and you have nothing to do, you always think how great it was before when you were winning. If you find yourself something more challenging and more interesting, you don’t look back.”



Facing unavoidable risks. Avoiding those he could. Niki Lauda lived the truism “to finish first, one must first finish.” Today he applies that same hard-won knowledge to his rapidly growing airline and charter businesses.



For the Lauda Executive logo, designer Hannes Rauch drew upon the inspiration of Nike. Winged and muscled, she embodies the philosophy of standout service. And speed. Just check out those rollerblades.

Top Flight



Lauda's quest for excellence drives the industry-defining service delivered by Lauda Air and its charter division, Lauda Executive. Take the food.

Lauda Air is the only airline to offer its business-class passengers the experience of an in-flight gourmet restaurant. Today's menu: tender Atlantic swordfish marinated in olive oil and parsley served with peperonata tricolore and chervil potatoes. Rather have poultry? Then consider the breast of spring chicken in fresh rosemary with mushroom risotto, leaf spinach, and mixed baby vegetables.

The charter division may not have the advantage of the airline's oversized galleys and onboard chefs, but it watches after the culinary needs of its clientele, too. Passengers enjoy specially prepared meals from the gourmet kitchens of Do&Co. Depending on the duration of the trip, flight attendants serve a hot meal, canapés or other delicacies.

Airline Strength with Flexibility

Both Lauda Air and Lauda Executive are headquartered in the World Trade Center at the Vienna Airport. The airline provides depth of resources and support, preparing flight plans for the charter flights, the manpower and safety standards of a successful airline, and a pool of scheduled airline pilots from which to recruit charter pilots.

Since 1994, Lauda Executive has been catering to the travel needs of society's elite. From Saudi princes to Italian opera singers, American rock stars to five-star generals, it's developed a loyal cadre of clients.

It operates with Bombardier Aerospace business aircraft, maintained alongside the airliners under the supervision of the civil aviation authority. Pilots meet the same training and safety criteria as all Lauda Air scheduled pilots. The executive fleet – two Learjet 60s and a Challenger 601-1A – have been equipped with the most advanced safety technology available, including Traffic Alert and Collision Avoidance Systems (TCAS II) and Enhanced Ground Proximity Warning Systems (EGPWS).

Lauda Executive's Learjet 60 comfortably accommodates groups of up to seven. The spacious, widebody Challenger offers an 18-passenger capacity, unique in the executive charter business, putting it in great demand. The division also has an eight-passenger Bombardier Continental Business Jet on order. “The executive division offers privacy and the feeling that the aircraft is dedicated to them,” says Helmuth Kaar, Lauda Executive, director of executive operation. “They feel it's theirs. That's why we have a different, understated look for these aircraft. They're not so identified with Lauda Air.”

Making a Connection

In any service industry, personal interaction is key. When hiring pilots and crew, Lauda Executive looks for people with the ability to connect with others. As a result, when passengers book their flights, oftentimes they will specifically request a crew.

“We work hard to build relationships with our customers so they feel comfortable and confident that we'll take care of them,” says Pilot Michael Neuhuber. “We say ‘Service is our success’ – and it really is.”

Eight 50-seat Canadair Regional Jets support Lauda Air's European routes with the same high level of service that sets the airline apart. Just as Lauda's 15 large airliners have been recognized with almost every imaginable award, the specially developed bistro service found on the regional jet has earned the prestigious Austrian Award for Elegant Dining.



- TALLINN
- RIGA
- MANCHESTER
- HAMBURG
- VILNIUS
- LONDON
- WARSAW
- GENEVA
- MUNICH
- VIENNA
- VERONA
- TIMISOARA
- NICE
- LISBON
- MADRID
- BARCELONA
- ROME
- SPLIT
- SOFIA
- MOROCCO

Helmuth Kaar, director of executive operation, flew 750 hours last year. The charter division was so busy last year, he didn't even get a vacation.

According to him anyway. His boss, Niki Lauda, sees it differently. He says Kaar's job itself is one big vacation.

"If I'm not flying, Niki will call, 'Where are you? When are you coming in?'" Kaar laments, while Lauda shakes his head in disagreement. "I can't get away."

Seeing the two together is like watching brothers. One minute they're laughing. The next, they're in heated debate. At one point in their 24-year association, Kaar decided the grass was greener at another company. Fine, Lauda said, as long as Kaar bought out his contract. For a year they didn't speak. After the issue was resolved – and Lauda had incurred roughly \$100,000 in legal fees – Lauda offered Kaar his job back. Kaar rejoined the fold. "I'd forgotten about that," Lauda says laughing, apparently forgiving it as well.



The two men respect each other. They have differences, but they sort them out. "If Niki likes an idea, it's hard to turn him away," Kaar says. "He'll listen to your argument, but it better be a good one."

Kaar can't remember a time he didn't want to be a pilot. After high school, he joined the Austrian Air Force. That's when he met Lauda, who had visited Kaar's squadron. Kaar later went to a race and tried to use his one-time meeting with Lauda as a way to get in without paying. Lauda happened by, recognized Kaar, and played along. "He had me carry his bag

so I'd look like I worked for him. He said, 'If anyone asks what you're doing, act like you don't speak English.'"

Not long ago, Kaar ran a marathon in Vienna. He and Lauda met for dinner. When Lauda complained about all the runners congesting the city streets, Kaar volunteered that he had run, too. "Did you win?" Lauda asked. When Kaar said no, he hadn't run to win, Lauda was incredulous. Why would you run if not to win? "This he could not understand," Kaar says laughing. "For Niki, if you do something, you must do it perfectly."

Born ^{to} Fly

Helmuth Kaar, Lauda Executive, director of executive operation



Sunsets. Sunrises. I've seen the Austrian Alps where the view stretched into Italy. It was beautiful! Flying gives you freedom.

Aggravation and pettiness remain on the ground. In the air, you're on top of everything. It's totally fulfilling. — Helmuth Kaar



Only ^{the} Best

An Eye For Design

Austrian designer and advertising guru Hannes Rauch gave up his own agency to join the Lauda team almost 20 years ago. And he couldn't be more pleased.

"I have the ideal job," Rauch says. "Niki's attitude from the very beginning was to find those things that Lauda Air could do better than anyone else. He also said, 'Let's have fun.' I'm always thinking and creating. Nothing could be better."

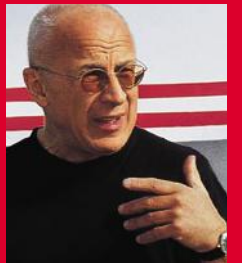
Even flying to Lauda's races, Rauch spent his time en route creatively. Designing the Lauda air logo. Developing ad campaigns. Painting Lauda's shoes. Painting Lauda's shoes?

That's right. "He'd always introduce me saying, 'Meet my shoe painter.'" Now that Lauda no

longer races, they've donated 500 pairs of Lauda's unique, handpainted shoes to an Austrian museum.

In addition to oversight of Lauda's branding, marketing and advertising, Rauch designs both the exterior paint schemes and interiors of Lauda's commercial and executive aircraft. He's created a vibrant, youthful look for the commercial division. Interior fabrics sport childlike letters and whimsical, freeform designs. The look of Lauda Executive Charter is understated elegance: subtle shades of gray and silver, rich woods and leathers.

"Niki trusts me in a way that's unbelievable," Rauch says. "He gives me the freedom to do what I think is best. That's not to say he doesn't pay attention to the details. He is like an eagle; he sees everything."



Hannes Rauch, designer



For the past two years, Helmuth Kaar has had a co-pilot he really likes: his son, Dominic. "What other profession allows you to work so closely?" Helmuth asks. "It's just the two of us in the cockpit. It gives me such pride to see him learn and grow as a pilot."

When Helmuth first went to his boss, Niki Lauda, with the idea of bringing Dominic on as his co-pilot, he had to do quite the sales job.

"Niki said, 'Are you stupid? You know how demanding you are. Let him fly, but with the airline.' He's right. You excuse colleagues easier than your son. You're harder on him than you'd be on anyone else. It's different for the son, too. Normally, in a cockpit the co-pilot does whatever the captain says. With Dominic, I'll tell him to do something, and his response is often, 'Why?'"

Despite the challenges, Helmuth and Dominic agree that their years piloting the Challenger have transformed their relationship. "Flying together, we've become friends," Dominic says, "not just father and son."



Delivery manager Rob Morton works with Lauda Air technicians, making preparations for final delivery of their new Learjet 60.