

Corporate Governance Report

(in acc. with § 243b of the Austrian Commercial Code)

In this chapter

The foremost goal of Flughafen Wien AG is to create and maintain a sustainable increase in the value of the company. The actions to reach this goal include responsible corporate management as well as a commitment to the Austrian Corporate Governance Code that has been in place since 2003.

Commitment to Responsible Management

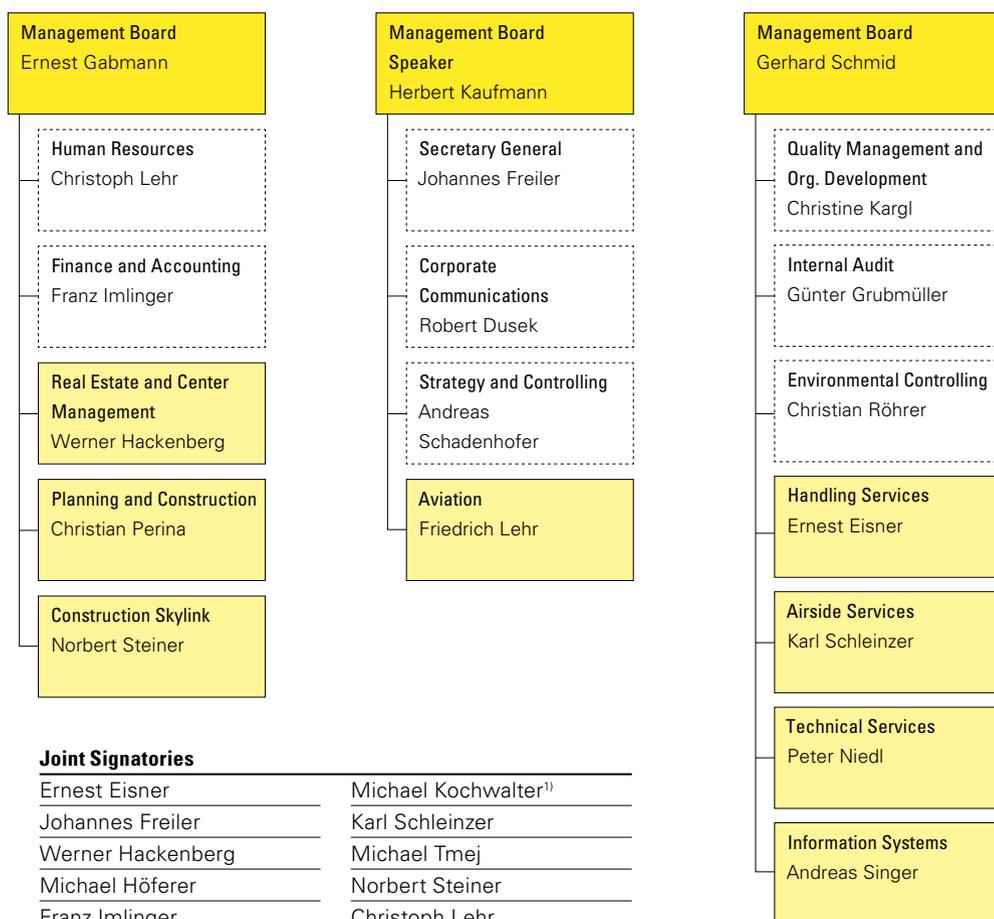
Flughafen Wien AG declared its intent to comply with the Austrian Corporate Governance Code in 2003, and hereby confirms its continued compliance with the latest version of the code (January 2010). The code is available for review under www.corporate-governance.at. The Austrian Corporate Governance Code includes, among others, so-called comply-or-explain rules that require the explanation of any non-compliance. Flughafen Wien AG meets all regulations in the January 2010 version of the code with the exception of Article 16, and explains this deviation as follows: a chairman was not appointed for the Management Board in 2010, but one member of this body was designated as speaker. This ensured representation for the joint interests of the Management Board both inside and outside the company. Since the Management Board of Flughafen Wien AG is comprised of three persons, a “deadlock” is

not possible on voting. The previous speaker of the Management Board resigned as of 31 December 2010: A new member was appointed to the Management Board as of 1 January 2011, who now also serves as the chairman of this body.

Management

In 2010 the members of the Management Board of Flughafen Wien AG were Ernest Gabmann, Herbert Kaufmann and Gerhard Schmid. Mr. Kaufmann resigned as a member and the speaker of the Management Board as of 31 December 2010. The Supervisory Board subsequently appointed its chairman, Christoph Herbst, as an interim replacement in accordance with § 90 (2) of the Austrian Stock Corporation Act. Mr. Herbst will serve as a member and the chairman of the Management Board up to 31 December 2011 at the latest. The terms of office for Ernest Gabmann and Gerhard Schmid will end on 31 December 2011.

Organisational structure by function in 2010



Joint Signatories

Ernest Eisner	Michael Kochwalter ¹⁾
Johannes Freiler	Karl Schleinzer
Werner Hackenberg	Michael Tmej
Michael Höferer	Norbert Steiner
Franz Imlinger	Christoph Lehr
Friedrich Lehr	Andreas Schadenhofer

1) resigned as of 19 February 2010

The Management Board

Member of the Board: Ernest Gabmann

Born 1949, after completing commercial school in Vienna, he joined his father's building materials and mineral oil company, where he served as managing partner from 1984 up to his entry into the government of the province of Lower Austria. In 1983 he was appointed to head the organisation of young businesspeople in this province; five years later he was elected to the provincial parliament of Lower Austria where he served, among others, as the administrator for commerce, technology and tourism. He was named deputy governor of Lower Austria in 2004. On 1 March 2009, he was appointed to the Management Board of Flughafen Wien AG; his contract will end on 31 December 2011.

Member and Speaker of the Board: Herbert Kaufmann (up to 31 December 2010)

Born 1949, worked as an engineer with various Austrian and foreign companies while studying macroeconomics. In 1975 he joined the chamber of labour of the Province of Lower Austria, where after two years he was appointed head of the economics department and was made director in 1985. He also served as a member of the Lower Austrian and Austrian parliaments. He was appointed member and speaker of the Management Board of Flughafen Wien AG on 1 October 1999. Mr. Kaufmann resigned from these positions as of 31 December 2010.

Member of the supervisory board or comparable function in external corporations:

- AMZ Arbeits- und Sozialmedizinisches Zentrum Mödling Gesellschaft m.b.H.
- Austro Control Österreichische Gesellschaft für Zivilluftfahrt mit beschränkter Haftung
- FIMBAG Finanzmarkteteiligung Aktiengesellschaft des Bundes
- VERBUND AG
- Rail Cargo Austria Aktiengesellschaft (up to 14 August 2010)

Member of the Board: Gerhard Schmid

Born 1957, started his career as an engineer with Böhler AG (Seibersdorf Research Centre). In 1979 he joined Municipal Department 46 of the City of Vienna, which is responsible for the technical aspects of traffic planning. He was appointed manager of the office of Mayor Helmut Zilk in 1987. In 1993 he joined the auditing department of Vienna International Airport, where he became manager in 1995. Schmid was named head of technical services in 1997, and appointed to the Management Board of Flughafen Wien AG on 1 October 1999; his contract will end on 31 December 2011.

Member of the Supervisory Board or comparable function in external corporations:

- Wiener Linien GmbH
- Wiener Hafen Management GmbH
- Wiener Stadtentwicklungsgesellschaft m.b.H.
- Wiener Städtische Wechselseitige Versicherungsverein – Vermögensverwaltung Vienna Insurance Group

Work Processes in the Management Board

Rules of procedure regulate the allocation of operational responsibilities and the cooperation between the members of the Management Board. This directive also defines the information and reporting requirements of the Management Board and includes a catalogue of measures that require the express approval of the Supervisory Board. The Management Board holds weekly meetings to discuss the development of business and, in these meetings, makes decisions that are subsequently submitted to the Supervisory Board for approval. The members of the Management Board also exchange information on important activities and events on a regular basis.

Remuneration of the Management Board

The remuneration of the Management Board includes a fixed and a performance-based component as well as compensation in kind. The variable component is tied to specific targets that are defined each year together with the Supervisory Board based on corporate goals. In accordance with rule 27 of the Austrian Corporate Governance Code, 50% of variable remuneration is dependent on completion of the terminal extension VIE-Skylink within the planned budget and time schedule and can therefore only be paid out after the completion of this project. The remaining 50% of variable remuneration are dependent on meeting the 2010 budget and achieving a sustainable cost reduction in 2011. Details on the remuneration paid to the individual board members are provided in the following table and on page 185 of the notes to the consolidated financial statements. The pension claims by Herbert Kaufmann and Gerhard Schmid were outsourced to an external pension fund in 2010. The members of the Management Board have no further pension claims on the company.

The employment contract with Herbert Kaufmann, which extended up to 30 September 2014, was prematurely terminated as of 31 December 2010. Mr. Kaufmann will receive a settlement payment equal to one year's salary. The terms of the employment contracts for Ernest Gabmann and Gerhard Schmid were reduced from the original termination date on 30 September 2014 to 31 December 2011. In accordance with Austrian labour law, these persons are entitled to severance compensation. There are no special agreements that would take effect in the event of a public takeover offer, and no stock options were granted. The company has arranged for D&O insurance and carries the related costs

Management Board remuneration in 2009 and 2010 in T€

in T€	2010	2010	2010	2010	2010	2010	2010	2009
	Fixed compensation	Share of total	Performance-based compensation	Share of total	Non-cash remuneration	Share of total	Total remuneration	Total remuneration
Ernest Gabmann	254.1	76.56%	70.5	21.27%	7.2	2.17%	331.9	217.2
Herbert Kaufmann	254.1	73.40%	84.6	24.44%	7.5	2.16%	346.2	406.4
Gerhard Schmid	254.1	73.40%	84.6	24.44%	7.5	2.16%	346.2	406.4

The Supervisory Board

The Supervisory Board is comprised of nine shareholder representatives and five delegates from the Works Committee. The shareholder representatives were elected by the annual general meeting (AGM), and have terms of office extending up to the AGM that will vote on the release from liability for the 2012 financial year. Christoph Herbst served as the chairman of the Supervisory Board during the reporting year. Concurrent to his temporary appointment to the Management Board as of 1 January 2011 (for a maximum of one year), he suspended his function as chairman of the Supervisory Board from 1 January 2011 to 31 December 2011 at the latest in accordance with § 90 (2) of the Austrian Stock Corporation Act. All members of the Supervisory Board of Flughafen Wien AG have declared their independence in keeping with the guidelines defined by the Supervisory Board pursuant to the requirements of the Austrian Corporate Governance Code (see page 51). The company therefore complies with rules 39 and 53 of the Austrian Corporate Governance Code.

Members of the Supervisory Board

Name, year of birth	Profession	First appointed on	Positions on other supervisory boards and comparable functions
Shareholder representatives			
Christoph Herbst, Chairman up to 31.12.2010, function suspended up to 31.12.2011, 1960	Attorney-at-law	25.4.2002	–
Karl Samstag, Deputy, 1944	(Former) General Director of Bank Austria Creditanstalt AG	22.4.2004	Member of the Supervisory Boards of: Allgemeine Baugesellschaft-A. Porr Aktiengesellschaft, BKS Bank AG, Bank für Tirol und Vorarlberg Aktiengesellschaft, Schoeller-Bleckmann Oilfield Equipment Aktiengesellschaft, Oberbank AG
Alfred Reiter, Deputy, 1939	Chairman of the Board of Investkredit Bank AG (ret.)	11.5.2001	–
Johannes Coreth, 1942	(Former) Deputy General Director of Niederöster- reichische Versicherung		–
Burkhard Hofer, 1944	General Director of EVN AG	20.8.2009	Member of the Supervisory Boards of: Burgenland Holding Aktiengesellschaft, VERBUND AG
Franz Lauer, 1939	General Director of Wiener Städtische Versicherung AG (ret.)	7.5.1998	–

Name, year of birth	Profession	First appointed on	Positions on other supervisory boards and comparable functions
Shareholder representatives			
Hans-Jürgen Manstein, 1944	Manstein Zeitschriften-verlag GesmbH	24.4.2003	–
Alfons Metzger, 1941	Metzger Realitäten Group	25.4.2002	–
Karl Skyba, 1939	(Former) General Director of Wiener Stadtwerke Holding AG	22.4.2004	Member of the Supervisory Board of: Vienna Insurance Group Wiener Versicherung Gruppe

Delegated by the Works Committee

Manfred Biegler, 1956	Chairman of the Salaried Employees' Works Committee		–
Dieter Rozboril, 1973	Chairman of the Waged Employees' Works Committee		–
Thomas Schäffer, 1983	Vice-Chairman of the Salaried Employees' Works Committee		–
Karl Hromadka, 1954	Vice-Chairman of the Waged Employees' Works Committee		–
Heinz Wessely, 1971	Waged Employees' Works Committee		–

Representative of the Supervisory Authorities

Rolf A. Neidhart served as the representative of the supervisory authorities on the Supervisory Board of Flughafen Wien AG up to 31 December 2010. As of 1 January 2011 Christine Rose took over these duties on an interim basis.

Representatives of free float shareholders

The 18th Annual General Meeting of Flughafen Wien AG on 29 April 2008 elected the following persons as representatives of free float shareholders: Franz Lauer and Alfons Metzger as well as Hans-Jürgen Manstein, in particular as a representative for small shareholders. Burkhard Hofer was elected as a representative of free float shareholders by the 20th Extraordinary General Meeting on 20 August 2009.

Committees of the Supervisory Board

The committees have consultative functions, which are intended to improve the efficiency of Supervisory Board work processes and also deal with complex issues. The chairmen of these committees report regularly to the Supervisory Board on their work. The Supervisory Board is required to designate one committee to make decisions in urgent cases. Irrespective of their

assigned duties, the committees can also be charged with other tasks involving analysis, advising and the preparation of recommendations to the Supervisory Board for voting.

Presidium and Personnel Committee

The Presidium and Personnel Committee is responsible for personnel issues related to the members of the Management Board, including succession planning, and deals with the content of employment contracts and remuneration for the board members. This committee also evaluates the acceptability of additional activities by the Management Board members and assists the chairman, above all in preparing the Supervisory Board meetings. Moreover, the Presidium and Personnel Committee serves as a committee for urgent issues in accordance with rule 39 of the Austrian Corporate Governance Code, performs the functions of a nominating committee as defined in rule 41 of the Austrian Corporate Governance Code and also serves as a remuneration committee in accordance with rule 43 of the Austrian Corporate Governance Code.

Members of the Presidium and Personnel Committee

Christoph Herbst (Chairman up to 31.12.2010)	Manfred Biegler
Karl Samstag	Dieter Rozboril
Alfred Reiter	

Strategy Committee

The Strategy Committee works on strategic issues together with the Management Board and, if necessary, also with other experts. The related decisions are made by the full Supervisory Board.

Members of the Strategy Committee

Christoph Herbst (Chairman up to 31.12.2010)	Manfred Biegler
Karl Samstag	Dieter Rozboril
Alfred Reiter	Heinz Wessely
Alfons Metzger	

Audit Committee

The Audit Committee deals with accounting issues as well as the audit of the company and the group. It evaluates the report by the auditor on the examination of the annual financial statements, and informs the Supervisory Board of the results of this analysis. This committee is responsible for examining and preparing decisions for the Supervisory Board on the following subjects: the annual financial statements, the recommendation for the distribution of profit and the management report; the audit of the consolidated financial statements; the audit of accounting systems; the corporate governance report; the monitoring and effectiveness of the internal control system, the internal audit system and risk management. The Audit Committee also makes a recommendation to the Supervisory Board for the nomination of an auditor, monitors the independence of this firm and deals with the content of the management letter and the report on the effectiveness of risk management. Karl Samstag, chairman of the Audit Committee, was designated as the financial expert for this committee based on his professional experience.

Members of the Audit Committee

Karl Samstag	Franz Lauer
Christoph Herbst (Chairman up to 31.12.2010)	Manfred Biegler
Alfred Reiter	Dieter Rozboril
Burkhard Hofer	Heinz Wessely

Frequency of meetings and key issues

The Supervisory Board held eight meetings during the reporting year. In addition, the Presidium and Personnel Committee held three meetings and the Audit Committee two meetings. The Strategy Committee held one meeting during 2010.

The issues dealt with by the Supervisory Board and its committees in 2010 included the following: key questions related to the development of the company; the possible acquisition of or investment in other airports; the expansion of infrastructure facilities at the airport location, above all in connection with the terminal extension VIE-Skylink; the results of the audit by the Austrian Federal Accounting Agency; opportunities to optimise the corporate organisation and reduce costs; and the remuneration of the Management Board. The results of these consultations were subsequently reported to the full Supervisory Board. The Management Board provided the Supervisory Board with regular information on the development of business and the position of the individual group companies. Therefore, the Supervisory Board was able to monitor the performance of the company on a continuous basis and support the Management Board on decisions of fundamental importance.

The report of the Supervisory Board can be found on page 54.

Remuneration of the Supervisory Board in 2010

The remuneration scheme for the Supervisory Board calls for graduated annual payments to the chairman, vice-chairmen and ordinary members as well as a standard attendance fee of € 300 per meeting. Detailed information on the remuneration paid to the individual members of the Supervisory Board is provided in the following table.

Christoph Herbst	€ 14,046.56	Burkhard Hofer	€ 5,011.11
Alfred Reiter	€ 13,900.00	Manfred Biegler	€ 3,600.00
Karl Samstag	€ 13,900.00	Thomas Schäffer	€ 2,100.00
Johannes Coreth	€ 13,244.44	Karl Hromadka	€ 2,100.00
Franz Lauer	€ 11,000.00	Dieter Rozboril	€ 3,900.00
Karl Skyba	€ 10,100.00	Heinz Wessely	€ 3,000.00
Hans-Jörgen Manstein	€ 10,100.00	Rolf Neidhart	€ 2,700.00
Alfons Metzger	€ 9,800.00	Erwin Hameseder	€ 3,088.89

Internal Audit and Risk Management

The internal audit department reports directly to the Management Board of Flughafen Wien AG. Each year this department prepares an audit schedule for the following 12 months as well as a report on its activities during the past financial year, which are submitted to the Management Board and discussed with the Audit Committee of the Supervisory Board. The effectiveness of risk management is evaluated by the auditor based on these documents and other available information. The resulting report is submitted to the Management Board and the chairman of the Supervisory Board, and subsequently presented to the full Supervisory Board.

Guidelines for the Independence of the Supervisory Board Members

Rule 53 of the Austrian Corporate Governance Code defines a general standard for the independence of members of supervisory boards. All members of the Supervisory Board of Flughafen Wien AG meet the independence criteria defined in the following guidelines:

- A member of the Supervisory Board is considered to be independent when he/she has no business or personal relations with the company or its management board that may lead to a material conflict of interest and are therefore capable of influencing the actions of the board member.
- The Supervisory Board member may not have served on the management board or as a key employee of the company or a subsidiary of the company during the previous five years.
- The Supervisory Board member may not have – or in recent years had – any business relations with the company or a subsidiary of the company that are considered to be material for this member. The same applies to business relations with companies in which the member of the Supervisory Board holds a significant economic interest. The approval of individual transactions by the Supervisory Board as defined in L-Rule 48 does not automatically lead to qualification as not independent.
- The Supervisory Board member may not have worked on the audit of the company during the past three years and may not have owned an interest in or been employed by the public accounting firm during this period.
- The Supervisory Board member may not serve on the management board of another firm in which a member of the company’s management board holds a position on the supervisory board.
- The Supervisory Board member may not be closely related (son or daughter, husband or wife, companion, parent, uncle, aunt, sister or brother, niece or nephew) to a member of the management board or a person serving in one of the positions described above.

External Evaluation

An external evaluation of compliance with the provisions of the Austrian Corporate Governance Code during the 2010 financial year was prepared by Univ.-Prof. DDr. Waldemar Jud Corporate Governance Forschung CGF GmbH. The results of this analysis are available for review on the website ir.viennaairport.com under the menu point “Corporate Governance”.

Annual Financial Statements according to the Austrian Commercial Code

The financial statements of Flughafen Wien AG as prepared in accordance with the Austrian Commercial Code are available at the headquarters of the company. Interested parties can also order copies by e-mail under investor-relations@viennaairport.com or by calling 01/7007/22826. These financial statements are also published on ir.viennaairport.com under the menu point “Publications” / “Other Publications”.

Financial Report pursuant to the Austrian Stock Exchange Act

The annual financial report and the quarterly reports are available on ir.viennaairport.com under the menu point “Publications”.

Auditor

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, 1090 Vienna, Porzellangasse 51, was appointed as the auditor by the 21st Annual General Meeting of Flughafen Wien AG and commissioned to perform this engagement. Prior to its election as the auditor, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft submitted a written report to the Audit Committee that covered the following points:

- Authorisation to audit a stock corporation as well as proof that there are no grounds for exclusion from such engagements;

- A listing by type of service of the total fees received from the company for the previous financial year;
- Inclusion in a legal quality assurance system;
- Disclosure of any circumstances that could give reason for concern over possible bias;
- Measures taken to ensure the independence of the audit.

In 2010 the auditor's fees totalled T€ 258.6 for the audit of the consolidated financial statements, T€ 53.5 for other assurance services and T€ 102.1 for miscellaneous services.

Compliance Rules

Flughafen Wien AG implemented the Issuer Compliance Regulations (version dated 1 November 2007) through a separate corporate guideline. The company has established permanent areas of non-disclosure to prevent the misuse or distribution of insider information, and also creates ad-hoc areas as needed. These areas of non-disclosure cover all employees and corporate bodies of Flughafen Wien AG in Austria and other countries as well as any external service providers who have access to insider information. A variety of organisational measures and control mechanisms has also been implemented to monitor these processes on a regular basis. The compliance officer of Flughafen Wien AG discusses his activities with the Supervisory Board each year, and also prepares a written report that is submitted to the Austrian Financial Market Authority.

Ad-hoc Publications and Directors' Dealings

Ad-hoc publication requirements are met through disclosure on the company's website. During the reporting year there were no purchases or sales of Flughafen Wien shares by members of corporate bodies or managers (directors' dealings) that would be subject to the reporting requirements of the Austrian Stock Exchange Act.

Equal Opportunity

Due to the structure of the workforce with roughly 80% of the employees working in physically demanding jobs, the share of female employees in the Flughafen Wien Group is currently low at 12.3%. All the same, the company recognises the value of women for the working world and intends to increase this ratio, above all in management positions. Women were appointed to three management positions during the reporting year, including the cargo services group with its approx. 300 employees. In order to also position the Flughafen Wien Group as an attractive employer for women, specific measures have been implemented to support the work-life balance and suitable career opportunities have been created.

Schwechat, 28 February 2011

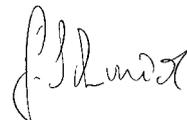
The Management Board



Ernest Gabmann
Member of the Board



Christoph Herbst
Chairman of the Board
and Speaker



Gerhard Schmid
Member of the Board